ANNUAL REPORT | 2015/2016

DITSONG

MUSEUMS OF SOUTH AFRICA

AGENCY OF THE DEPARTMENT OF ARTS AND CULTURE

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Museums of South Africa

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at http://www.ditsong.org.za

DITSONG:
Museums of South Africa Annual Report 2015/2016

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Acknowledgements:
The managers and staff of all the departments of
DITSONG are thanked for their contributions.

DITSONG
MUSEUMS OF SOUTH AFRICA

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PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	DITSONG: Museums of South Africa
REGISTRATION NUMBER (if applicable):	Not Applicable
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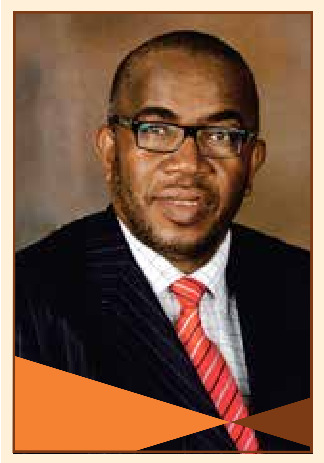
EMAIL ADDRESS:	mushwana@ditsong.org.za
WEBSITE ADDRESS:	http://www.ditsong.org.za
EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	Absa
COUNCIL SECRETARY:	Admin Assistant to the CEO – Ms N Maako

2. LIST OF ABBREVIATIONS/ACRONYMS

ABET	Adult Basic Education and Training
ACH	Arts, Culture, Heritage
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CJMC	City of Johannesburg Metropolitan Council
CPD	Corporation for Public Deposit
CTMC	City of Tshwane Metropolitan Council
DAC	Department of Arts and Culture
DEAT	Department of Environmental Affairs and Tourism
DKM	DITSONG: Kruger Museum
DMSA	DITSONG: Museums of South Africa
DNMCH	DITSONG: National Museum of Cultural History
DNMMH	DITSONG: National Museum of Military History
DNMNH	DITSONG: National Museum of Natural History
DPM	DITSONG: Pioneer Museum
DPW	Department of Public Works
DSMM	DITSONG: Sammy Marks Museum
DTMC	DITSONG: Tswaing Meteorite Crater
DWPAM	DITSONG: Willem Prinsloo Agricultural Museum
EE	Employment Equity
EPWP	Extended Public Works Programme
ESS	Employee Self-Service
GDARD	Gauteng Department of Agriculture and Rural Development
GDE	Gauteng Department of Education
GRAP	Generally Recognised Accounting Practice
HO	Head Office
HR	Human Resources
ICT	Information and Communications Technology
MEC	Member of Executive Council
MOU	Memorandum of Understanding
MK	Umkhonto we Sizwe
MTEF	Medium Term Expenditure Framework
NRF	National Research Foundation
OHF	Occupational Health and Safety
PAST	Palaeontological Scientific Trust
PFMA	Public Finance Management Act
PPP	Public-Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
RAMP	Repairs and Maintenance Programme
REMCO	Remuneration Committee
RPL	Recognition of Prior Learning
SAMA	South African Museums Association
SAASTA	South African Agency for Science and Technology Advancement
SCM	Supply Chain Management
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SMME	Small, Medium and Micro Enterprises
TR	Treasury Regulations
TUT	Tshwane University of Technology
WHAG	William Humphreys Art Gallery

3. FOREWORD BY THE CHAIRPERSON



DMSA supports two outcomes in the National Development Plan (NDP), namely: *Outcome 4: Mzansi's Golden Economy strategy; and Outcome 14: Transforming Society and Uniting the Country;* the nation building and social cohesion implementation framework as presented in the Medium Term Strategic Framework (MTSF) 2015–2020.

The vision for DMSA is 'sustainable museums with access to all.' This pithy statement as well as the two NDP outcomes sets high goal posts for the organisation, which can be obtained by the careful guidance of the DITSONG Council, the firm leadership and direction given by the CEO and EXCO and the productivity of the professional staff.

This being the last term of office for the present Council, we can look back and see a challenging process to strategically turnaround the institution, the re-alignment of the structure, a stiff tightening of corporate governance, a complete turn - around in Performance Measurement and Requirements, a greater interaction between national and international interest groups, a far higher expectation of productivity and a slimming down of the Corporate Departments.

May the process of growing and discovering continue into the New Year and become the greatest landmark of this institution and may our contribution be only in the excellence of the research and successful preservation of this country's heritage for the edification of future generations.

Given that this is our last annual report as a council for this term, we wish to thank the following persons and institutions:

Council wish to highlight the following stakeholders for their specific support in the pursuit of particular memory defining objectives:

- The Department of Defence's Military Veterans for their continuous involvement in the provision of content on memory of all conflicts.
- The National Heritage Council for providing requisite guidance and the broader heritage sector as well as sister institutions for their collaboration
- The various biography preserving foundations in supporting the memorialisation of national heroes and heroines; notably the Nelson Mandela Foundation.
- The National Research Foundation in the reconceptualization of curation at the DITSONG: National Museum of Natural History.
- The then Minister of Arts and Culture who appointed us as a Council of Ditsong Museums of South Africa. Honourable Paul Mashatile.
- The then Director-General, Mr Sibusiso Xaba.
- The Steve Biko Foundation, for agreeing to be our inaugural exhibition in respect of mainstreaming ALL South Africa leaders as part of the national memory and heritage
- The CEO and staff of DMSA.

The DG and Staff at DAC, more specifically the governance team

We further wish to thank the current Minister, Hon MP Nathi Mthetwa for his stewardship on this journey. On behalf of Council and myself, I thank the outgoing Council for having set a road map whose completion is now being passed onto the new Council.

I wish the new person and Council strength in taking DMSA to the next level. Ndza Khensa

Dr. FM Lucky Mathebula
Chairperson of Council
July 2016

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

4.1 Introduction

This report presents an overview of DITSONG: Museums of South Africa's (DMSA) performance information, governance matters, human resources, financial results and the Auditor-General of South Africa's (AGSA) Audit Report for the financial year ended 31 March 2016.

DMSA, situated in the Gauteng Province, is one of the two National Flagship Institutions constituted in terms of the Cultural Institutions Act, 1998 (Act No 119 of 1998).

4.2 Performance overview

During my first months as CEO, it became apparent that DMSA, as the northern flagship of museums in South Africa, was in dire need of change of direction. The detailed reporting on DMSA's predetermined objectives, including indicators, is outlined under point 3 in PART B. DMSA's performance information reflects that out of the 46 planned indicators 25 (54%) have been achieved and 21(46%) of the planned indicators have not been achieved. Management is addressing the decline in performance through improved performance contracting, monitoring and consequence management.

The incidents of irregular expenditure continues to be an issue in 2015/16, overshadowing the fact that new incidents have actually declined in the year under review.

Standard operating procedures and business processes were created for most of the activities occurring throughout the programmes. Teams were created to develop processes and procedures for the new sub programmes. A Marketing and Communications Strategy was approved in the third quarter and is being implemented from the fourth quarter.

The ICT Department is being re-positioned through this adoption of a new governance framework, new structure configuration and we are on the verge of approving a disaster management and business continuity plan by end of June 2016.

The business development programme achieved most of its targets except for outstanding items related to GRAP 103. The Public Engagement Programme met half of its targets due to lack of proper planning and specific delegations but exceeded in the area of outreach. The decline on feet through the door in the museums and the failure to achieve revenue targets are receiving management priority. Market rental rates study has been completed and being implemented in the new rental opportunities.

4.3 Human Resources Environment

The human resource environment issues raised previously have improved, with better leave reconciliation, payment of overtime and signing of performance agreements.

The employee self-service system has proven to be of great assistance in HR matters.

The high vacancy rate is a factor still affecting DMSA whilst the organisational structure is still under review and processes are being fine-tuned.

The long-term interventions will focus on defining a strategic outlook to human resource management, including building a performance culture in the organisation.

4.3.2. New or proposed activities

The realignment strategy has been developed to further streamline the Institution. DMSA undertakes 3 programmes viz. Administration (Corporate Services), Business Development and Public Engagement and are informed by the following Strategic Goals:

- Effective and efficient organisation;
- Properly preserved, well curated, researched and accessible collections to the general public;
- Diversified funding base;
- Increased accessibility to the museums; and
- Developed and retained skills and expanded specialized knowledge.

Further to the strategy, turnaround programme focusing on the following was adopted:

- Thought leadership capacity through transformed museum practices.
- Financial sustainability.
- DMSA's relevance to stakeholders and society.
- Strive to be an employer of choice.
- Modernisation through ICT.
- Develop and agile business and operating model.
- DMSA's contribution to Mzanzi Golden Economy.

A review of the strategy suggested a decentralised model, which will recognise the departments or museums to operate as business units. The devolution of authority will enhance the efficiency and effectiveness of the organisation. Management has started to implement the decentralised model by delegating human resources and SCM powers.

Given the above brief, the new organisational structure, which will ensure the realisation of the above strategic intent and optimise use of human resources and synergy with organisational mandate, is being finalised.

To this end, all the business units of DMSA have developed business plans with performance indicators and targets for 2016/17 which represent their contributions to the overall strategy of DMSA.

The turnaround programme has informed the introduction of knowledge management, strengthening of research, development of stakeholder management framework and the review of collection management.

4.4. General Financial Review

The decrease in the accumulated deficit from R11 274 310 to R8 880 353 was due to current year's net surplus despite the actuarial review of the post-retirement medical benefits which had increased by R917 000. The Institution has taken steps to remove this benefit from future retiring employees; the legacy reality is still there. There are discussions at the DAC to address the matter since it is pervasive across the sector, and management is busy engaging financial assurers like Momentum, Old Mutual and Sanlam to explore viable solutions.

4.4.1 Going concern

The Annual Financial Statements have been prepared on the accounting policies applicable to a going concern. The entity has a surplus of R2 393 956 (2015 restated deficit of R7 794 747). The effects of the current years surplus has resulted in total liabilities exceeding total assets by R8 880 353 (2015: R11 274 310). If this trend continues, DMSA will be in a positive going concern status in the near future.

4.4.2 Investments

The surplus funds accumulated over the past financial years have been invested with the Reserve Bank of South Africa to contribute to the sustainability of the Institution. Due to inadequate and insufficient subsidy that is being received form the government , these reserves serve the buffer to attend to emergencies and urgent maintenance, upgrade and revamp of some facilities and exhibitions.

4.4.3. Economic Viability

Despite the economic and financial concerns described above, the long term viability and strength of the Institution lies in its core functions and its value for stakeholders that DMSA is able to unlock in its conservation of South Africa's unique heritage. The heritage sector and museums in particular are uniquely positioned to contribute to national imperatives such as nation building and social cohesion and to assist in the deepening of democracy in South Africa and the education of its citizens. Some programme highlights for the reported year are described below with more details in Part B below.

4.4.4. Events Subsequent to Reporting Date

It was reported in the 2014/2015 annual report that there was a pension fund overpayment to a former employee. In April 2016 Council has resolved to approach the Labour Court to recover the overpayment of an amount of R 374 567.19 from the employee.

Further, there one other case of financial recovery from a former employee to an amount of R 455 000 for legal fees that should not have been paid.

4.4.5 Public Private Partnerships

The Institution has no PPP projects. This remains an option for the Institution to enhance its revenue generation and reduce dependence on state subsidy. The Department of Public Works (DPW) will be engaged to explore opportunities presented by the private sector through various proposals received, to partner in increasing revenue streams of DMSA.

4.4.6. Asset Management

Management has noted the issues raised by the AGSA report related to the control weaknesses identified, related to the management of collections and natural, biological, plant and property assets of the Institution.

There is work under way to improve asset management through various interventions, amongst others, completing the barcoding of assets and appointing a consultant to assist with the implementation of security access control and cash management systems.

The process to appoint a service provider for the implementation of an inventory system is advanced to be finalised in 2016.

4.4.7. Governance

Council continued to give leadership to DMSA and guidance and support to management during the 23 Council and sub-committee meetings held in the past year.

The 2014/15 audit remedial plan was developed and implemented to ensure that issues raised in the management letter are addressed by management. The planned target of 100% clearance of the issues has not been achieved, and management has already taken steps to improve by assigning individuals to each target of the 2016/17 APP and will do the same with future remedial plans.

Further, management will implement the AGSA recommendation to indicate the root cause of the adverse findings to ensure remedial plan interventions are accurate. Management committed to address theses risks and they are included in the performance agreements and monthly operational plans of the heads of business units. Progress thereof is monitored at each monthly Executive Committee Meeting and reported to Council.

4.4.8. Judicial proceedings and legal matters

Details of legal matters are provided in section 7.5 on page 15.

Management has been negotiating with various legal firms responsible for legacy DMSA-related cases that are currently before the courts. This approach has resulted in two contracts, at the National Museum of Military History and the Willem Prinsloo Agricultural Museum respectively, being settled and allowing DMSA to pursue better revenue-generating options.

The litigations remain an area of concern that will have to be addressed through improved contract management from initiation at SCM.

4.4.10. Social Responsibility

International Day for Biological Diversity was hosted by DNMNH. Tlapa la Thuto Primary School, a rural school from Klipgat (northwest of Pretoria) was invited and 130 learners attended the event. They were given a guided tour in line with the 2015 theme "Biodiversity for sustainable development". The day coincided with Museum Week, which was fortunate for the learners because they were able to visit other museums as well.

Mandela Day events were held in Mamelodi and Soshanguve for orphans in conjunction with Gauteng Mental Health.

The DNMCH contributed to youth development through a holiday programme that was hosted in October 2015. Youth were involved in art, drawing and indigenous games. The DNMNH's Public Programmes Department hosted a holiday programme during the December holiday period (2015). The programme included a guided tour of the Museum, a visit to the Discovery Centre and crafts activities and games. The participants on both days were children from welfare organisations, i.e. the Refilwe Community Projects and the Kungwini welfare Organisation.

4.4.11. Contribution to the economy and job creation

Some of the DMSA's facilities have been outsourced to Historically Disadvantaged Individual (HDI) companies and SMME companies, e.g. the restaurants at the DITSONG: National Museum of Natural History 4 people (from January 2016), Sammy Marks Museum and National Museum of Cultural History employed 15 people. Eight contract staff was employed for the restoration of the Pioneer House over a period of three months 19 Interns were employed for the GRAP 103 Project.

Two security companies employing 54 security guards and companies employing 14 full day and 2 half-day cleaners were appointed by DMSA museums. The above ventures are indicative of the contribution of DMSA towards job creation and economic development. The total annual payment to security service providers was R5 225 746 and to the cleaning service providers was R1 191 158.

A valuator was appointed to determine market related revenue of facilities and activities at all museums.

4.4.12. Youth development

DMSA employed 58 interns in total, mainly to assist with GRAP 103 project, which focuses on the documentation and valuation of heritage assets, thus allowing a unique opportunity for youth to engage in and gain experience with unusual, rare and unique museum objects. 15 Experiential trainees gained exposure to tourism at the different DMSA museums.

Acknowledgement
I wish to express appreciation to Council, management colleagues and all staff of DMSA for keeping the Institution's course steady amidst stormy waters.

Adv. BD Mushwana
CHIEF EXECUTIVE OFFICER
July 2016

5. STATEMENT OF RESPONSIBILITY

Statement of responsibility and confirmation of the accuracy of the annual report

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General (South Africa).
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2016.

Adv. BD Mushwana
CHIEF EXECUTIVE OFFICER
July 2016

6. STRATEGIC OVERVIEW

Above: DITSONG Council Members for 2015/2016; Adv B D Mushwana (CEO), Ms P Khanyile (2016/2017) , Adv M J Ralefatane, Dr L M Mathebula, Mr M Dithlake (2016/2017), Ms K Rapoo, Mr C Kneale

6.1 Vision

Sustainable museums accessible to all.

6.2 Mission

To transform DITSONG museums and heritage sites into vehicles for nation building and social cohesion to embrace cultural diversity and contribute socio-economically through heritage collections, research, conservation, education and exhibitions to the present and future generations.

6.3 Values

Accountability
To ensure accountability by management and staff in the running of the institution to avoid violation of all relevant legislation.

Excellence
To strive to be an organisation of excellence that develops products and services that meet international standards.

Professionalism
To ensure professionalism in the execution of our duties to enhance productivity and the reputation of the institution.

Integrity
Loyalty to the institution and reputation in accordance with its mandate, and honesty of employees.

Ubuntu
Respect for oneself, fellow workers and the public in general.

7. LEGISLATIVE AND OTHER MANDATES

7.1 LEGISLATIVE MANDATE

The primary legislative mandate of DITSONG: Museums of South Africa is informed by the Cultural Institutions Act 1998 (Act No. 119 of 1998), promulgated by Parliament in furtherance of the constitutional mandate of the Department of Arts and Culture. In terms of section 8 of the Act, the Institution's mandate, through a Council of Trustees appointed by the Minister of Arts and Culture, is:

- to formulate policy;
- to hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned;
- to receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10(1);
- to raise funds for the institution;
- to manage and control the moneys received by the declared institution and to utilize those moneys for defraying expenses in connection with the performance of its functions;
- to keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard thereto and to cause proper books of account to be kept;
- to determine, subject to this Act and with the approval of the Minister, the objectives of the declared institution; and to generally carry out the objects of the declared institution.

7.2. Constitutional Mandate

The constitutional mandate of DITSONG: Museums of South Africa is based on Chapter 2, Section 31, of the Constitution of South Africa (Act 108 of 1996), which states:

> **31. Cultural, religious and linguistic communities.**—(1) Persons belonging to a cultural, religious or linguistic community may not be denied the right, with other members of that community-
>
> (a) to enjoy their culture, practise their religion and use their language; and
>
> (b) to form, join and maintain cultural, religious and linguistic associations and other organs of civil society.
>
> (2) The rights in subsection (1) may not be exercised in a manner inconsistent with any provision of the Bill of Rights.

7.3. Other mandates

National Development Plan

DMSA supports two outcomes of great importance that contribute to the economic growth and cohesiveness of the nation, and these are: *Outcome 4: Mzansi's Golden Economy strategy; and Outcome 14: Transforming Society and Uniting the Country*; the nation building and social cohesion implementation framework as presented in the Medium Term Strategic Framework (MTSF) 2015–2020.

The strategic outcome oriented goals of DMSA relate to the Department of Arts and Culture's strategic goals, which collectively support the National Development Plan, in particular outcomes 4 and 14. Similarly also, the National Development Plan directs DMSA to bind the country together in moving towards a shared future. It also encourages improved access to quality public services in order to reduce inequality of opportunities.

Shareholder Mandate

In support of the Government imperatives and DAC, the Institution has embedded in the execution of its mandate to implement the MTSF goals to realise nation building and social cohesion.

7.4. Other Relevant Legislation

ACTS	NUMBER
Basic Conditions of Employment Act, 1997	Act 75 of 1997
Broad-Based Black Economic Empowerment Act, 2003	Act 53 of 2003
Employment Equity Act, 1998	Act 5 of 1998
Firearms Control Act, 2000	Act 60 of 2000
Government Immovable Asset Management Act, 2007	Act 19 of 2007
Labour Relations Act, 1995	Act 66 of 1995
Military Veterans Act, 2011	Act 18 of 2011
National Environmental Management Act 107, 1998	Act 107 of 1998
National Heritage Council Act, 1999	Act 11 of 1999
Occupational Health and Safety Act, 1993	Act 85 of 1993
Preferential Procurement Policy Framework Act, 2000	Act 5 of 2000
Promotion of Access to Information Act, 2000	Act 2 of 2000
Promotion of Equality and Elimination of Unfair DiscriminationAct, 2000	Act 4 of 2000
Protected Areas Act 57, 2003	Act 57 of 2003
Public Finance Management Act, 1999	Act 1 of 1999
Skills Development Act, 1998	Act 97 of 1998
South African Heritage Resources Act, 1999	Act 25 of 1999

7.5. Judicial Proceedings and Legal Matters

Nzwalethu Maintenance and Projects – failure to supply and erect concrete perimeter fence at DITSONG: Willem Prinsloo Agricultural Museums and DITSONG: Pioneer Museum. Arbitration held and order of the court served on respondent. The attorney has since advised that the recovery process be ended and the case be closed as the Close Corporation (CC) has no assets. A motivation will be submitted to the Audit and Risk Committee in June 2016 to recommend that the case be written off by Council.

DMSA versus Bella Cassa Housing Development (PTY) Ltd – Breach of contract for construction of fence at DITSONG: Tswaing Meteorite Crater- the company has been liquidated. DMSA is on the list of Creditors.

DMSA versus LJ van Buuren Betonwerke Close Corporation - breach of contract for construction of fence at DITSONG: Tswaing Meteorite Crater. The company has been liquidated. DMSA is on the list of Creditors. However, the attorney has stated that the “likelihood of the asset coming to fruition is very little”. Based on this recommendation, a motivation will be submitted to the Audit and Risk Committee in June 2016 to recommend that the case be written off by Council.

DMSA versus Alan Coleman t/a The War Store Lessee disputes termination of lease agreement at DITSONG: National Museum of Military History. When the contract ended on 31 August 2012, the lessee disputed the termination and claimed that there is another agreement in existence that permits him to remain on the premises. The matter has been finalized. Alan Coleman vacated the premises on 15 October 2015, and the court order stipulated that he must pay DMSA’s legal costs. The attorney is in the process of taxing the bill that will go to the Taxing Master. The Taxing Master will determine the amount that the defendant needs to pay. It is uncertain at this stage how long this process will take. The financial statements will indicate the adjudication in the disclosure notes.

DMSA versus Fundi Projects Breach of the long term lease agreement for lease of the premises of DITSONG: Willem Prinsloo Agricultural Museum. The duration of the contract is 20 years (1999-2019) with an option to renew for another 20 years. Rental: The settlement agreement was made an order of court on 8 February 2016. The contract has been cancelled forthwith and he will vacate the property in tranches starting from 28 Feb 2016, the last of his moves being on 31 December 2016. The order of Court indicated that each party is responsible for his own legal costs.

Mackenzie versus DMSA/Minister/Monyela for non-appointment to a Director's position. The Claimant demands appointment or settlement of difference in her package vs Director's package. Labour Court sitting took place on 2 February 2015 and the matter was resolved against the claimant. This case is finalized as no appeal was lodged to the Court of Appeal within 15 days of the Court's judgment as required for an appeal.

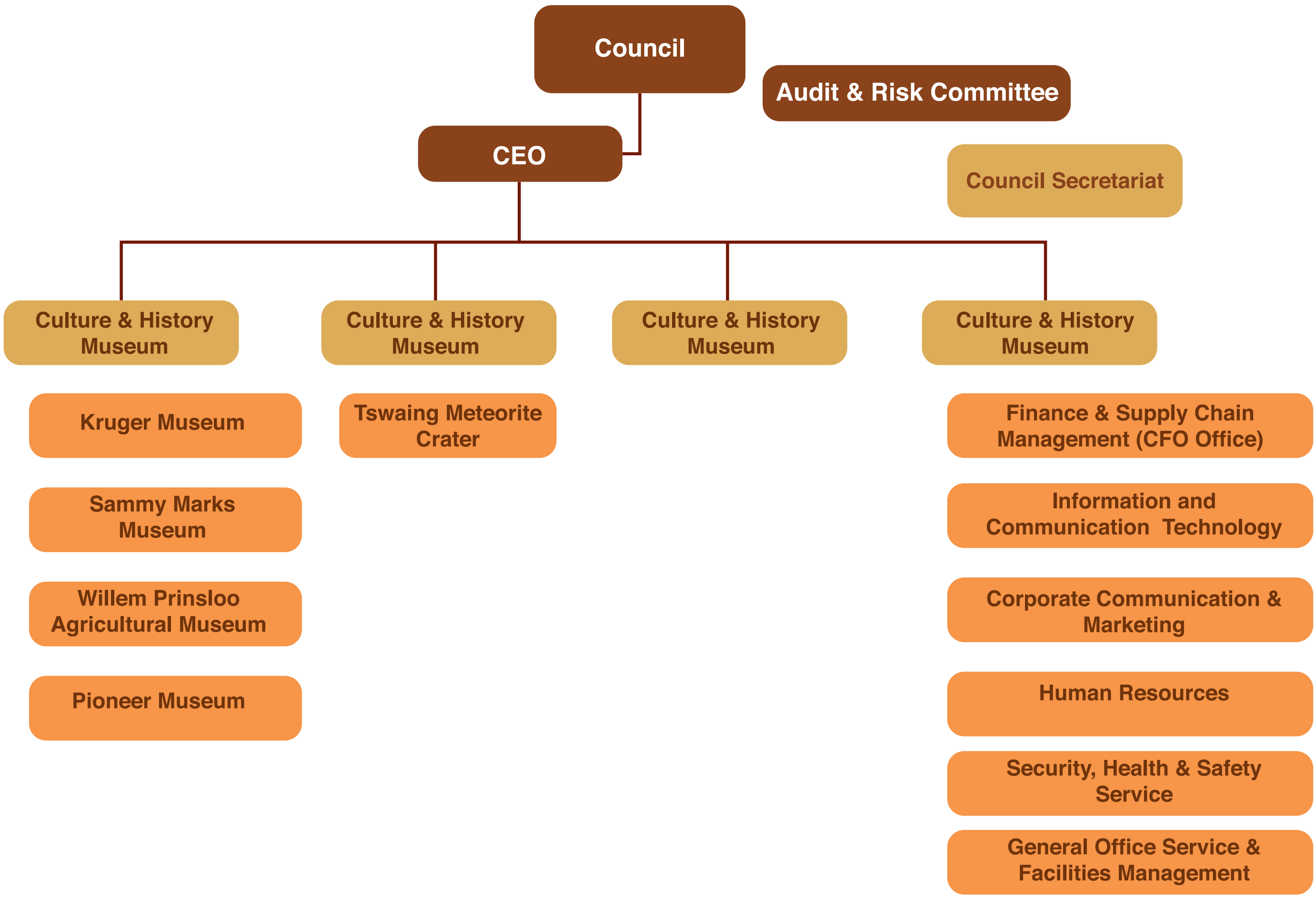
Mackenzie versus M Makgolo. CCMA including Labour Court referral. Concomitant High Court summons against the CEO in his personal capacity for alleged defamation committed in an employment interview process. Judge Splig ruled in favour of the claimant. This matter has been resolved by Council that there will be no appeal since there was no Council resolution to join DMSA in the matter, and further that the legal fees paid must be recovered from the former CEO since he was sued in his personal capacity.

7.6. Planned Policy Initiatives

The revision of the White Paper on Arts, Culture and Heritage (ACH) planned by the shareholders may revoke elements of the 1996 White Paper on Arts, Culture and Heritage (ACH) and conveys Government's vision for ACH and the cultural and creative industries.

DITSONG EXECUTIVE COMMITTEE: Mr T Monyela (Director DNMMH), Ms J Montlha (Acting Director DNMCH), Dr S Badenhorst (Acting Director DNMNH), Adv B D Mushwana (CEO). Absent Ms N Sakawuli (CFO)

8. ORGANISATIONAL STRUCTURE



SUCESSES OF DITSONG IN 2015/2016

- Curators and management worked hard to devise new strategies and working plans to ensure the turn around and sustainability of DITSONG as part of South Africa's Heritage.
- Introduction of Framework for Knowledge Management. First time for organisation.
- 20 Peer Reviewed publications produced which included: Animal remains from an early twentieth century rural farming community, Decrease of Coqui Francolin, DNA barcoding for identification of cryptic species in the field and existing museum collections: a case study of Aethomys and Micaelamys (Rodentia: Muridae), Occupational intensity and environmental changes during the Howiesons Poort at Klipdrift Shelter, Kruger house; the intricacies of conjecture, Heritage Resources Management, Bridging the Country: a short history of nearly all South African bridges, Dipitša ke Bophelo: *Pottery from the Collection of Ditsong National Museum of Cultural History,* Return to Morogoro, Louis Botha's War etc.
- The Mamelodi "Massacre" project was developed and research started.
- A marketing and communications strategy was developed and approved as well as a stakeholder relations strategy.
- Authentic restoration of walls, chimney and roof of the Pioneer dwelling.
- Creation of information Centre at Kruger museum.
- Unique Kruger Day event held in conjunction with Russian Embassy to honour the partnership of the Russians and South African's during the war.
- Heritage day event at Tswaing Meteorite Crater - visitors numbers at 3000.
- Mampoer festival succeeds in reaching new visitor targets.
- Outreach programmes moved into North West Province including Mafikeng, Itsoseng, Zeerust and Rustenburg and far exceed targeted visits to make Heritage accessible to all.
- International museums week granted over 5 500 learners free entry to DITSONG Museums.
- Science week received funding of over R 173 000 to host an week-long event which was taken to various malls and expose and inform the public about DITSONG Museums and Heritage. Over 40 000 people were exposed to DITSONG Museums.
- A 60 years celebratory event of the Freedom Charter was organised at DITSONG in conjunction with HRC and SAHRA.
- Two Mandela Day events held in conjunction with Gauteng Mental health in Soshuaguve and Mamelodi.
- DNMMH assisted SAHRA with the compilation of names for the Wall of Remembrance at Delville Wood and with the editing of text for the displays for DAC in Delville Wood. 13 756 names were checked for the memorial
- WW2 veterans picnic hosted by DNMMH.
- SAAACA picnic (South African Arms + Ammunition Collectors Fayre).
- The traditional New Year's Festival at Pioneer Museum attracted many families from the surrounding communities.
- 7th Anniversary Commemoration of VE Day Parade.
- HR hosted wellness days as well as a very successful women's event with Adv Ralefatane as a very inspiring main speaker.

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PART B: **PERFORMANCE INFORMATION**

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion about the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the Auditors report.

Part B of this report should therefore be read with page 73 of the Auditor's Report section of Part E: Financial Information

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The detailed reporting on DMSA's predetermined objectives, including indicators, is outlined under point 3 below. DMSA's performance information reflects that out of the 46 of the planned indicators 25 (54%) have been achieved and 21 (46%) of the planned indicators have not been achieved.

The factors that contributed to non-achievement of the indicators include among other things, the moratorium that was put in filling positions, a small exhibition's team and minimal funding to build permanent exhibits. Although a small marketing team was constituted, marketing was limited, which resulted in DMSA receiving inadequate income from the use of its facilities. The decentralised model was implemented and Business Plans, Skills Development and Succession Plans were developed. Better coordination and structure was afforded to the Business Development Programme allowing more effective research, conservation and preservation of museum artefacts. The Public Engagement Programme offered co-ordinated activities in collaboration with stakeholders, commemorating national days, such as:

- International Museums Week was held at the DNMCH and 5 543 learners were granted free entry.
- The National Science Week 2015 was held at the DNMNH from 3 to7 August 2015. The Museum was awarded funding of R173 958.20 to host the event and 2 176 learners and 95 educators were reached. An outreach programme was also held at Jubilee Mall (Hammanskraal, north of Pretoria) as part of National Science Week. This programme also took place between 3 and 7 August (from 09h00 to 18h00) and approximately 41 000 people were reached based on the foot count at the Mall entrance closest to the DMSA's display area.
- Two Mandela Day (July 2015) celebrations were held in collaboration with North Gauteng Mental Health in Soshanguve and Mamelodi for orphans. Approximately 200 children were reached in both communities and treated to a day filled with celebratory activities and ending with enjoying a specially made cake and songs about Nelson Mandela.
- Heritage Day (24 September 2015) was held in collaboration with the City of Tshwane. Approximately 3 000 community members from around Tswaing attended the event which hosted guest speaker, Prof. Muxe Nkondo.

Other achievements during this reporting period were the successful hosting of public lectures: Prof Brock Fenton from the University of Western Ontario, Canada, presented a lecture, titled "The world through a bat's ear", while Prof. Chris van Vuuren from UNISA presented a lecture titled "Tangible memory in landscapes in land claims in South Africa" and Dr Johnny van Schalkwyk from the DNMCH presented a lecture, "Where pious people dwelled: creating/recreating a landscape".

A New Year's Festival was held at DPM on 1 January 2016 and the annual Mampoer Festival was held at the DWPAM.

Many restoration projects were executed to upgrade buildings and facilities. A long awaited achievement was the authentic restoration of the Pioneer dwelling at DPM.

Restoration of objects at DNMCH was done.

Research publications included 20 peer reviewed publications.
DMSA has developed strategies to mitigate the objectives that were not achieved during the 2015/2016 financial year. These include greater refinement of the restructuring process, a total revision of the Annual Performance Plan in line with the restructuring, as well as more specific task delegations to individuals.

2.2 Organisational environment

The new decentralised operating model framework for DMSA has been adopted, however, the high vacancy rate remains a factor affecting the Institution. The organisational strategy is still under review and the structure and processes are being fine-tuned.

Teams were established as part of the turnaround programme for the new sub programmes, which include Employer of Choice, Financial Sustainability, Information and Communication Technology, Marketing, Core Functions Business Development consisting of Collection Management, Conservation and Restoration, Research and Public Programmes and Exhibitions. Processes and procedures were developed by team members that will enhance the devolution of authority pertinent to the business operations and service of DMSA. These activities resulted in an increase in management and Council meetings for 2015/2016.

A marketing and communications strategy was approved and implemented which should show an increase in visitor numbers in the new financial year.

Although irregular expenditure continues to be an issue as a result of legacy, new incidents have actually declined in the year under review. Long term interventions will focus on defining a strategic outlook to human resource management including building a performance culture in the organisation.

2.3 Key policy developments and legislative changes

There were no key policy developments and legislative changes.

2.4 Strategic outcome oriented goals

The new vision of DMSA, “Sustainable museums accessible to all” resonates with the above in ensuring that the DITSONG museums embrace cultural diversity and promote the nation’s democracy. Attuned to this vision, the Strategic Plan presents innovative ways of unlocking the potential of the heritage assets entrusted to the Institution, while developing new audience niches to make the museums and heritage sites accessible to all the communities. The museums are thus windows that reflect the nation’s heritage, and therefore play a critical educational role in redressing the history of the people, and social issues and thus contributing to nation building. Museums can play a role in building a united nation. Museums are also important forums for enhancing democracy. DMSA’s museums play a vital role in building an inclusive society and economy, encouraging active citizenship.

Generally Recognised Accounting Practice (GRAP) 103: Heritage Assets is a programme DMSA considers as a priority with regard to accountability of the heritage assets entrusted to the Institution. Currently, nineteen interns with museum and information science qualifications are employed on a two year contract to assist with the implementation of the GRAP project. As a result of its importance, Council approved the appointment of a Project Manager to drive the process. A Heritage Asset Management Policy has also been approved.

DMSA is responsible for 3 programmes, viz. Administration (Corporate Services), Business Development and Public Engagement and are informed by the following Strategic Goals:

- Effective and efficient organisation;
- Properly preserved, well curated, researched and accessible collections to the general public;
- Diversified funding base;
- Increased accessibility to the museums; and
- Developed and retained skills and expanded specialized knowledge.

These Strategic Goals are being operationalised in the four (4) business units, namely the Museums of Cultural History, Military History and Natural History and five satellite museums/heritage sites (Kruger Museum, Pioneer Museum, Sammy Marks Museum, Willem Prinsloo Agricultural Museum and Tswaing Meteorite Crater) and Administration, which forms part of the four (4) business units.

As a direction by DAC, the reporting on the DMSA strategy is aligned to the new framework provided by the Department.

THE INSTITUTION'S STRATEGIC (OUTCOME ORIENTED) PROGRAMMES ARE THE FOLLOWING:

PROGRAMME 1	**Administration (Corporate Services)**
Goal statement	To support core function departments by providing an enabling environment to ensure that DMSA fulfils its core mandate.
Link to government priorities	Preservation for access to information.
PROGRAMME 2	**Business Development (Core Business)**
Goal statement	To research, manage, maintain, restore and render access to DMSA museum collections.
Link to government priorities	• Preservation for access to information. • Promotion of linguistic diversity.
PROGRAMME 3	**Public Engagement**
Goal statement	To develop and maintain public programmes and exhibitions for accessibility to the public.
Link to government priorities	• Heritage promotion and preservation. • Promotion of linguistic diversity. • Development and promotion of arts and culture.

3. PERFORMANCE INFORMATION BY PROGRAMME

DITSONG: Museums of South Africa has three programmes namely, Administration (Corporate Services), Business Development and Public Engagement.

3.1 PROGRAMME 1: ADMINISTRATION (CORPORATE SERVICES)

3.1.1 Purpose:

To support core function departments by providing an enabling environment to ensure that DMSA fulfils its core mandate.

3.1.2 List of Sub-Programmes

Human Resources Management, Marketing and Communications, Information and Communication Technology, Finance, Facilities Management, Security and Capital Projects.

3.1.3 Strategic Objectives

Measurable Objective:

To ensure effective leadership, management and administrative support to the Institution through continuous refinement of organisational strategy and structure in compliance with appropriate legislation and best practices.

This programme provides a range of innovative solutions to enable the Institution to achieve its strategic and operational goals. Over the planning period work will focus on promoting good governance, efficient allocation of resources, transforming the programme to a customer centric service area and ensuring a healthy and secure working environment. Efforts will also focus on continuously meeting the needs of clients within a model that ensures proper feedback mechanisms.

3.1.4 Programme Performance Information

3.1.4.1 Demand Management

Procurement plans submitted and approved.

3.1.4.2 Administration of Human Resources Management Services

In line with the implementation of the decentralised model, a skills development and training strategy was developed and policies developed and approved, including a Recognition of Prior Learning Policy and GRAP 103 Heritage Policy. A Recognition of Prior Learning Plan was included and developed in the Human Resources Development Strategy Learning Plan. Succession Plans and Business Plans were developed and approved. Staff assistance continued in the form of the Careways Programme and Wellness Days to assist staff with various problems ranging from health to financial and psychological issues. A successful Women's High Tea event was held with Adv. M. J. Ralefatane as the main speaker.

3.1.4.3. Marketing and Communications

The Marketing and Communication Strategy was developed and approved by Council. The continued vacancy of a Marketing and Communications Manager continued to impact on a lack of awareness of DMSA as well as the generation of new markets, however, a small team was able to promote DMSA through expos, marketing events and media liaison which did reflect on the increased visitor numbers. 90% of the target for visitor's numbers was achieved: 361 405 of 399 690 feet through the door and 85% virtual visitors – 3 075 838 of 3 615 687. In the 2014/2015 period there were 484 273 visitors including those visiting the coffee shops and for functions. Editing of DMSA documentation and research journals was achieved. Team leaders and other staff attended courses in Project Management.

3.1.4.4 Information and Technology (ICT)

The Governance Framework was presented to Council in March 2016 and referred back for approval in the April 2016 meeting where a Steering Committee was appointed (this was approved in April 2016). The ICT Master System Plan was not developed and approved, but is scheduled to be approved in the 3rd quarter of 2016. The Disaster Recovery and Business Continuity Management Plans for ICT were not completed due to SITA's capacity challenges. The completion date was moved to June 2016.

3.1.4.5 Finance: Revenue Generation

R2 449 623 in rental fees for rental of facilities were collected, which is 95% of the target of R2 572 120. In the 2014/2015 period the institution collected R 2 143 889, therefore 2015/2016 reflected an increase of R305 734. The lack of the SARS tax clearance certificate has had a great impact on the rental of facilities and other forms of income generation, i.e. Council for Geoscience, DWPAM, etc. The Finance Department is addressing the issuing of a tax certificate, which would allow for the recoupment of the rental of facilities at the DNMNH for the past 4 years. Further interventions include the renting of facilities at DNMMH, DNMCH and DNMNH in the 2016/2017 year, which will add to rental income. Upgrades to existing rented sites such as the Coert Steynberg and Pierneef Museums will be investigated with the DPW and curators.

Of the target of R5 498 090, 66.5%, totalling R3 661 187, was collected through entrance fees. This is an increase of R55 748 from 2014/2015.

The target for donations of R 24 500 was exceeded and R124 976 was collected.
R 1 116 366 (101%) of the target of R1 108 400 was collected through business ventures in comparison to the R921 548 collected in 2014/2015, an increase of R194 818.

DMSA targeted to collect R1 705 000 interest from invested funds. R1 984 019 (116%) was actually collected through interest during the year.

The target of R530 000 for fundraising income was only 15% achieved as only R81 000 could be fundraised during the year. The amount collected in 2014/2015 was R46 000. This amount is not always predictable due to changes in legislation and potential funders' directives.

We had targeted to raise R1 590 000 from the NRF for Research Grants. An amount of R1 506 562 (95%) was awarded by NRF Research Grants as a new award for the year, in addition to R235 500 that was carried over from the previous year. However, the actual amount that was spent and thus recovered from the NRF was R736 632 for the year.

Expenditure estimates

Name of the Objectives		2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
					ENE Estimate	Adjustment	Approved	Medium-Term Estimate		
R Thousand		Audited	Audited	Audited	Budget	Budget	Budget			
	Major Objectives	82 666	78 953	83 717	84 026	-	84 026	88 654	138 671	99 134
1	Administration	35 512	31 477	30 762	26 853		26 853	22 661	24 020	25 462
2	Business Development	47 154	45 361	50 457	53 683		53 683	62 902	111 359	70 117
3	Public Engagement	–	2 115	2 498	3 490		3 490	3 091	3 292	3 556

Analysis of revenue generation and fundraising per museum over the MTEF period

	DNMMH	DNMCH	DNMNH	DKM	DTMC	DPM	DWPAM	DSMM	HO	TOTAL
2012/2013	1 192 331	740 361	1 101 520	239 460	251 222	637 895	798 653	493 873	1 588 898	7 044 213
2013/2014	1 255 932	850 433	1 181 922	578 491	293 475	809 967	877 630	467 077	2 946 817	9 261 744
2014/2015	1 364 191	413 202	2 051 146	726 844	262 006	734 603	879 288	439 179	2 685 734	9 556 150
2015/2016	1 452 489	973 502	2 143 227	852 543	249 786	801 936	869 704	513 661	3 285 863	11 142 711

ANALYSIS OF REVENUE GENERATION AND FUNDRAISING PER MUSEUM FOR 2015.2016

2014/2015	DNMMH	DNMCH	DNMNH	DKM	DTMC	DPM	DWPAM	DSMM	HO	TOTAL
Rental of facilities	465 357	339 006	325 191	-	72 395	376 933	66 000	104 447	394 560	2 143 889
Entrance fees	778 396	72 953	1 003 820	643 136	112 900	300 925	485 795	207 514	-	3 605 439
Fundraising	57 780	-	505 869	230	64 837	1 757	50	14 422	-	644 945
Interest received	-	-	-	-	-	-	-	-	2 240 329	2 240 329
Business ventures	62 658	1 243	216 266	83 478	11 874	54 989	327 443	112 796	50 845	921 548
TOTAL	**1 364 191**	**413 202**	**2 051 146**	**726 844**	**262 006**	**734 603**	**879 288**	**439 179**	**2 685 734**	**9 556 150**

2015/2016	DNMMH	DNMCH	DNMNH	DKM	DTMC	DPM	DWPAM	DSMM	HO	TOTAL
Rental of facilities	401 458	694 153	368 450	-	123 595	422 318	101 890	115 312	282 342	2 509 518
Entrance fees	736 650	265 366	815 658	795 617	109 851	297 765	393 568	246 712	-	3 661 187
Fundraising and Research Grant	81 000	-	736 632	-	-	-	-	-	-	817 632
Interest received	-	-	-	-	-	-	-	-	1 984 019	1 984 019
Business ventures	233 381	13 983	222 487	56 926	16 340	81 853	374 246	151 637	1 019 502	2 170 355
TOTAL	**1 452 489**	**973 502**	**2 143 227**	**852 543**	**249 786**	**801 936**	**869 704**	**513 661**	**3 285 863**	**11 142 711**

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Skills development and training strategy developed and approved.	New target.	Skills development and training strategy developed and approved.	Target met.	N/a.	N/a.	New target.
Recognition of Prior Learning Framework developed and approved.	New target.	Recognition of Prior Learning Policy developed and approved.	Target achieved.	N/a.	N/a.	New target.
Recognition of Prior Learning Plan developed.	New target.	Recognition of Prior Learning Plan developed.	Recognition of Prior Learning Plan is developed and included in the Human Resources Development Strategy Target met.	N/a.	N/a.	New target.
Period by which succession plans developed and approved.	New target.	Succession plans developed and approved.	Succession plans were developed and achieved in 4th quarter. Target met.	N/a.	N/a.	New target.
Business plans are developed.	New target.	Business plans developed.	Target achieved.	N/a.	N/a.	New target.
Decentralised model is implemented.	New target.	Decentralised model implemented.	Decentralised model was implemented in the 4th quarter. Target achieved.	N/a.	N/a.	New target.

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
SUB-PROGRAMME: MARKETING AND COMMUNICATION						
Marketing and Communication strategy is approved.	New target.	Marketing and Communication Strategy was approved.	A marketing and Communication Strategy was approved in 3rd quarter.	N/a.	N/a.	New target.
Number of visitors during the year.	New target.	Feet through the door 399 690. Virtual 2 920 000.	The number of visitors from April 2015 to end of March 2016 was 361 405 (90% target almost achieved). The virtual numbers were 3 075 838 (85% target almost achieved).	N/a.	N/a.	Marketing Department did not have staff to drive marketing processes. New initiatives to be investigated in 2016/2017.
SUB-PROGRAMME: INFORMATION AND COMMUNICATION TECHNOLOGY						
Period by which ICT Steering Committee is appointed.	New target	Steering Committee appointed.	Not achieved, as the framework was referred back by Council for further input.	N/a.	N/a.	The Governance Framework was served to Council in March 2016 and referred back for approval in April 2016 meeting when the Steering Committee will be appointed.
Period by which ICT Master System Plan is developed and approved.	New target.	ICT Master System Plan is developed - 2nd quarter.	ICT Master System Plan was not developed and approved.	N/a.	N/a.	ICT Master System Plan was not developed and approved due to incapacity of SITA.

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Period by which Disaster Recovery and Business Continuity Management Plans are developed and approved.	New target.	Disaster Recovery and Business Continuity Management Plans are developed and approved - 2nd quarter.	Not achieved.	N/a.	N/a.	Although SITA has allocated resources and committed to ARC in March 2016 to complete the task in the 4th quarter, completion date moved to May 2016 due to SITA's capacity challenge.
SUB-PROGRAMME: FINANCE						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014.2015 to 2015/2016**	**Comment on variances**
Rental of facilities.	R 2 143 889 rental fees collected.	Collect R 2 572 120 for rental of facilities.	Not achieved. R1 969 876 (45%) fees for rental of facilities were collected.	Under achieved by R 602 244.	During 2013/2014 this was also not achieved by an amount of R 648 070.	The actual achievement in 2015/2016 declined compared to 2014/2015 due to pending tax clearance certificate as a result of a dispute between DMSA and SARS. The tax certificate would allow DMSA to recoup the rental of facilities at the National Museum of Natural History for three years.

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Entrance fees.	R 3 605 439 entrance fees collected.	Collect R 5 498 090 for entrance fees.	Not achieved. R3 622 673 (66%) entrance fees were collected.	Under achieved by R 1 875 417.	The targets set for entrance fees were not achieved in 2014/2015. (underachieved by R 200 361) and not achieved in 2015/2016.	Entrance fees for 2013/2014 was R 3 605 439 and increased to R 3 622 673 for 2014/2015. Declining numbers of visitors could be attributed to lesser schools, due to insufficient educators at two museums as well as limited new and relevant exhibitions.
Donations.	R 103 111.	Donations of R 24 500.	Achieved. R 124 976 was collected through donations.	Achieved by R 10 0476.	The target was achieved in 2015/2016 and target was met in both years.	The indicator was achieved.
Business ventures.	R1 024 655 collected from business ventures.	Collect R1 108 000 through business ventures.	R1 083 952 (98%) was collected through business ventures. Almost achieved .	Under achieved by R 240 48.	During 2014/2015 and 2015/2016 performance indicator not achieved due to the declined visitations to the museums as a result of socio economic factors.	During 2014/2015 and 2015/2016 indicator not achieved due to the declined visitations to the museums as a result of socio economic factors and outdated products show-cased and sold at museums.

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Interest received.	R 2 240 329 interest generated.	Receive R 1 705 000 interest	R 1 984 019 (116%) was collected through interest in 2015.2016	Achieved in 2015/2016 by R 279 019.	Slight decline of R 256 310 between 2014/20.15 and 2015/2016.	R 1 984 019 (116%) was collected through interest in 2015/2016.
Fundraising.	R 46 000 raised.	R 530 000 received from fundraising.	Underachieved R 81 000 (15%) received from fundraising.	Only achieved 15 % of target.	Underachieved in 2015/2016 and over achieved by R 814 135 in 2014/2015.	Difficult to determine how much one will achieve in fundraising as there are many factors to consider. Should not be part of the budget as it can change or interfere with budget planning and estimates.
Research grants.	R598 943	R1 590 000 received from research grants.	R 736 632 not achieved.	(46%) Target not achieved for research grants.	There was an increase of R 137 689 for 2015/2016 from 2014/2015.	Funds unutilised from 2014/15 were rolled over to 2015/16.
SUB-PROGRAMME: FACILITIES MANAGEMENT, SECURITY AND CAPITAL PROJECTS						
Period by which an alternative asset use plan is developed and approved.	New target.	Assets contributing to revenue generation identified and incorporated in the 16/17 APP.	Target achieved.	N/a.	N/a.	New target.

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
A service provider for the design of the security system is appointed.	New target.	A service provider for the design of the security system is appointed.	Service provider for security design plan was appointed in March 2016. The implementation of the security system will be done once the design is finalised. Target achieved.	N/a.	N/a.	No variance, new target.
A security system is implemented.	New target.	Implementation of security system.	Not achieved.	A security system was not implemented.	N/a.	The tender is to go out in July 2016 for a new security system.
A maintenance framework is developed.	New target.	Development of a maintenance framework ICT automation of processes of services, whilst ensuring data security and integrity.	Not achieved.	A maintenance framework was not developed.	N/a.	The maintenance framework had audit queries, which were addressed. SITA was appointed to do this work but due to incapacity was unable to complete the work in 2015/2016 To be completed in early 2016/2017.

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
SUB-PROGRAMME: GOVERNANCE						
Policies and procedures reviewed, developed and approved.	New target.	4 policies and procedures developed and approved and 6 policies and procedures reviewed and approved.	Not achieved.	Developed and approved 2 policies. Reviewed and approved 4 policies and procedures.	N/a.	Approved policies to be assessed by May 2016.
Number of Council, Subcommittee SP, APP and management meetings held.	6 Council, 3 SP, 3 APP and 3 management meetings held.	16 Council and sub committees, 8 management and 3 SP and APP meetings held.	Exceeded.	23 Council and subcommittee meetings, 11 management meetings and 3 SP and APP meetings held.	In both years targets were exceeded.	Meetings exceeded due to realignment of Institution.
Risk assessment undertaken and Mitigation Action Plan developed and implemented.	New target.	Risk assessment undertaken and Mitigation Action Plan developed and implemented.	Achieved.	Risk assessment developed and a Mitigation Action Plan implemented.	N/a.	N/a.
100% Audit queries to be addressed.	New target.	100% Audit queries addressed.	Not achieved.	65% fully resolved; 30% was 89% resolved and 5% 60% resolved.	N/a.	Audit queries ongoing.

STRATEGIC OBJECTIVE 1. ADMINISTRATION						
SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Percentage of Auditor-General's findings resolved.	New target.	100% significant findings, 100% emphasis of matter findings, 100% except GRAP 103, housekeeping matters 90%.	Not achieved.	33% of the significant findings were achieved. 6% Of the significant findings have been 80% resolved. Emphasis of matter has a 71% achievement and 23% of these matters are resolved and 5.7% was 60% resolved. Housekeeping matters were 50% achieved and the other 50% not achieved was 80% resolved.	N/a.	Audit queries are being addressed.

SUMMARY OF FINANCIAL INFORMATION/REVENUE COLLECTION PROGRAMME 1

Programme Name	2015/2016			2014/2015		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1 - Administration	26 853	26 308	545	21 591	31 620	(10 029)

3.2 BUSINESS DEVELOPMENT

3.2 1. Purpose

To research, manage, maintain, restore and render access to museum collections.

3.2.2 List of Sub-Programmes

Conservation and Restoration, Research, Collections Management.

3.2.3 STRATEGIC OBJECTIVE

Goal 2 - Properly preserved, well curated, researched and accessible heritage assets to the general public.

3.2.4 PROGRAMME PERFORMANCE INFORMATION

3.2.4.1 Conservation and Restoration

Quarterly reports on storeroom maintenance were developed and implemented, ensuring proper preservation of objects. Four reports were drafted on the maintenance and restoration of heritage buildings which included the physical restoration and maintenance of all damaged structures, preventing further deterioration. Quarterly reports were delivered on objects preserved and restored including details of the physical restoration of the damaged object as well as the specialised cleaning of the object, pest and climate control. This included passive and active conservation. Detailed quarterly reports were developed stating the number of objects preserved and restored to ensure files can be created about objects and building up information for the knowledge database.

3.2.4.2 Research

The creation of articles for popular publications such as Braintainment, etc. is expected to increase popularity and a greater understanding of museums as institutions of excellence to the broader public. Peer reviewed publications, which are published online for museums and academic groups are designed to support museums and staff in pursuing excellence through peer criticism.

3.2.4.3 Collections Management

The number of specimens and objects documented and catalogued, which includes research about the history of the objects and documentation on the scientific, historic and cultural value of the collection, increasing knowledge of the collections and their preservation through cataloguing and databases. The reporting on the number of alienated objects which are objects either in a bad state or stolen as part of the assessment of the collection. Reports were generated about objects and periodicals acquisitioned through the registration of periodicals. Legal compliance reports created, which are pertinent to collections management to ensure proper legal compliance records of objects are kept. The GRAP 103 plan was developed and implemented to facilitate the process as well as to adhere to compliance.

STRATEGIC OBJECTIVE 2 : BUSINESS DEVELOPMENT (CORE FUNCTIONS: MUSEUMS OPERATIONS)

SUB-PROGRAMME: CONSERVATION AND RESTORATION

Performance Indicator 2015/2016	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target for 2015/2016	Variance from 2014/2015 to 2015/2016	Comment on variances
Needs based conservation and restoration plan.	New target.	Needs based conservation / restoration plan developed and implemented.	A plan was developed and 12 reports were compiled.	Achieved.	N/a.	N/a.
RESEARCH						
Research partnerships made.	New target.	3 research partnerships made.	1 research partnership made with NRF.	2 research partnerships.	N/a.	Some research partnerships are agreements and not formally made. Target needs to be better defined in new financial year.
Number of publications/articles produced.	36 publications/ articles produced.	28 popular articles and peer reviewed publications produced.	Exceeded. 38 peer reviewed publications and popular articles produced.	The performance on produced publications/articles has exceeded the set target by 10 additional publications/ articles.	Performance has been exceeded during both financial years: 2014/2015 performance has been exceeded by 10 and during 2015/2016 the performance on produced publications/ articles has been exceeded by 10.	Exceeded performance pertaining to publications during 2014/2015, and 2015/2016 has been noted. More publications enhance unlocking the potential of collection knowledge base.

Performance Indicator 2015/2016	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target for 2015/2016	Variance from 2014/2015 to 2015/2016	Comment on variances
A programme to mainstream marginalised history in the museums.	New target.	A programme to mainstream marginalised history in the museums by March 31 2016.	Target achieved.	The Mamelodi project was approved in March 2016.	N/a	Research into the marginalised history of South Africa is essential to ensure the museums are relevant and up to date.
COLLECTION MANAGEMENT						
A uniform inventory management system adopted.	N/a new target.	A uniform inventory management system adopted in the 2nd quarter.	Not achieved.	A uniform inventory management system adopted in the 2nd quarter.	N/a.	This project will be completed by June 2016. There was great difficulty in sourcing a uniform inventory management system as each museum and in some cases collections had their own systems for inventorying objects. It was difficult to find a service provider to provide 100% functionality.
Percentage of the estimated 9 million objects inventoried in compliance with GRAP 103.	New target.	1.6% of the estimated 9 million objects inventoried in compliance with GRAP 103.	Target exceeded, 6.72% of the estimated 9 million objects inventoried in compliance with GRAP 103.	Compliance with GRAP 103.	N/a.	Valuations have barely started in many collections and curators and contractors dedicated most of their time to inventorying of objects.

Performance Indicator 2015/2016	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target for 2015/2016	Variance from 2014/2015 to 2015/2016	Comment on variances
Accessioned objects valued in compliance with GRAP 103.	N/a new target.	5% of accessioned objects valued in compliance with GRAP 103.	Not achieved.	Only 1.8% was achieved of accessioned objects to be valued in compliance with GRAP 103.	N/a.	Accessioned objects valued in compliance with GRAP 103 was not achieved and has more to do with the fact that Curators do not know how to do valuation of their collections as there are no comprehensive guidelines. The possibility of training is being looked at.
Number of reports on alienated objects compiled.	4 reports on alienated objects compiled.	Compile 4 reports on alienated objects.	Achieved. 4 reports on alienated objects compiled.	No deviation applicable.	There is no variance reported pertaining to the compiled number of reports on alienated objects during 2014/2015, and 2015/2016.	The reports on alienated objects had been accordingly compiled during 2014/2015, and 2015/2016.
Number of reports on objects and periodicals acquisitioned compiled.	4 reports on objects and periodicals acquisitioned compiled.	Compile 4 reports on objects and periodicals acquisitioned.	Achieved. 4 reports on objects and periodicals acquisitioned were compiled.	No deviation applicable.	There is no variance reported pertaining to objects and periodicals acquisitioned, during 2014/2015, and 2015/2016.	Compilation of the reports on objects and periodicals acquisitioned had been accordingly compiled during 2014/2015, and 2015/2016.
	New target.					N/a

Performance Indicator 2015/2016	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target for 2015/2016	Variance from 2014/2015 to 2015/2016	Comment on variances
20 000 specimens and objects documented and catalogued.	New target.	20 000 specimens and objects documented and catalogued.	Target exceeded 37 289 specimens and objects documented and catalogued.	37 289 specimens and objects documented and catalogued.	N/a.	N/a.
300 journal articles indexed.	New target.	300 journal articles indexed.	Target exceeded 345 journals/ articles were indexed.	345 journals/ articles were indexed.	N/a.	N/a.

SUMMARY OF FINANCIAL INFORMATION/ REVENUE COLLECTION PROGRAMME 2

	2015/2016			2014/2015		
Programme Name	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 2 - Business Development	53 683	51 316	2 367	49 637	50 002	-365

3.3 STRATEGIC OBJECTIVE 3: PUBLIC ENGAGEMENT (CORE FUNCTIONS)

3.3.1 Purpose

To develop and maintain public programmes and exhibitions for accessibility to the public.

3.3.2 List of Sub-Programmes

Public Programmes and Exhibitions, Events and Outreach, Human Capital Development.

3.3.3 Strategic Objectives

Increased accessibility to the museums through programmes and exhibitions.

3.3.4 Programme Performance Information

It is the Institution's responsibility to ensure access to the museums for children, the youth, students, tourists (local and foreign) researchers and the public in general.

3.3.4.1 Public Programmes and Exhibitions

Coordinated programmes were presented at the museums for schools, the public and special groups to ensure that museums are more accessible to the public. Five new programmes were developed. Poor delivery of new lessons can be attributed to the lack of a coordinating element as well as deliverables given to individuals.

The exhibitions for the year 2015/2016 comprised the development of four temporary exhibitions and hosting of one travelling exhibition about basketry. A small team for exhibitions delivery and maintenance consisting of a designer and an exhibitions construction and maintenance person are too small-scale to drive the exhibitions programme. Flaws in planning included the lack of proper consultative planning between curators, educators, designers and exhibition developers, which were factors contributing to the failures to provide properly developed and relevant exhibitions. However, an information centre prototype was created at Kruger Museum to showcase all of the DITSONG museums. Financial constraints also affected the delivery process of two large exhibitions scheduled for the DNMNH.

3.3.4.2 Events and Outreach

About 50 outreach programmes were introduced to communities and educators and guides made an effort to promote the museums at various locations such as shopping malls and schools in different provinces. The public programmes department of the DNMNH and DNMCH undertook an outreach programme in the North West Province. It was conducted from 7 to 11 March 2016. Different areas in the North West Province including Mafikeng, Itsoseng, Zeerust and Rustenburg were visited.

Five comprehensive programmes were presented to schools and 20 schools and one cluster office were issued with information packs. In total, 25 schools were reached in this outreach. Outreach activities were also conducted at Quagga Mall (Pretoria West) Wonderpark Mall (Pretoria North) and Jubilee Mall (Hammanskraal, north of Pretoria).

During the year, the following events were held: Heritage Day, National Science Week, Sammy Marks' Birthday Celebration (at DSMM), Environmental Day, Biodiversity Day, Wetlands Day and Kruger Day at DKM. A United Nations Holocaust Commemoration Day with the Holocaust and Genocide Centre was held on 27 January 2016 and a Human Rights Day with the Holocaust and Genocide Centre held on 21 March 2016 at the DNMMH.

Festivals included the annual Mampoer Festival, a Farm Festival in collaboration with the Highveld Tractor and Engine Club and three Pretoria Poultry Festivals at DWPAM. A New Year's Day Festival was held at DPM and a Music Festival at DTMC.

3.3.4.2 Human Capital Development

58 interns benefitted from experience and exposure at DITSONG Museums. Many were part of the GRAP 103 initiative and had a unique opportunity to contribute to a national project. This gave them exposure to the objects housed at DMSA and a rare opportunity to engage with and record unique and precious museum objects.

The experiential trainees also enjoyed exposure at DMSA, mainly in the field of tourism. However, the limited time of six or less months that they spend at the museums is not sufficient to give them proper training.

3.3.4.3 Local and International Partnerships

Two MOUs were signed with museums in Namibia and Tzaneen, which will ensure mutual benefit and growth to both stakeholders.

STRATEGIC OBJECTIVE 3. PUBLIC ENGAGEMENT AND EXHIBITIONS (CORE FUNCTIONS)						
SUB-PROGRAMME: PUBLIC PROGRAMMES AND EXHIBITIONS						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Number of new programmes developed.	Performance indicator was to develop five new programmes in 2014/2015, six programmes were developed.	Develop five new programmes.	Not achieved. Two new programmes developed.	Performance reported against the target. Only two additional developed public programmes developed.	Only two new programmes were developed in 2014/2015 as opposed to the six programmes developed in 2015/2016 period.	Proper planning between educators and directors needed to be carried out to ensure target was obtainable and can be increased in future.
Number of exhibitions developed and hosted.	No exhibition projects were achieved. 26 Temporary exhibitions and displays showcased. One exhibition sent to Scotland and one exhibition hosted.	Two permanent exhibitions to be developed. 12 Temporary exhibitions to be developed. Three travelling exhibitions to be hosted.	No permanent exhibition developed. Four temporary exhibitions developed. One travelling exhibition was hosted.	Target not achieved. Target not achieved. Target not achieved.	There was a decrease in delivery in the 2015/2016 period where only four temporary exhibitions were developed as opposed to 26 in 2014/2015 and only one travelling exhibition hosted in 2015/2016 whilst two temporary exhibitions were hosted in 2014/2015.	Designers, curators and managers to be involved in the planning from the start of the project. Projects should be developed well before time and a decision should be taken if it is necessary to outsource exhibitions in order to reach targets.

STRATEGIC OBJECTIVE 3. PUBLIC ENGAGEMENT AND EXHIBITIONS (CORE FUNCTIONS)						
SUB-PROGRAMME: PUBLIC PROGRAMMES AND EXHIBITIONS						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Four languages incorporated into exhibitions and public programmes.	New target.	Four languages to be incorporated into exhibitions and public programmes.	Target met. Six languages were incorporated into exhibitions and public programmes.	Target exceeded by two	N/a.	Languages pertaining to area in which the exhibition was held as well as the theme of the exhibition were included, i.e. English, Afrikaans, Zulu, Sotho, Portuguese (31 Battalion) and French (Delville Wood Exhibitions).
SUB-PROGRAMME: EVENTS AND OUTREACH						
Number of events held.	53 events held.	Hold 25 events and festivals.	Exceeded. 33 events and festivals held.	The events held exceeded the target by eight more events to promote nation building and social cohesion.	The performance targets set for hosting events in 2014/2015 and 2015/2016 exceeded the targets. However, more events were held during 2014/2015 due to collaboration with other heritage or science institutions for some events.	The number of events held for 2014/2015 and 2015/2016 exceeded the set targets due to the promotion of nation building and social cohesion. More events were held in 2014/2015.

STRATEGIC OBJECTIVE 3. PUBLIC ENGAGEMENT AND EXHIBITIONS (CORE FUNCTIONS)						
SUB-PROGRAMME: PUBLIC PROGRAMMES AND EXHIBITIONS						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Number of outreach programmes undertaken.	39 outreach programmes undertaken.	Undertake 18 outreach programmes.	Exceeded. 50 outreach programmes undertaken.	The set target of 18 outreach programmes was exceeded by 32 programmes.	The outreach programmes for 2014/2015 were exceeded against the target by three outreach programmes and the performance for 2015/2016 has exceeded the set target by 32 programmes.	An increasing trend in conducting outreach programmes is reported during 2015/2016. The variance of educational outreach programmes undertaken during 2015/2016 outnumbered the 2014/2015 performance. There was an increased awareness to market the museums in new sectors.

STRATEGIC OBJECTIVE 3. PUBLIC ENGAGEMENT AND EXHIBITIONS (CORE FUNCTIONS)						
SUB-PROGRAMME: PUBLIC PROGRAMMES AND EXHIBITIONS						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
SUB-PROGRAMME: HUMAN CAPITAL DEVELOPMENT						
Number of interns hosted.	34 internship students and 25 experiential training students hosted – target not the same as in 2015/2016.	Host 35 interns.	Target not met. 26 interns hosted.	The deviation is that nine less interns were hosted due to interns leaving for other better paid positons during their contract period. One intern declined offers of employment and others could not be reached at the time the employment offers were made.	N/a.	During 2015/2016, more students have been hosted because of the continued implementation of GRAP 103.

STRATEGIC OBJECTIVE 3. PUBLIC ENGAGEMENT AND EXHIBITIONS (CORE FUNCTIONS)						
SUB-PROGRAMME: PUBLIC PROGRAMMES AND EXHIBITIONS						
Performance Indicator 2015/2016	**Actual Achievement 2014/2015**	**Planned Target 2015/2016**	**Actual Achievement 2015/2016**	**Deviation from planned target for 2015/2016**	**Variance from 2014/2015 to 2015/2016**	**Comment on variances**
Experiential trainees hosted. Number of experiential training students hosted.	New target.	Host 25 experiential training students	15 experiential trainees hosted. Target not achieved.	10 less experiential trainees hosted Dependant on requests from learners and/or education institutions.	N/a.	.N/a.
SUB-PROGRAMME: LOCAL AND INTERNATIONAL PARTNERSHIPS						
Number of MOU agreements entered into.	Performance indicator not applicable in previous year.	Two MOUs with a fraternal organisation signed.	Achieved. MOUs (Tzaneen and Namibia) were signed.	None.	N/a.	N/a.

SUMMARY OF FINANCIAL INFORMATION/ REVENUE COLLECTION PROGRAMME 3

	2015/2016			2014/2015		
Programme Name	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 3 - Public Engagement	3490	2946	544	4 706	2 898	1 808

SUMMARY OF FINANCIAL INFORMATION/ REVENUE COLLECTION ALL PROGRAMMES

	2015/2016			2014/2015		
Programme Name	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1 - Administration	26 853	26 308	545	21 591	31 620	-10 029
Programme 2 - Business Development	53 683	51 316	2 367	49 637	50 002	-365
Programme 3 - Public Engagement	3 490	2946	544	4 706	2 898	1 808
Total	**84 026**	**80 570**	**3 456**	**75 934**	**84 520**	**-8 586**

4. REVENUE COLLECTION

4.1 Revenue collection

The amount of revenue generated in 2015/2016 is R88 863 707(2014/2015: R81 706 039), an increase of 9% from the previous year. The reason for the change is due to an increase of R 3 052 000 from the grant subsidy and an increase of R549 744 from own revenue generation.

4.2 Capital Investment, Maintenance and Asset Management Plan

Progress made on implementing the Capital, Investment and Asset Management Plan

The User Asset Management Plan was submitted to the Department of Arts and Culture (DAC) after being considered by Council in July 2014. Due to limited resources and fiscal constraints the DAC, in its reprioritisation, could not fund the DMSA Plan. The reserves that have been accumulated over the years are being used for the maintenance, upgrade and revamp of facilities that require urgent attention. Projects funded by the Department are administered by the Department of Public Works.

Infrastructure projects that have been completed in the current year and the progress in comparison to what was planned at the beginning of the year.

None.

Infrastructure projects that are currently in progress time frames for completion.

R 20, 801 million was granted by the DAC for the infrastructural projects at various museums. Three major projects pertaining to the fencing of the museums are on hold due to litigation cases that are currently under way.

Project Type	Total Approved Project Budget R' 000	Opening Balance R' 000	Current year Capital WIP R' 000	Completed Assets R' 000	Closing Balance R' 000	Total Work Opportunities
New Infrastructure Assets	0	0	0	0	0	0
Capital Works Sub-total	0	0	0	0	0	0
Rehabilitation and Refurbishments	1 200	706	633	567	772	0
Upgrades and Additions	19 601	9 003	0	381	8622	0
Current Works Sub-total	20 801	9 709	633	948	9394	0
Total	**20 801**	**9 709**	**633**	**948**	**9394**	**0**

Plans to close down or downgrade any current facilities

None.

Developments relating to the above that are expected to impact on the public entity's current expenditure

Not applicable.

Measures taken to ensure that the public entity's asset register remained up-to-date during the period under review

Quarterly and bi-annual stock taking of assets performed.
Assets bar coded.

The current state of the public entity's capital assets, for example what percentage is in good, fair or bad condition.

All capital assets, which are not in good condition are currently under restoration/maintenance with funding from the DAC and implemented by the Department of Public Works (DPW). Most of the capital assets are in good condition, especially after the implementation of the Repairs and Maintenance Project (RAMP).

Major maintenance projects that have been undertaken during the period under review

None.

Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why not, and what measures were taken to keep on track

There is a backlog but it is being addressed by the DAC by following up on the DPW to expedite the implementation of the capital projects funded by them.

DITSONG
MUSEUMS OF SOUTH AFRICA

PART C: GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to a public entity is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of DITSONG: Museums of South Africa (DMSA) are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

DMSA Council and management met on 15 October 2015 with the Portfolio Committee to present the audit and annual reports of the 2014/2015 period. The audit findings remedial plan was developed and monitored by the DMSA Audit and Risk Committee and Council through quarterly reports.

3. EXECUTIVE AUTHORITY

The following documents were submitted to the Executive Authority:

- Four quarterly reports (31 July and 31 October 2015, 31 January and 30 April 2016);
- Three Annual Performance Plans (1st Draft 31 August 2014, 2nd Draft November 2014 and Final Document 31 January 2015);
- Annual report for the 2015/2016 financial year will be submitted on 31 August 2016 and tabled in Parliament in September 2016.

No issues were raised by the Executive Authority.

4. THE ACCOUNTING AUTHORITY - COUNCIL

4.1 Introduction

The Council is constituted in terms of the Cultural Institutions Act, 1998 (Act No. 119 of 1998), and is appointed by the Minister of Arts and Culture.

The Council is responsible for the overall stewardship of the institution. To this effect, the Council oversees the institution's business and affairs and the day-to-day conduct of business by executive management, establishes or approves all corporate policies as required and involves itself jointly with executive management in ensuring the long-term creation of stakeholders value, sustainability, preservation and protection of the Institution's assets.

4.2. The role of the Council

In terms of the Cultural Institutions Act, 1998 (Act No. 119 of 1998), Council has the following responsibilities:

- to formulate policy;
- to hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned;
- to receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10(1);
- to raise funds for the institution;
- to manage and control the moneys received by the declared institution and to utilise those moneys for defraying expenses in connection with the performance of its functions;
- to keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard thereto and to cause proper books of account to be kept;
- to determine, subject to this Act and with the approval of the Minister, the objects of the declared institution; and
- to generally carry out the objects of the declared institution.

4.3. Council Charter

The Council Charter was approved by Council in July 2014 and serves as a tool to guide and direct Council in conducting the duties of Council.

4.4 Composition of Council

Member	Designation (on DMSA Council)	Date Appointed	Date Resigned/ Expiry of Term	Qualifications	Board Directorship
Dr. FM Lucky Mathebula	Chairperson	1 August 2013	31 July 2016	Doctor of Administration (UP); Masters of Public Administration (Vista); BA: Honours Public Administration (Vista); Intergovernmental Relations Diploma (Fribourg University)	Madyatshsamile Holdings (Pty) Ltd; Gammatron Group of Companies (Pty) Ltd; MashAgrik (Pty) Ltd; Mashprop (Pty) Ltd; Kanimambo Computing
Ms. K Rapoo	Council and Audit and Risk Committee Member	1 August 2013	31 July 2016	Bachelor of Accounting Science; GIBS Exec Development Programme; Executive Education: Project Management.	Trustee of Medipos Medical Aid Scheme
Ms. D Offringa	Council and Core Function Committee Member	1 August 2013	31 July 2016	MA History of Art, UP	Chairperson of Council of WHAG (2002- 2010); Council Member NHC (2002-2006)
Mr. C Kneale	Council and Audit and Risk Committee Member	1 August 2013	31 July 2016	Lecturer at Wits: Corporate Governance and Corporate Secretaryship	
Dr P Bayliss	Council and Acting Chairperson of Core Functions	1 August 2013	31 July 2016	D.Phil. (entomology), UKZN	
Adv. M J Ralefatane	Council Member and Chairperson of HREEMCO	27 February 2015	31 July 2016	B. Proc; LLB Admitted Advocate to the Supreme Court; Certificate in Labour Relations, UP	Member of National Museum Council; Member of Luthuli Museum Council

4.5. Attendance and Remuneration of Council and sub-committee meetings 2015/2016

Attendance and Remuneration of Council Members 2015/2016

Members	TOTAL	Remuneration
*Dr. FM Lucky Mathebula Chairperson of Council	5	16 529
Ms. B Maleka Chairperson of ARC	7	45 250
Mr. G Mokoena Chairperson of Core	8	18 303
Ms. K Rapoo	11	15 920
Ms. D Offringa	13	24 682
Mr. C Kneale	12	27 374
Dr P Bayliss (Acting Chair of Core)	13	30 093
Adv. MJ Ralefatane	8	22 839
Madibeng	2	2 243

COUNCIL MEETINGS 2015/16

NAMES	29/04/15	28/05/15	29/07/15	29/10/15	26/11/15	27/01/16	04/02/16	30/03/16	TOTAL
Dr. FM Lucky Mathebula Chairperson of Council		X					X		5 of 8
Ms. K Rapoo	X						X		5 of 8
Ms. D Offringa		X							7 of 8
Mr. C Kneale			X		X	X		X	4 of 8
Dr P Bayliss	X						X	X	5 of 8
Adv. MJ Ralefatane	-	-	-	X		X			3 of 8
Madibeng			R	-	-	-	-	=	1 of 8
Mokoena				-	-	-	-		3 of 8

AUDIT AND RISK COMMITTEE MEETINGS 2015/16

NAMES	29/01/15	16/03/15	27/05/15	24/07/15	23/10/15	12/04/16	18/03/16	TOTAL
Ms. B Maleka Chairperson								7 of 7
Ms. K Rapoo			X		X	X		4 of 7
Mr. C Kneale	NY	NY		X				4 of 7
Madibeng		X	X	R	-	-	-	1 of 7

CORE FUNCTION MEETINGS 2015/16

NAMES	24/03/15	21/04/15	22/07/15	20/10/15	21/01/16	TOTAL
Mr. G Mokoena Chairperson of Core Function					X	4 of 5
Dr P Bayliss						5 of 5
Ms. D Offringa		X				4 of 5

HUMAN RESOURCES AND REMUNERATION COMMITTEE MEETINGS 2015/16

NAMES	22/04/15	27/07/2015	21/10/2015	21/01/2016	TOTAL
Adv. MJ Ralefatane	Not yet ap-pointed	Not yet ap-pointed	√	√	2
Ms. K Rapoo	X	√	√	X	2
Mr. C Kneale	√	√	√	√	4

JOINT CORE AND HRREMCO COMMITTEE MEETINGS 2015/16

NAMES	26/11/15	15/01/2016	21/01/2016	TOTAL
Adv. MJ Ralefatane	√	√	√	3
Ms. K Rapoo	X	X	X	0
Mr. C Kneale	X	√	√	2
Dr P Bayliss	√	√	√	3
Ms. D Offringa	√	X	√	2
Mr. G Mokoena	√	Resigned	x	1

5. RISK MANAGEMENT

The Enterprise-Wide Risk Management approach and methodology is used and is fully aligned with the Standards for Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA), the recommendations of the King III Report and the requirements of the Public Finance Management Act (PFMA).

The risk management process and strategies involve the identification, assessment, reporting, management and monitoring of risks. During this process, a gap analysis, business impact analysis and analysis of risk maturity are performed.

Progress made is reported to both the Audit and Risk Committee and Council on a quarterly basis. Only 62% of the risks identified were mitigated due to incapacity.

6. INTERNAL CONTROL UNIT

The Institution does not have a formally-Internal Control Unit but has outsourced the function.

7 INTERNAL AUDIT AND AUDIT COMMITTEE

The following internal audit work was completed during the year under review:

- DMSA Operations: [Collection Management, Accessioning and Inventory, Conservation and Restoration Management, Public Engagement and Research]
- Supply Chain Management.
- Assets Management.
- Revenue and Debtors Management.
- Human Resources and Payroll Management.
- Audit of Performance Information.
- Information Technology.
- Corporate Governance.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Institution has developed and reviewed a number of policies and regulations in order to ensure compliance. The policies are reviewed regularly and where necessary, new policies are developed. The Institution endeavours to adhere to the PFMA, the Cultural Institutions Act, Treasury Regulations, Supply Chain Practise Notes and other relevant prescripts. It is audited by both the Internal Auditors and the Auditor-General South Africa annually to ensure compliance with laws and regulations.

9 FRAUD AND CORRUPTION

- The Institution's Fraud Prevention Plan and the progress made in implementing the plan include the following:
- Fraud Prevention Plan with hotline number.
- Hotline number is emailed to all employees and posted on notice boards.
- Alarm system and/or cameras are installed at some museums.
- Searching of cars, handbags; etc.
- All employees completed and signed forms to declare their business interests.
- SCM officials are bound by the SCM code of conduct.

- Internal controls implemented to ensure that there is sufficient segregation of duties.
- A book on entry for visitors/vehicles control was introduced at the museums.
- Regular meetings are occurring with various contracted security companies.
- A clocking system is operational in respect of employees. This is supported by the electronic support system (ESS) for leave management.
- Regular Fixed Assets Verification (as per the policy) is being maintained to ensure existence and completeness.
- Various Tender Committees are established.
- New system introduced for quotations above R30, 000 to be submitted in sealed envelopes.

Fraudulent activities are reported through the hotline and if there is any disciplinary action to be taken it is instituted in terms of the Disciplinary Code.

10. MINIMISING CONFLICT OF INTEREST

All Supply Chain Management personnel have formally signed the Code of Conduct as prescribed by Practice Note 7 of 2009/10, par 4.4.1.

Supplier Bidding Document (SBD) 4 is also provided by the prospective bidders to declare their interest in the Institution.

All employees are required to declare their interests in the private companies.

11. CODE OF CONDUCT

DMSA is guided by the Code of Conduct for Public Servants published in Part 2 of the Public Service Regulations, 1999, which gives clear guidelines on expected behaviour and guidelines to reinforce appropriate behaviour in the organisation. The Code of Conduct is also available to suppliers and stakeholders on their request.

It is the responsibility of employees of DMSA to report all incidents of fraud, corruption, theft, maladministration or any other dishonest activities of a similar nature to their supervisor. If the employee or official is not comfortable in reporting such matters to the supervisor, he or she could report the matter to the supervisor's superior, with final recourse to the Head of Internal Audit or the CEO. Employees may also report incidents by using the hotline if they wish to remain anonymous or for any other reason.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Fire extinguishers are regularly serviced for all museums and fire detectors are maintained by the Department of Public Works (DPW). Elevators are in good working condition.

The DPW has introduced call centre contacts for public entities like DMSA to log a call for any matters that need their attention. However, its effectiveness should be revisited with regard to its turn-around response times.

Some of these challenges are addressed by the Repairs and Maintenance Programme (RAMP) which is funded by the DAC and undertaken by the DPW.

13. COUNCIL SECRETARY

The Personal Assistant to the CEO serves as a secretary to Council.

14. AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2016

We are pleased to present our report for the financial year ended 31 March 2016.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed in the table above and meets at least four times per annum as per its approved Terms of Reference. During the year under review at least five meetings were held.

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a) of the PFMA and Treasury Regulations 27.1.8 and 27.1.10.The committee also reports that it has adopted formal terms of reference as its audit and risk committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. The Audit and Risk Committee Charter has been reviewed to ensure its relevance as required by Treasury Regulation 3.1.8.

The effectiveness of internal control and risk management

The system of control is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King III report on Corporate Governance requirements, the Committee provided oversight over the combined assurance process within the Council and is satisfied that optimal effort and coordination exists between all assurance providers. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

A risk assessment workshop was conducted during the year with the aim of reviewing the Council's risk profile and this formed the basis of developing the three-year rolling out plan (Internal Audit Plans) and the annual internal audit operational plan.

Save for the issue raised by the Auditor–General on the Audit Report, the system of internal control was only partially effective. As part of its oversight role on IT governance, the Audit and Risk Committee reviewed the IT strategy of the Council during the year.

Internal audit

Internal Audit Services have been outsourced to Outsourced Risk and Compliance Assessment for a period of three years ending in 2018. The Committee is satisfied that the key risks have been identified, assessed and given adequate attention. In compliance with the PFMA, the internal audit plans for the 2016 financial year were risk-based and fully implemented.

External audit

The Committee agreed to the audit plan and audit fee for the 2016 financial year. The fee is considered significant for the work and services rendered by the external auditors.

The external auditors have remained independent throughout the financial year. The Committee satisfied itself of their continued objectivity and competence.

Monthly and quarterly reports submitted in terms of the Act

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

Evaluation of financial statements

The Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Authority the audited Annual Financial Statements to be included in the Annual Report;
- Reviewed the Auditor-General's management report and management response thereto; and
- Reviewed significant adjustments resulting from the audit.

The Committee concurs with and accepts the conclusions of the Auditor–General on the Financial Statements and is of the opinion that the audited Financial Statements be accepted together with the report of the Auditor- General.

MS BERTHA MALEKA
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE
DITSONG: Museums of South Africa, July 2016

DITSONG
MUSEUMS OF SOUTH AFRICA

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Council, Management and organised labour of DITSONG: Museums of South Africa (DMSA) held a Strategic Planning session in April 2014, to reposition the Institution in the heritage sector. A Strategic Plan was approved for financial years from 2015 to 2020, in which strategic goals were agreed on. This requires the Institution to relook at its human capital management strategies, policies and practices to ensure strategy realisation. As a result the Re-alignment Project was initiated in September 2015, to re-align DMSA structures, processes and resources in response to the new strategic position of the organisation as per the approved Strategic Plan for 2015-2020.

The workforce planning framework and key strategies to attract, recruit and retain a skilled and capable workforce include:

- Employing young graduates on contract basis.
- Approaching relevant educational institutions for collaboration.
- Volunteer programme for Core Business Programme.
- Employment of interns and experiential trainees.
- Bursary schemes.
- Training and development.
- Improved conditions of service.
- The framework for performance management of staff is in place.
- The employee wellness programme is up and running with the assistance of Careways and NMG.
- Policy development.

Highlight achievements:

- Out of 14 applicants enrolled in the bursary scheme, all passed their studies for the year under review.
- The Careways product's utilisation rate is 4.02%.

Challenges faced by the public entity:

- The increasing post-employment obligation. The annual financial statements show that the accumulated deficit created by the post-retirement medical aid benefit has an impact as the entity's liabilities exceed its assets. DMSA is in consultation with experts to decide on suitable options to manage the medical aid post-employment obligation.
- Non-retention of skilled professionals due to non-competitive remuneration.
- Lack of succession of skilled professionals for retention and business continuity.

Future HR plans/goals:

- Development of the Employer of Choice Strategy.
- Revision of the Performance Management Policy.
- Implementation of a retention plan.
- Development of a competitive remuneration system.
- Implementation of a human resources development strategy.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel Cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure excluding provisions (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1 – Administration	22 668	14 939	66%	65	230
Programme 2 – Museum Operations	45 316	35 978	79%	178	202
Programme 3 – Public Engagement	2 946	1 932	66%	18	107
TOTAL	**70 930**	**52 849**	**75%**	**261**	**202**

2.2 Personnel cost by salary band

Level	Personnel Expenditure excluding provisions (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 836	9	5	967
Senior Management	3 619	7	6	603
Professional Qualified	3 972	8	11	361
Skilled	15 373	29	42	366
Semi-skilled	19 144	36	98	195
Unskilled	3 101	6	27	115
Contract	2 804	5	72	39
TOTAL	**52 849**	**100**	**261**	**202**

2.3 Performance Rewards

Programme	Performance rewards (R'000)	Remuneration of personnel rewarded (R'000)	No. of employees	Personnel Expenditure excluding provisions (R'000)	% of performance rewards to total personnel cost
Top Management	201	899	1	4 836	0.38
Senior Management	-	-	-	3 619	0
Professional Qualified	-	-	-	3 972	0
Skilled	67	899	4	15 373	0.13
Semi-skilled	76	1 005	7	19 144	0.14
Unskilled	-	-	-	3 101	0
Contract	-	-	-	2 804	0
TOTAL	**344**	**2 803**	**12**	**52 849**	**0.65**

2.4 Training Costs

Directorate/ Business Unit	Personnel Expenditure excluding provisions (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg. training cost per employee (R'000)
Training					
Programme 1 (Support)	14 939	107	0.72	16	6.7
Programme 2 (Core)	37 910	188	0.5	45	4.2
Bursaries					
Programme 1 (Support services)	14 939	43	0.29	3	14
Programme 2(Core)	37 910	99	0.26	14	7

2.5 Employment and vacancies

The Institution is in a process of re-aligning its structures, processes and resources in response to a new strategic position of the Institution as per the approved Strategic Plan for 2015-2020. As a result, Council decided to put a moratorium on filling all vacancies to ensure that a new structure integrates strategies successfully, however, an approval to fill critical positions may be sought from Council. The table below indicates the decision of the moratorium.

Programme	2015/16 No. of Active Employees	2015/2016 Approved and Funded Posts	2015/16 Vacancies	% of vacancies
Top Management	3	5	2	40%
Senior Management	6	8	2	25%
Professional Qualified	8	11	3	27%
Skilled	43	56	13	23%
Semi-skilled	93	111	18	16%
Unskilled	22	33	11	33%
Contract (not on approved structure)	72	0	0	0%
TOTAL	**247**	**224**	**49**	**22%**

2.6 Employment changes

The figures below indicate that there is an imbalance between the incoming and outgoing number of employees due to the moratorium on filling of vacancies.

Salary Band	Employment at beginning of period 1 April 2015	Appointments	Terminations	Employment at end of the period
Top Management	5	0	2	3
Senior Management	6	0	0	6
Professional Qualified	9	0	1	8
Skilled	44	0	1	43
Semi-skilled	100	0	8	92
Unskilled	25	0	4	21
Contract	57	18 (casual & temps)	9	67
Total	**246**	**18**	**25**	**240**

2.7 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	4
Resignation	13	52
Dismissal	0	0
Retirement	10	40
Ill health	0	0
Expiry of contract	1	4
Other	0	0
Total	**25**	

The number of vacancies will be determined after the finalisation of the new structure.

2.8 Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	4
Written Warning	0
Final Written warning	0
Dismissal	0
Settlement	1
Total	**5**

2.9 Equity Recruitment Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	0	0
Senior Management	1	1		0	0	0	1	0
Professional qualified	0	2	0	0	0	0	4	0
Skilled	10	3	0	2	1	2	18	0
Semi-skilled	47	2	0	2	0	0	0	0
Unskilled	15	7	0	1	0	0	1	0
Contract	17	0	1	0	0	0	8	0
TOTAL	**92**	**15**	**1**	**5**	**1**	**2**	**32**	**0**

2.9.1 Females

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	1	0	1	0	0
Senior Management	1	1	0	1	0	0	3	4
Professional Qualified	2	2	0	0	0	0	2	5
Skilled	13	3	0	1	0	0	13	1
Semi-skilled	31	2	0	2	0	1	2	0
Unskilled	4	2	0	0	0	0	0	2
Contract	30	0	1	0	0	0	15	0
TOTAL	**82**	**10**	**1**	**5**	**0**	**2**	**35**	**12**

2.9.2 Youth

Levels	YOUTH							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Female	Male	Female	Male	Female	Male	Female	Male
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional Qualified	0	0	0	0	0	0	0	0
Skilled	4	0	0	0	0	0	0	0
Semi-skilled	9	4	0	0	0	0	0	1
Unskilled	0	0	0	0	0	0	0	
Contract	22	11	1	1	0	0	0	2
TOTAL	**35**	**15**	**1**	**1**	**0**	**0**	**0**	**3**

2.9.3 Disabled Staff

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

The Employment Equity Plan outlines strategies on how the above mentioned targets are to be achieved. However, it should be noted that the new structure will have an impact on the existing vacancies and therefore targets may be reviewed. Disabled people are included in the 5-year plan.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Achievements

- A Health and Safety Committee has been established which meets quarterly.
- New environmentally-accepted lighting systems have been installed at museums and Head Office.
- Sanitation bins are provided at all museums.

Challenges

- Ageing infrastructures lacking dedicated areas for disabled people.
- Insufficient and inadequate ablution facilities.
- Inadequate security measures, which pose a threat to the collections, however the planning of the erection of a fence at Tswaing Meteorite Crater is under way.

Some of these challenges are being addressed through communication with DAC and the DPW.


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DITSONG
MUSEUMS OF SOUTH AFRICA

PART E: **FINANCIAL INFORMATION**

1. REPORT OF THE EXTERNAL AUDITOR

Report of the auditor-general to Parliament on DITSONG: Museums of South Africa

Report on the financial statements

Introduction

1. I have audited the financial statements of DITSONG: Museums of South Africa set out on pages 78 to 137, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse opinion

Property, Plant and Equipment

6. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for property, plant and equipment, due to the status of the accounting records and non-submission of information in support of these assets. I was unable to confirm these assets by alternative means. Consequently, I was unable to obtain sufficient and appropriate evidence about the property, plant and equipment balance of R4 530 353 (2015: R6 141 746) reflected in note 7.1 of the financial statements.

Heritage assets

7. The entity did not measure its heritage assets at cost or fair value in accordance with GRAP 103 *Heritage assets.* As stated in note 7.2 to the financial statements, the entity was granted an exemption from measuring its heritage assets in terms of the requirements of the standard. I am unable to accept the exemption, as it was not granted for the purpose of achieving fair presentation. The exemption results in heritage assets not being recognised in the statement of financial position. I was unable to determine the impact of the non-measurement in the financial statements, as it was impractical to do so.

Trade and other receivables

8. The entity did not have adequate systems to determine the impairment on receivables as required by the Standard of Generally Recognised Accounting Practice 104, Financial Instruments. The entity impaired their receivables by applying a percentage to the carrying amount without assessing whether objective evidence of impairment exists. I was unable to determine the impact on the impairment amount reflected as R1 705 436 in note 5 of the financial statements as it is impractical to do so.

9. I was unable to obtain sufficient and appropriate audit evidence about the trade receivable balance reflected as R2 441 667 (2015: R1 717 344) in note 5 of the financial statements. The debtors could not confirm the balances outstanding as per the age analysis. Alternative procedures did not render satisfactory results. Consequently, I was unable to determine whether any adjustment to the trade and other receivables amount was necessary.

Revenue from exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence for revenue from exchange transactions, due to the status of the accounting records. The entity did not have adequate systems of internal control in place for the recording of all transactions and events. I could not confirm whether all revenue from exchange transactions had been recorded by alternative means. Consequently, I was unable to determine whether any adjustment to revenue from exchange transactions stated at R 8 139 616 in the financial statements was necessary.

Administrative and operating expenditure

11. I was unable to obtain sufficient appropriate audit evidence for operating expenditure and to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to operating expenditure stated at R 30 820 850 (2015: R 28 404 419) in the financial statements was necessary.

Irregular expenditure

12. The entity did not include the required information on irregular expenditure in the notes to the financial statements, as required by section 55(2)(b)(i) of the PFMA. The entity made payments in contravention of the supply chain management requirements, PFMA and Treasury Regulation, resulting in irregular expenditure of R 2 874 675 (2015: R821 077).

Commitments

13. The entity did not have adequate systems to maintain records of commitments for goods and services as the entity did not maintain accurate and complete records of the contractual information used to determine commitments. This resulted in commitments at year end being understated by R 3 096 261. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as commitments. I could not confirm commitments by alternative means. Consequently, I was unable to determine whether any further adjustment to commitments stated at R 3 108 735 in the financial statements was necessary.

Adverse opinion

14. In my opinion, because of the significance of the matters described in the basis for adverse opinion paragraphs, the financial statements do not present fairly the financial position of the DITSONG: Museums of South Africa as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the GRAP and the requirements of the PFMA.

Emphasis of matters

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

Significant uncertainties

16. Note 15 of the annual financial statements highlights that the DITSONG: Museums of South Africa's accumulated deficit of R 8 880 353 and the liability created by the post-retirement medical aid benefit of R 45 201 000. These conditions together with other matters set forth in Note 15 indicate the existence of a material uncertainty that may cast significant doubt on the public entities ability to settle the obligation and to continue as a going concern.

Restatement of corresponding figures

17. As disclosed in note 22 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during financial year of 31 March 2016 in the financial statements of the Ditsong Museum of South Africa at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the Public entity for the year ended 31 March 2016:

    - Programme 2: Business Development on pages 35 to 39
    - Programme 3: Public Engagement on pages 40 to 47

20. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPI).*

21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. The material findings in respect of the selected programmes are as follows:

Programme 2: Business Development

Usefulness of reported performance information

23. Reasons for variances between planned targets and actual achievements reported in the annual performance report were not provided as required by the National Treasury's Guide for the preparation of the annual report.

24. Treasury Regulation 30.1.3(g) requires the annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 100% of reported objectives, 25% of indicators and 36% of targets were not consistent with those in the approved annual performance plan.

25. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurability. A total of 36% of targets were not specific and 27% were not measurable.

Reliability of reported performance information

26. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. In addition, the entity did not have technical indicator description for the accurate measurement, recording and monitoring of performance information and monitoring of the completeness of source documentation in support of actual achievements.

Programme 3: Public Engagement

Usefulness of reported performance information

27. Reasons for variances between planned targets and actual achievements reported in the annual performance report were not provided as required by the National Treasury's Guide for the preparation of the annual report.

28. Treasury Regulation 30.1.3(g) requires the annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 100% of reported objectives and 22.2% of targets were not consistent with those in the approved annual performance plan.

Reliability of reported performance information

29. FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. In addition, the entity did not have technical indicator description for the accurate measurement, recording and monitoring of performance information and monitoring of the completeness of source documentation in support of actual achievements.

Additional matter

30. I draw attention to the following matters:

Achievement of planned targets

31. Refer to the annual performance report on pages 20 to 47 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 to 29 of this report."

Unaudited supplementary information

32. The supplementary information set out on pages 138 to 143 does not form part of the annual performance report and is presented as additional information. I have not audited this schedule and, accordingly, I do not report on them.

Compliance with legislation

33. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

34. The accounting authority did not ensure that the entity maintained an effective, efficient and transparent systems of financial and risk management and internal controls as required by section 51(1)(a)(i) of the PFMA.

Annual financial statements, performance and annual reports

35. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(b) of the Public Finance Management Act. Material misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving an adverse audit opinion.

Procurement and contract management

36. 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.

37. Sufficient appropriate audit evidence could not be obtained that awards were only made to suppliers who submitted 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.

38. Contracts were extended or modified without the approval of a properly delegated official as required by Treasury Regulation 8.1 and 8.2.

39. Contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

40. Measures for combating the abuse of the supply chain management (SCM) system were not implemented as required by Treasury Regulations 16A9.1 in that awards were made to providers who committed a corrupt or fraudulent act in competing for the contract.

Expenditure management

41. Effective steps were not taken to prevent irregular expenditure as required by section 51(1)(b)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.

Revenue management

42. The accounting authority did not take effective and appropriate steps to collect all revenue due to the public entity as required by section 51(1)(b)(i) of the PFMA and section 31.1.2(a) of Treasury Regulations.

Consequence management

43. Disciplinary steps were not taken against officials who made and permitted irregular expenditure, as required by section 51(1)(e)(iii) of the Public Finance Management Act and Treasury Regulation 9.1.3.

Internal control

44. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for adverse, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

45. Lack of oversight responsibility over reviews of financial statements and annual performance reports and compliance with laws and regulations.

46. Lack of monitoring controls to ensure development and adherence to internal policies and procedures to guide the operations of the entity.

47. The high vacancy rate to ensure that adequate and sufficient skilled resources are in place and that performance is monitored has not been addressed.

48. Establishment of an information technology governance framework that addresses IT structures, policies and processes to support the entity's strategies and objectives.

Financial and performance management

49. Proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting was not maintained.

50. Proper controls over daily and monthly processing and reconciling of financial and performance information were not implemented.

51. Inadequate reviews and monitoring of financial statements and the annual performance report due to staff members not fully understanding the requirements of the financial reporting framework and the performance information requirements.

52. Lack of proper review and monitoring resulted in non-compliance with laws and regulations.

Governance

53. Risk assessment that includes consideration of information technology, performance information risks and fraud prevention plan was not adequately conducted.

Auditor-General

Pretoria
29 July 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement Of Financial Performance For The Year Ended 31 March 2016

	Notes	2016 R	2015 R
REVENUE			
Non- Exchange Revenue			
Grants and donations	2,1	**78 740 073**	72 804 194
Exchange Revenue		**10 123 635**	8 901 845
Gross income from trading operations		**4 648 280**	4 446 482
- Trading revenue	2.2.1	**4 745 853**	4 501 842
- Cost of Sales		**(97 573)**	(55 360)
Investment income	3	**1 984 019**	2 240 329
Other Revenue	2.2.2	**3 491 336**	2 215 034
Total revenue		**88 863 707**	81 706 039
EXPENSES			
Employee costs		**(51 576 251)**	(53 207 475)
Administrative		**(14 542 574)**	(12 462 441)
Depreciation	7,1	**(1 793 935)**	(1 043 470)
Amortisation	7,3	**(14 092)**	(8 303)
Operating expenses	2.3.1	**(16 278 276)**	(15 941 978)
Interest service cost	8,2	**(3 915 000)**	(3 188 000)
Current service cost	8,2	**(1 391 000)**	(1 866 000)
Finance costs	20,2	**(296 623)**	(19)
Total expenses		**(89 807 751)**	(87 717 686)
Profit / (Loss) on sale of assets		**-**	900
Actuarial Gain / (Loss)	8,2	**3 338 000**	(1 784 000)
		(86 469 751)	(89 500 786)
Surplus / (Deficit) for the year		**2 393 956**	(7 794 747)
Attributable to:			
Net assets holder of the controlling entity		**2 393 956**	(7 794 747)

DITSONG CHAIRPERSON

CHIEF EXECUTIVE OFFICER

Pretoria, 29 July 2016

Statement of Financial Position at 31 March 2016

	Notes	2016	2015
		R	R
ASSETS			
Current assets		**38 173 490**	33 127 315
Cash and cash equivalents	4	**35 600 556**	31 259 555
Trade and other receivables	5	**2 441 667**	1 717 344
Inventories	6	**131 267**	150 416
Non-current assets		**4 586 687**	6 212 171
Property, plant and equipment	7,1	**4 530 353**	6 141 746
Heritage assets	7,2	**-**	-
Intangible assets	7,3	**56 334**	70 425
Total Assets		**42 760 177**	39 339 486
NET ASSETS			
Capital and reserves		**(8 880 353)**	(11 274 310)
Accumulated deficits		**(8 880 353)**	(11 274 310)
Asset valuation surplus		**-**	-
LIABILITIES			
Non-current liabilities		**45 201 000**	44 284 000
Employee benefits	8	**45 201 000**	44 284 000
Current liabilities		**6 439 531**	6 329 797
Trade and other payables	9	**5 501 777**	5 883 052
Provisions	10	**937 754**	446 745
Total Net Assets and Liabilities		**42 760 178**	39 339 487

Statement of Changes In Net Assets for the Year ended 31 March 2016

		Accumulated Surplus/ (Loss)	Asset Reserve Valuation	Total
		R	R	R
Balance 1 April 2014		(2 909 832)	-	(2 909 832)
Current year movement (valuation)			373 730	373 730
Prior period error	22,1	(943 461)		(943 461)
	22,2	373 730	(373 730)	-
Restated balance 1 April 2014		(3 479 563)	-	(3 479 563)
Deficit for the year	14	(7 794 747)	-	(7 794 747)
Balance as at 31 March 2015	**SCI**	**(11 274 310)**	**-**	**(11 274 310)**
Balance 1 April 2015		(11 274 310)	-	(11 274 310)
Deficit for the year	14	2 393 956		2 393 956
Balance as at 31 March 2016		**(8 880 353)**	**-**	**(8 880 353)**

Cash Flow Statement For the Year Ended 31 March 2016

	Notes	2016	2015
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		**4 021 529**	3 901 638
Grants and donations		**70 266 364**	67 052 054
Interest received		**1 984 019**	2 240 329
Other receipts	24,2	**3 459 636**	2 189 889
Payments			
Employee costs		**(52 136 242)**	(54 239 374)
Suppliers		**(22 806 840)**	(24 847 557)
Interest paid	20,2	**(296 623)**	(19)
Net cash flows from operating activities	14	4 491 843	(3 703 040)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	7,1	**(182 542)**	(769 631)
Purchases of intangible assets		**(0)**	(67 545)
Proceeds from disposal of property, plant and equipment		**31 700**	26 045
Net cash outflow from investing activities		**(150 843)**	(811 131)
Net increase/(decrease) in cash and cash equivalents		**4 341 001**	(4 514 171)
Cash and cash equivalents at the beginning of year		**31 259 554**	35 773 725
Cash and cash equivalents at the end of year	4	**35 600 555**	31 259 554

Statement of Budget Information For The Year Ended 31 March 2016

	2016				2015			
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
	R	R	R	%	R	R	R	%
Income								
Gross sales	**276 000**	**184 534**	91 466	33%	241 900	205 329	36 571	15%
Less: Cost of sales	**122 000**	**97 573**	24 427	20%	126 000	55 360	70 640	56%
Trading gross profit	**154 000**	**86 961**	**67 039**	**44%**	**115 900**	**149 970**	**(34 070)**	**-29%**
Government Grant	**69 402 000**	**69 402 000**	-	0%	66 350 000	66 350 000	-	0%
Admission fees	**5 498 090**	**3 661 187**	1 836 903	33%	3 805 800	3 605 439	200 361	5%
Investment income	**1 705 000**	**1 984 019**	(279 019)	-16%	1 800 000	2 240 329	(440 329)	-24%
Alternative revenue streams	**530 000**	**81 000**	449 000	85%	210 000	46 000	164 000	78%
Sundry income	**832 400**	**931 831**	(99 431)	-12%	891 500	716 219	175 281	20%
Rental income	**4 168 050**	**2 449 623**	1 718 427	41%	2 615 260	2 143 889	471 371	18%
Pension and Legal fees recovered	**-**	**929 013**	(929 013)	-100%	-	-	-	-100%
Other grant income	**1 590 000**	**9 213 096**	(7 623 096)	-100%	-	6 351 083	(6 351 083)	-100%
Actuarial gain	**-**	**3 338 000**	(3 338 000)	0%	-	-	-	0%
Donations	**24 500**	**124 976**	(100 476)	-410%	19 800	103 111	(83 311)	-421%
Total income	**83 904 040**	**92 201 707**	**(8 297 667)**	**-9,89%**	**75 808 260**	**81 706 039**	**(5 897 779)**	**-7,78%**

	2016				2015			
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
	R	R	R	%	R	R	R	%
Total expenditure	**83 904 040**	**89 807 751**	**(5 903 711)**	**-7,04%**	**75 808 260**	**89 500 787**	**(13 692 526)**	**-18,06%**
Employee costs	**61 107 136**	**51 576 251**	9 530 885	16%	58 069 566	53 207 475	4 862 091	8%
External audit fees	**1 220 000**	**1 807 548**	(587 548)	-48%	785 000	1 663 838	(878 838)	-112%
Consumable furniture and equipment	**85 500**	**38 027**	47 473	56%	88 500	19 611	68 889	78%
Library	**508 750**	**141 315**	367 435	72%	513 000	466 580	46 420	9%
Consumable stores	**1 520 859**	**1 339 264**	181 595	12%	1 372 341	1 431 941	(59 600)	-4%
Rental of equipment	**1 000**	**1 170 264**	(1 169 264)	-116926%	7 500	1 124 986	(1 117 486)	-14900%
Security services	**5 783 279**	**5 225 746**	557 533	10%	5 167 679	5 219 344	(51 665)	-1%
Repairs and maintenance	**1 017 000**	**858 831**	158 169	16%	875 000	803 915	71 085	8%
Bad debts written off	**-**	**423 599**	(423 599)	-100%	-	263 696	(263 696)	-100%
Other expenses - Note 24.1	**2 028 102**	**2 741 348**	(713 246)	-35%	3 097 430	2 415 422	682 008	22%
Exhibition maintenance	**104 000**	**117 236**	(13 236)	-13%	378 000	184 203	193 797	51%
Exhibition expense	**411 000**	**153 883**	257 117	63%	-	618 418	(618 418)	-100%
Restoration expense	**211 000**	**81 093**	129 907	62%	-	-	-	0%
Research expense	**1 659 000**	**781 992**	877 008	53%	-	359 717	(359 717)	-100%
(Profit) /Loss on sale of assets	**-**	**-**	-	0%	-	(900)	900	100%
Professional services	**810 000**	**1 391 038**	(581 038)	-72%	266 000	1 357 471	(1 091 471)	-410%
Depreciation	**-**	**1 793 935**	(1 793 935)	0%	-	1 043 470	(1 043 470)	-100%
Inventory write down	**-**	**7 094**	(7 094)	-100%	-	12 835	(12 835)	-100%
Interest service cost	**-**	**3 915 000**	(3 915 000)	-100%	-	3 188 000	(3 188 000)	-100%
Current service cost	**-**	**1 391 000**	(1 391 000)	-100%	-	1 866 000	(1 866 000)	-100%
Finance costs	**-**	**296 623**	(296 623)	-100%	-	19	(19)	-100%
Actuarial loss	**-**	**-**	-	0%	-	1 784 000	(1 784 000)	-100%
Amortization	**-**	**14 092**	(14 092)	-100%	-	8 303	(8 303)	-100%
Administrative expenses	**7 437 414**	**14 542 574**	(7 105 160)	-96%	5 188 244	12 462 441	(7 274 197)	-140%
Net Surplus/(Deficit) for the year	**-**	**2 393 956**	2 393 956	-100%	**(0)**	**(7 794 747)**	(7 794 747)	-100%

The financial statements have been prepared on the same basis as the budget. A comparison of the actual and budget has been done in the statement and detailed explanations included in note 21. The surplus for the year is mainly attributable to savings in employee costs due to unfilled vacancies. The actuarial valuation of the post employment benefit liability had a net effect of reducing surplus by R1 873 000. Other expenses of R2 744 635 above, include expenditure of R1 355 799 relating to projects funded separately whose budget are not included in the buget column.

Information about Surplus or Deficits, Assets and Liabilities and Reconciliations

2016		Corporate Services	KM	NMCH	NMMH	NMNH	PM	SMM	TMC	WPAM	TOTAL
REVENUE											
Revenue from non-exchange transactions		33 109 400	1 147 233	12 102 970	7 265 663	12 977 215	2 074 496	3 039 534	3 662 215	3 361 347	78 740 073
Revenue from exchange transactions		1 112 675	852 258	973 502	1 341 588	1 406 595	801 582	501 961	248 320	869 435	8 107 915
Inter-segment transfers											
Total segment revenue		34 222 075	1 999 492	13 076 472	8 607 251	14 383 810	2 876 078	3 541 494	3 910 535	4 230 782	86 847 988
EXPENSES											
Salaries and wages		(8 568 728)	(1 382 332)	(11 554 496)	(7 917 365)	(10 537 743)	(2 261 064)	(3 033 987)	(2 768 575)	(3 551 960)	(51 576 251)
Depreciation and amortisation		(1 808 027)									(1 808 027)
Administrative	Annexure A	(14 542 574)									(14 542 574)
Operating expenses	2.3.1	(7 744 088)	(374 485)	(1 365 786)	(1 192 279)	(2 957 693)	(798 854)	(673 674)	(395 466)	(775 951)	(16 278 276)
Total segment expenses		(32 663 417)	(1 756 817)	(12 920 282)	(9 109 644)	(13 495 436)	(3 059 918)	(3 707 661)	(3 164 041)	(4 327 911)	(84 205 127)
Total segment surplus		**1 558 658**	**242 675**	**156 190**	**(502 393)**	**888 374**	**(183 840)**	**(166 167)**	**746 494**	**(97 130)**	**2 642 861**
Interest revenue		1 984 019		-	-	-	-	-	-	-	1 984 019
Actuarial gain		3 338 000		-	-	-	-	-	-	-	3 338 000
Proceeds from insurance claims		31 700		-	-	-	-	-	-	-	31 700
Interest expense		(4 211 623)		-	-	-	-	-	-	-	(4 211 623)
Current service cost		(1 391 000)		-	-	-	-	-	-	-	(1 391 000)
Surplus/(Loss) for the period		**1 309 753**	**242 675**	**156 190**	**(502 393)**	**888 374**	**(183 840)**	**(166 167)**	**746 494**	**(97 130)**	**2 393 956**
ASSETS											
Segment assets		35 892 386	7 691	373 029	653 192	301 622	216 720	92 010	41 000	284 766	37 862 415
Unallocated assets											4 897 762
Total assets		**35 892 386**	**7 691**	**373 029**	**653 192**	**301 622**	**216 720**	**92 010**	**41 000**	**284 766**	**42 760 177**
LIABILITIES											
Segment liabilities		-	-	-	-	-	-	-	-	-	-
Unallocated liabilities											51 640 531
Total liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**51 640 531**

Accounting policy

BASIS OF ACCOUNTING

1.1 *Basis of preparation*

The 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. Accounting policies for material transactions, events or conditions not covered by GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and hierarchy approved in Directive 5 issued by the Accounting Standard Board. 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.

1.2 *Statement of compliance*

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).

1.3 *Going concern assumption*

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

1.4 *Functional and presentation currency*

The financial statements are presented in South African Rand, which is the entity's functional currency. Unless stated otherwise, all figures have been rounded off to the nearest Rand.

1.5 *offsetting*

Assets, liabilities, revenue and expenses have not been offset except when off-setting is required or permitted by a Standard of GRAP. These accounting policies are consistent with the previous period, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy. The principal accounting policies adopted in the preparation of these Annual Financial Statements are set out below.

1.6 *Standards, amendments to standards and interpretations issued but not yet effective*

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

Standard number	Standard name	Effect of adopting the standard	Effective date (if applicable)
GRAP 20	*Related Party Disclosures*	*Expected to only result in additional disclosure*	*No effective date*
GRAP 32	*Service Concession Arrangements: Grantor*	*Not expected to have any impact due to entity not engaging in such activities*	*No effective date*
GRAP 108	*Statutory Receivables*	*Not expected to have any impact due to entity not engaging in such activities*	*No effective date*
IGRAP 17	*Mergers*	*Not expected to have any impact due to entity not engaging in such activities*	*No effective date*

1.7 Significant judgements

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 are 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. Significant judgements include:

Trade and other receivables

The entity assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of financial performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The fair values of revenue, trade and other receivables, trade and other payables (at initial recognition) are determinedusing valuation techniques. These techniques involve discounting the cash flows, expected from the items, over the period (discounting period) that the items are expected to materialise into cash. The discounting period is determined based on the entity's revenue collection practises and also with reference to historical trends evidenced by the counter party. The discount rate used to determine the fair value is based on the risk free rate, adjusted for the risk attached to the counter partybased on prior experience with the counter parties and counter parties in similar industries.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The following are considered to be indicators of impairment for the various classes of assets:

Property, plant and equipment - Deterioration in the condition of the asset, increased repairs and maintenance of the asset and changes in the manner in which the asset can be utilised.

Intangible assets - Deterioration in the condition of the asset, increased repairs and maintenance of the asset and changes in the manner in which the asset can be utilised.

Financial assets - The credit quality of financial assets that are neither past due nor impaired are monitored by reference to historical information about counterparty default rates. The following are the criteria and indicators that are applied to assess whether or not financial assets may be impaired:

- financial difficulties identified from an analysis of the counter party's financial position that would indicate that the recoverability of the outstanding balance of cash and cash equivalents are doubtful.

- counter party has evidenced a trend of defaults that indicates that the recoverability of the outstanding balance of financial assets are doubtful.

Useful lives and residual values

The entity re-assess the useful lives and residual values of property, plant an equipment on an annual basis. These assessments require judgements and assumptions to be made by management, related to the condition and expected use of the asset.

Effective interest rate

An impairment loss in respect of trade debtors measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Provisions

Provisions are measured at the present value at the reporting date. In arriving at the present value management estimates the period over which it expects the provision to be settled and discounts the provision using the effective interest rate.The effective interest rate applied uses the risk free rate as the base of the rate, which is then adjusted for the risks relatedto the specific provision. This rate is a pre-tax rate.

1.8 *Revenue recognition*

Revenue is measured at the fair value of the consideration received/receivable.

1.8.1 *Revenue from exchange transactions*

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services renderedor goods sold, the value of which approximates the fair value of the consideration received or receivable. At the time of initial recognition, the full amount of revenue is recognized.

When goods or services are exchanged or swapped for goods or services that are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably,the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Admission fees and sales have been classified as revenue from the sale of goods. Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity does not retain:
  (i) effective control over the goods sold; or
  (ii) continuing managerial involvement to the degree usually associated with ownership;
(c) the amount of revenue can be measured reliably; and
(d) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from admission fees is recognised when the event takes place. When a subscription to a number of events is sold, the fee is allocated to the event that has the most services performed.

Contract income, exhibition income, restoration income and venue rentals for functions have been classified as revenue from the rendering of services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
(a) the amount of revenue can be measured reliably;
(b) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
(c) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Interest revenue, arising from the use by others of the entity's assets, is recognised using the effective interest method when the amount of the revenue can be measured reliably.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.8.2 *Revenue from non-exchange transactions*

Revenue from non-exchange transactions refers to transactions where the Entity receives revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions consists of public donations and government grants. Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or, where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the entity. Where public contributions have been received but the entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1.9 *Employment benefit cost*

DITSONG: Museums of South Africa offers post-employment benefits, comprising retirement benefits and post-retirement medical aid to their employees and their dependants in terms of defined-benefit and defined-contribution plans.

1.9.1 *Short-term employee benefits*

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.9.2 *Defined contribution plans*

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.9.3 *Defined benefit plans*

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to balance sheet date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the income statement over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the income statement, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

1.10 *Government grants*

Grants received from statutory bodies are recognised as income as and when the entity complies with the conditions of the grant. Grants received without any conditions attached are recognised as revenue when the asset is recognised. Revenue from a grant is measured at the amount of the increase in net assets recognised by the entity.

An asset, e.g. property, plant and equipment, investment property and inventory acquired through a grant is initially measured at its fair value as at the date of acquisition.

Monetary assets that would otherwise meet the definition of a financial instrument, e.g. cash and transfers receivable, will also be measured at fair value as at the date of acquisition. These assets are subsequently measured, derecognised and disclosed in accordance with the standards on financial instruments.

1.11 Property, plant and equipment

1.11.1 Property, plant and equipment are tangible assets that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one financial period.

1.11.2 Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost, if any, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

1.11.3 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.

1.11.4 Items of property, plant and equipment are recognised as assets when it is probable that:

1.11.4.1 The future economic benefits or service potential associated with the the asset will flow to the entity and

1.11.4.2 The cost of the asset can be measured reliably.

1.11.5 Land and buildings are made available to DITSONG: Museums of South Africa (DMSA) under section 9 of the Cultural Institutions Act and are therefore not included under fixed assets.

1.11.6 DMSA occupies and controls economic benefits arising from certain properties which are owned by other parties. Sammy Marks Museum and Willem Prinsloo Agriculture Museum are classified as Heritage Assets and no valuation is performed on these assets.

1.11.7 *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as aincurred.

1.11.8 *De-recognition*

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the Statement of Financial Performance in the year it is recognised.

1.11.9 Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of the assets, over their estimated useful lives, using straight-line method, on the following basis:

Motor vehicles - Cars	8,3%
Motor vehicles - Canopy and Bike	12,5%
Motor vehicles - Trailer	10,0%
Equipment - Digital cameras; fax machines; photocopiers; telephones; other	12,5%
Equipment - PABX system	6,7%
Computer equipment - Hubs; monitors; other	14,3%
Computer equipment - Printers; scanners; servers	16,7%
Furniture and fittings	8,3%
Biological Assets - Cattle	5,0%
Biological Assets - Donkeys	3,3%
Biological Assets - Game	4,5% - 7,0%
Biological Assets - Horses	4,0%
Biological Assets - Pigs	12,5%
Biological Assets - Poultry	6,7% - 14,3%
Biological Assets - Sheep	10,0%

Assets held under finance lease are depreciated over the shorter of the useful life or the contract term thereof.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The residual value and the useful life of DMSA assets shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

1.12 *Heritage Assets*

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if:
(a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
(b) the cost or fair value of the asset can be measured reliably.

If an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it are disclosed in the notes to the financial statements.

In terms of GRAP 103, heritage assets are defined as assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Characteristics often displayed by heritage assets include the following:
(a) Their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in monetary terms.
(b) Ethical, legal and/or statutory obligations may impose prohibitions or severe stipulations on disposal by sale.
(c) They are often irreplaceable.
(d) Their value may increase over time even if their physical condition deteriorates.
(e) They have an indefinite life and their value appreciates over time due to their cultural, environmental, educational, natural scientific, technological, artistic or historical significance.
(f) They are protected, kept unencumbered, cared for and preserved.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. After recognition as an asset, a class of heritage assets are carried at its cost less any accumulated impairment losses.

A heritage asset shall not be depreciated but an entity shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

Transfers from heritage assets are made when, and only when, the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are made when, and only when, the asset meets the definition of a heritage asset.

The carrying amount of a heritage asset is derecognised:

(a) on disposal, or
(b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The buildings and collections are considered to be Heritage Assets (i.e. the value of these assets are determined not by their commercial substance but rather by their cultural and historical significance) and are therefore irreplaceable.

The buildings are purpose-built to cater for the requirements of the museum and collections acquired as museum objects and can therefore do not have a commercial value.

The institution is regarding the library books as rare collections as they are kept as reference material and preserved for their historical and cultural value. This argument is informed by GRAP 103.

The DMSA has chosen to adopt the 3 year transitional provision provided in Directive 2 for the recognition, measurement, presentation and disclosure of Heritage Assets.

1.13 *Intangible assets*

Am intangible asset is an identifiable non-monetary asset without physical substance.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment
losses. Where an intangible asset is acquired at no or for a nominal cost, the cost shall be its fair value as at the date of acquisition.

An intangible asset shall be recognised if, and only if:
(a) it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
(b) the cost or fair value of the asset can be measured reliably.

Expenditure on an intangible item shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria

1.13.1 Amortisation of assets

Intangible assets are amortised on a straight-line basis over the estimated economic life. The estimated economic lives are as follows:

Computer software	12 years	Amortisation rate at 8.3%

Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

The amortisation period for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly.

1.13.2 Retirements and disposals

An intangible asset shall be derecognised:
(a) on disposal; or
(b) when no future economic benefits or service potential are expected from its use or disposal.

1.14 *Inventories*

Items of inventory are recognised as assets when it is probable that:
* The future economic benefits or service potential associated with the the asset will flow to the entity and
* The cost of the asset can be measured reliably.

Inventories consist of merchandise held for re-sale at the various museum shops.
Inventories are stated at the lower of cost and net realisable value using a First In First Out method.
Where cost can not be determined the net realisable value is used.

Net realisable value is the estimated selling price in the ordinary course of business.

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.

Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15 *Financial Instruments*

Initial recognition and measurement
Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments. The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. Where the financial instrument is not designated or classified as a financial instrument at fair value through surplus or deficit transaction costs are included in the initial measurement thereof.

Regular way of purchases of financial assets are accounted for at trade date.

Trade and other receivables
Trade receivables are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus and deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in the statement of financial performance within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of financial performance. Interest is charged on a discretionary basis on receivables. Trade and other receivables are classified as financial assets at amortised cost.

Trade and other payables

Trade and other payables are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. Cash and cash equivalents are classified as financial assets at amortised cost.

Derecognition of financial instruments

A financial asset is derecognised at trade date, when:
The cash flows from the asset expire, are settled or waived;
a) Significant risks and rewards are transferred to another party; or
b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

<u>For financial assets held at amortised cost:</u>
The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

<u>For financial assets held at cost:</u>
If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.16 *Provisions and contingencies*

A provision is a liability where the timing or amount of the outflow of resources embodying economic benefits or service potential is uncertain.

Provisions are recognised when:
* the company 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 present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the present obligation. The discount rate shall reflect current market assessments of the time value of money and risks specific to the liability.

A constructive obligation to restructure arises only when an entity:
has a detailed formal plan for the restructuring, identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- 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.

Contingent assets and contingent liabilities are not recognised and are only disclosed in the notes to the financial statements due to the uncertain nature thereof.

1.16.1 Leave pay

The leave pay provision relates to the estimated liabilities arising as a result of service rendered by the employees and provided by their current continuations of employment.

1.16.2 Bonus

The bonus provision relates to the estimated liabilities arising as a result of service rendered by the employees and provided by their current continuations of employment.

1.17 *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.

1.17.1 *Operating leases - lessor*

Operating lease income is recognised as income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

1.17.2 *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. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.18 *Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

The capitalisation of borrowing costs commences when:

expenditures for the asset have occurred;
borrowing costs have been incurred, and
activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 *Impairment of assets*

The museum assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:
tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.
This impairment test is performed during the annual year and at the same time every year.
Tests goodwill acquired in a business combination for impairment annually.

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

* first, to reduce the carrying amount of any goodwill allocated to the cash- generating unit and
* then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The museum assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Where the asset is a non-cash generating asset the value in use is determined through one of the following approaches:

* Depreciated replacement cost approach – The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.
* Restoration cost approach - Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.
* Service units approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss beenrecognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.20 *Fruitless and wasteful expenditure*

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. It is recognised as an asset until such time as the expenditure is recovered, based on the probability of it being recovered, or written off as irrecoverable in the Statement of financial performance.

1.21 *Irregular expenditure*

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) and the Public Office Bearers Act (Act no. 20 of 1998) or is in contravention of the entity's supply chain policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 *Events after the reporting date*

Recognised amounts in the financial statements are adjusted to reflect events arising after the Statement of Financial Position date that provide evidence of conditions that existed at Statement of Financial Position date. Events after the Statement of Financial Position date that are indicative of conditions that arose after the Statement of Financial Position date are dealt with by way of a note.

1.23 *Related parties*

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national/provincial/local sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all individuals from the level of Executive Director and Council Members as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the entity.

1.24 *Segment reporting*

The entity is organised and reports to management on the basis of two major functional areas: corporate services and museum operations. The segments were organised around the type of museological history specialisation. Management uses these same segments for determining strategic objectives. Segments were aggregated as per 1.25.2 below.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

1.24.1 *Measurement of segment surplus or deficit, assets and liabilities*

The accounting policies of the segments are the same as those described in these significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

1.24.2 *Aggregation criteria*

The entity has elected not to aggregate the operations of the site museums into the flagship museums operations. Each heritage site, consisting of Tswaing Mateorite Crater, Natural History Museum, Military History Museum, Kruger House Museum, Pioneer Museum, Sammy Marks Museum, Willem Prinsloo Agricultural Museum and Cultural History museum, is reported separately. Corporate services is also segmented.

	2016	2015
	R	R
2 Revenue		
Revenue comprises income received from the following sources:		
2.1 From non-exchange transactions		
Grants and donations	**78 740 073**	72 804 194

Reconciliation of grants and donations:

Movement in grant 2016	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
	R	R	R	R
Equitable share	-	69 402 000	69 402 000	-
Other grants	-	9 213 096	9 213 096	-
Donations	-	124 976	124 976	-
	-	**78 740 073**	**78 740 073**	**-**

Movement in grant 2015	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
	R	R	R	R
Equitable share	-	66 350 000	66 350 000	-
Other grants	-	6 351 084	6 351 084	-
Donations	-	103 110	103 110	-
	-	**72 804 194**	**72 804 194**	**-**

	2016	2015
2.2 From exchange transactions		
2.2.1 Sale of goods and services	**4 745 853**	4 501 842
Admission Fees	3 661 187	3 605 439
Income Sales/Services	497 454	352 506
Sales curios, refreshments and festivals	587 211	543 897
2.2.2 Other revenue	**3 491 336**	2 215 034
Other Revenue Streams	81 000	46 000
Rental income	2 449 623	2 143 889
Proceeds from insurance claims	31 700	25 145
Legal fees and pension fund fees recovered	929 013	-

		2016	2015
		R	R
2.3	**Surplus or deficit from Operations includes the following Income (expense) items:**		
	Grants and donations	78 740 073	72 804 194
	Admission fees	3 661 187	3 605 439
	Investment income	1 984 019	2 240 329
	Rental income	2 449 623	2 143 889
	Profit /(Loss) on sale of property, plant and equipment	-	900
	Legal fees and pension fund fees recovered	929 013	-
	Employee costs - normal cost	(51 576 251)	(53 207 475)
	Basic salary	(34 532 673)	
	Overtime	(712 744)	
	Bonus	(2 776 788)	
	Performance bonus	(305 316)	
	Pension fund benefit	(6 178 947)	
	Housing benefit	(880 700)	
	Medical aid benefit	(3 636 445)	
	Cellphone allowance	(83 040)	
	UIF	(314 568)	
	Casual employees	(2 748 270)	
	Other employee benefits	(73 868)	
	Movement in Accumulated Leave provision	870 749	
	Pensioners Medical Aid contribution	(407)	
	Board remuneration	(203 233)	
	External Auditor’s Remuneration - Audit fees	(1 807 548)	(1 663 838)
	Consulting expenses	(1 652 957)	(1 357 471)
	Water and electricity	(9 607 241)	(7 037 942)
	Repairs and maintenance	(852 979)	(794 858)
	Security services	(5 225 746)	(5 219 344)
	Exhibition maintenance	(117 236)	(184 203)
	Depreciation	(1 793 935)	(1 043 470)
	Inventory write down	(7 094)	(12 835)
	Impairment of assets	-	-

			2016	2015
			R	R
2.3.1	**Operating expenses**		**(16 278 276)**	**(15 941 978)**
	External audit fees		(1 807 548)	(1 663 838)
	Consumable furniture and equipment		(38 027)	(19 611)
	Library		(141 315)	(466 580)
	Consumable stores		(1 339 264)	(1 431 941)
	Rental expense		(1 170 264)	(1 124 986)
	Security services		(5 225 746)	(5 219 344)
	Repairs and maintenance		(858 831)	(803 915)
	Other expenses	Note: 24.1	(2 741 348)	(2 415 422)
	Exhibition maintenance		(117 236)	(184 203)
	Consulting services		(1 391 038)	(1 357 471)
	Inventory write down		(7 094)	(12 835)
	Deferred project expenses		(1 016 967)	(978 135)
	Bad debts		(423 599)	(263 696)

3 Investment Income

Interest income - investments	**1 984 019**	2 240 329

Investments income comprises interest received from funds invested at the CPD account at interest rates ranging between 5.66% and 7.14% over the reporting period

4 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Bank balances (Current account)	3 971 902	1 565 646
Petty cash	18 500	18 500
Cash float	19 000	19 000
Corporation for Public Deposits Account	31 591 154	29 656 409
	35 600 556	**31 259 555**

4.1 Pledged as security

None of the cash and cash equivalents have been pledged as security and are therefore not encumbered. Furthermore, none of the cash and cash equivalents are denominated in foreign currency.

4.2 Credit quality cash and cash equivalents

The credit quality of cash and cash equivalents are ensured by only contracting with highly reputable financial institutions, as endorsed by National Treasury.

The credit quality rating of these cash and bank balances are as follows:

	2016		2015	
	Rating	R	Rating	R
Class				
Bank balances	**High grade**	4 009 402	**High grade**	1 603 146
Short term deposits	**High grade**	31 591 154	**High grade**	29 656 409

High credit grade – The counter party has evidenced no or minimal instances of defaults and / or re-negotiations of contractual terms in prior periods. As such the counter parties included in the high credit grade category pose a low credit risk to the entity.

4.3 Fair value of cash and cash equivalents

The carrying value, which the cash and cash equivalents are disclosed, approximate their fair values. The maximum exposure to credit risk, as a result of carrying cash and cash equivalents is limited to the carrying value of the cash as disclosed above.

4.4 Impairment of cash and cash equivalents

None of the cash and cash equivalents are considered to be impaired and consequently no provision was raised for the irrecoverability of these financial assets.

	2016	2015
	R	R

4.5 Restriction on the use of cash and cash equivalents

The cash and cash equivalents held by the entity may only be used in accordance with its mandate, as such no restrictions have been placed on the use of cash and cash equivalents for the operations of the entity.

5. Trade and other receivables from exchange transactions	**2 441 667**	1 717 344
Trade receivable	2 098 229	2 224 964
Provision for bad debts	(1 705 436)	(1 494 769)
Sundry receivables	1 989 175	913 359
Pre-payments	59 699	73 790

2016

	Opening balance R	Amounts received / used R	Receivables raised R	Closing balance R
Gross accounts receivable	2 224 964	(2 224 964)	2 098 229	2 098 229
Sundry receivables	913 359	(913 359)	1 989 175	1 989 175
Pre-payments	73 790	(73 790)	59 699	59 699
Less: Provision for doubtful debts	(1 494 769)	1 494 769	(1 705 436)	(1 705 436)
	1 717 344	(1 717 344)	2 441 667	2 441 667

2015

	Opening balance R	Amounts received / used R	Receivables raised R	Closing balance R
Gross accounts receivable	1 414 209	(1 414 209)	2 224 964	2 224 964
Sundry receivables	852 640	(852 640)	913 359	913 359
Pre-payments	-	-	73 790	73 790
Less: Provision for doubtful debts	(1 231 073)	1 231 073	(1 494 769)	(1 494 769)
	1 035 776	(1 035 776)	1 717 344	1 717 344

5.1 Pledged as security

None of the trade and other receivables have been pledged as security and are therefore not encumbered. Furthermore, none of the receivables are denominated in foreign currency. Also, no security is held for any of the receivables.

5.2 Credit quality and aging analysis of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired are assessed / monitored by reference to historical information about counterparty default rates. The credit quality rating of each of these financial instruments are as follows:

			2016		2015	
			Rating	R	Rating	R
Class	**Aging**					
Trade receivables (Net)				**544 892**		**730 195**
	Current to 30 days		**High grade**	175 777	**High grade**	83 030
	Gross receivable			175 777		92 255
	Provision for bad debt			-		(9 226)
	31 days to 60 days	**$**	**High grade**	51 137	**High grade**	59 295
	Gross receivable			56 819		65 883
	Provision for bad debt			(5 682)		(6 588)
	61 days to 90 days	**$**	**Medium grade**	7 596	**Medium grade**	44 648
	Gross receivable			11 337		66 639
	Provision for bad debt			(3 741)		(21 991)
	Over 91 days	**$**	**Medium grade**	310 382	**Medium grade**	543 222
	Gross receivable			2 006 395		2 000 187
	Provision for bad debt			(1 696 013)		(1 456 964)

		2016		2015	
		Rating	R	Rating	R
Class **Aging**					
Other receivables - Current			**2 048 874**		**905 786**
Current to 30 days		**High grade**	18 652	**High grade**	18 652
Gross receivable			18 652		18 652
Provision for bad debt			-		-
31 days to 60 days		**High grade**	134 521	**High grade**	134 521
Gross receivable			134 521		134 521
Provision for bad debt			-		-
61 days to 90 days	**&**	**Medium grade**	164 520	**Medium grade**	164 520
Gross receivable			164 520		164 520
Provision for bad debt			-		-
Over 91 days	**&**	**Medium grade**	1 731 181	**Medium grade**	588 093
Gross receivable			1 731 181		588 093
Provision for bad debt			-		-
			2 593 765		**1 635 981**

$ - These debtors are past due but are not considered to be impaired.

& - These debtors are past due and may be impaired according to managements assessment

Low credit grade – The counter party has evidenced high occurrences of defaults and / or re-negotiations of contractual terms in prior periods. As such the counter parties included in the low credit grade category pose a high credit risk to the entity.

Medium credit grade – The counter party has evidenced instances of defaults and / or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts. As such the counter parties included in the medium credit grade category pose a medium credit risk to the entity

High credit grade – The counter party has evidenced no or minimal instances of defaults and / or re-negotiations of contractual terms in prior periods. As such the counter parties included in the high credit grade category pose a low credit risk to the entity.

5.3 Fair value of trade and other receivables

The carrying value, which the trade and other receivables are disclosed, approximate their fair values. The maximum exposure to credit risk, as a result of carrying receivables is limited to the carrying value of the receivables as disclosed above.

5.4 Impairment of trade and other receivables

None of the trade and other receivables were re-negotiated.

5.5 Reconciliation of provision for bad debts

	2016 R	2015 R
Opening balance	(1 494 769)	(1 231 073)
Amounts used	-	-
Additional amounts provided	(210 667)	(263 696)
Closing balance	**(1 705 436)**	**(1 494 769)**

6. Inventories

Inventories comprise the following:		
Merchandise	**131 267**	150 416

During the year R97 573 (2015: R55 360) were recognised as an expense and are included in the statement of financial performance as cost of sales.

Inventories with an amount of R7 094 (2015: R12 835) were written off during the year.

7 Assets

7.1 Property, Plant and Equipment

	Equipment	Biological Assets	Computer	Motor Vehicles	Furniture	Project Assets	Carrying amount
	R	R	R	R	R	R	R
Year ended 31/03/15							
Opening net carrying amount	1 028 920	-	1 808 117	2 118 518	849 198	237 103	6 041 856
Opening cost	3 208 144	-	3 223 088	3 552 962	4 614 655	534 580	15 133 429
Restated accumulated depreciation	(2 179 224)	-	(1 414 971)	(1 434 444)	(3 765 457)	(297 477)	(9 091 573)
Movements during the year							
Additions	303 983	373 730	291 843	165 644	8 160	-	1 143 360
Depreciation	(184 500)	-	(362 060)	(204 672)	(258 675)	(33 563)	(1 043 470)
Close net carrying amount	1 148 403	373 730	1 737 900	2 079 490	598 683	203 540	6 141 746
Gross carrying amount	3 512 127	373 730	3 514 931	3 718 606	4 622 815	534 580	16 276 789
Accumulated depreciation	(2 363 724)	-	(1 777 031)	(1 639 116)	(4 024 132)	(331 040)	(10 135 043)
Year ended 31/03/16							
Opening net carrying amount	1 148 403	373 730	1 737 900	2 079 490	598 683	203 540	6 141 746
Opening cost	3 512 127	373 730	3 514 931	3 718 606	4 622 815	534 580	16 276 789
Opening accumulated depreciation	(2 363 724)	-	(1 777 031)	(1 639 116)	(4 024 132)	(331 040)	(10 135 043)
Movements during the year							
Additions	40 206	5 000	105 294	-	32 042	-	**182 542**
Depreciation	(384 500)	(47 914)	(363 063)	(204 680)	(760 215)	(33 563)	**(1 793 935)**
Close net carrying amount	**804 109**	**330 816**	**1 480 131**	**1 874 810**	**(129 490)**	**169 977**	**4 530 353**
Gross carrying amount	**3 552 333**	**378 730**	**3 620 225**	**3 718 606**	**4 654 857**	**534 580**	**16 459 331**
Accumulated depreciation	**(2 748 224)**	**(47 914)**	**(2 140 094)**	**(1 843 796)**	**(4 784 347)**	**(364 603)**	**(11 928 978)**

During the year no items of property, plant and equipment were pledged as security.

By the date that the financial statements were authorised for issue there were no contractual commitments for the acquisition of property, plant and equipment.

7.2 Heritage assets

DMSA has applied the transitional provisions set out in Directive 2 “Transitional Provisions for Public Entities, Trading Entities, Municipal Entities and Constructional Institutions”. Directive 2 provides for a three year transitional period on initial adoption of GRAP103 - Heritage Asset for the measurement, presentation and disclosure of heritage assets. Analysis of collections has been made and listing thereof has commenced. During the year the Finance Minister granted an extention on the valuation of heritage assets for the financials years ending 31 March 2015 and 31 March 2016. Analysis of collections has been made and listing thereof has commenced. Valuation of heritage assets has commenced for Library assets and military heritage assets. The number of heritage assets at the insitution is 7 168 602 assets and are categorised into:

Cultural History heritage asset collections	3 803 392
Natural History heritage asset collections	3 042 876
Military History heritage asset collections	322 334

The Cultural Institutions Act poses some restrictions on title and disposal of heritage assets.

No heritage assets have been pledged as securities for liabilities.

DMSA has entered into some loan agreements for the exchanges of Heritage Assets. The historical buildings are maintained and restored by the Department of Public Works.

DMSA had previously accounted for additions of heritage assets acquired in 2013. This treatment was revised during the year since the entire class of heritage assets was not valued and there is an extention granted on valuing the heritage asset. A prior period error adjustment of the R943 461 previously recorded as heritage assets has been made in note 22.1

An analysis is currently being done to determine heritage assets (or a class of heritage assets) that cannot be recognised because a reliable measurement was not possible on initial recognition. The assets that cannot be valued are detailed in the table below.

The following mainly legal, ethical and trade exceptions pertaining to some individual objects (and sub-sections of collections where such exempted objects are found to be in the majority):

- Any object of a sub-class that is not allowed to be traded in terms of South African law, or for which there are such heavy restrictions to trade so as to render it effectively untradeable.
- Any object relating directly to human remains, such as a grave marker, etc.
- Any object so unique and of such historical significance that no amount of money can ever compensate the loss of such an object.
- Any object for which there simply is no demand on the market, but which carries historical significance nonetheless.
- Any object traded for reasons other than purely collectable value, particularly where there is a strong indication of potential illegal use that could cause harm to the heritage sector.

Class of heritage assets	Name of collection	Number of assets	Reason for Non Valuation
Archaeology Collection	Artifacts not assigned to an archaeological site	Approximatly 600 000	These Artifacts do not form part of an Archaeological Site and therefore the individual artifact can not be valued. All archaeological sites will be valuated as a whole for their research value.
Human Remains Collection	Human remains and mummified material	9 627	One can not give a value to human remains, it would be unethical, even a research value.

7.3 Intangible assets

	Accounting Software R
Year ended 31/03/15	
Opening net carrying amount	11 184
Opening cost	67 103
Opening accumulated depreciation	(55 919)
Movements during the year	
Additions	67 545
Amortisation	(8 303)
Close net carrying amount	70 425
Gross carrying amount	134 647
Accumulated depreciation	(64 222)
Year ended 31/03/16	
Opening net carrying amount	70 425
Opening cost	**134 647**
Opening accumulated depreciation	**(64 222)**
Movements during the year	
Additions	-
Amortisation	**(14 092)**
Close net carrying amount	**56 334**
Gross carrying amount	**134 647**
Accumulated depreciation	**(78 314)**

		2016 R	2015 R
8,	**Post-employment benefit costs**	**45 201 000**	44 284 000
	8.1 Pension fund		
	Expenditure recognised during the year	6 267 949	6 154 774

DITSONG: Museums of South Africa (DMSA) operates a pension fund which provide benefits on both defined benefit and defined contribution plans covering all employees. The DMSA Museum Pension Fund is administered on behalf of DMSA by pension fund administrators and is governed by the Pensions Fund Act, 1956 (Act No 24 of 1956), as amended. An independent Board of Trustees manages the fund.

The Museums Pension Fund is a multi-employer plan. The actuarial valuation is done for the plan in its entirety and does not specify, as a separate entity, DMSA's obligation, plan assets or liability in terms of the fund.

The rules of the Museums Pension Fund were amended to include a defined contribution category and that no new members will join the defined benefit category with effect from 1 April 2003. All new employees appointed with effect 1 April 2003 joined the defined contribution category while the existing participating employees remained members of the defined benefit category of the Museums Pension Fund at the applicable contribution rate.

The following rates of contribution are applied:

Defined Benefit category: Employee contribution is 7.5% of pensionable salary (basic salary plus annual bonus) and the employer contributes 20% Defined Contribution category: Employee contribution is 7.5% of pensionable salary (basic salary plus annual bonus) and the employer contributes 15%. The employer contribution rates can fluctuate as a result of changes to the insured benefit rate.

The Museums Pension Fund requires an actuarial valuation every three years. The defined benefit contribution plan fund was actuarially valued, using the projected unit credit method at 31 March 2015 and it revealed that the assets of the fund represented a funding position of 100% for the Museum Pension Fund. Any deficit advised by the actuaries is funded through increased contributions to ensure the on-going soundness of the pension fund. At the time of the valuation, the actuary reported that he was satisfied that the current composition of the investments of the Fund can be considered reasonable for the purpose of matching it assets and liabilities

The financial position of the Fund as at 31 March 2015 is as follows:

	2016 R	2015 R
Liabilities in respect of:		
Defined contribution members	82 126 000	37 755 000
Defined benefit members	212 363 000	180 340 000
Current Pensioners	135 806 000	107 880 000
Risk Reserve Account	-	-
Employer Surplus Account	100 536 000	26 907 000
Surplus Apportionment Cost Reserve	-	-
Total Liability	530 831 000	352 882 000
Less value placed on assets	(530 831 000)	(352 882 000)
Shortfall in respect of accrued liabilities	-	-
Funding level	100%	100%
DMSA is fully funded and therefore has no liability		

8.2 Health care costs

The assets are generally held in separate trustee-administered medical aid funds, namely Bestmed, Bonitas, Medshield, Medihelp, Fedhealth, Key Health and Discovery Health.

The liabilities for the DMSA with regard to subsidies in respect of continuation member health care costs can reasonably be regarded as the following:

- Total liability in respect of existing continuation members
- Total liability in respect of members in active employment

The DMSA's contributions to the medical schemes are charged to the income statement in the year to which they relate. Provision is made for future liability in the financial statements. The defined benefit obligation is determined by making use of the projected unit credit method. All actuarial profits and losses are recognised immediately.

The actuarial valuation was as at 31 March 2016.

Accrued Liabilities	**2016** **R**	**2015** **R**
Liabilities in respect of:		
Members in active employment	**30 533 000**	30 417 000
Current continuation members	**14 668 000**	13 867 000
Total Liability Recognised in Balance Sheet	**45 201 000**	44 284 000
The reconciliation of the opening and closing balances is as follows		
Liability as at 1 April	**44 284 000**	38 437 000
Interest service cost	**3 915 000**	3 188 000
Current service cost	**1 391 000**	1 866 000
Disbursements (benefits paid)	**(1 051 000)**	(991 000)
Actuarial gain/loss	**(3 338 000)**	1 784 000
Liability as at 31 March	**45 201 000**	44 284 000

Projections

The projections of the expected change in the obligation over the period 1 April 2016 to 31 March 2017 is as follows:

Benefit Projection	**R'000**
PBO at start of period (1 April 2016)	45 201
Interest Service Cost	4 662
Current Service Cost	1 334
Benefit payments	(1 607)
PBO at end of period (31 March 2017)	**49 590**

Interest and Inflation Rate

The actuary took into account the following assumptions in their calculation:

Discount Rate	**10.31% pa**	8.84%pa
Expected Investment Return	**N/A**	N/A
Long Term Price Inflation	**7.67% pa**	6.48%pa
Medical Inflation Rate	**9.17% pa**	7.98%pa
Average longevity for current pensioners (years)		
Males (current age 73.1)	**10,4**	8,4
Females (current age 77.8)	**10,2**	11,3
Average longevity at retirement age for current employees (future pensioners) (years)		
Males (age 63)	**16,6**	16,6
Females (age 63)	**20,8**	20,8

Benefit Cost in Profit and Loss	R	R
Net Interest cost	3 915 000	3 188 000
Service cost	1 391 000	1 866 000
Profit and loss expense	**5 306 000**	**5 054 000**
Other Comprehensive Income		
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)		
Actuarial gains and losses arising from changes in demographic assumptions	**910 000**	8 395 000
Actuarial gains and (losses) arising from changes in financial assumptions	**1 594 000**	14 406 000
Actuarial gains and (losses) arising from experience adjustments	**834 000**	(24 585 000)
Other (describe)		
Adjustments for restrictions on the defined benefit asset		
Components of defined benefit costs recognised in other comprehensive income		

	2016 R	2015 R
Total gain / (loss) on liability	**3 338 000**	(1 784 000)
Remeasurement effect on Assets	**-**	-
Measurement of Cost	**3 338 000**	(1 784 000)
Total Cost	**1 968 000**	6 838 000

	2016 R	2015 R
9. Trade and other payables	**5 501 777**	**5 883 052**
Trade payable	-	-
Leave and bonus accruals	3 320 335	4 225 072
Sundry payables	2 095 013	1 575 551
Payments received in advance	1 600	-
Deposits	84 829	82 429

2016

	Opening balance	Amounts received / used	Payables raised	Closing balance
	R	R	R	R
Trade payable	-	-	-	-
Leave and bonus accruals	4 225 072	(1 708 458)	803 722	3 320 335
Sundry payables	1 575 551	(1 575 551)	2 095 013	2 095 013
Payments received in advance	-	-	1 600	1 600
Deposits	82 429	-	2 400	84 829
	5 883 052	(3 284 009)	2 902 735	5 501 777

2015

	Opening balance	Amounts received / used	Payables raised	Closing balance
	R	R	R	R
Trade payable	102 399	(102 399)	-	-
Leave and bonus accruals	5 362 779	(1 708 458)	570 751	4 225 072
Sundry payables	2 356 237	(2 356 237)	1 575 551	1 575 551
Deposits	82 429	-	-	82 429
	7 903 843	(4 167 094)	2 146 302	5 883 052

9.1 Currency and security

None of the trade and other payables are denominated in foreign currencies. Furthermore, no financial assets or non-financial assets have been pledged as security for the trade and other payables and as such the payables are unsecured.

9.2 Defaults and breaches

The procurement policy of the entity makes provision for the settlement of trade and other payables within 30 days after the receipt of the invoice. During the period the entity has not renegotiated any of the contractual terms of any of the creditors. Also, during the period the entity has not defaulted on any of the principal capital or interest repayments.

10. Provisions

	VAT provision	Performance Bonus provision	Total
	R	R	R
2015			
Opening balance	-	487 644	487 644
Utilisation of provisions during the year	-	(487 644)	(487 644)
Provisions made during the year	**-**	**446 745**	446 745
Closing balance	-	446 745	446 745
2016			
Opening balance	-	446 745	487 644
Utilisation of provisions during the year	-	(344 220)	(487 644)
Provisions made during the year	**529 913**	**835 229**	1 365 142
Closing balance	**529 913**	**407 841**	**937 754**

The performance bonus provision relates to the estimated liabilities arising as a result of service rendered by the employees. It is estimated that the bonuses will be paid within the 12 months after year-end.

VAT provision relates to VAT assessment made after the entity deregistered for VAT DMSA has been disputing this liability and during the year SARS rejected the dispute.

11. Contingencies

11.1 Contingent liabilities

	Description	Probable loss	Possible loss	Estimate Total costs/ Future costs
		R	R	R
	None			

11.2 Contingent assets

		Probable income R	Possible income R	Estimate Total income/ Future income R
Legal action for outstanding money				
DMSA versus LJ Van Buuren Betonwerke Close Corporation	(a)	-	100 576	100 576
DMSA versus Nzwalethu Maintenance CC	(b)		-	-
DMSA versus Bella Casa Housing Developments Pty (Ltd)	(c)	-	-	-
DMSA versus Allan Coleman t/a The War Store	(d)	222 822	-	222 822

Remarks:

(a) The defendant failed to supply and errect a concrete perimeter fence at Tswaing Meteorite Crater. DMSA obtained Judgement by Default on June 22nd 2009 in the amount of R100 000 together with interest and cost of R576.

(b) Arbitrator gave an award in favour of DMSA of R7,297,492 for breach of contract for erecting of fence around Willem Prinsloo Agricultural Museum and Pioneer Museum. The company has been liquidated but DMSA might receive nothing.

(c) Bella Casa failed to complete erecting a concrete palisade fence at Tswaing. DMSA instituted legal action against company, as a result the company went into liquidation.

DMSA is unlikely to recover anything from the liquidation.

(d) Lessee at DITSONG: National Museum of Millitary History was disputing termination of lease agreement. He has since vacated the premises and must pay DMSA's legal costs as per the court order. DMSA is in the process of taxing the bill.

12. Operating leases

DMSA is currently leasing out its facilities to generate income. The following are the premises being rented out:

Lessee	Effective from	Duration of the agreement
Maribelo Trading and Projects: Natural History Museum	01-Jan-15	5 years
RPM Décor and Events - National Cultural History Museum	01-Jun-11	5 years
Pretoria Society of Advocates - DMSA Head Office	01-Jul-12	10 years
South African Heritage Resources Agency	01-May-13	5 years
Pretoria Boeremark - Pioneer Museum	01-Apr-13	Month to month
Silver Stars - Sammy Marks Museum	01-Mar-12	Month to month
SAAACA - Museum of Military History	01-Oct-13	5 years
S.A Legion National Headquarters: Museum of Military History	01-Sep-13	5 years
Air Colony	01-Mar-16	5 years

The following lease payments are receivable:

Within I year	878 598
Between 1-5 years	2 783 362
Later than five years	649 899
Total lease commitments	**4 311 859**

DMSA embarked on an exercise to determine market related rates for our leased properies during the year. The contracts entered into during the year and future contracts are banchmarked against the market rates

	2016 R	2015 R
13. Commitments		
Commitments entered into and not fulfilled at year end that relate to projects		
Operating expenditure services that have been contracted for include:		
Security services	**2 887 434**	7 986 722
Cleaning services	**221 300**	747 486
Rentals of equipment	**-**	5 275
Non cancellable purchase orders	**-**	475 025
Total non-cancellable commitments	**3 108 735**	9 214 508

14. Reconciliation of cash paid for the operating expenditure

	2016 R	2015 R
Surplus/(deficit) for the year	**2 393 956**	(7 794 747)
Non-cash movements	**2 097 886**	4 091 708
Depreciation	**1 793 935**	1 043 470
Health care benefit adjustment	**(1 051 000)**	(991 000)
(Increase)/decrease in inventory	**19 149**	(37 761)
(Increase)/decrease in trade and other receivables	**(724 323)**	(681 568)
Interest and service cost	**5 306 000**	5 054 000
Increase/(decrease) in provision for performance bonus	**491 009**	(40 899)
Amortization	**14 092**	8 303
Actuarial Gain / (Loss)	**(3 338 000)**	1 784 000
(Decrease)/increase in trade and other payables	**(381 275)**	(2 020 792)
(Profit) / Loss on sale of asset	**(31 700)**	(26 045)
Cash generated from operations	**4 491 843**	(3 703 039)

15. Going concern

The annual financial statements have been prepared on the accounting policies applicable to a going concern.

We draw attention to the fact that the entity had a surplus of R2 393 956 (2015 deficit of R7 794 747). The accumulated deficit decreased to R8 880 353 (2015: R11 274 310). Due to the liability created by the post-retirement medical aid benefit, the entities liabilities exceed its assets. DMSA may not be able to settle its financial obligations as they fall due without the assistance of the Department of Arts and Culture. The effect of the post-retirement medical aid liability was a decrease in surplus of R1 873 000 (2015: decrease of R6 838 000).

16. Taxation

No provision has been made for taxation since DITSONG: Museums of South Africa is exempted from taxation in terms of Section 10(1)(cA)(1) of the Income Tax Act.

17. Director's emoluments

31 March 2016	Salary/Fee	Bonus	Pension Contribution	Other Benefits	TOTAL
	R	R	R	R	R
Executive directors:					
Adv BD Mushwana - Chief Executive Officer	1 387 917	95 035	106 486	65 803	1 655 241
Ms NL Sakawuli - Chief Financial Officer	798 967	265 152	119 776	99 693	1 283 588
Mr T Ndebele-Monyela - Director	681 850	-	102 409	52 473	836 731
Ms N Malao - Director #	157 868	30 488	31 574	96 289	316 219
Ms B Nyawose - Director *	505 535	58 521	75 858	104 305	744 219
	3 532 136	**449 197**	**436 102**	**418 562**	**4 835 997**

Non-executive directors:	Travelling fees	Council meeting fees	Sub Committee fees	Audit and Risk Committee fees	TOTAL
Dr FM Lucky Mathebula: Council Chairperson	1 189	15 340			16 529
Adv MJ Ralefatane+	3 335	6 992	12 512		22 839
Dr P Bayliss	5 316	11 136	13 640		30 092
Ms DC Offringa	2 188	13 408	9 086		24 682
Mr C Kneale	3 820	4 432	9 504	9 618	27 374
Ms J Madibeng~	83	2 160			2 243
Ms K Rapoo	1 320	4 544	4 432	5 624	15 920
	17 251	58 012	49 174	15 242	139 679
Independent Chairpersons:					
Ms B Maleka - Audit & Risk Committee	739			44 512	45 251
Mr G Mokoena - Core Functions Committee ^	1 623	2 688	13 992		18 303
SUB TOTAL	**19 613**	**60 700**	**63 166**	**59 754**	**203 233**
TOTAL					**5 039 230**

- Director's employment conract ended on 30 June 2015
* - Director's employment contract ended on 31 December 2015
+ - Council member appointed 27 February 2015
^ - Member resigned on 31 December 2015
~ - Member resigned on 2 July 2015

17 Director's emoluments (continued)

31 March 2015	Salary/ Fee	Bonus	Pension Contribution	Other Benefits	TOTAL
	R	R	R	R	R
Executive directors:					
Mr M Makgolo - Chief Executive Officer *	389 276	63 000	58 391	477 888	988 555
Adv BD Mushwana - Chief Executive Officer #	215 711	-	16 178	4 497	236 386
Ms NL Sakawuli - Chief Financial Officer	751 151	63 594	112 673	87 282	1 014 699
Mr T Ndebele-Monyela - Director	680 266	-	102 040	42 821	825 127
Ms N Malao - Director	625 344	52 169	125 069	47 697	850 279
Ms B Nyawose - Director	647 308	53 963	97 096	27 093	825 459
	3 309 055	**232 726**	**511 448**	**687 277**	**4 740 506**
Non-executive directors:					
Prof FM Lucky Mathebula: Council Chairperson	44 764				44 764
Ms S van Damme: Council Deputy Chairperson	22 070				22 070
Dr P Bayliss	34 967				34 967
Ms DC Offringa	29 898				29 898
Mr C Kneale	30 635				30 635
Ms J Madibeng	24 580				24 580
Ms K Rapoo	26 454				26 454
	213 368			-	213 368
Independent Chairpersons:					
Ms B Maleka - Audit & Risk Committee	19 737				19 737
Mr G Mokoena - Core Functions Committee	7 821				7 821
SUB TOTAL	**240 926**	**-**	**-**	**-**	**240 926**
TOTAL	**3 549 982**	**232 726**	**511 448**	**687 277**	**4 981 432**

* - The CEO's employment ended on 30 September 2014

- The CEO was appointed 01 February 2015

18 Related parties

The following related party transactions occurred during the year:

Party	Relation		2016	2015
			R	R
			-	-
a) Department of Arts and Culture annual government grant received.	Executive Authority	Grant transferred	69 402 000	66 350 000
		Debtor	4 000	4 000
		Municipal charges	7 411 237	4 580 785
		Operating leases	1 062 472	1 089 992
b) The remuneration of council members and executive directors is disclosed in note 18			5 039 230	4 981 432
c) Museum Pension Fund	Post employment benefit plan		6 169 626	6 030 705
Museum pension fund is administered by ABSA and manages the pension fund of most employees				
d) Government Employee Pension Fund	Post employment benefit plan		98 323	124 069
Government Employee Pension Fund manages the pension fund of some employees				

19. Risk management

19.1 General

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of business. It is the entity's objective to minimise its exposure to the various financial risks through its risk management policies and procedures.

The entity attempts to manage financial risk where this involves activities in which it has appropriate competencies.

19.2 Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The entity cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the entity is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff education and assessment processes.

19.3 Categories of financial instruments

		2016 R	2015 R
FINANCIAL ASSETS	**Classification**		
Trade and other receivables		2 441 667	1 717 344
Trade receivables	Loans and receivable	392 793	730 195
Other receivables	Loans and receivable	2 048 874	987 149
Cash and cash equivalents		35 600 556	31 259 555
Bank balances	Loans and receivable	4 009 402	1 603 146
Short term deposits	Loans and receivable	31 591 154	29 656 409
FINANCIAL LIABILITIES			
Trade and other payables		5 501 777	5 883 052
Trade payables	Financial liabilities at amortised cost	5 501 777	5 883 052

19.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash through proper management of working capital, capital expenditure and cash. Due to the dynamic nature of the underlying operations, the Entity aims to maintain sufficient funding through a robust Medium-term Expenditure Framework (MTEF) budgeting process.

The entity manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecast cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

Liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from adequate banking facilities ranging from overnight to 364 day facilities and the ability to close out market positions.

19.5 Borrowing capacity

In terms of the Public Finance Management Act (Act No. 1 of 1999) as read with the Treasury Regulations the entity may not enter into any borrowing agreements without the express consent of National Treasury.

19.6 Interest rate risk

The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus / (deficit). The entity's interest rate risk arises from financial service assets such as cash and cash equivalents. Borrowings issued at floating rates expose the entity to cash flow interest rate risk, while fixed rate borrowings expose the entity to fair value interest rate risk. As part of the process of managing the entity's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

The sensitivity of the entity's surplus or net assets to its exposure to interest rate risk is presented below. The analysis considers the impact of a reasonably possible change in the prime rate of interest, with all other variables held constant. At the reporting date, the prime rate is 10.5% (2015: 9.25%).

	Movement in basis points	Effect on surplus for the year	Effect on net assets
		R	R
2016			
Floating rate financial assets			
Cash and cash equivalents	**+150**	47 387	47 387
	-50	(15 796)	(15 796)
Trade and other receivables			
	+150	3 663	3 663
	-50	(1 221)	(1 221)
Floating rate financial liabilities			
Trade and other payables	**+150**	8 253	8 253
	-50	(2 751)	(2 751)

	Movement in basis points	Effect on surplus for the year	Effect on net assets
		R	R
2015			
Floating rate financial assets			
Cash and cash equivalents	**+150**	44 485	44 485
	-50	(14 828)	(14 828)
Trade and other receivables	**+150**	2 576	2 576
	-50	(859)	(859)
Floating rate financial liabilities			
Trade and other payables	**+150**	8 825	8 825
	-50	(2 942)	(2 942)

There are no foreign interest-bearing borrowings.

The carrying amounts of the entity's financial instruments that are exposed to interest rate risk are as follows:

19.7 Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year R	Due in two to five years R	Due in five to ten years
Trade and other receivables - normal credit terms	6,00%	2 441 667	-	-
Cash and cash equivalents:	0,00%	-	-	-
- Bank balances	6,00%	4 009 402	-	-
- Short term deposits	7,10%	31 591 154	-	-
Trade and other payables	0,00%	5 501 777	-	-

19.8 Credit risk

Credit risk arises on cash and cash equivalents and trade receivables. The risk on the cash and cash equivalents is managed through dealing with well established financial institutions, endorsed by National Treasury.

The risk arising on the trade receivables is managed through normal credit risk relating to the trade receivables is not concentrated due to a diversified customer base. Adequate provision is made for doubtful debts.

The bulk of customers is concentrated in the private sector but also consists of other government agencies. On-going credit evaluation is performed on the financial condition of trade receivables. No events occurred in the sector during the financial year that may have an impact on accounts receivable that have not yet been adequately provided for.

19.9 Gains and losses on financial instruments

	Fair value movement R	Interest income R	Interest expense R	Impairment loss R	Total R
2016					
Trade and other receivables	-	(1 432)	-	210 667	**209 235**
Trade and other receivable #	-	(1 432)	-	210 667	**209 235**
Cash and cash equivalents	-	(1 982 587)	-	-	**(1 982 587)**
Bank balances	-	(1 982 587)	-	-	**(1 982 587)**
FINANCIAL LIABILITIES					
Trade and other payables	-	-	296 623	-	**296 623**
Trade payables #	-	-	296 623	-	**296 623**

	Fair value movement R	Interest income R	Interest expense R	Impairment loss R	Total R
2015					
Trade and other receivables	-	(212 932)	-	263 696	**50 764**
Trade and other receivable #	-	(212 932)	-	263 696	**50 764**
Cash and cash equivalents	-	(2 027 397)	-	-	**(2 027 397)**
Bank balances	-	(2 027 397)	-	-	**(2 027 397)**
FINANCIAL LIABILITIES					
Trade and other payables	-	-	19	-	**19**
Trade payables #	-	-	19	-	**19**

- The interest and fair value movement relate to notional interest that arises from the discounting of these financial instruments to determine the fair value thereof at the date of initial recognition and therefore do not present "actual" interest levied. therefore, the interest noted on trade payables do not constitute fruitless and wasteful expenditure as defined in the Public Finance Management Act.

20. Irregular, unauthorised, fruitless and wasteful expenditure

20.1 Irregular expenditure	2016 R	2015 R
Opening balance	604 891	308 125
Add: Irregular Expenditure – current year	1 242 320	821 077
Less: Amounts condoned	(604 891)	(524 311)
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular Expenditure awaiting condonation	1 242 320	604 891

Analysis of expenditure awaiting condonation per age classification

Current year	1 242 320	821 077
Prior years	-	308 125
Total	1 242 320	1 129 202

Details of Irregular Expenditure – Current year

Incident	Amount
Services rendered without official purchase order	32 069
Travel agent appointed for a year based on quotations	20 507
Overpayment to Directors on employee benefits	504 686
Payment of legal fees for a case against former CEO in personal capacity	424 327
Payment of VAT in dispute relating to 2005 assessment raised after deregistration	233 323

Disciplinary steps taken/criminal proceedings Warnings given

Details of Irregular Expenditure condoned

Incident	Amount
Condoned by (condoning authority)	604 891

Details of Irregular Expenditure recoverable (not condoned)

Incident	Amount
	-

Details of Irregular Expenditure not recoverable (not condoned)

Incident	Amount
Acting allowance paid without prior authorisation	27 408

20.2 Fruitless and wasteful expenditure

	2016 R	2015 R
Opening balance	740	2 326
Add: Fruitless and Wasteful Expenditure – current year	300 704	207 703
Less: Amounts condoned	-	(8 814)
Less: Amounts recoverable (not condoned)	-	(200 475)
Less: Amounts not recoverable (not condoned)	-	-
Irregular Expenditure awaiting condonation	301 444	740

Analysis of expenditure awaiting condonation per age classification

	2016	2015
Current year	300 704	740
Prior years	740	-
Total	301 444	740

Details of Fruitless and Wasteful Expenditure – Current year

Incident		Amount
Disciplinary steps taken/ criminal proceedings	Warnings given	-

Details of Fruitless and Wasteful Expenditure written off

Incident	Amount
Approved by (authority)	-

Details of Fruitless and Wasteful Expenditure recoverable

Incident	Amount
Interest charged on late payment	34
Bank charges incurred on late payment of salaries	4 080
Interest charged on late payment of VAT after year end	296 590

Details of Fruitless and Wasteful Expenditure not recoverable

Incident	Amount
Leave payout incorrectly calculated	740

21 Budget variances

As required by GRAP 24 para 12 (c) an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts as disclosed in the statement of budget information are as follows:

Income:

Overall income was 1% below budget for the financial year at a total of R82.9m (2015: R75.95m) which includes an actuarial gain of of R3.4m. The overall income, with the exclusion of actuarial gain shows an increase of 4.6% from prior year's performance. The targeted income for admission fees was undercollected by 33%. The total collected was R3.7m (2015: R3.6m) which is an increase of 2% from previous year. The targeted number of visitors could not be reached during the year due to declining disposable income. We realised a significant increase in our investment income of 16% compared to the budget for the year. This was largely due to favourable interest rates and cash management. The target of raising research grants was achieved, however the revenue could not be utilised due to late commencement of the research projects. This resulted in under collection of research grants by R0.85m. Sundry income was over collected by 12% from budget and 30% increase from prior year amount. Fundraising initiatives did not materialise resulting in undercollection of R0.4m. Rental income increased by 17% to R2.5m from R2.1m in the prior year, however this was 40% shy of the optimistic budget for the current year.Lack of marketing the museum contributed greatly to this under achievement as well as planned significant lease not materialising.

Expenses:

Overall expenses compared to budget realised a saving of R3.3m (2015: over by R8.7m). This saving is dispite the interest service cost of R3.9m (2015: R3.2m), Current Service Cost of R1.4m (2015: R1.9m) and Depreciation of R1.8m (2015: R1.7m) . Administrative expenses was below budget by 4% as well as Security Services costs by 10%. The highest contributor to the overall saving in expenditure was 16% (R9.6m) savings on employee costs due to moratorum on filling of vacancies. The external audit fees were above budget for the year due to interim audit.

22 Prior period error

22.1 During the year management realised that the capitalisation of the heritage assets in 2013/14 financial year was in error

The prior period error was adjusted and comparatives restated.

The effect of the error on the individual line items in the financial statements is as follows:	2016 R	2015 R
Statement of Financial Position		
Decrease in Non Current Assets : Heritage assets	-	943 461
Statement of Changes in Net Assets		
Increase in opening accumulated deficit	-	(943 461)

22.2 During the year management reversed the decision to account for the valuation of biological assets against the against the Revaluation Surplus as it should have been processed against the Accumulated Deficit The prior period error was adjusted and comparatives restated.

The effect of the error on the individual line items in the financial statements is as follows:

Statement of Changes in Net Assets		
Decrease in Revaluation Reserve	-	(373 730)
Decrease in Accumulated Deficit		373 730

22.3 As a result of the audit, it was observed that municipal charges and lease expenses paid for by the DAC for the prior year on behalf of the entity have not been accounted for. This error has been corrected and the comparative figures restated.

The effect of the error on the individual line items in the financial statements is as follows:

Statement of Financial Performance		
Increase in revenue from non-exhange transactions	-	5 670 777
Increase in operating expenses	-	(5 670 777)

22.4 The audit of financial statements revealed that GRAP 23 was not properly applied in the current and prior with regards to accounting for the assets arising from grant funded transactions. This error has been adjusted and prior period comparatives restated.

The effect of the error on the individual line items in the financial statements is as follows:

Statement of Financial Position		
Increase in Accounts Receivables	-	81 363
Statement of Financial Performance		
Increase in revenue from non-exhange transactions	-	81 363

22.5 During the year management recognised that accruals with respect of audit fees, maintenance and membership fees were not accounted for in the prior period. This error has been corrected and the prior period comparatives restaded.

The effect of the error on the individual line items in the financial statements is as follows:

Statement of Financial Position		
Increase in trade and other payables	-	168 009
Statement of Financial Performance		
Increase in operating expenses	-	(168 009)

23 Segment reporting

23.1 Information about geographical areas

The entity's operations are in the Gauteng Province with the majority of operations being in Pretoria and some operations being in Johannesburg. The operations in Pretoria are spread to Northern Pretoria, Eastern Pretoria and Central Pretoria. Revenues are not allocated per geographical area.

The table below indicates the expenditure incurred in the different regional areas after eliminating inter segmental transfers.

	2016 R	2015 R
Gauteng Province		
Johannesburg	(9 109 644)	
Central Pretoria	(60 835 951)	
Pretoria East	(11 095 491)	
Pretoria North	(3 164 041)	
Total segment expenditure	(84 205 127)	

24 Breakdown of other

24.1 Other expenses

Other expenses in note 2.3.1 and in Annexure A are made up as follows:

	2016 R	2015 R
Membership fees	38 065	34 423
Conference/Seminars	71 057	35 066
Entertainment	115 003	108 621
Computer software	33 539	273 404
Advance	142 003	0
Printing	288 265	223 089
Expenses sales/services	35 730	63 982
Exp sales/services casts	4 920	0
Education	104 641	169 942
Restoration/Conservation	0	123 394
Collection management	88 575	59 113
Research expenses	0	15 283
Festivals	110 606	96 282
National events	89 128	0
Outreach programme	77 240	15 320
Farming expenses	178 251	117 925
Exhibition	0	435 683
Reserves funded project expenditure	1 131 003	643 894
VAT	233 323	
Other Expenses	**2 741 348**	**2 415 422**

24.2 Other receipts

Other receipts in the statement of cash flows is made up as follows:

	2016 R	2015 R
Other receipts		
Other revenue Streams	81 000	46 000
Rental income	2 449 623	2 143 889
Legal fees and pension fund fees recovered	929 013	0
Other receipts	**3 459 636**	**2 189 889**

Annexure A

Detailed Statement of Financial Performance for the Year Ended 31 March 2016

	2016 Budget R	2016 Actual R	2015 Budget R	2015 Actual R
Income				
Gross sales	**276 000**	**184 534**	241 900	205 329
Less: Cost of sales	122 000	97 573	126 000	55 360
Opening inventory	**0**	150 416	-	77 955
Purchases	**122 000**	78 424	126 000	127 821
Less: Closing inventory	**0**	(131 267)	-	(150 416)
Trading gross profit	**154 000**	**86 961**	**115 900**	**149 970**
Government grant	**69 402 000**	**69 402 000**	66 350 000	66 350 000
Admission fees	**5 498 090**	**3 661 187**	3 805 800	3 605 439
Investment income	**1 705 000**	**1 984 019**	1 800 000	2 240 329
Pension and legal fees recovered	**-**	**929 013**	-	-
Fundraising	**530 000**	**81 000**	210 000	46 000
Sundry income	**832 400**	**931 831**	891 500	716 219
Actuarial gain	**-**	**3 338 000**		-
Rental income	**4 168 050**	**2 449 623**	2 615 260	2 143 889
Other grant income	**1 590 000**	**9 213 096**	-	6 351 083
Donations	**24 500**	**124 976**	19 800	103 111
Total income	**83 904 040**	**92 201 707**	**75 808 260**	**81 706 039**

	2016 Budget R	2016 Actual R	2015 Budget R	2015 Actual R
Total expenditure	**83 904 040**	**89 807 751**	**75 808 260**	**89 500 787**
Personnel expenditure	**61 107 136**	**51 576 251**	58 069 566	53 207 475
External audit fees	**1 220 000**	**1 807 548**	785 000	1 663 838
Consumable furniture and equipment	**85 500**	**38 027**	88 500	19 611
Library	**508 750**	**141 315**	513 000	466 580
Consumable stores	**1 520 859**	**1 339 264**	1 372 341	1 431 941
Rental expense	**1 000**	**1 170 264**	7 500	1 124 986
Security services	**5 783 279**	**5 225 746**	5 167 679	5 219 344
Repairs and maintenance	**1 017 000**	**858 831**	875 000	803 915
Bad debts written off		**423 599**		263 696
Other expenses - Note 24.1	**2 028 102**	**2 741 348**	3 097 430	2 415 422
Exhibition maintenance	**104 000**	**117 236**	378 000	184 203
Exhibition expense	**411 000**	**153 883**	-	618 418
Restoration expense	**211 000**	**81 093**	-	-
Research expense	**1 659 000**	**781 992**	-	359 717
(Profit) /Loss on sale of assets	**-**	**-**	-	(900)
Professional services	**810 000**	**1 391 038**	266 000	1 357 471
Depreciation	**-**	**1 793 935**	-	1 043 470
Amortization		**14 092**		8 303
Inventory write down	**-**	**7 094**	-	12 835
Interest service cost		**3 915 000**		3 188 000
Current service cost		**1 391 000**		1 866 000
Finance costs		**296 623**		19
Actuarial loss	**-**	**-**	-	1 784 000
Administrative expenses:	**7 437 414**	**14 542 574**	5 188 244	12 462 441
Advertising and marketing	709 700	194 100	737 700	718 258
Staff training	638 559	373 386	554 680	380 753
Bank charges	200 000	224 439	199 175	208 043
Legal fees	350 000	532 334	350 000	330 928
Insurance	629 223	657 082	522 334	660 098
Postage and stationery	368 300	348 235	336 755	246 752
Telephone and internet	1 675 200	1 755 269	1 740 300	1 877 927
Travelling costs	861 400	690 319	681 500	864 500
Water and electricity	1 937 932	9 607 241	-	7 037 942
Licence fees	67 100	160 169	65 800	137 240
Net Surplus/(Deficit) for the year	**-**	**2 393 956**	**(0)**	**(7 794 747)**

ANNEXURE B: PUBLICATIONS

Peer Reviewed Publications:

Badenhorst, S. and Boshoff, W. S. 2015. Animal remains from an early twentieth century rural farming community at Orange River Railway Station, South Africa. *Navorsinge van die Nasionale Museum* 31(3):49-64.

Davies, G.B.P. 2014 (2015). Decrease of Coqui Francolin Peliperdix coqui (Aves: Phasianidae) in southern KwaZulu-Natal, South Africa. *Durban Natural Science Museum Novitates* 37: 47-53.

Davies, G.B.P. *et al.* 2014 (2015). Recent records of the White-winged Flufftail *Sarothrura ayresi* (Aves: Sarothruridae) in South Africa, including details of a survey of high-altitude wetlands in 2013-14. *Durban Natural Science Museum Novitates* 37: 61-75.

Mortlock, M., Kuzmin, I.V., Weyer, J., Gilbert, A.T., Agwanda, B., Rupprecht, C.E., Nel, L.H., **Kearney, T.**, Malekani, J.M., and Markotter, W. 2015. Novel Paramyxoviruses in Bats from Sub-Saharan Africa, 2007-2012. *Emerging and Infectious Diseases* 21(10): 1840-1843.

Kearney, T.C., Keith, M. and Seamark, E.C.J. 2016. New records of bat species using Gatkop Cave in the maternal season. *Mammalia* DOI 10.1515/mammalia-2015-0043.

Phukuntsi, M.A., Brettschneider, H., Dalton, D.L., **Kearney, T.,** Badenhorst, J. and Antoinette Kotze, A. 2016. DNA barcoding for identification of cryptic species in the field and existing museum collections: a case study of *Aethomys* and *Micaelamys* (Rodentia: Muridae). *African Zoology* http://dx.doi.org/10.1080/15627020.2016.1146084 .

Reynard, J. P., Discamps, E., Wurz, S., Van Niekerk, K. L., **Badenhorst, S.** and Henshilwood, C. S. 2016. Occupational intensity and environmental changes during the Howiesons Poort at Klipdrift Shelter, southern Cape, South Africa. *Palaeogeography, Palaeoclimatology, Palaeoecology* 449:349-364.

Stalmans, M., **Davies, G.B.P.**, Trollip, J. & Poole, G. 2014 (2015). A major waterbird breeding colony at Lake Urema, Gorongosa National Park, Mozambique. *Durban Natural Science Museum Novitates* 37: 54-57.

Popular and Non-peer Reviewed Articles:

Davies, G.B.P. 2015. Arboreal foraging by waxbills in the canopies of leguminous trees and creepers in KwaZulu-Natal, South Africa. *Ornithological Observations* **6:** 240-243.

Davies, G. 2015. Miscellaneous observations from the Elands Height-Pitseng Pass area, near Naude's Nek. *Bee-eater* (Newsletter of BirdLife Eastern Cape) 66(2): 27-28.

Peer Reviewed Publications:

Naudé, M. 2015. Kruger house; the intricacies of conjecture. *DITSONG: National Museum of Cultural History Research Journal* 9: 53-80.

Naudé, M. 2015. Erich Mayer's depictions of early 20th century vernacular building types in the Transvaal. *DITSONG: National Museum of Cultural History Research Journal* 9: 23-25.

Naudé, M. 2015. Bellman hangars, structures of scale and functionality. *South African Journal of Art History* 29 (2): 97-119.

Rautenbach, C., Hart, D. and **Naudé, M,** 2015. Heritage Resources Management. In Du Plessis, A (Ed). Environmental Law and Local Government. Johannesburg: Juta.

Van Schalkwyk, J.A. 2015a. Bridging the Country: a short history of nearly all South African bridges. *South African Archaeological Bulletin* 70(202):193-200.

Van Schalkwyk, J.A. 2015b. Living and working in the valley: Farm labourer homesteads in the Steelpoort River Valley. *DITSONG: National Museum of Cultural History Research Journal* 9:1-22.

Van Schalkwyk, J.A. 2016. Dipitša ke Bophelo: *Pottery from the Collection of Ditsong National Museum of Cultural History.* Pretoria: DITSONG: National Museum of Cultural History.

Popular and non-peer reviewed articles:

Naudé, M. 2015. Pioneer house restored. *Die Bronberger.*

Peer Reviewed Publications:

Return to Morogoro. Review article *Military History Journal,* December 2015.

David Owen Spence, A History of the Royal Navy, Empire and Imperialism.
Review article *Military History Journal,* December 2015.

Louis Botha's War. Review article *Military History Journal,* June 2015.

Horns of The Beas. Review article *Military History Journal,* June 2015.

Monograph (assisted with publishing). *Yevgeny Avgustus: A Russian fighting for the Boer Cause.* ISBN 978-0-620-70253-9

ANNEXURE C: LECTURES AND TALKS:

Naudé, M. 2015. Heritage legislation and Environmental Law: Centre for Environmental Management, University of Northwest.

Naudé, M. 2015. Conservation of architecture. Department of Heritage and Historical Studies, University of Pretoria.

Naudé, M. 2015. Differentiation between the conservation of museum objects and buildings. Department of Heritage and Historical Studies, University of Pretoria.

Naudé, M. 2015. Researching historic buildings. Department of Heritage and Historical Studies, University of Pretoria.

Naudé, M. 2015. Presentation of buildings by museums. Department of Heritage and Historical Studies, University of Pretoria.

Naudé, M. 2015. Research in a cultural history museum. Department of Heritage and Historical Studies, University of Pretoria.

Naudé, M. 2015. Original research. Department of Heritage and Historical Studies, University of Pretoria.

Naudé, M. 2015. Early settlements in Mesopotamia. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Egyptian architecture and the Nile valley. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Mycenean architecture and Crete. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Greek architecture and monumental structures. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Roman urban settlements and architecture. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Early Christian movement in Western Europe. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Gothic cathedrals and limitations. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Hindu ideology and architecture. Department of Building Sciences, University of Pretoria.

Naudé, M. 2015. Norse mills. Educational staff and guides – DITSONG:Pioneer IMuseum.

Naudé, M. 2015. Pioneer dwellings and earth construction. Educational staff and guides - Pioneer IMuseum.

Naudé, M. 2015. Heritage legislation and mining: Centre for Environmental Management, University of Northwest.

Naudé, S. 2015. Russian objects in the DITSONG: Museums of South Africa's collection. Lecture Presented at Kruger Day celebrations (Russian links with South Africa), 9 October.

"Fine Feathers" presented twice to the Decorative Arts Society, once to the South African Arms and Ammunition Collectors Association and in a shortened form to the South African Military History Society.

SANDF Chaplain's Group-lecture on Delville Wood.

ANNEXURE D : WORKSHOPS AND CONFERENCES

Oral Conference Presentations:
12th African Small Mammal Symposium, Madagascar, 12-17 April 2015. Detection of a diverse range of paramyxoviruses from African bats. Mortlock, M., Kuzmin, I.V., Weyer, J., Gilbert, A.T., Agwanda, B., Rupprecht, C.E., Nel, L.H., **Kearney, T.,** Malekani, J.M. and Markotter, W.

12th African Small Mammal Symposium, Madagascar, 12-17 April 2015. Seasonal and ecological influences on the population dynamics of a *Rousettus aegyptiacus* colony in Limpopo, South Africa. McCulloch, S.D., Scott, T.P., **Kearney, T.C.,** Paweska, J., Seamark, E. and Markotter, W.

12th African Small Mammal Symposium, Madagascar, 12-17 April 2015. Seasonal variation in Lagos bat virus neutralizing antibody levels present within a population of *Rousettus aegyptiacus* fruit bats in the Limpopo Province of South Africa. McCulloch, S.D., **Kearney, T.C**., Paweska, J., Nel, L.H. and Markotter, W.

Badenhorst, S., Veldman, A. and Lombard, M. Late Holocene fauna from Kuidas Spring in Namibia. Paper presented at the Association of Southern African Professional Archaeologist conference in Harare, Zimbabwe, 1 – 3 July 2015

Poster Conference Presentations:
Newly discovered i*n situ* primates and mammals from the early Pleistocene Haasgat deposits, South Africa. Adams, J. W., Olah, A., Mccurry, M., Tallman, M., Kegley, A. D. T., **Potze, S., Kgasi, L.** and Herries, A. I. R. American Association of Physical Anthropology, 84th Annual Meeting. St Louis, Missouri, USA, 25 – 28 March 2015.

Van Zyl, W. J., Badenhorst, S. and Brink, J. S. Plio-Pleistocene Bovidae fauna from X Cave on Bolt's Farm in the Cradle of Humankind. Poster presented at the Association of Southern African Professional Archaeologist conference in Harare, Zimbabwe, 1 – 3 July 2015.

Seamark, E.C.J., Markotter, W. and **Kearney, T.C**. Bats (Mammalia: Chiroptera) of Wakefield Farm (KwaZulu-Natal, South Africa Poster presented at the Diamond Route Conference, Johannesburg, South Africa, 20-21 October 2015.

Oral Conference Presentations:
Van Schalkwyk, J.A . *Where pious people dwelled: creating/recreating a landscape.* DITSONG: National Museum of Natural History, 25 February 2016.

Notes

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