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an agency of the
Department of Arts and Culture

ANNUAL REPORT | 2015/16





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ANNUAL REPORT | 2016

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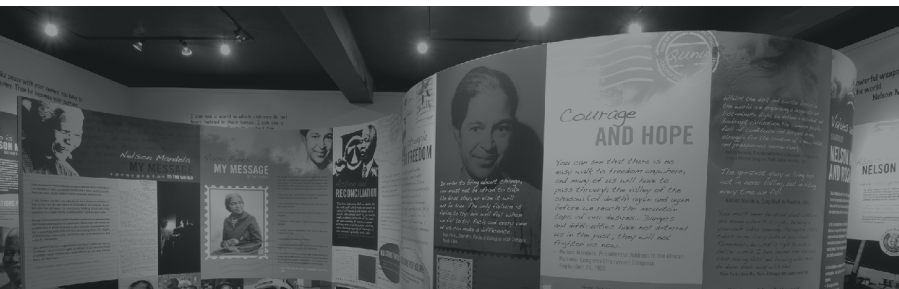
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PART A: GENERAL INFORMATION

PART A:

GENERAL INFORMATION

Public Entity's General Information

Registered Name:

Nelson Mandela Museum

Registered Office and Postal Address:

Physical Address:

Cnr Nelson Mandela Drive & Owen Street
Bhunga Building, Mthatha. 5099
Telephone No. (047) 501 9509
Fax No. 047 532 3345

Postal Address:

PO Box 52808
Mthatha. 5099
e-mail: mandelamuseum@intekom.co.za
Website: www.nelsonmandelamuseum.org.za

External Auditors:

Auditor General of South Africa
(043) 709 7200
Sivuyile Ndabambi, Sivuyilen@agsa.co.za

Museum Bankers:

ABSA Bank Limited
Sutherland Street
Mthatha

Company Secretary

MR Guy Rich
GMR Consultants
Vincent
East London

ACRONYMS

ABET	Adult Based Education Training
AGM	Annual General Meeting
AGSA	Auditor General of South Africa
AFS	Annual Financial Statements
ANC	African National Congress
BBBEE	Broad-Based Black Economic Empowerment
BBC	British Broadcasting Corporation
CCMA	Commission for Conciliation, Mediation and Arbitration
CCTV	Close Circuit Television
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNN	Central News Network
DSRAC	Department of Sports, Recreation, Arts and Culture
HOD	Head of Department
ICT	Information Communication Technology
IPAP	Industrial Policy Action Plan
KSD	King Sabata Dalindyebo Municipality
MGE	Mzansi's Golden Economy
NGO	Non- Governmental Organisation
NMM	Nelson Mandela Museum
ORT	O R Tambo District Municipality
PFMA	Public Finance Management Act
SABC	South African Broadcasting Corporation
TR	Treasury Regulations

Strategic Overview:

1.1 Vision

Inspire positive change in society through the legacy and values of Nelson Mandela

1.2 Mission

A centre of excellence that preserves the legacy, disseminates knowledge, interprets and upholds values of Nelson Mandela to promote social cohesion and nation building.

1.3 Values

The following values will inspire the leadership and staff of the museum and will become an organic part of the iconic posture the museum will assume as a centre for cultural life:

Values	Meaning
Ubuntu	To help without looking for personal gain
Stewardship	Custodians of Nelson Mandela's legacy
Integrity	To inculcate honesty and respect
Service excellence	To ensure qualitative and satisfactory service delivery
Development and learning	To be the hub of information sharing
Innovation	To be creative in developing new ideas

Strategic Outcomes Oriented Goals

No	Strategic Goal	Sub-programme
1	Improve and maintain heritage development and conservation	1.1 Collections and Research 1.2 Exhibitions
2	Improved Public Profile and access	2.1 Education and Outreach 2.2 Communications and Public Relations 2.3 Tours
3	Vibrant Programming that promotes the economic opportunities for the community	3.1 Engage communities through a hive of arts and cultural activities that promote economic opportunities
4	Sound and Effective Governance	4.1 Chief Executive Office 4.2 Corporate Services 4.3 Chief Financial office

1.4 Legislative and other Mandates

The Nelson Mandela Museum is a Schedule 3A Public Entity under the PFMA

1.4.1 Constitutional Mandates

Source	Directives in terms of the constitution
Constitution of the Republic of South Africa	Recognises the injustices of the past; Honour those who suffered for justices and freedom in our land; Respect those who have worked to build and develop our country. Adopted this Constitution to: Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights.

1.4.2 Legislative Mandates

- Cultural Institutions Act, 119 of 1998, as amended,
- National Heritage Resources Act, 25 of 1999,
- Public Finance Management Act 1 of 1999 as amended and Treasury Regulations,
- Labour Relations Act, 66 of 1995,
- Basic Conditions of Employment Act, 5 of 1997,
- Employment Equity Act No 55 of 1998,
- Public Service Regulations R1 of 5 January 2001 as amended,
- Electronic Communications and Transactions act, 25 of 2002,
- Preferential Procurement Policy Framework Act, 50 of 2000,
- Promotion of Access to Information Act, 2 of 2000.

1.4.3 Policy Mandates

- Deed of Donation between Arts and Culture and President Nelson Mandela, 2005.
- White Paper on Arts and Culture, 1996.
- Policy Paper on Legacy Projects, 2007.
- Public Sector Transformation, 1995.
- Broad-Based Black Economic Empowerment (BBBEE) Framework, 2007.
- Performance Management and Development System, 2010.
- Mzansi's Golden Economy and Industrial Policy Action Plan (IPAP2), 2011.

FOREWORD BY THE CHAIRPERSON

We release this report to the world at the time when the world is facing the greatest challenge in pursuit of peace, social justice and end of hunger and deprivation in the world. In South Africa, the ideal of building a free, non-racial and peaceful nation continues to be under pressure as recent years have seen signs of racial intolerance beginning to flare up at different times and contexts. Poverty, inequality and unemployment continue to define South Africa's social architecture. Creating further tension and polarisation is the fact that these three challenges are unevenly distributed in terms of race, geography and age profile. Unless these challenges are addressed by all South Africans collectively, nation-building and social cohesion will be under constant pressure.

As we reflect on these issues challenging South Africa and the world today, we are reminded of the importance and priority that Nelson Rholihlahla Mandela placed in achieving a just and peaceful world order, free of hunger and deprivation. We are reminded of Nelson Mandela's personal commitment to the ideals of a free, prosperous and just South Africa, an ideal for which he put his own life on the line. Nelson Mandela, like Oliver Tambo, Walter Sisulu, and many other sung and unsung heroes of South Africa's liberation struggle sacrificed everything to ensure that South Africa belongs to all those who live in it. It is incumbent upon all South Africans to carry the torch and help South Africa evolve to the South Africa on Mandela's dreams.

The Nelson Mandela Museum is charged with the responsibility of exercising good stewardship over Nelson Mandela's legacy. The Nelson Mandela's legacy is more about the intangibles in as much as it is about tangibles. Nelson Mandela was presented with gifts from people from through-out the world as he marched into freedom in 1990 and during his tenure as a President of South Africa. These gifts "a gift to the Nation", he donated to the nation and the Nelson Mandela Museum was the designated curator and Custodian of these artefacts. The Museum therefore has three types of heritage assets: artefacts, sites of heritage significance as well as intangible assets in both social memory and in Nelson Mandela's life story and mission in life.

Since its establishment in 2000 till Nelson Mandela's passing on in 2013, the museum's programming ethos has been based on "a living legacy" as a platform with most programming premised on Nelson Mandela's long walk to freedom. During this programming period the Museum sort to lift key aspects of Nelson Mandela's struggle for freedom and indeed a struggle of many like him and a struggle for South Africa. These aspects or episodes have been presented in a form of exhibitions, education programmes and reflection dialogues to promote a deeper understanding and appreciation of the journey that South Africans have travelled and instil a commitment to jealously guard this freedom and build social cohesion.

"Never, never and never again shall it be that this beautiful land will again experience the oppression of one by another." Nelson Mandela

When Nelson Mandela passed on in 2013, we started a process of refocusing the museum's programming from "a living legacy" to "living the values" programming ethos. Since 2014 we have held a series of social

dialogues seeking inputs of the new programming ethos for the Nelson Mandela Museum. In parallel, the Nelson Mandela Museum, Bhunga building node was undergoing renovations to expand spaces for exhibitions and create better visitor experiences. A new exhibition was launched on the 18th July 2016, the renowned Nelson Mandela's birthday. The museum programming seeks to inspire and galvanize commitment from South Africans and the world community at large to take action in pursuance of a South Africa and world of Nelson Mandela's dreams. Those who share Mandela's vision for society should join efforts with the Nelson Mandela Museum as part of the social movement for a better South Africa and a better world.

Our word of gratitude goes to the Department of Arts and Culture for the unwavering support to the work of the museum, the Department of Public Works for an excellent work of renovating the Bhunga building, the Provincial Department of Sport, Recreation and Arts and Culture for their partnership, the Nelson Mandela Foundation for collaboration and last but not least the staff of the Nelson Mandela Museum for their dedication and selfless commitment to running an effective museum deeply steeped in a culture of service to stakeholders.



Mrs Nozuko Yokwana

Chairperson: Nelson Mandela Museum

ACTING CEO OVERVIEW

On the 26th June 2015, South Africans celebrated the 60th year of the Freedom Charter. The Freedom Charter was adopted by the people of South Africa in the Congress of the People that congregated in Kliptown near Johannesburg in 1955. It is said that Nelson Mandela, Walter Sisulu and many other leaders of the people could not attend the historic congress because of banning orders. However, they were determined that they would not miss such an important event, and as such secretly watched its proceedings from nearby houses. This is significant because the Freedom Charter forms the backbone of our new Constitution that was adopted in 1996. This is evident by the Preamble of both the Freedom Charter and the Constitution.

While the new strategic plan charts a new path that seeks to “inspire positive change in society through the legacy and values of Nelson Mandela,” the museum also continues to take on board those programmes that were inspiring to young people.

Three youth camps that focus on Young school kids were held under the banner of learning platforms and conversations. In recognition of the international status which Nelson Mandela enjoyed and to enhance and strengthen the partnership the museum has with Anne Frank House in Lower Saxony, Germany, an international youth camp was held in Lower Saxony, Germany, where five (5) learners from five (5) provinces in South Africa participated under the auspices of the Nelson Mandela Museum. South Africa and nine other European countries participated in this Camp.

The Nelson Mandela Museum in partnership with other stakeholders in various provinces created and held platforms which are aimed at stimulating debate on the values that Nelson Mandela represented in the form of seminars and colloquiums, four of which were held during the period under review.

Although the plan for the renovations and upgrading of the Bhunga Building, which prides itself as a space where Nelson Mandela’s gifts from all over the world are housed have taken long, they have been completed and all the artefacts which were in safe keeping have been moved in. A big event for the re-launch of the museum is planned for the 18th July 2016, coinciding with the world renowned Mandela day, with the Minister of Arts and Culture, The Honourable Mr Nkosinathi Mthethwa, as the Key note speaker.

During the period under review the museum successfully procured and engaged three service providers through Supply Chain Management tender process. Although there are still some minor glitches, some occasioned by scarcity of personnel, the museum’s Supply Chain Management processes are improving with the museum’s Supply Chain Management policy in the process of being reviewed to take into account changes in legislation and regulations.

The income generating wing and the Youth centre of the Nelson Mandela Museum at Qunu has been closed down with accommodation and conferencing as well as Youth activities having been discontinued due to pending renovations of the building structures and the upgrading of the sewer system by the

Department of Public works. The site is planned to be handed over to the Department of Public Works around September 2016 for construction purposes.

We all know that, not a single institution can sufficiently represent the legacy of Nelson Mandela alone, it requires the collective efforts of all South Africans, for Nelson Mandela was not only a national hero, he had become a global symbol for justice. We hope that the new strategic plan reflects this global symbolism and it will facilitate the forging of partnerships with different institutions. It is for these reasons that the museum is excited about the next 5 years and beyond.

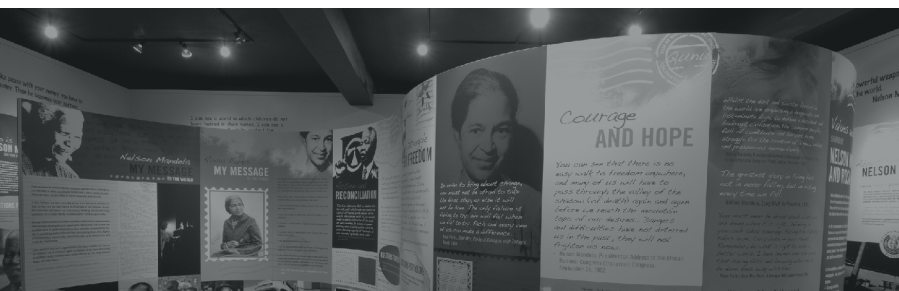


Malekgolobane Malapane
Acting CEO



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PART B: PERFORMANCE INFORMATION

PART B:

PERFORMANCE INFORMATION

2.1 Introduction

In the year under review and in terms of its programmes and activities, the museum has done relatively well. The Audits of its performance against targets by both Internal Auditors and Quarterly reviews by the Auditor General show that the museum implemented the projects it planned. However, regrettably, in some areas it has under achieved because of lack of human resource to perform those tasks and in others budget to fund those activities. In the past few years, the museum received unqualified audits. However, in the immediate past two years Auditor General issued a qualified audit opinion due to non-compliance with the provisions of GRAP 103 which requires that heritage institutions value and disclose Heritage Assets in the financial statements. However, during the year under review National Treasury issued a moratorium which exempted the Public Entities under the Department of Arts and Culture from effecting provisions of GRAP 103 for the two years covering 2015/16 and 2016/17. The said moratorium however only affects the valuation which will be subject to the availability of budget to be made available by National Treasury in 2017/18 financial year. Disclosure is, however, required for classification, nature and existence. As a result the museum has disclosed its heritage assets at a nominal value of R1 in the financial statements for the year under review. The moratorium resulted in departure from the accounting frame work which was assessed as not achieving fair presentation.

The Minister of Arts and Culture appoints a Council to oversee the strategic and policy direction of the museum, the council exercises oversight over a management team in its execution of the strategy, performance plan and budget. The present performance report against the predetermined objectives is presented to the Executive Authority, National Assembly and stakeholders in general to demonstrate progress against predetermined objectives and to indicate areas where there has been deviation from predetermined targets with reasons.

During this financial year, the museum was still busy with the visioning of the institution. It has however finalized and completed the disciplinary process regarding the CEO during December 2015 resulting in dismissal. With the assistance of the Department of Arts and Culture, the museum is continuing with the current process of restructuring. Two stages of phase one of restructuring process have been completed resulting in the establishment of a new organisational structure which is aligned to the museum strategy. This has resulted in the placement of the existing museum staff in alignment with strategic requirements. This has been submitted to Council through the relevant committee and was approved for implementation. Implementation has commenced for the financial year starting in April 2016. The restructuring process is aimed at creating a vehicle that is fit for purpose. This is also our acknowledgment that the institution is growing and with growth changes are inevitable.

The Museum's performance goals in the period under review were the following:

1. To promote public knowledge, learning appreciation and the enjoyment of the life of Nelson Mandela.
2. To develop, implement and maintain governance and management policies and procedures. To also improve infrastructure, facilities management and security of museum's buildings, Equipment and Artefacts in all the museum sites.
3. To develop and grow diverse audiences, communicate and position the Nelson Mandela Museum favourably. To also leverage the Nelson Mandela Museum value proposition for economic opportunities for the museum and communities.

The table that follows highlight progress in performance against the predetermined targets.

The Museum thanks the Minister of Arts and Culture, the National Assembly, the Portfolio Committee for Arts and Culture, the communities, the donors, its various supporters and various stakeholders that have been part of the museum's success to date.



Malekgoloane Malapane
Acting Chief Executive Officer



N. Yokwana
Chairperson of Council

Performance Matrix

Strategic Objective	Performance Indicator (s) 2015-2016	Annual Target(s) 2015-2016	Actual Annual Target Achieved 2015-2016	Status Achieved / Not Achieved	Reasons for non- achievement	Verification sources
To facilitate intergenerational learning platforms and conversations that discuss the values of Nelson Mandela	Number of learning platforms and conversations held	12 platforms to be undertaken during the Financial year	11 Platforms conducted	Not Achieved	The Seminar that was supposed to be held in Mpumalanga in August 2015 was postponed 3 times by the Department of Arts and Culture, Mpumalanga due to the political instability within the province.	Reports on Seminars and Registers
To use exhibitions to drive and entrench the values of Nelson Mandela	Number of Geographical locations reached	12 Geographical locations reached	12 Geographical locations reached	Achieved	N/A	Reports and Loan Agreements
To research museum collections for better understanding and sustainable use	Number of collections researched	100 items to research	0 Items	Not Achieved	This could not be achieved as the museum could not get researchers due to budgetary constraints but negotiations are being conducted with Universities especially (Walter Sisulu University)to second students to the museum as a result the Walter Sisulu University is busy developing an MOU that explains the terms of the engagement.	N/A
To facilitate conservation of sites associated with Nelson Mandela and facilitate their inclusion as part of the Liberation Heritage Route	Number of sites included in the Liberation Heritage Route	2 sites included in the Heritage Liberation Route tentative list	1 site	Not Achieved	This was not achieved due to the fact that Clarkebury institution as a Heritage Liberation route site which the Museum originally included in its plans had already been listed by Chris Hani	Minutes of the meeting with NHC Officials

Strategic Objective	Performance Indicator (s) 2015-2016	Annual Target(s) 2015-2016	Actual Annual Target Achieved 2015-2016	Status Achieved / Not Achieved	Reasons for non- achievement	Verification sources
					Municipality.	
To facilitate focused understanding of the museum through the development of learning material	Number of learning material produced	1 Learning Material Produced	1 Learning Material Produced	Achieved	N/A	Educational worksheets for grade R to grade 3 were developed.
To create in-person and digital platforms of community engagement	Number of community engagement platforms	3 community engagements	7 Community engagements	Achieved	N/A	Report and signed register for ABET computer studies Programme
						Reports on the Durban Tourism Indaba held in May 2015 and May 2015 and Provincial Tourism Careers Expo held at Mthatha airport on 18-19 September 2015 and a report on the Cape Town Getaway Show
To profile the Nelson Mandela Museum brand through various markets	Number of marketing strategies developed	1 Strategy developed	0	Not Achieved	Draft Strategy in place and awaiting Council approval	Draft Strategy Document

Strategic Objective	Performance Indicator (s) 2015-2016	Annual Target(s) 2015-2016	Actual Annual Target Achieved 2015-2016	Status Achieved / Not Achieved	Reasons for non- achievement	Verification sources
	Number of activities implemented based on marketing strategy	3 Museum Activities	2 Activities Held	Not Achieved	The Museum anniversary celebrations could not take place as it was planned to coincide with the re-launch of the Museum but because of problems with logistics the re- launch kept on being postponed until finally scheduled to take place in July 2016.	Reports on the Mandela Month celebrations on 17-18 July 2015 and the 2nd Nelson Mandela Commemoration Event. The National event proposal is in place and has been approved
To ensure a functioning Council that provides effective oversight and accountability in accordance with the Council Charter	Number of Council and Committee meetings held	4 Council Meetings	5 Council Meetings held	Achieved	The overachievement is due to special council meetings the council held.	Council Meeting Minutes
		20 Committee Meetings	19 Committee Meetings	Not Achieved	All relevant committees of council met including the Chairperson and the Chairs of Committees but due to complexities and magnitude of issues discussed in those meetings the meetings of the Chairperson and the Chairs of Committees were never minuted.	Council Committee Meetings Minutes
To create financial stability for the museum	Number of fundraising strategies developed	1 fundraising strategy developed	0	Not Achieved	Draft Strategy in place but awaiting Council approval	Draft Fund Raising Strategy Document

Strategic Objective	Performance Indicator (s) 2015-2016	Annual Target(s) 2015-2016	Actual Annual Target Achieved 2015-2016	Status Achieved / Not Achieved	Reasons for non- achievement	Verification sources
	Number of fundraising initiatives to be held	1 Fund Raising initiative	0	Not Achieved	Fund Raising Strategy is in Draft and has not been approved by Council	N/A
To develop policies, procedures and systems	Number of policies, procedures and systems developed	6 policies and Procedures	0	Not Achieved	Staff Retention Policy and Draft Fraud Prevention Strategy were submitted to council for approval but later withdrawn in order to be beefed up. Six (6) policies were reviewed and approved by council in their meeting in March 2016.	Draft Data Integrity and Fraud and Risk Strategy documents and Monthly reports
To ensure effective financial management, accountability and administration	Improved Audit Outcomes	1 Unqualified Audit Outcome	0	Not Achieved	The Museum received a qualified audit opinion due to Heritage assets not having been valued and included in the Annual Financial Statements due to budgetary constraints	N/A
Financial Planning and Accounting	Compliance with PFMA and Treasury Regulations	100% Compliance	100% Compliance	Achieved	N/A	Strategic Plan and APP in place as well as Quarterly Financial and Performance information Reports. The compilation and submission of budget to Council and DAC was done.

Strategic Objective	Performance Indicator (s) 2015-2016	Annual Target(s) 2015-2016	Actual Annual Target Achieved 2015-2016	Status Achieved / Not Achieved	Reasons for non- achievement	Verification sources
	Compliance with budget and supply chain management	100% Compliance	100% Compliance	Achieved	N/A	Budget and Tender Documentation Records
To optimally develop and manage human capital	Number of human capital initiatives	1 Workplace skills plan	1	Achieved	N/A	Seta application and records of Courses attended.
		25 Performance contracts	25 Performance Contracts	Achieved	N/A	Performance contract documents
To ensure effective utilisation, safe and clean environment of the museum infrastructure	User Asset Management Plan Completed(UAMP)	1 User Asset Management Plan Completed	1 User Asset Management Plan	Achieved	N/A	User Asset Management (UAMP) Report



Signature:

Malekgoloane Malapane

Acting CEO

Date: 29 July 2016



Signature:

Nozuko Yokwana

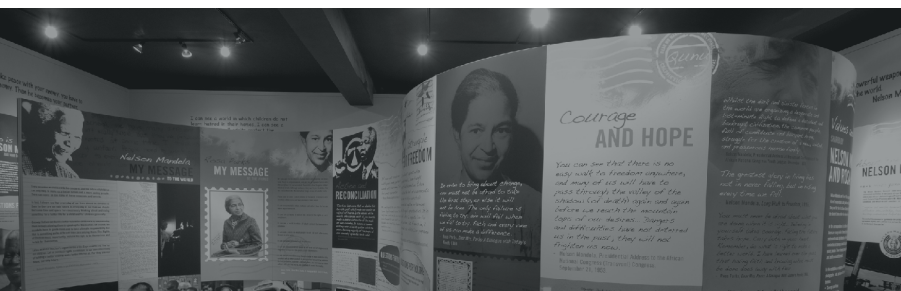
Chairperson

Date: 29 July 2016



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PART C: GOVERNANCE

PART C:

PROGRAMME OVERVIEW AND ACTIVITIES

PROGRAMME 1: HERITAGE AND CONSERVATION DEPARTMENT

Background Information

The Nelson Mandela Museum Heritage and the conservation department/programmes department is regarded as the main or core department of the museum. This is because it is mandated to engage in various programmes that are educational and cultural which are aimed at sharing the resources that are linked to President Nelson Mandela. It also focuses on the collection and conservation of the museum artefacts. The above activities are executed on the following key areas of delivery:

2. Learning platforms and conversation

2.1 Seminars

During this period, we hosted four seminars to stimulate debate on the values that Nelson Mandela represented. Two seminars were held at the Nelson Mandela Youth and Heritage Centre in Qunu. The other two seminars were held in two different provinces, which are Northern Cape and Western Cape as part, as part of our collaboration with other provinces.

2.2 Youth Camps

As part of the learning platforms and conversation, the department hosted 3 youth camps that focus on young school going children. They are:

2.2.1 Winter School Camp

On the 28th June to 3rd July 2016, the museum hosted a Winter School Camp at the Nelson Mandela Youth and Heritage Centre, Qunu. This year the camp attracted 61 learners from the Eastern Cape between the ages of 14 to 18 years to be inspired by the values that Nelson Mandela stood for.

2.2.2 International Youth Camp

The museum has built on this and developed strong partnerships with Anne Frank House in Lower Saxony, Germany. In the reporting year, on the 14th to 25th March 2016, the Museum sent 5 learners from 5 provinces of South Africa to participate in the camp. The camp attracts participants from 9 European countries and South Africa is the 10th country. The programme is fully funded by Government of Lower Saxony.

2.2.3 The Google workshop

The workshop specifically focussed on the lack of oral community stories within our living spaces and how this shortfall can be addressed using our cell phones. It also encouraged the learners to play a huge role in narration of local stories by using internet and be in touch to the whole world. The workshop attracted 20 learners from K.S.D. Local Municipality. All learners participated in the workshop were given smart phones to continue with the project.

2.2.4 School Visits

The department has also visited various schools from Eastern Cape and distributed education material in order to enhance their knowledge about the museum and to familiarise themselves with the museum exhibition before they come to the museum

3. Outreach Programme

The museum outreach programme is aimed at taking the Nelson Mandela Museum to the people regardless of their location. During this time, our exhibitions travelled to 12 museums in various provinces such as Eastern Cape, Western Cape, North West, Limpopo and Mpumalanga.

4. Product Development

The unit has developed worksheets for grade 1 to grade 5. The activity worksheets are being developed around the museum exhibitions. These are done to contribute to the school curriculum and enhance their planned visit to the museum.

5. Community Engagements

During this period, the department hosted three community engagements that focus on both the adult and the youth. This was done through the establishment of a Qunu Community Radio Station, an artist in residency programme where the artists were taught on how to market their Art work, on how to make their artwork sellable in South Africa and to other countries; and also the benefits of exporting their artworks. In addition, we ran mobile libraries because most of the nearby schools do not have libraries at all. As a result, the museum became a research centre for the schools, which is not easily accessible to the disadvantaged schools to teach more about the liberation struggle. To this effect, the department identified three schools and loaned them 15 books that talk about the history of South Africa.

6 Research

During this period, no research was conducted as the collections were stored in a vault for safekeeping during renovations at Bhunga Building.

PROGRAMME 2: Marketing and Communication

1. Background Information

The Marketing department conceptualizes, delivers and measures brand elevation strategies with measureable outputs, goals, and time-based reporting. It develops and implements a comprehensive program with an appropriate mix of paid advertising, earned media coverage, public relations, community partnerships, digital communications, and social media outreach for Nelson Mandela Museum exhibitions launches, seminars and all other museum activities. It acts as a public voice for the Nelson Mandela Museum, communicating with many different audiences, including tourists, colleges, schools, families, adults (individuals and groups), diverse communities, the creative industries, members, journalists and press, sponsors, and opinion formers.

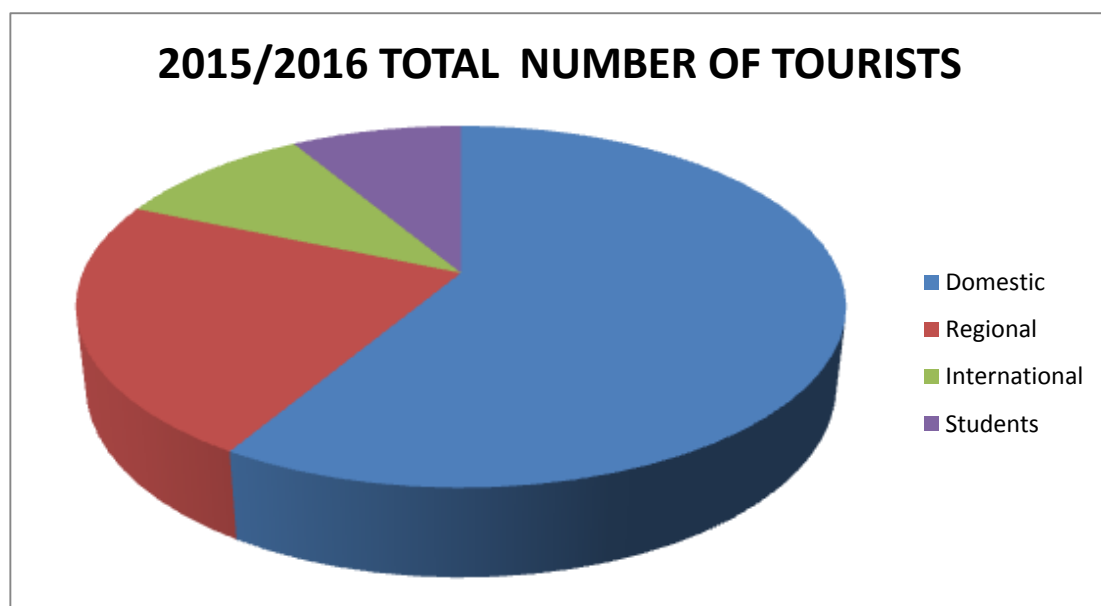


Illustration: A graphical presentation of Domestic, Regional, International and students visited Nelson Mandela Museum during the year 2015/2016

2. Visitation

In 2016 The Nelson Mandela Museum welcomed 20150 visitors on its doors. This number excludes off site visits to various venues that host museum's travelling exhibitions. The total represented a 32% decrease compared with 29759 visitors in 2014/2015.

Closure of entertainment, conferencing and accommodation facilities contributed to the decrease experienced. This is set to improve tremendously after the reopening of the Bhunga Building site on 18 July 2016. Bhunga Building is the most popular site of all Nelson Mandela Museum sites. It houses and showcases Nelson Mandela's gifts that he received from all over the world.

2.1. Visitor Analysis

Domestic tourists for 2015/2016 were 18154, an increase of 20% compared with 9300 in the previous year. A bigger increase of 20% in International tourist receipts was experienced. Bigger numbers were from America, France, Netherlands and Germany.

Events served as the main contributor to the increase in tourist receipts. The success of 2015/2016 Mandela Day and Nelson Mandela 2nd Commemoration events was due to the involvement and collaborative efforts of all parties including DSRAC, the Premier's Office, O.R. Tambo District Municipality, KSD Municipality, Dept. of Rural Development & Agrarian Reform, Africa Rising Led by Mr Ndaba Mandela, SABC and other media houses nationally and internationally.

3. Brand Management

To increase demand for Nelson Mandela Museum as a must-see attraction and contribute to sustainable tourism, we utilized critical tourism platforms, from business to business to end user shows.

3.1. Shows & Expos

Successful participation in Tourism Indaba 2015/2016, Cape Town Adventure Getaway Show and the National Tourism Skills Expo delivered the desired results. Customer retention, increase in demand for experiential learning by students from Universities and FET Colleges, increase in international enquiries by learners of all grades, demand for village tours to sites that are directly associated to Nelson Mandela and demand for packaging Nelson Mandela Museum by tour operators was experienced.

3.2. New Brochure Publication

In 2015/2016, a total of 4000 copies of brochures, including Museum's Career Brochure, calendars for annual events and newsletters, were produced, printed and distributed in all shows.

Insights into target customer needs were also used to drive improvements to product marketing and distribution, including product bundling to present the best of what Nelson Mandela Museum has to offer.

3.3. Stakeholder Relations & Partnerships

As a Cultural Institution the museum focuses on impact based tourism development and cultural preservation programs, working with communities, and stakeholders.

The first phase for Interpretation Boards, Signage and Billboards Program was implemented in partnership with the Eastern Cape Parks and Tourism Agency. Road signage that directs N2 travellers to Nelson Mandela Museum sites is clearly visible along N2 to Mthatha and Qunu. An interpretation board was installed at the museum in Qunu. The indigenous Knowledge Systems Program aimed at encouraging imparting of knowledge to the youth by

elders through arts & crafts development, performing arts and storytelling continued. This program is also aimed at creating access to tourism opportunities.

3.4. Events & CSI

Nelson Mandela Museum high impact based, multifaceted audience and community friendly events attracted unprecedented numbers of spectators, with every segment catered for. On Mandela Day 2015/2016, 50 young learners between the ages of 6 and 15 were introduced to digital systems that would allow them to interact with their peers globally. More than 50 women and youth attended an entrepreneurship workshop facilitated by Unilever. Baking, Fruit-jam production and craft production workshops were conducted by Eastern Cape Department of Rural development and Agrarian Reform. Community livestock were vaccinated and eight bursaries in Agriculture at Tsolo Agricultural College were pledged.

3.5. Community Beneficiation & Outreach

The Nelson Mandela Museum built partnerships and relationships with tourism associations, Government Departments and NGOs to deliver community programmes, and ensure community access to the museum.

30 women and youth were trained in hospitality for Home-stay accommodation, and further 10 young people with matric and above, were trained in tourist guiding and First Aid, in order to encourage community tourism.

16 people were trained in computer literacy in partnership with ABET.

4. Communication and Publicity

A total reach of more than 50 million was achieved as a result of broadcast and electronic international coverage of Nelson Mandela Museum events and diverse advertising campaigns that promoted museum seminars and colloquiums around the country. Approximately 5 million readers (print media), 40 million listeners, or viewers (electronic media), and more than 9 million viewers via digital advertising was achieved.

A total number of 20 press releases and travel articles were produced and distributed to local and international media.

Onsite broadcast advertising campaigns for events and seminars were implemented to encourage public participation, boost awareness and interest, as well as enhance the image of Nelson Mandela Museum as a leading champion for Nelson Mandela's values.

The Nelson Mandela Museum produced a collection of high quality images featuring museum events and activities, which were uploaded on the museum's Facebook page. These images could be downloaded from the museum's website under the Image Gallery section as soon as the upgrade of the Nelson Mandela Museum website is complete.

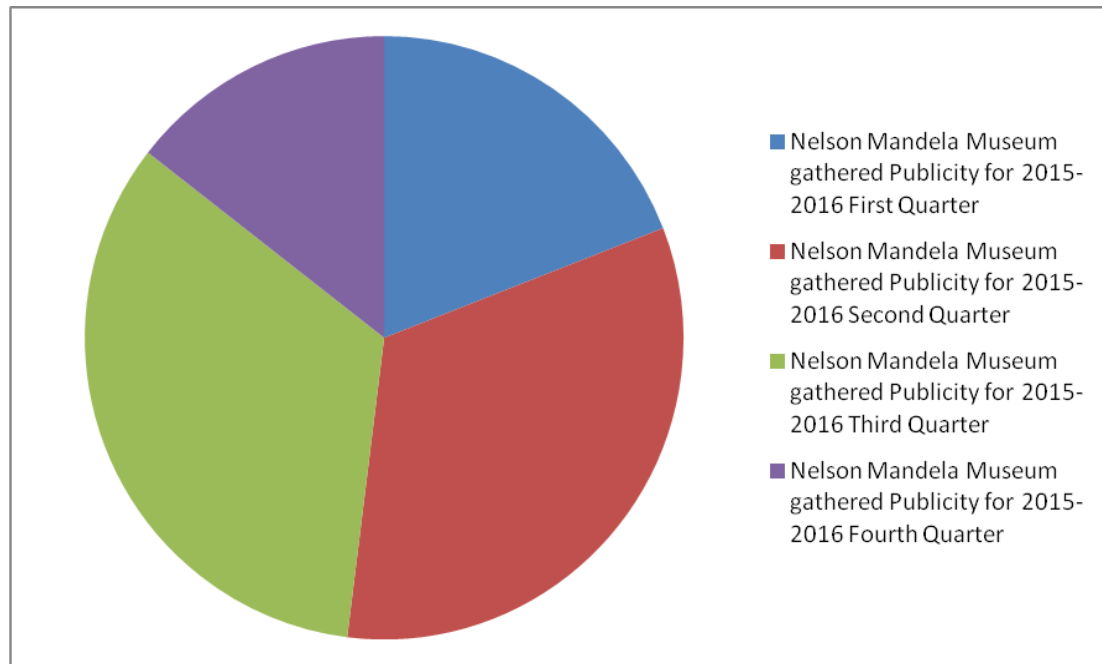


Illustration: A graphical presentation of media publicity received during the year 2015/2016

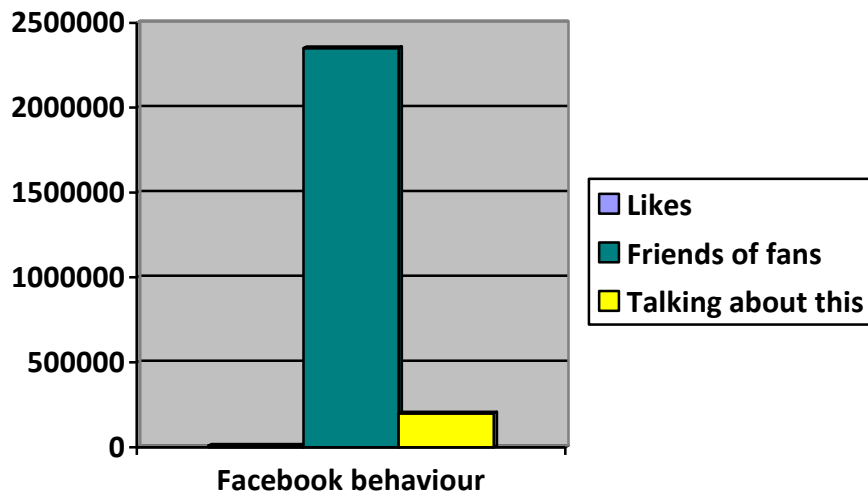
5. Public Relations

In 2015/16, the Nelson Mandela Museum's digital marketing continued to personalize, socialise and mobilise its offerings, enabling consumers to share their own stories and experiences. The Nelson Mandela Museum continued to support this through its social media programme, focusing on stimulating conversations on Facebook.

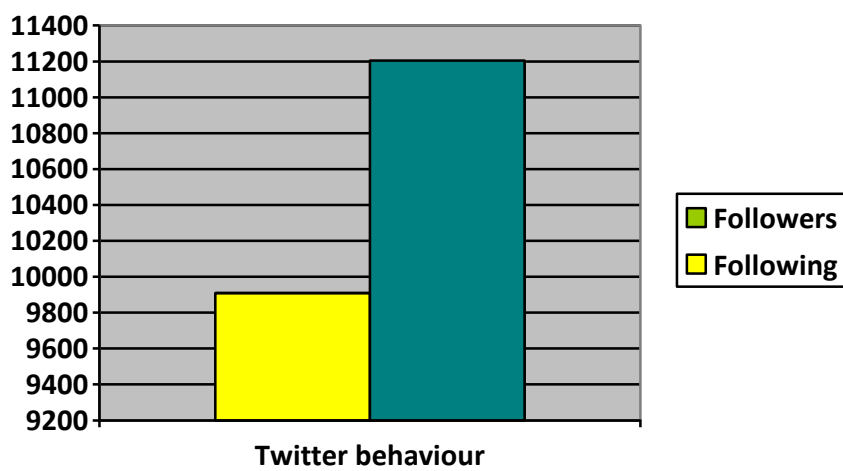
5.1. Facebook

Images of the museum, spaces associated with Nelson Mandela, Qunu landscape and images showcasing numerous events and tourist on site were posted on Nelson Mandela Museum Facebook page are influencing national and international visitors to visit the Nelson Mandela Museum.

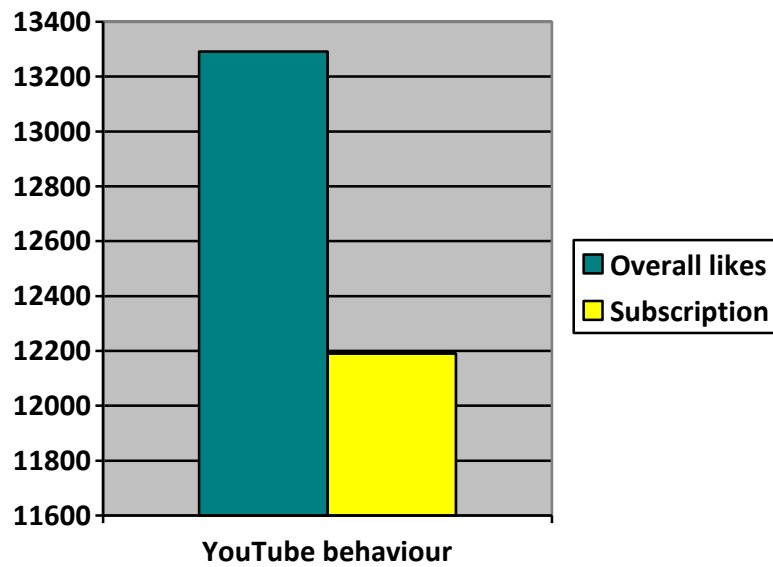
Facebook graph



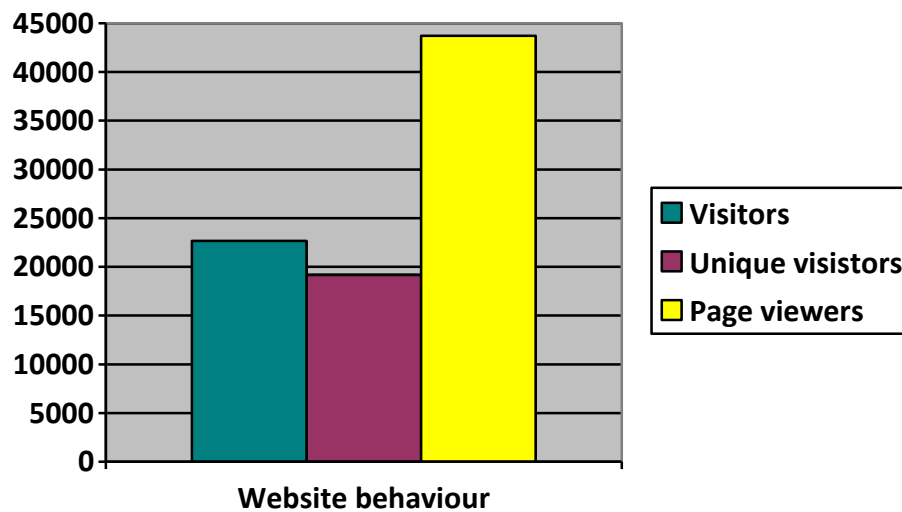
5.2. Twitter graph



5.3. YouTube



5.4. Web



The graphs above are indications of the museum's new media performance for the period under review.

PROGRAMME 3: Corporate Governance

Governance and administration

Corporate Governance embodies processes and systems by which Public Entities are directed, controlled and held to account. In addition to legislative requirements based on the Public entity's enabling legislation and the Companies Act, Corporate Governance with regard to public entities is applied through the prescripts of the Public Finance Management Act no. 1 of 1999 (PFMA) and run in tandem with the protocol on corporate Governance, which encapsulates the principles contained in the King III Report on Corporate Governance. The Nelson Mandela Museum commits itself to the Principles of accountability, transparency and integrity as prescribed by the King III code of Corporate Governance.

This programme, therefore, is responsible for overall institutional co-ordination, accountability, planning, policy development, monitoring and risk management. The main entities involved in this programme are Museum Council, Office of the CEO, and the Corporate Services Function which includes finance.

This programme includes:

- Ensuring strategy, policy, oversight and accountability;
- Ensuring organisational sustainability and accountability;
- Co-ordinating the institutional functioning;
- Providing adequate support to council and ensuring implementation of council strategic and policy directions; and
- Rendering a corporate services function in all respects.

In the period under review, the following were the major focus points of the programme:

- Strengthening governance and aiming to achieve an unqualified audit opinion;
- Addressing issues raised by the Auditor General with the aim of achieving an unqualified audit opinion for the financial years 2015/16 and beyond;
- Strengthening organisational capacity and restructuring the museum to be fit for the new purpose;
- Strengthening the policy environment and compliance aspects; and

In line with these priorities the following progress was achieved:

- A new Internal Audit Service Provider has been contracted and engaged on the 1st September 2015, given the expiry of the extended term of the previous one on the 31 August 2015 and the new one commenced operations immediately;
- Two further service providers, a Travel Agent and a Supplier of multi functional Printing machines, were contracted during year under review through open tender;
- Phase one composed of two stages of the Institution's restructuring was completed resulting in the establishment of the museum's new organogram which attempts to address the new vision of the museum; and
- The museum council has reviewed and approved eight (8) existing policies, mainly in corporate services and Heritage conservation and the rest were referred back to management for correction and re-submission;

In the discharge of their mandate the Museum Council and Council Committees held five (5) and nineteen (19) of their overall four (4) and twenty (20) statutory required meetings.

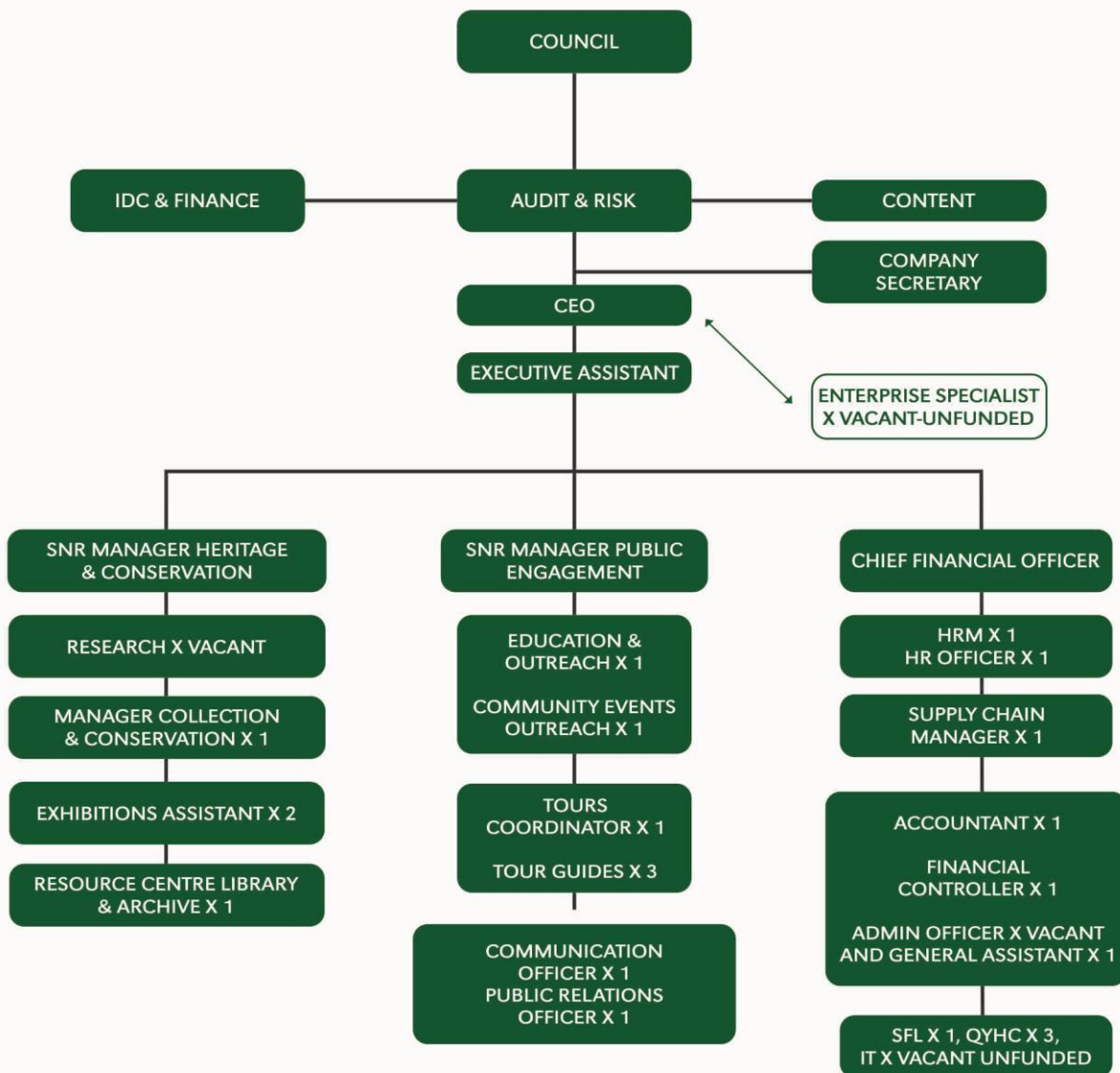
Council and Council Committees

The Nelson Mandela Museum is a Cultural Institution established by the Minister of Arts and Culture in terms of the Cultural Institutions Act no. 119 of 1998 as amended. The Minister of Arts and Culture appoints members of the Public to form Council as the Accounting Authority to manage and control the affairs of the Nelson Mandela Museum in terms of the enabling Act and its Regulations in line with

corporate governance principles. Currently the Museum council/Accounting Authority consists of nine (9) Members appointed from diverse disciplines within the Republic of South Africa. The Council and its Committees operate in terms of approved Charters/Terms of Reference that clearly spell out their roles and responsibilities.

Below is the Nelson Mandela Museum organisational structure that outlines the position of Council, its committees, management and all staff of the museum. The organogram also indicates positions that have been restructured to fit the purpose of the new visioning.

RESTRUCTURING EXERCISE APPROVED ORGANOGRAM

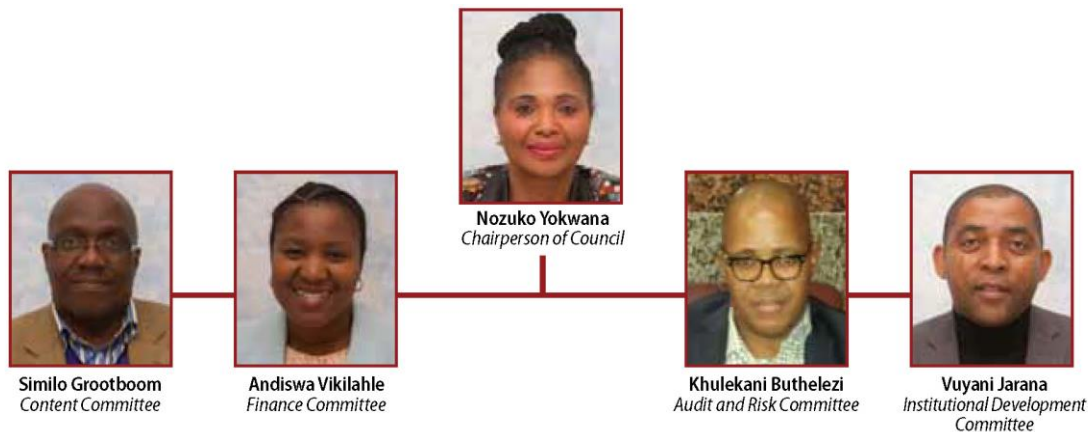


Council Committees and their Terms of Reference

Executive Authority

The Ministry of Arts and Culture has an overall oversight and appoints the Council of the Nelson Mandela Museum. The Council reports to the Minister of Arts and Culture. The Minister and the chairperson of the Council, each year sign a shareholders compact.

Nelson Mandela Museum Council



Council

A Council composed by 9 members governs the Nelson Mandela Museum. The Council has 4 committees.

Content Committee

- Gives advice to council on strategic heritage policy matters and Marketing.
- Ensures alignment of heritage policies to the vision and mission of NMM
- Oversees the audit and collection register of NMM
- Advises council on disposal of NMM artefacts
- Makes decisions on loan requests.
- Oversees the development of marketing strategies and policies.

Audit Committee

- Oversees internal & external audit function
- Examines the AFS before submission to council
- Reviews the annual report so that it presents a balanced record of NMM
- Monitors the risk appetite of NMM
- Monitors achievements against corporate governance standards on internal controls

Finance Committee

- Oversees financial planning and management

- Monitors financial performance of NMM
- Monitors compliance to financial objectives as set out by council
in line with the PFMA and Treasury Regulations
- Reviews quarterly financial forecasts and reports
- Approves the virement of funds

Institutional Development Committee

- Oversees human resources policy development
- Ensures satisfaction of manpower needs and plans support for the organisation's vision
- Ensures that institutional development imperatives are accomplished
- Ensures that an organisational structure supportive of the vision of NMM
is in place
- Ensures the upkeep of security, facilities and logistics
- Ensures that the ICT architecture is deployed
- Ensures that registry services to support NMM as a knowledge institution are in place

Composition of Council

Name	Designation	Date of appointment	Date of Resignation	Qualifications	Area of expertise	Other committees and task teams	Number of meetings attended
Mrs Nozuko Yokwana	Chairperson	2013	-	Diploma in Nursing, Bachelor of Social Work, Masters in Development Studies	Community Development	0	5
Mr Vuyani Jarana	Deputy chairperson	2013	-	Diploma in Engineering, Bachelor of Commerce, Masters in Business Administration	Business, Finance, Organisational development,	0	7
Ms Andiswa Vikilahle	Chairperson of Finance Committee	2013	-	Bachelor of Commerce (Honours)	Finance	0	9
Mr Similo Grootboom	Chairperson of Content Committee	2013	-	Senior Secondary Teachers Diploma, Bachelor of Arts, Master of	Heritage and Conservation	0	4

Name	Designation	Date of appointment	Date of Resignation	Qualifications	Area of expertise	Other committees and task teams	Number of meetings attended
Mr Khulekani Buthelezi	Chairperson of Audit Committee	2013	-	Arts ACCA,	Audit	0	4
Mr Vuyani Boo	Member of Content Committee	2013	-	Bachelor of Social Sciences, PG/diploma in heritage Studies, Master of Arts (history)	Heritage and Conservation	0	7
Ms Sylvia VanZyl	Member of Content Committee	2013	-	Bachelor of Arts,	Conservation	0	5
Mr Ndaba Mandela	Member of the Content Committee	2013	-	Bachelor of Arts (honours)	Business, Fundraising, heritage	0	2
Mr Matone Dithlake	Member of finance committee, Member of Institutional Development Committee	2013	-	Bcom (Accounting), Bcom Hons (Accounting), Certificate of Theory in Accounting, Executive Development Program (Unisa School of Business).	Business, Organisational Development	0	7

Nelson Mandela Council Members



Nozuko Yokwana
Chairperson of Council



Sylvia Van Zyl



Andiswa Vikilahle



Similo Grootboom



Vuyani Boo



Matone Dithlake



Vuyani Jarana



Khulekani Buthelezi



Ndaba Mandela

Committees of Council

Name of Committee	Number of meetings held	Number of members	Name of the members
Institutional Development Committee	5	4	Mr V Jarana Mr M Ditlhake Ms A Vikilahle Mr S Grootboom
Finance Committee	4	4	Mr V Jarana Mr M Ditlhake Ms A Vikilahle Mr N Mandela
Content Committee	4	4	Mr S Grootboom Ms S Van Zyl Mr V Booï Mr N Mandela

Remuneration of Council Members

The Council of the Nelson Mandela is a part time body and they are paid per sitting as reflected in the table below.

Name	Remuneration	Other allowances	Other re-imbursement	Total
Mrs N Yokwana	R 32,500	-	-	-
Mr V Jarana	R 11,250	-	-	-
Ms A Vikilahle	R 58,500	-	-	-
Mr K Buthelezi	R 22 500	-	-	-
Mr S Grootboom	R 0	-	-	-
Ms S Van Zyl	R 0	-	-	-
Mr M Ditlhake	R 38 000	-	-	-
Mr V Booï	R 44 000	-	-	-
Mr N Mandela	R 8 000	-	-	-

Nelson Mandla Museum Management and Staff



The Nelson Mandela Museum Management is divided into two components, that is to say, senior management that directly reports to the Chief Executive Officer and middle management that report to various senior managers.

The management of Nelson Mandela Museum is jointly and severally accountable to the Accounting Authority of the museum through the Office of the CEO. In the restructuring process that the museum is undertaking, there is an opportunity to develop a flat structure that will take into account the current financial realities that the museum is faced with in terms of filling of vacant critical posts.

Security Facilities and Logistics

The Security, Facilities and Logistics unit is responsible for a safe and clean environment of the Nelson Mandela Museum. The Nelson Mandela Museum has two sites namely Nelson Mandela Youth & Heritage Centre (NMY&HC) in Qunu and the Bhunga site in Mthatha.

The Bhunga building has been under renovations by the Department of Public Works (DPW) for the past three years. This has decreased the number of tourists that wish to visit the museum as the Bhunga site houses the main exhibitions of the museum. The works completion was conducted in February 2016 and the contractor is still busy with a snag list and then final completion can be conducted.

The museum staff has moved back to the building on the 10-11th March 2016 and the artefacts that were kept on the vault in Johannesburg have returned. The Department of Arts & Culture has requested DPW to assist with Facilities Management in the building so that the Museum can have a developed DPW maintenance plan. DPW has appointed COEGA to assist with the facilities management of the Bhunga building. There is a planned event of relaunch/re-opening of the Bhunga Building on the 18th July 2016.



The DPW has a project in the pipeline which is Qunu based condition maintenance and the project includes upgrade of sewer system that has been giving problems to the museum for a number of years. The sewer upgrade will be accompanied by the renovation of the buildings and some facelifts of certain buildings that will ensure that the material used can withstand the elements of nature and are durable. The final handing over of the site for construction purposes is expected to be done in September 2016.



Report of the Audit and Risk Committee for the period 2015/16

Introduction

The Committee is pleased to present its final annual report for the financial year ending 31 March 2016.

This report is presented in accordance with the requirements of the Public Finance Management Act No. 1 of 1999, as amended and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (King III).

Audit Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from sections 51 (1) (a) (ii) and 77 of the Public Finance Management Act read with Treasury Regulation 27.1.

The Committee also reports that it has adopted appropriate 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.

Committee Meetings

The Nelson Mandela Museum had three Audit and Risk Committees during the period under review. The meeting consisted of the members of the committee whom were appointed by the Museum's Accounting Authority. The attendance is summarised below:

Name	Qualifications	Internal or external	Date appointed	Date Resigned	Number of meetings attended
Mr. K. Buthelezi	ACCA	Chairperson External	1 November 2013	N/A	5/5
Mr. L. Mangquku	Chartered Accountant	Member External	24 June 2014	N/A	3/5
Ms. P Segoati	Chartered Accountant	Member External	25 June 2014	N/A	4/5

Effectiveness of Internal controls

The system of internal controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The system of internal control applied by the Nelson Mandela Museum over financial and risk management is ineffective, inefficient and not transparent.

In accordance with the PFMA and the King III Report on Corporate Governance requirements, internal audit is required to provide the audit committee and management with assurance that the internal controls, governance and risk management processes of the Nelson Mandela Museum are appropriate and effective.

This is achieved by means of the risk management, as well as the identification of corrective actions and suggested enhancements to the internal controls and processes.

Internal audit performed periodic independent evaluations of the adequacy and effectiveness of internal controls, financial reporting, performance information and the integrity of information systems and records.

No	Internal Audit Area	Number of Findings	Report Rating
1	Risk Assessment	39	Significant
2	Performance Information (Q1 &2)	6	Significant
3	Performance Information (Q3)	5	Significant
4	Asset Management	12	Significant
5	Supply Chain Management	20	Critical
6	Follow-up on External Audit Findings	41	Significant
7	Annual Financial Statement review	77	Significant
ADHOC Assignment			
8	Forensic Investigation	N/a	Significant

As at 31 March 2016, 100% of the approved Annual Audit Plan was completed. The implementation rate of internal audit findings was 44% from the follow-up internal audit conducted.

The Committee is satisfied that the internal audit function is operating effectively and that it continues to provide assurance in relation to the risks pertinent to the Museum in its audits.

The committee remains concerned about the slow progress on the implementation of management actions to address audit findings and related risk associated with the Nelson Mandela Museum.

There were significant matters which came to the attention of the Audit Committee to indicate that material breakdown of controls, procedures and systems occurred during the year under review. The following were areas of concerns:

- Inadequate Performance Management and Monitoring;
- Inadequacies noted regarding safeguard of the Museum's assets;
- The Museum has no Policy in place to manage performance information;
- Inadequacies noted in regards to contract management;
- Ineffective Supply Chain Management processes;
- Heritage assets has not been included in the Fixed Asset Management policy;
- Ineffective and inefficient Information Technology Systems/Strategy;
- Non-compliance with laws, regulations, policies and contracts;
- Controls deficiencies are not timely addressed, as evident by the status of follow-up activities and repeat/recurring findings; and

- Recommendations from assurance providers and management action plans are not timeously implemented.

Accordingly, we report that the general system of internal control for the period under review was unfortunately ineffective and inefficient, and that the internal controls are not operating satisfactorily to ensure that the financial records may be relied upon for the preparation of the Annual Financial Statements and that accountability for assets and liabilities is maintained.

In-Year Management and Monthly/Quarterly Report

The public entity has reporting monthly and quarterly to Treasury as is required by the PFMA. The audit committee will monitor the process and procedures designed and implemented to ensure that there is an improvement in the quality, accuracy and reliability of performance information for the forthcoming financial year and achievement of planned targets.

Evaluation of the Financial Statements

The audit committee has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report with the Auditor-General.
- Reviewed the Auditor-General's management report and management's response thereto.
- Reviewed any changes in accounting policies and practices.
- Reviewed the entity's compliance with legal and regulatory provisions.
- Reviewed the information on predetermined objectives to be included in the annual report.
- Reviewed any significant adjustments resulting from the audit.
- Ensured that the quality and timeliness of the financial information availed to the Audit Committee for oversight purposes during the year such as interim financial statements.

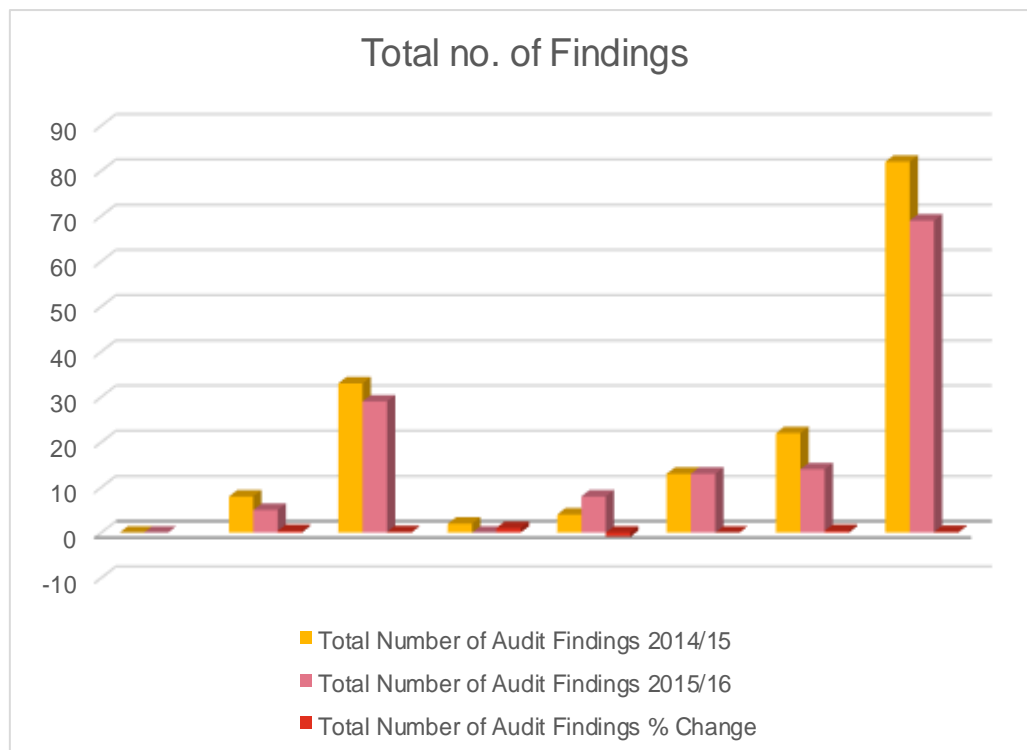
Whilst the audit opinion is a Qualified Audit opinion, the Audit Committee is pleased to note the following improvement in the audit outcome since the previous financial year:

- 38% decline in findings affecting the Auditors Report;
- 16% decline in total number of findings included in the AGSA Management Letter;
- The following issues on the audit report which formed the basis of a disclaimer in the prior year were resolved:
- Heritage Assets.

With the following emphasis of matters;

- Restatement of corresponding figures;
- Underspending of the conditional grants; and
- Irregular expenditure.

Total Number of Audit Findings			
Nature of audit findings	2014/15	2015/16	% Change
	Audit Cycle	Audit Cycle	
Matters affecting the auditor's report	8	5	38%
Other important matters	33	29	12%
Misstatements in the annual performance report	2	0	100%
Non-compliance with legislation	4	7	75%
Misstatements in financial statements	13	15	15%
Internal Control Deficiency	22	14	36%
Total	82	69	16%



Auditor-General of South Africa

We have met with the Auditor-General of South Africa to ensure the resolution of significant issues. We shall continue to engage regarding corrective action to be taken to address the root causes of audit findings.

Remedial Action

The Audit Committee believes that the following 7 interventions are required to address the root causes of audit findings and to turn around the situation at the Museum:

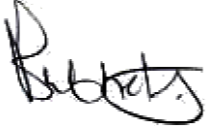
- Extensive implementation of the Fraud Prevention Plan
- Consequence management and holding staff accountable
- Performance and documents Management
- Business Process Mapping and Re-engineering
- ICT Governance and Management
- Monthly management accounts and proper reconciliations
- Skills transfer and capacity building

In addressing the above, Management has compiled an Action Plan which aims to address some aspect of service delivery and financial management in the Museum. It contains a set of items that require urgent attention in the medium term to ensure that the Nelson Mandela Museum improves the quality of its financial information and addresses its people management issues.

Our oversight responsibilities for the forthcoming financial year will include rigorous monitoring of managements adherence to the above mentioned action plan. Should this plan be implemented as intended, we are confident that the Nelson Mandela Museum will be able to reposition itself in order to effectively and efficiently deliver upon its mandate.

Conclusions

We would like to extend our appreciation to the Executive Authority, Accounting Authority, management, and internal and external auditors for their efforts being made to address concerns raised by the audit committee. We look forward to an improved audit outcome in the 2016/2017 financial year.

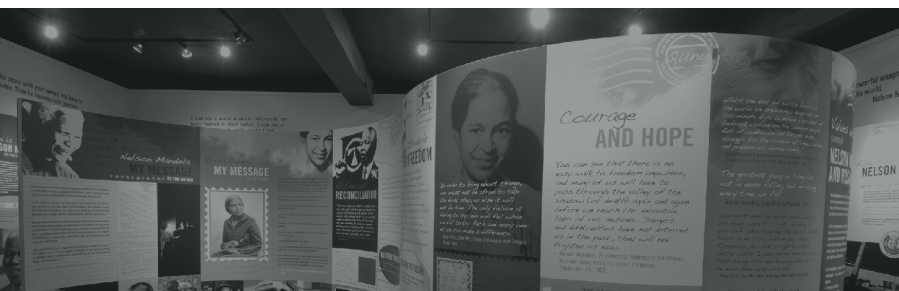


Mr K. Buthelezi
Chairperson: Audit Committee
Date: 31 July 2016



in the footsteps ●●●
an agency of the
Department of Arts and Culture

ANNUAL REPORT | 2016



PART D: HUMAN RESOURCE MANAGEMENT

PART D: HUMAN RESOURCE MANAGEMENT

The Human Resource Unit, which is under the museum Corporate Services Department, is responsible for HR management, Labour relations, recruitment and staff wellness of museum employees. The unit aims to retain staff that is in the museum, through continuous training, develop the skills capacity of all staff and ensure that such trained staff is retained by the museum. It also aims to harmonise relations between staff members and the management and ensures that a healthy working environment is created.

Nelson Mandela Staff Complement

The museum has 24 full staff members in its payroll and 3 temporal staff members. Of the 27 staff members, the 9 managers are all on fixed term contracts, both senior managers and middle management. We hope that this position will change and middle managers contracts will be converted into fulltime permanent employment contracts in the museum restructuring process that is taking place. The tables in this report will show the number of staff members that were sent for training by the museum.

The museum also encourages its staff members to register for diplomas and degrees in fields of their choice that are related to museum work and in line with their responsibilities in the museum. We have a number of staff members that are registered with the University of South Africa for degrees and diplomas. One of these staff members that started with the museum has completed her studies and will be graduating while the other one is nearing the completion of her studies. When they finally receive their degrees, it will indeed be a proud moment for the Nelson Mandela Museum family.

The following table reflects the Skills Development progress:

Staff Skills Development in 2015/2016

Personnel Costs by Programme

Programme	Total Expenditure for the Entity	Personnel Expenditure	Number of Employees	Average personnel costs per employee
Heritage and Conservation	2 948 613.00	1 368 637.08	5	273 727.42
Public Engagement	2 627 659.68	1 693 942.68	9	188 215.85
Corporate Services	17 001 665.24	5 894 897.24	10	589 489.72

Personnel costs by salary band

Level	Personnel Expenditure	% personnel exp. To total personnel cost	Number of Employees	Average Personnel costs per employee
Executive management	3 317 873.00	37.04%	4	829 468.25
Middle Management	2 637 358.44	29.44%	5	527 471.69
Staff	3 002 245.56	33.52%	15	200 149.70
TOTAL	8 957 477.00	100%	24	373 228.21

Performance Rewards

Programme	Performance Rewards	Personnel Expenditure	Number of Employees	% of performance Rewards to total personnel
Executive management	0	0	0	0
Middle Management	0	0	0	0
Staff	0	0	0	0
TOTAL	0	0	0	0

Training costs

Business Unit	Personnel Expenditure	Training Expenditure	Training expenditure as % of personnel costs	Number of employees trained	Average training cost per employee
Heritage and Conservation	1 368 637.08	51 164.71	3.74%	6	8 527.45
Public Engagement	1 693 942.68	19 485.61	1.15%	3	6 495.20
Governance	5 894 897.24	231 237.98	3.92%	10	23 123.80

Employment and Vacancies

Programme	2014/15 Number of Employees	2015/16 Approved posts	2015/16 Number of Employees	2015/16 Vacancies	% of vacancies
Business Development	4	6	5	1	16.67%
Public Engagement	7	9	9	0	0%
Governance	7	13	11	2	15.38%

Programme	2014/15 Number of employees	2015/16 Approved posts	2015/16 Number of Employees	2015/16 Vacancies	% of vacancies
Executive Management	4	4	3	1	25%
Middle Management	5	7	6	1	14.28%
Staff	15	18	17	2	11.11%
TOTAL	24	29	26	4	13.79%

Reasons for vacant post

- (1) Unfunded
- (2) 3 = awaiting restructuring process.

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Executive management	4	0	1	3
Middle Management	5	0	0	5
Staff	15	0	0	15
TOTAL	24	0	1	23

Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	0	0
Resignation	0	0
Dismissal	1	4.17%
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	1	4.17%

Attempts made to retain staff

Qualifying staff of the museum, and as per the museum study policy is encouraged to capacitate themselves through studying and attending training courses, budget allowing. They are also encouraged to see the Nelson Mandela Museum not only as just another employment agency, but also as an institution that seeks to transform the lives of South Africans through the story of Nelson Mandela. In other words, museum staff is encouraged to see themselves as change agents.

Labour Relations: Misconduct and disciplinary action

Ill health	0
Expiry of contract	0
Nature of disciplinary Action	0
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	1

Equity Target and Employment Equity Status

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	4	0	0	0	0	0	0	0
Middle management	3	0	0	0	0	0	0	0
Staff	7	0	0	0	0	0	0	0
TOTAL	14	0	0	0	0	0	0	0

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive management	1	0	0	0	0	0	0	0
Middle management	3	0	0	0	0	0	0	0
Staff	6	0	0	0	0	0	0	0
TOTAL	10	0	0	0	0	0	0	0

Disabled Staff

Level	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Executive management	0	0	0	0
Middle management	0	0	0	0
Staff	1	0	0	0
TOTAL	1	0	0	0

Organisational development

The Nelson Mandela Museum Council adopted a new 5 years strategy. The implementation of the strategy started this financial year, 2015/16. In line with the new strategy, the museum is undergoing a process of restructuring which is aimed at ensuring that the new strategy is supported by an organisational structure that is fit for purpose.

RESIGNATIONS AND TERMINATIONS

In 2015, one member of staff was dismissed.

HUMAN RESOURCES ALIGNMENT

The restructuring process is aimed at aligning the staff of the museum in accordance with the training they have received. The process of restructuring also aims at auditing the qualifications of staff members.

LABOUR RELATIONS MATTERS

The Council suspended the Chief Executive Officer of the museum in June 2014. The case got concluded on the 15th December 2015 resulting in the dismissal of the CEO.

The National Health and Allied Workers Union (NEHAWU) is one of the recognised unions at the Nelson Mandela Museum since the majority of staff are its members. Two staff members were appointed by NEHAWU to represent the interest of their members. It should be mentioned that, the two members are not shop stewards since the membership number of museum staff disqualifies them to elect shop stewards.

DISCIPLINARY CASES

One

CCMA

There was 1 case and the case was dismissed by the CCMA in favour of the employer.

GRIEVANCES

There are no grievances that have been lodged under the reporting year.

PERFORMANCE MANAGEMENT SYSTEM

Performance agreements are in place for all managers and staff and Reviews have been completed for all four quarters. Quarterly reports are submitted by each manager to the relevant council committees to monitor the performance of the Institution's annual targets.

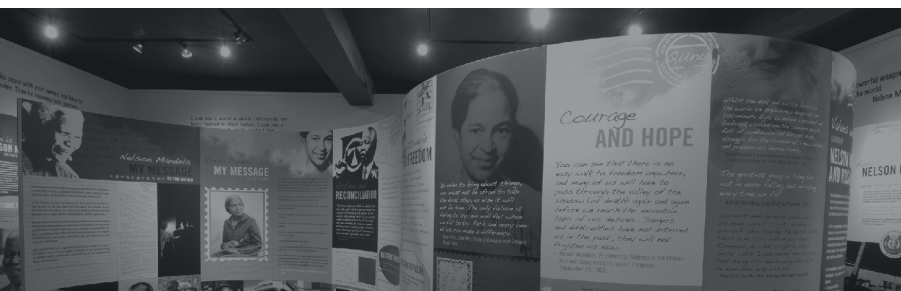
POLICY REVIEW

Most Museum policies have been reviewed through departmental submission in the relevant council committees but others have been referred back to management for corrections after which they will be re-submitted.



in the footprints ●●●
an agency of the
Department of Arts and Culture

ANNUAL REPORT | 2016



PART E: FINANCIAL INFORMATION

GENERAL INFORMATION

Type of Financial Statements	Entity
Controlling Department	Department of Arts & Culture
National/Provincial Entity	National Public Entity
For the Year ended	31 March 2016
Type of Financial Statements	Public Entities Annual Financial Statements
Contact Information:	
Chief Executive Officer:	Ms M. Malapane
Contact Telephone Number	(047) 501 9509
Contact e-mail Address	Mandelamuseum10@intekom.co.za
Chief Financial Officer:	Mr M. Mdludlu
Contact Telephone Number:	(047) 501 9509
Contact e-mail address:	mandelamuseum7@intekom.co.za
Contact at relevant treasury:	Thomas Matjeni
Contact telephone number:	(012) 315 5792
Contact e-mail address:	thomas.matjeni@treasury.gov.za
Auditors:	Auditor General of South Africa
Contact telephone number:	(043) 709 7200
Contact e-mail address:	Sivuyile Ndabambi: sivuyilen@agsa.co.za
Preparer:	Mfuneko W. Mdludlu
Contact telephone number:	(047) 501 9509
Contact e-mail address:	mandelamuseum@intekom.co.za
Internal Auditors:	PricewaterhouseCoopers
Contact telephone number:	(043) 707 9871
Contact e-mail address:	Bulumko.kwetana@za.pwc.com
Museum Bankers:	ABSA Bank Limited Sutherland Street Mthatha
Company Secretariat	GMR Strategic Management Vincent Park East London

Council Members

Chairperson of council	Ms N. Yokwana
Deputy Chairperson	Mr V. Jarana
Chairperson of Finance Committee	Ms A. Vikilahle
Chairperson of Audit and Risk Committee	Mr K. Buthelezi
Chairperson of Content Committee	Mr S. Grootboom
Councillor	Mr V. Booï
Councillor	Mr M. Ditlhake
Councillor	Mr N. Mandela
Councillor	Ms S. Van Zyl

Acronyms

PFMA	Public Finance Management Act
GRAP	General Recognised Accounting Practice
CEO	Chief Executive Officer
CFO	Chief Financial Officer
TR	Treasury Regulations

Museum Council's Report

1. General Information

1.1 The Role of the Council of the Nelson Mandela Museum

In accordance with the provisions of the Public Finance Management Act, Act 1 of 1999, (PFMA) as amended by Act 29 of 1999, and the Treasury Regulations, the Council of the Nelson Mandela Museum, (the Council) is the Accounting Authority. Its role includes the submission to the Executive Authority general information such as Annual Financial Statements and Performance Information by 31 May each year.

2. Statement of responsibility

The Public Finance Management Act (Act 1 of 1999) as amended requires the Council to ensure that the Nelson Mandela Museum keeps full and proper records of its financial affairs. The Annual financial statements should fairly present the state of affairs of the Nelson Mandela Museum, its financial results, its performance against pre-determined objectives and its financial position at the end of the year in terms of the Generally Recognised Accounting Practice (GRAP) and in the manner required by the Companies Act 1973 in South Africa (Act No. 61 of 1973).

The Annual Financial Statements are the responsibility of the Council. The Auditor General is responsible for independently auditing and reporting on the Financial Statements.

The Annual Financial Statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice. These Annual Financial Statements are based on appropriate accounting policies, supported by reasonable and prudent judgments and estimates.

The Council has reviewed the Nelson Mandela Museum's budget and cash flow projections for the year ended 31 March 2016. On the basis of this review, and in view of the current financial position, the Council has every reason to believe that the Nelson Mandela Museum will be a going concern in the period ahead and has continued to adopt the going concern basis in preparing the Financial Statements.

The Council determines, introduces and implements systems of internal control and risk management that are designed to provide reasonable assurance against material misstatements and losses. The entity also maintains these controls to safeguard assets against unauthorised use or disposal, and for the maintenance of proper accounting records and the reliability of the financial information used within the Nelson Mandela Museum.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. The internal audit function is in place and has been functional throughout the year, and nothing has come to the attention of the Nelson Mandela Museum Council to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

3. Financial results

Full details of the financial results are set out on pages 56 to 97 in the Financial Statements.

4. Business Address

Physical Address:
Cnr Nelson Mandela Drive & Owen Street
Bhunga Building, Mthatha. 5099

Postal Address:
PO Box 52808
Mthatha. 5099

In the financial period until 31st March 2016 the Museum is operating at: Qunu Youth and Heritage Centre
Qunu Admin Area
Mthatha

5. Nature of Entity and its Principal Business

The Nelson Mandela Museum which is spread over three sites, namely Mvezo site, Bhunga Building, and Qunu Youth and Heritage Centre is a public entity falling under the National Department of Arts and Culture and was established in accordance with the prescripts of the Cultural Institutions Act, Act No. 119 of 1998 and is one of the Cabinet legacy projects.

Its core business is the conservation of heritage centred on Nelson Mandela, collecting, exhibiting and exercising stewardship over heritage resources linked to Madiba inspires people to learn and share from his legacy, impact on development through education, culture and tourism.

6. Materiality and Significance Framework for 2015/2016

In terms of the Public Finance Management Act, Act No. 1 of 1999 as amended, read with paragraph 28.1.5 of the National Treasury Regulations, the Council has developed and agreed to a framework of acceptable levels of materiality and significance.

7. Opinion and Approval

In the opinion of the Nelson Mandela Museum Council, based on the information available to date, the Annual Financial Statements for the year ended 31 March 2016, set out on pages 56 to 97 fairly present the financial position of the Nelson Mandela Museum at 31 March 2016 and the results of its operations and Cash Flow information for the year then ended, fairly comply with the provisions of the Treasury Regulations and the Public Finance Management Act (Act 1 of 1999, as amended).

The Annual Financial Statements set out on pages 56-97 were approved by the Museum Council on 29th July 2016 and are signed on its behalf by:



Malekgoloane Malapane
Acting Chief Executive Officer
Date: 29 July 2016



Nozuko Yokwana:
Chairperson of Council
Date: 29 July 2016

MANAGEMENT REPORT

1. General review of the state of affairs

The Nelson Mandela Museum is located in the rural part of the Eastern Cape, Mthatha and Qunu. This is on the N2, halfway between Durban and Port Elizabeth, halfway between the Indian Ocean and the Drakensberg Ukhahlamba World Heritage Site. The Museum sites traverse, include and overlook the authentic landscape of Mr. Nelson Mandela's childhood and retirement.

The Museum was opened in February 2000 by former president Nelson Mandela and the then Minister of Arts and Culture, having been established in terms of the Cultural Institutions Act of 1998.

Oversight over the Museum, strategic and policy direction are provided by the Council established by the Minister every three years. The current Council commenced its responsibilities in November 2013.

As an organ of state the Museum delivers its services in alignment with Government objectives. The Museum contributes to social cohesion, patriotism, unity, reconciliation, economic regeneration through tourism and its procurement practices, citizen participation and awareness through outreach, education programs and exhibitions. The Museum programs include: Governance (which deals with administration and Council support), Human Resources, Marketing and Communication, Heritage Resources and Infrastructure Services.

The Nelson Mandela Museum's results for the year ended 31 March 2016 show an increase in reserves from R 7,462,101 to R 9,591,016. This results from a cumulative surplus of R 2,128,913 realised during the year under review.

The Nelson Mandela Museum received most of its funding from the subsidy allocations from the National Government through the Department of Arts and Culture. Total revenue collected by the Nelson Mandela Museum including finance income for the period under review increased by 6,90% from R 23,338,433 to R 24,948,573 compared to same period last year. This increase is attributable to net of an inflationary increase in grant allocation, increase in interest received from investments as well as increase in project expenditure recognized as revenue. The grant from the Department of Arts and Culture accounted for 92,36% of the total revenue while 7.61% is project expenditure recognized as revenue on project implementation with 1.07% realized as our own income generated through rental of conference facilities and charge for accommodation at Qunu Youth and Heritage Centre, and 6.60% as interest from investments, profit on disposal of non-current assets as well as donations.

The operating expenditure for the period under review including finance costs is R 22,819,666 eliciting a decrease of R 1,234,702 from the expenditure recorded in the previous period. The operating expenditure is made up of 39.25% fixed costs of personnel, 18.11% administrative expenses, 8.95% Audit fee, 0.12% finance costs and 33,57% other operating expenses which constitute the core business of the organization with expense categories like exhibition expenses and advertising and promotion forming a major part, and Security expenses as major contributors as well.

The Nelson Mandela Museum is a going concern with a budget of R 22,264,000 for the Year 2016/2017. The Museum will continue to adopt a going concern basis in preparing its annual financial statements in the period ahead as the budget indicates. The institution is still affected by under capacity which results into slower turnaround times in strategic areas as a result of undercapitalization or faulty baseline funding but the Nelson Mandela Museum Council is untiring in its endeavors to address the situation.

While a great deal of work still needs to be done to improve the baseline funding to facilitate meeting targets set in the Museum's strategic plan, the results for the year under review demonstrate progress, and management remains committed to achieving the strategic objectives set by Council.

2. Services rendered by the Nelson Mandela Museum

The core business of the Nelson Mandela Museum is education from and conservation of Heritage Resources centered around Nelson Mandela in context, collecting, exhibiting and exercising stewardship over heritage resources linked to Madiba, inspire people to learn and share from his legacy, impact on development through education, culture and tourism. To achieve this objective the Museum uses guided and unguided tours, public programs (indoor and outdoors), formal outreach like use of popular programmes to reach people and make an impact.

In the course of conducting its business the Museum has identified the sale of memorabilia, books and services like conference venues and accommodation as key income generating mechanisms.

3. Tariffs

Tariffs are charged for rental of conference facilities, supply of sleeping accommodation, hiring out of busses as means of transport, and prices are fixed for the sale of books and golf shirts. These have been determined by benchmarking against the conference facilities rentals charged in this area as well as the consideration of the Museum operating costs. The Nelson Mandela Museum reviews its tariffs on an annual basis as well as when there are supplier price changes.

4. Capacity Constraints

As a result of deficiency in funding occasioned by an anomaly in the original baseline funding, the Nelson Mandela Museum is unable to elicit desired growth in human capital in order to realize its full potential as it is unable to employ the necessary staff required to fulfill its core function activities and supporting functions. However, a couple of posts have been filled during the period under review.

Capacity constraints delayed the institution and completion of a number of projects, and also affected the ability of the Museum in addressing compliance with various pieces of legislation and regulations. However, the Nelson Mandela Museum has a Supply Chain Management Policy in place and has filled the post of a Supply Chain Manager to drive the procurement process.

5. Donation Box

The Nelson Mandela Museum has established a Donations Box but it is temporarily not operating due to Bhunga upgrade which is still in progress.

6. Equipment for Qunu

Although the equipping of the Qunu Youth and Heritage Centre has been substantially done and Qunu Youth and Heritage is operational in conferencing and accommodation arrangements, the equipping exercise is still in process as accommodation and conference facilities need constant improvement.

7. Museum Shop

The Nelson Mandela Museum Memorabilia shop has been temporarily closed due to the upgrading of Bhunga node of the Museum which is in progress until next financial year.

8. Opinion

In the opinion of the Nelson Mandela Museum Management, based on the information available to date, the Annual Financial Statements for the year ended 31 March 2016, set out on pages 56 to 97 fairly present the financial position of the Nelson Mandela Museum at 31 March 2016 and the results of its operations and Cash Flow information for the year then ended, fairly comply with the provisions of the Treasury Regulations and the Public Finance Management Act (Act 1 of 1999, as amended) and were approved by the Museum Management.

9. Conclusion

Over the period of time, the museum is progressively improving its skills base by providing funding to internal staff to study in critical fields. This assisted the museum in improving its capacity to deliver on its mandate. Like all other institutions, there are critical scarce skills required that the museum has been unable to fill, and to attract them, the museum requires the restructuring of its budget to reflect the needs of the institution. This will require aggressive fund-raising methods for programming and other special projects.



Malekgoloane Malapane
Acting Chief Executive Officer

Report of the auditor-general to Parliament on the Nelson Mandela Museum

Report on the financial statements

Introduction

1. I have audited the financial statements of the Nelson Mandela Museum set out on pages 57 to 97, 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 and actual amounts 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 Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal control as the accounting authority determines 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 the 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 qualified audit opinion.

Basis for qualified opinion

Heritage assets

6. The museum did not recognise heritage assets when the cost or fair values of assets can be measured reliably in accordance with GRAP 103, *Heritage assets*. As a result the museum measured its heritage assets at nominal values. As the museum did not maintain adequate records of the description of the assets or group of assets, historical significance and the materials or composition of its heritage assets, I was not able to determine the full extent of the misstatement on the current and corresponding figures disclosed in the financial statements.

Qualified opinion

7. In my opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Nelson Mandela Museum as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of errors discovered during the current financial year in the financial statements of the Nelson Mandela Museum at, and for the year ended, 31 March 2015.

Underspending of the conditional grants

10. As disclosed in note 10 to the financial statements, the museum materially underspent the conditional grant by R19,7 million.

Irregular expenditure

11. Irregular expenditure of R1,6 million that has accumulated over a number of years and has not been recovered, written off or condoned was disclosed in note 30 to the financial statements.

Additional matter

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

Unaudited supplementary schedules

13. Annexures set out on pages 98 to 99 do not form part of the financial statements and are presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion on them.

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report 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

15. 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 museum for the year ended 31 March 2016:

- Programme 1: Improve and maintain heritage development and conservation, on pages 12 to 13
- Programme 2: Improved public profile and access, on pages 13 to 14.

16. 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).

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

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 1: Improve and maintain heritage development and conservation, on pages 12 to 13
- Programme 2: Improved public profile and access, on pages 13 to 14.

Additional matter

19. Although I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

20. Refer to the annual performance report on page(s) 12 to 16 for information on the achievement of the planned targets for the year.

Compliance with legislation

21. I performed procedures to obtain evidence that the museum 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:

Annual financial statements, performance report and annual report

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(a) and (b) of the PFMA.
23. Although the material misstatements of contingent liabilities, revenue and irregular expenditure identified by the auditors in the submitted financial statements were subsequently corrected, the uncorrected material misstatement resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

24. Effective steps were not taken to prevent irregular expenditure, amounting to R25000 as disclosed in note 30 of the AFS, as required by section 38(1)(c)(ii) of the PFMA Act and treasury regulation 9.1.1.

Procurement and contract management

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

Internal control

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

Leadership

27. The leadership did not enforce adequate consequences for poor performance and transgressions of legislation, resulting in a culture where repeat findings have become acceptable.

Financial and performance management

28. The museum did not introduce appropriate mechanisms, processes, procedures and systems of internal controls to ensure that transactions are correctly recorded, classified, reconciled, reported on in accordance with the SA Standards of GRAP. As a result material misstatements were identified during the audit process.
29. Overall, there was a slow response to audit recommendations as evidenced by repeat findings on the financial statements and compliance with legislation.

Governance

30. Management did not enable the internal audit unit to provide adequate assurance as it did not respond adequately to the recommendations made by this unit. As a result the audit committee was also unable to provide the desired level of oversight.

Other reports

31. I draw attention to the following engagements that could potentially have an impact on the museum's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

32. The museum requested an independent consulting firm to conduct an investigation into the allegation of bribery and corruption for the period under review. At the time of this report, the investigation was still in progress.

AUDITOR-GENERAL

East London

29 July 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Notes	Mar-16 R	Mar-15 R
ASSETS			
Non Current Assets		4,600,028	2,800,072
Property, Plant and Equipment	2	4,596,638	2,796,682
Heritage Assets	3	3,390	3,390
Current Assets		27,433,693	27,972,510
Inventory	4	234,418	234,418
Receivables from Exchange Transactions	5	157,797	161,371
Receivables from Non-exchange Transactions	5	67,051	70,551
Cash and Cash Equivalent	7	26,974,427	27,506,170
TOTAL ASSETS		32,033,721	30,772,582
LIABILITIES			
Non- Current Liabilities		19,963,324	21,129,479
Unspent Conditional Grants	10	19,696,532	21,129,479
Finance Lease Liability - Non- Current Portion	11	266,792	-
Current Liabilities		2,479,381	2,181,002
Payables from Exchange Transactions	8	1,800,624	1,525,108
Finance Lease Liability- Current Portion	11	139,108	-
Employee Benefits		539,649	655,894
TOTAL LIABILITIES		22,442,705	23,310,481
NET ASSETS		9,591,016	7,462,101
CAPITAL RESERVES			
Accumulated Surplus/(Deficit)	13	9,591,016	7,462,101
TOTAL NET EQUITY AND LIABILITIES		32,033,721	30,772,582

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2016

REVENUE	Notes	Mar-16	'Mar-15
		R	R
<i>Revenue from Exchange transactions</i>		1,906,004	1,740,440
Other Income	17	267,588	406,215
Profit/Loss on disposal of Non-current Assets	14	31,740	-
Finance Income	23	1,606,676	1,334,225
<i>Revenue from Non-exchange transactions</i>		23,042,575	21,597,993
Transfers and Subsidies	15	23,041,315	21,595,723
Gifts, Sponsorship and donations	16	1,260	2,270
Total revenue		24,948,579	23,338,433
EXPENDITURE			
Administrative Expenses	18	(4,132,305)	(5,560,994)
Staff Costs	19	(8,957,477)	(9,213,338)
Audit Fees	20	(2,041,309)	(1,746,549)
Depreciation	21	(773,290)	(820,661)
Other Operating Expenses	22	(6,888,261)	(6,711,170)
TOTAL EXPENDITURE		(22,792,642)	(24,052,712)
Surplus/(Deficit) from Operations		2,155,937	(714,279)
Finance Costs	24	(27,024)	(1,656)
Surplus/(Deficit)for the Year		2,128,913	(715,935)

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Mar-16	Mar-15
		R	R
Balance at 1 April 2014 as Originally Stated		-	8,174,633
Correction of prior year error	27	-	(184,610)
As Restated in March 2015		7,462,103	7,990,023
Surplus/(Deficit) for the year		2,128,913	(527,936)
Balance as at the end of the year		9,591,016	7,462,103

CASH FLOW STATEMENT**FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Mar-16 R	Mar-15 R
Cash Generated From/(Utilised in) Operations	25	1,596,270	(186,226)
Interest Received		1,606,670	1,334,225
Interest Paid		(27,024)	(1,656)
Net Cash Inflows/Outflows from Operating Activities		3,175,916	1,146,343
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of:			
Property, Plant and Equipment	2	(2,573,771)	(3,962)
Proceeds from Sale of Property, Plant and Equipment	14	32,263	-
Net Cash Flow from Investing Activities		(2,541,508)	(3,962)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in non-current Liabilities			
Conditional Grants		(1,432,947)	264,893
Finance Leases		266,792	-
Net Cash Flow from Financing Activities		(1,166,155)	264,893
Net increase/(decrease) in Cash and Cash equivalent		(531,747)	1,407,274
Cash and Cash equivalents at beginning of the Year		27,506,170	26,098,884
Cash and Cash equivalents end of the year	7	26,974,427	27,506,170

**STATEMENT OF COMPARISON OF BUDGET
AND ACTUAL AMOUNTS**

<i>Statement of financial performance</i>	Actual R	Budgeted R	Variance R	% Variance
Other Income	267,588	976,720	(709,132)	(72.6)%
Transfers and Subsidies	23,041,315	23,041,315	-	0%
Gifts, Sponsorship	1,260	-	1,260	100%
Profit/Loss on Disposal of Non-current Assets	31,740	-	31,740	100%
Finance Income	1,606,670	85,177	1,521,493	1786%
Total revenue	24,948,573	24,103,212	845,361	3.61%
EXPENDITURE				
Administrative Expenses	(4,132,305)	(4,278,271)	145,966	3.41%
Staff Costs	(8,957,477)	(11,086,263)	2,128,786	19.20%
Audit Fees	(2,041,309)	(1,568,315)	(472,994)	-30.16%
Other Operating Expenses	(7,661,551)	(7,201,608)	(459,943)	(6.39)%
TOTAL EXPENDITURE	(22,792,642)	(24,134,457)	1,341,815	5.56%
Surplus/(Deficit) from Operations	2,155,937	(31,245)	2,187,182	7000.1%
Finance Costs	(27,024)	-	(27,024)	-100%
Surplus/(Deficit) for the Year	2,128,913	(31,245)	2,160,158	6713%

Accounting Policies (Continued)

1.1 Reporting Entity

These financial statements are for the Nelson Mandela Museum. The financial statements encompass the reporting entity as specified in the Public Finance Management Act (Act No. 1 of 1999)

1.2 Basis of Preparation

The Annual Financial Statements have been prepared in accordance with Statements in Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act No. 29 of 1999). The Annual Financial Statements have been prepared on an accrual basis of accounting using the going concern assumption and are in accordance with the historical cost basis incorporating the principal accounting policies as set below unless specified otherwise. Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board. Assets, Liabilities, Revenues and expenses have not been offset except where offsetting 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 the accounting policies are explained in the relevant policy. The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

1.3 Presentation Currency

The Financial Statements are presented in South African Rand, which is the functional currency of the entity. Unless stated otherwise, all figures have been rounded off to the nearest Rand.

1.4 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 twelve months.

1.5 Comparative information

When the presentation or classification of items in the Annual Financial is amended, prior period comparative amounts are restated. The nature and the reason for reclassification are disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly.

1.6 Significant Judgments

1.6.1 Receivables from Exchange and Non-Exchange Transactions

The entity assesses its loans and 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 judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the Portfolio and scaled to the estimated loss emergence period.

1.6.2 Allowance for slow moving, damaged and obsolete stock

An Allowance for stock that is older than 5 years and is projected to take more than 5 years to sell is provided for in full. Any stock that is physically identified as damaged is written off when discovered.

Accounting Policies (Continued)

Impairment testing

Management used value in use or fair value less cost to sell to determine the recoverable amount of assets that may have been impaired.

Provisions

Provisions were raised and management determined an estimate based on information available. Additional disclosure of these estimates of provisions are included in note 6- Provisions are measured in the management's best estimate of the expenditure required to settle the obligation at the reporting date.

1.7 Property, Plant and Equipment

Initial recognition and measurement

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

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

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

The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Subsequent measurement

Property, plant and equipment are tangible items that:

- (a) Are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- (b) Are expected to be used during more than one reporting period.

Property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is written off over the useful life of the assets to the residual value using the straight line method.

The useful life of the assets is estimated as follows:

Motor vehicles	5 years
Computer equipment	3 years
Office equipment	6-7 years
Furniture and fittings	6-7 years
Other non-current assets	5 years
Building and structures	10 years

The assets residual value and the useful life are reviewed and adjusted if appropriate, at each financial year end. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation charge for each period is recognized in the profit or loss unless it is included in the carrying amount of another asset. An item of property plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the item is derecognized.

Assets held under a finance lease are depreciated over their expected useful lives on the same basis as owned assets. If there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the assets are depreciated over the shorter of the lease term and its useful life.

Accounting Policies (Continued)

Impairments

The residual value, useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimates in the Statement of Financial Performance.

The entity tests for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of impairment is done at the reporting date. Where the carrying amount of an item of property, plant, and equipment is greater than the estimated recoverable amount (or service amount) it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Subsequent expenditure

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major renovations are capitalized and included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives. The impact on the financial statements is that heritage assets have been valued at a nominal value of R1 and will be subsequently valued at market related rates.

The carrying amount of a Heritage asset is derecognised:

-on disposal

-When no future economic benefits or service potential are expected from its use or disposal.

The Collections on and Gifts to Nelson Mandela are considered to be Heritage Assets (the value of these assets is determined not by the commercial but rather by their historical significance) and therefore are irreplaceable.

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

A transitional period of two years has been given in the form of a moratorium on the application of the provisions of GRAP 103 for two years until end of 2016/17 where disclosure is only required for classification, nature and existence, but the valuation will be subject to the availability of Budget which will be made available in 2017/18.

Assets, liabilities, revenues and expenses have not been offset except where offsetting is required of 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.

Accounting Policies (Continued)

1.8 Financial instruments

Initial recognition

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

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

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

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognized on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

Financial instruments are initially measured at cost (or fair value if significant difference), plus in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of the financial instrument that is initially recognized is normally the transaction price, unless the fair value is evident from the observable market data. The entity uses a discounted cash flow model which incorporates entity – specific variables to determine the fair value of the financial instruments that are not traded in an active market.

Subsequent measurement

Financial assets are categorized according to their nature as either financial assets at fair value through surplus or deficit, held-to-maturity, loans and receivables, or available-for-sale. Financial liabilities are categorized as either at fair value through surplus or deficit or financial liabilities carried at amortised cost.

The classification depends on the purpose for which the entity acquired the financial assets.

Financial assets at fair value through profit or loss

This category has two sub classifications, namely, financial assets held for trading and financial assets designated as at fair value through profit or loss at the inception of the instrument. Derivative instruments are classified as held for trading unless they qualify as designated and hedging instruments.

Payables from Exchange and Non-Exchange Transactions and Other borrowings

Financial liabilities consist of trade payables and borrowings. They are categorized as financial liabilities at amortised cost and are initially recognized at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents

Cash and cash equivalents are classified as financial instruments at fair value through profit or loss. Cash and Cash equivalents consists of cash in the bank and short term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

Financial assets are designated into this category when their accounting treatment in terms of this category results in more relevant information than accounting in terms of another category or it is a contract that contained one or more embedded derivatives.

Accounting Policies (Continued)

1.8 Financial instruments (Continued)

Financial assets at fair value through profit or loss are initially measure at fair value excluding any transaction costs. Subsequently these assets are measured at fair value, with gains and losses recognized in profit or loss. Net gains or losses consist of fair value adjustments and gains and losses on derecognition and they are included in "other income" or "other expenses". Interest and Dividend Income are reported separately from net gains or losses. Interest income, calculated using the effective rate method, is included in "interest income".

Held to maturity and loans and receivables

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date of impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognized.

Financial assets that the company has a positive intention and ability to hold to maturity are classified as held to maturity.

Receivables from exchange Transactions and Non-Exchange Transactions

This category represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. It includes short-term receivables, such as trade and other receivables, and long-term receivables such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit or loss for the period. Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on derecognition. Net gains and losses are included in "other income" or "other expenses".

Short-term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Impairment losses are recognized on loans and receivables when there is objective evidence of impairment. An impairment loss is recognized in profit or loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

Assets that are individually significant are considered separately for impairment. When these assets are impaired, impairment loss is recognized directly against the related asset. Assets that are individually significant and that are not impaired and groups of small balances are considered for impairment on a portfolio basis, based on similar credit risk. Impairment losses are recognized in an "allowance account for credit losses" until the impairment can be identified with an individual asset, and at that point, the allowance is written off against the individual asset.

Financial Instruments carried on the statement of Financial Position include Cash, Bank balances, Call and Notice Deposits, Receivables and Payables and are measured at cost.

Accounting Policies (Continued)

1.9 Foreign currency transactions

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Unrealised differences on monetary assets and liabilities are recognized in profit or loss in the period in which they occur.

1.10 Inventories

Inventories of the entity consists of books which are for sale and also used for donations to Invited participants to certain important museum events.

Inventories are initially measured at cost and subsequently at the lower of cost or net realizable value. Any write-down to net realizable value is recognized in the profit or loss. Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition (based on normal operating capacity). Cost is calculated using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less any costs of completion and disposal.

1.11 Payables from Exchange Transactions

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

1.12 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.

Finance Leases – Lessee

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

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

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

Operating leases – lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset, this liability is not discounted. Any contingent rents are expensed in the period they are incurred.

Accounting Policies (Continued)

1.13 Irregular and Fruitless and Wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of or not in accordance with, a requirement of any applicable legislation. Fruitless and Wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register.

If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law:

The expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.14 Taxation

The Museum is exempt from taxation in terms of section 10(1) (Ca) (i) of the Income Tax Act.

1.15. Transfers and Subsidies/Government grants

An inflow of resources from a non-exchange transaction, e.g grant, other than services in-kind, that meets the definition of an asset shall be recognised as an asset when, and only when:

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

The entity only recognises an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

Grants received without any conditions attached are recognised as revenue when the asset is recognised.

If the entity has satisfied all the present obligations related to the inflow, it recognises an asset in the Statement of Financial Position and corresponding revenue in the Statement of Financial Performance.

If the entity has partially satisfied the present obligations related to the inflow, it recognises an asset and revenue to extent that a liability is not also recognised and a liability in the Statement of Financial Position to the extent that the present obligations have not been satisfied.

Accounting Policies (Continued)

1.16 Provisions

The entity recognizes a provision when it has a present obligation as a result of a past event, and it's probable that the entity will be required to settle the obligation. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect at the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current assessments of the time value of money. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the year. A reliable estimate can be made of the obligation.

1.17 Contingent Liabilities

A contingent Liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or A contingent liability is a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation; or
- an amount of the obligation cannot be measured with sufficient reliability .

Contingent Liabilities are disclosed as part of the disclosure notes to the Annual Financial Statements.

1.18 Employee benefits

Compensation of Employees

Short – term employee benefits include salaries and wages, short-term compensated absences and bonus plans. The entity recognizes a liability and corresponding expense for short-term employee benefits when an employee has rendered services that entitle him or her to the benefits.

Defined Contribution Plan

Payments made to defined contribution plans are recognized as an expense on the accrual basis. The Nelson Mandela Museum operates defined contribution plans called omed Orion Provident Fund administered by Old Mutual and Medical Aid Scheme administered by Bonitas and Liberty Medical Aid Scheme. Once the contributions have been paid, the museum has no further payment obligation. The regular contributions constitute periodic costs for the year in which they are due and such are included in the staff costs.

1.19 Revenue

Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in

Return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must be met before revenue is recognised.

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

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

Accounting Policies (Continued)

Revenue (Continued)

1.19

Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.

When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer.

Interest

Revenue from interest is recognised if it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably. Interest is recognised, in the surplus or deficit, using the effective interest method.

Revenue from Non-Exchange Transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Accounting Policies (Continued)

1.19 Revenue (Continued)

Recognition

An inflow of resources from non exchange transactions recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As the entity satisfies a present obligation recognized as a liability in respect of an inflow of resources from non exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized, and recognizes an amount of revenue equal to that reduction.

Grant Funding

An unconditional grant is recognised in surplus or deficit as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the entity will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

1.20 Budget information

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

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

The approved budget covers the fiscal period 1/04/2015 to 31/03/2016

The Annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the Annual financial statements. Refer to note 21.

1.21 Non-Cash Generating Assets

Non-cash Generating assets are assets other than Cash Generating Assets

Recoverable services amount is the higher of the Non- cash generating asset's value less costs to sell and its value in use.

Impairment of Non-Cash generating Assets

An impairment is a loss in the future economic benefits or service potential of an asset over and above the systematic recognition of the loss of the asset's future economic benefit or service potential through depreciation.

Value in use of a Non-cash generating asset is the present value of the asset's remaining service potential.

A commitment to discontinue or restructure an operation in the near future is an indication of a reversal of an impairment loss of an asset belonging to the operation where such commitment constitutes a significant long term change with favourable effect on the entity in the extent or manner of the use of that asset.

Accounting Policies (Continued)

1.22 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, Public entities may either be related to the Provincial sphere or the National sphere of Government.

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

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

1.23 Accounting Standards and Interpretations that have been issued but are not effective

The Annual Financial Statements have been prepared in accordance with Statements of Generally recognized Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act no 29 of 1999). The Annual Financial Statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The following are the GRAP standards complied with:

- GRAP 1: (as revised in 2010): Presentation of Financial Statements
- GRAP 2: (as revised in 2010): Cash Flow Statement
- GRAP 3: (as revised in 2013): Accounting policies, changes in accounting estimates & errors
- GRAP 4: The Effects of Changes in Foreign Exchange Rates
- GRAP 5: Borrowing Costs
- GRAP 9: (as revised in 2010): Revenue from exchange transactions
- GRAP 12: (as revised in 2010): inventories
- GRAP 13: (as revised in 2010) leases
- GRAP 14: (as revised in 2010): Events after the reporting date
- GRAP 17: (as revised in 2010): Property, Plant & Equipment
- GRAP 19: (as revised in 2010): Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21: Impairment of non –cash generating assets
- GRAP 23: (as revised in 2010): Revenue from non -exchange transactions
- GRAP 24: (as revised in 2010) Presentation of budget information in financial statements
- GRAP 25: Employee Benefits
- GRAP 26: (as revised in 2010): Impairment of cash generating assets
- GRAP 31: Intangible assets
- GRAP 104: Financial instruments

The following are GRAP Standards that are effective and the entity has opted to use the transitional period until 2015 for the full implementation:

- GRAP 20: Related Party Disclosure
- GRAP 103: Heritage assets
- GRAP 106 - Transfer of Functions Between Entities Not Under Common Control
- GRAP 107 Mergers

Other GRAP Standards issued but not yet effective that might affect the entity in future are as follows:

- GRAP 18: Segment Reporting

Management has considered all the above-mentioned GRAP Standards approved but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flow of the Entity.

Accounting Policies (Continued)

1.24 Changes in Accounting Estimates

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly are not corrections of errors.

1.25 Events after 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 the conditions that existed at the Statement of Financial Position date that are indicative of the conditions that arose after the Statement of Financial Position date, are dealt with by way of a note.

1.26 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the legislature will discharge its responsibilities, thereby incurring future expenditure that will result in the outflow of cash.

This is where the expenditure has been approved and the contract has been awarded at the reporting date.

Approval but not yet contracted commitment

This is where the expenditure has been approved and the contract is yet to be awarded or is awaiting finalization at the reporting date.

1.27 Off Setting

Assets, Liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

Notes to the Annual Financial Statements (Continued)

2. Property, Plant and Equipment

	Motor Vehicle	Computer Equipment	Office Equipment	Furniture & Fittings	Capitalised Leased Assets	Other non-Current assets	Building & Structures	TOTAL
	R	R	R	R	R	R	R	R
Opening net carrying amount 01 April 2015	471,020	66,468	137,054	678,311	5	33,956	1,409,868	2,796,682
Gross carrying amount	1,462,313	2,109,820	797,052	3,515,318	579,600	1,300,657	2,024,971	11,789,731
Accumulated depreciation	(991,293)	(2,043,352)	(659,998)	(2,837,007)	(579,595)	(1,266,701)	(615,103)	(8,993,049)
Movements for Period ending 31 March 2016	(3,200)	855,244	(88,960)	(368,470)	392,401	(9,746)	1,022,688	1,799,957
Additions	-	893,378	-	2,049	458,077	-	1,222,316	2,575,820
Disposals	-	(2 520)			(2)	(50)		(2,572)
Depreciation charge	(3,200)	(35,614)	(88,960)	(370,519)	(65,674)	(9,696)	(199,628)	(773,291)

Closing net carrying as at 31 March 2016

Gross carrying amount	467,820	921,711	48,093	309,841	392,407	24,211	2,432,555	4,596,638
Accumulated depreciation	1,462,313	2,961,572	797,052	3,517,367	751,927	1,299,258	3,247,286	14,036,775
	(994,493)	(2,039,861)	(748,959)	(3,207,526)	(359,520)	(1,275,047)	(814,731)	(9,440,137)

Notes To The Annual Financial Statements (Continued)

2. Property, Plant and Equipment

	Motor Vehicles	Computer Equip	Office Equip	Furniture & Fittings	Capitalised Leased Assets	Other non-Current assets	Building & Structures	TOTAL
	R	R	R	R	R	R	R	R
Opening net carrying amount 01 April 2014	474,220	76,944	236,195	1,101,511	38,105	87,096	1,599,309	3,613,380
Gross carrying amount	1,462,313	2,106,958	797,052	3,515,318	579,600	1,299,557	2,024,971	11,785,769
Accumulated depreciation	(988,093)	(2,030,014)	(560,857)	(2,413,807)	(541,495)	(1,212,461)	(425,662)	(8,172,389)
Movements for Period ending 31 March 2015	(3,200)	(10,476)	(99,142)	(423,200)	(38,100)	(53,140)	(189,442)	(816 700)
Additions	-	2,862	-	-	-	1,100	-	3,962
Depreciation charge	(3,200)	(13,338)	(99,142)	(423,200)	(38,100)	(54,240)	(189,442)	(820 662)
Closing net carrying amount 31 March 2015	471,020	66,468	137,054	678,311	5	33,956	1,409,868	2,796,682
Gross carrying amount	1,462,313	2,109,820	797,052	3,515,318	579,600	1,300,657	2,024,971	11,789,731
Accumulated depreciation	(991,293)	(2,043,352)	(659,998)	(2,837,007)	(579,595)	(1,266,701)	(615,103)	(8,993,049)

Pledged as Security

None of Property, plant and equipment have been pledged as security and are therefore not encumbered.

3. Heritage Assets

2016	OPENING BALANCE	ADDITIONS	DISPOSALS	CARRYING AMOUNT
Heritage Assets	3,390	-	-	3,390

2015	OPENING BALANCE	ADDITIONS	DISPOSALS	CARRYING AMOUNT
Heritage Assets	3,390	-	-	3,390

These Heritage Assets are classified as movable objects consisting of insignia, Medals, Coins, Stamps, objects of decorative or Fine Arts, Stationery, Precious metal and weaponry. These are protected, kept unencumbered, cared for and preserved. A transitional period of two years has been given in the form of a moratorium on application of the provisions of GRAP 103 for two years until end of 2016/17

Pledged as Security

None of Heritage Assets have been pledged as security and are therefore not encumbered.

Notes To The Annual Financial Statements (Continued)**4. Inventory**

	Mar'16 R	Mar'15 R
Finished goods(Books)	234,418	234,418
Total	234,418	234,418

Pledged as Security

None of inventory items have been pledged as security and are therefore not encumbered

5. Receivables From Exchange Transactions

Receivables are composed of:

Receivables from Exchange Transactions

Prepayments

Less ; Provision for Doubtful Debts

72,463	76,037
154,584	154,584
(69,250)	(69,250)
157,797	161,371

These figures relate to amounts owed by Customers for using accommodation and conferencing facilities at Qunu and are 90 days and over. A provision for doubtful debts amounting to R 69,250 has been made.

6. Receivables From Non-exchange Transactions

Receivables are composed of:

Staff Loans

67,051

70,551

This consists of an amount owed to the museum by the former CEO (Mr Mpumlwana) for PAYE paid on his behalf towards which he has commenced repayment. The debt is 90 days and over

7. Cash and Cash Equivalent

Cash and balances with banks

Short-term deposit/investments

413,791	406,924
26,560,636	27,099,246
26,974,427	27,506,170

For the purposes of the cash flow statement:

Cash and cash equivalents

26,974,427	27,506,170
26,974,427	27,506,170

8. Payables from Exchange Transactions

Accruals

Total

1,800,624	1,525,108
1,800,624	1,525,108

Notes To The Annual Financial Statements (Continued)

9. Contingent Liabilities

Travelling and Accommodation	320 262	320 262
Legal Fees – CEO Disciplinary Enquiry	<u>2 090 660</u>	<u>3 000 000</u>
	2 410 922	3 320 262

The amount of R 320 262 is the amount of invoices claimed by Swift Travel and Tours with insufficient documentation like Nelson Mandela Museum order forms and various suppliers like SAA documentation to back them up dating as far back as the year 2013. These invoices are currently disputed until supporting documentation is received. In the light of the above argument this possible obligation the existence of which will be confirmed by the occurrence or non-occurrence of an uncertain event which is not wholly within the control of the museum but in this case dependent on Swift Travel and Tours producing the said Documentation

An amount of R 2 090 660 refers to legal fees which have been estimated by the Museum legal representative to possible be payable by the Nelson Mandela Museum to conclude the case the former CEO has brought against the Museum where he is challenging his December 2015 dismissal in the Labour Court

Notes To The Annual Financial Statements (Continued)**10. Unspent Conditional grants****Qunu Fencing Project**

	R	R
Opening balance	179,089	260,733
Add: Amount Received Current year	-	-
Less: Revenue recognised	-	(81,644)
Closing balance	179,089	179,089

Qunu Development Project

Opening Balance	14,640,451	14,640,451
Add: Amount Received Current year	-	-
Less: Revenue Recognised	(2, 534)	-
Closing Balance	14,637,917	14,640,451

Storage of Artefacts Project

Opening Balance	110,139	648,270
Add: Amount Received Current Year	-	-
Less: Revenue Recognised	(110,139)	(538,131)
Closing Balance	-	110,139

Information Communication Technology Project

Opening Balance	4,944,401	5,315,132
Add: Amount Received Current year	-	-
Less: Revenue Recognised	(97,959)	(370,731)
Closing Balance	4,846,442	4,944,401

Installation of Burglar Bars Project

Opening Balance	1,255,399	-
Add: Amount Received Current Year	-	1,255,399
Less: Revenue Recognised	(1,222,315)	-
Closing Balance	33,084	1,255,399

Total Unspent Conditional Grants

Analysis for financial reporting purposes:	19,696,532	21,129,479
Non-Current portion	19,696,532	21,129,479

The Nelson Mandela Museum decided to reclassify the conditional grants from Current liabilities to Non-current liabilities as it became evident that the implementation of the projects will take more than 12 months taking into account the fact that the two major projects i.e Qunu

Notes To The Annual Financial Statements (Continued)

Development and ICT Project are still in the process of procuring Service providers. Again a current portion of the liability cannot be determined with certainty and reliability as the implementation of the projects is still on the project Manager and Service Provider procurement stage.

11. Finance Lease Liability

Mar-16

	Minimum Lease Payments R	Future Finance Charges R	Present Value of Minimum Lease Payments R
Amount payable under finance leases within one year	190,084	50,976	139,108
In the second to third year inclusive	300,966	34,174	266,791
Total finance lease liability	491,049	85,150	405,899

The lease terms is 3 years and the average effective borrowings rate is 14.83%. Interest rates are determined on inception. The Museum entered into a Lease agreement with financing company named Fusion Office Automation for three Printing Machines for a period of 3 years. Ownership will pass to the Nelson Mandela Museum when the lease comes to an end at the end of October 2018.

No arrangements have been entered into for contingent rent.

In the second to fifth year inclusive	-	-	-
After five years	-	-	-
	-	-	-

The lease term is 5 years and the average effective borrowings rate is 12%. Interest rates are determined on inception. The Museum entered into a Lease agreement with financing company named Fintech for two Printing Machines for a period ranging of 5 years. Ownership will pass to the Nelson Mandela Museum when the lease comes to an end at the end of December 2014.

No arrangements have been entered into for contingent rent.

Notes To The Annual Financial Statements (Continued)**12. Operating Lease**

The Museum entered into an operating Lease contract with a financing company named Fintech for two Telephone systems for a period of three years ending end of December 2014 but extended on a month to month basis. The lease is a non-cancellable lease falling due as follows

	Mar- 16	Mar-15
	R	R
Amount payable within one year	83,247	315,332
In the second year to 5 years	-	-
After 5 years	-	-

	Notes	Mar-16	Mar-15
		R	R
13. Accumulated Surplus/(Deficit)			
Balance at 1 April 2014 as Originally Stated		-	8,174,633
Correction of prior year error	27	-	(184,610)
As Restated in March 2015		7,462,103	7,990,023
Surplus/(Deficit) for the year		2,128,913	(527,936)
Balance as at the end of the year		9,591,016	7,462,103

14. Profit/(Loss on Disposal of Non-Current Assets

Proceeds from disposal of Assets	32,263	-
Book Value on Disposal	(523)	-
Total	31,740	-

	Mar-16	Mar-15
	R	R
15. Transfers and subsidies received		
National Departments	21,143,000	20,124,000
Project funds	1,429,179	1,116,988
Municipal Charges	469,136	354,735
Total	23,041,315	21,595,723

16. Gifts, sponsors and donations (Annexure 1 Statement of Gifts, Donations and Sponsorship)

1,260	2,270
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17. Other income

Accommodation and Conferencing Rental	267,588	406,215
Total	267,588	406,215

Notes To The Annual Financial Statements (Continued)**18. Administrative expenses**

	Mar-16	Mar-15
	R	R
Professional fees	345,248	398,968
Interest Paid	1,458	6,187
Stationery and printing	260,816	203,017
Bank charges	65,746	69,288
Cleaning	770,156	687,332
Insurance	234,471	213,379
Electricity and Water	469,136	354,735
Bad Debts	-	69,250
Licenses	216,860	669,317
Recruitment expenses	72,905	65,579
Telephone and postage	934,537	862,497
Training and staff development	266,536	498,953
Subscriptions	27,443	20,837
Legal Fees	451,833	1,431,100
Staff Welfare	15,160	10,555
Total	4,132,305	5,560,994

19. Staff costs

Wages and salaries	8,402,011	8,564,577
Basic salaries	4,629,105	5,302,826
- Temporary staff	14,922	35,200
13th Cheque	301,874	129,975
Executive director's emoluments	3,317,873	2,975,655
Defined contribution plan expense	138,237	120,921
Social contributions (Employer's contributions)	326,716	363,011
- Medical	162,908	150,683
- UIF	81,012	100,698
- SDL	82,796	111,630
Museum Council Honoraria	228,750	285,750
Total	8,957,477	9,213,338

Remuneration of the Chief Executive Officer (B.Nyengule)

Annual Salary	981,393	917,191
13 th Cheque and Incentive Bonus	80,445	74,938

Notes To The Annual Financial Statements (Continued)

Contribution to UIF, Medical and Pension fund

1338

1785

Total

1,063,176

993,914

The CEO left the employment of the museum on the 15th December 2015 and an interim CEO has been employed.

Remuneration of the Acting CEO (N. Solani)

Acting Allowance

67,648

-

Remuneration of the Chief Financial Officer (M. Mdludlu)

Annual Salary

865,236

746,430

13th Cheque and incentive bonus

65,468

60,986

Contribution to UIF, Medical and Pension fund

1,785

1,785

Total

932,489

809,201

19. Staff Costs (continued)

Mar-16

Mar-15

Remuneration of Senior Managers (N. Tetani)

R

R

Annual Salary

468,018

437,400

13th Cheque and Incentive Bonus

-

-

Contribution to UIF, Medical and Pension fund

1,785

1,785

Total

469,803

439,185

Remuneration of Senior Managers (N. Solani)

Annual Salary

723,654

676,313

13th Cheque and incentive bonus

59,318

55,257

Contribution to UIF, Medical and Pension fund

1,785

1,785

Total

784,757

733,355

Notes To The Annual Financial Statements (Continued)**Non- Executive Management/Museum Council**

A. Vikilahle	58,500	51,750
N. Yokwana	32,500	82,500
V. Jarana	11,250	29,000
M. Ditlhake	38,000	36,000
V.Booi	44,000	40,000
P. Grootboom	-	-
N. Mandela	8,000	16,000
S. Van Zyl	-	-
Total	192,250	255,250

P. Grootboom and S. Van Zyl are not paid honoraria for attendance of Museum Business as they are the employees of the State.

19. Staff Costs (continued)

	Mar-16	Mar-15
	R	R
Remuneration of the Audit Committee		
P. Segoati	8,000	4,000
K. Buthelezi	22,500	22,500
L. Mangquku	6,000	4,000
Total	36,500	30,500

20. Audit Fee

Statutory Audit	2,041,309	1,746,549
	2,041,309	1,746,549

21. Depreciation

Depreciation Charge	773,290	820,661
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22. Other operating Expenses

Consultants, Contractors and Special Services	266,046	73,956
Equipment items expensed as per Entity Policy	-	23,044
Other project expenses	13,952	41,898
Maintenance, Repairs and Running costs	594,936	705,931
Property and Buildings	127,769	247,403
Machinery and Equipment	268,936	257,165
Other maintenance repairs and Running costs	198,231	201,363

Notes To The Annual Financial Statements (Continued)

Donations	-	994
Exhibition Costs	1,086,306	1,177,755
Transportation and Storage costs	466,945	538,131
Travel and Subsistence	1,094,773	1,640,224
Advertising and Promotion	914,165	970,623
Stock Loss	-	17,402
Functions and Catering	12,048	111,217
Security	2,087,803	1,193,874
Rentals in respect of operating leases	351,287	216,121
- Plant, machinery and equipment		
Total	<u>6,888,261</u>	<u>6,711,170</u>

Notes To The Annual Financial Statements (Continued)

	Mar-16	Mar-15
23. Finance Income		
Interest on	R	R
Cash and Bank Deposits	1,606,676	1,334,225
Total	1,606,676	1,334,225
24. Finance Costs		
Interest on		
- Finance Leases	27,024	1,656
- Other Interest	-	-
Total	27,024	1,656
25. Cash Generated from (Utilised in) Operations.		
Surplus/(Deficit) for the Year	2,128,913	(715,937)
Net Interest Total	(1,611,386)	(1,332,569)
Interest Received	(1,606,670)	(1,334,225)
Profit/(Loss) on Disposal of Non-current Assets	(31,740)	-
Interest Paid	27,024	1,656
Non-Cash Movements/Working Capital Changes	1,078,743	1,862,279
Depreciation	773,290	820,662
Donations	-	-
Increase/(Decrease) in Debtors	-	-
Increase/(Decrease) in Payables	298,379	828,892
Increase/(Decrease) in Provisions	-	-
(Increase)/Decrease in Receivables	7,074	442,928
(Increase)/Decrease in Inventories	-	(230,203)
Net Cash Flows from Operating Activities	1,596,720	(186,227)

Notes To The Annual Financial Statements (Continued)

	Mar-16 R	Mar-15 R
26. CASH FLOW FROM OPERATING ACTIVITIES(Cont)		
Receipts	23,317,237	22,216,933
Sales from exchange transactions	-	-
National Departments	21,143,000	20 124 000
Project Funds	1,429,179	1,116,988
Municipal Charges	469,136	354,735
Sundry Income	267,588	406,215
Gifts, Sponsorship and Donations	1,260	2,270
Decrease in Receivables	7,074	442,928
Increase in Inventory	-	(230,203)
Payments	(21,720,973)	(22,403,159)
Goods and Services	(13,061,875)	(14,018,713)
Employee Costs	(8,957,477)	(9,213,338)
(Decrease)/Increase in Payables	298,379	828,892
Cash Generated from (Utilised in) Operations	1,596,264	(186,226)
27. Prior Period Errors		
Items Affecting Statement of Financial Performance		
Increase in advertising and Promotion		17 670
Increase in Audit Fees		188 000
Increase in Legal fees		294 146
Increase in Staff Training		35 352
Increase in Electricity and Water		354 735
Increase in Travel and Accommodation		33 501
Increase in Interest Accrued		(1 688)
Increase in Interest Received		(29 426)
Decrease in Advertising and Promotion		(4 863)
Increase in Government Grant		(354 735)
Decrease in Travel and Accommodation		(74 331)
Increase in Accumulated Surplus		(3 390)
Net Decrease in Accumulated Surplus		454 971
Items Affecting Statement of Financial Position		
Increase in Non-Current Assets		3 390
Increase in Accruals		(489 475)
Increase in Cash and Cash equivalents		31 114
Decrease in Net Assets		(454 971)

Notes To The Annual Financial Statements (Continued)

During the year it was discovered that an amount of R 188 000 in Audit fees was outstanding and not paid for the financial year 2011/12. This amount was settled during the year 15/16. On realisation of this error the amount was processed against the Accumulated surplus account and the prior year adjustment was made and recorded.

It was again realised that the Heritage assets were not included in the Annual Financial Statements. On realisation of this error the assets were valued at R1 and included in the statement of Financial position and the amount was processed against the Accumulated surplus account and a prior adjustment was made and recorded.

Again expenditure on Advertising and Promotion, Staff Training, Legal Fees and Travel and Accommodation amounting to R 17 670, R 35 352, R 294 146, and R 33 500 respectively were omitted in the previous year. Expenditure on Advertising, and Travelling and Accommodation amounting to R 4 863.24 and R 74 330.54 respectively were duplicated in prior year's financial statements. Interest Accrued and received on Bank investments amounting to R 1 687 and R29 426 was also omitted in the previous year's financial statements. The previous year's figures were therefore, restated to account for these figures as prior year adjustments.

The National Department of Arts and Culture is managing the payment of Municipal Service charges for its entities and settle them on behalf of the entities. This comes in the form of a grant to the entities which must be recognised as both Revenue and expenditure in the accounting books of the entities. An amount of R 354,735.16 was paid on behalf of the Nelson Mandela Museum for the financial year ended 31 March 2015 but vouchers and particulars of the payment have been supplied only now to the Nelson Mandela Museum. Hence the Prior year adjustment.

Notes To The Annual Financial Statements (Continued)

28. EXPLANATION FOR MATERIAL VARIANCES:

Variances above 5% are deemed material and explanations for material variances have been detailed below.

a. Gifts and Sponsorships

Actual R	Budgeted R	Variance R	% Variance
1,260	-	1,260	100%

When the museum moved from Umtata to Qunu, the donations box was closed and has not been reopened which has resulted in the variance as the donations were not budgeted for but receipts were incidental.

b. Grant Transfers

23,041,315	23,041,315	0	0%
267,588	976,720	709,132	72.6%

Accommodation and Conferencing Rental

The difference in amount collected on accommodation and Conferencing is material due to the drop in occupancy rate as the infrastructure is deteriorating

-

c. Administrative expenses

.The affected accounts are Staff Training and development with

members registering for university education and other attending workshops which was not originally budgeted for; Cell Phone expenditure which with efforts to control it resulted in some contracts prematurely cancelled resulting in upfront payments.

4,132,305	4,278,271	(145,966)	3.8%
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d. Staff Cost

Actual R	Budgeted R	Variance R	% Variance
(8,957,477)	(11,086,263)	2,128,786	19.2%

Notes To The Annual Financial Statements (Continued)

The variance is a result of vacant posts which were budgeted for (i.Researchers and Executive Assistant to CEO etc.) and not filled.

e. Audit Fees

(2,041,309)	(1,568,315)	(472,994)	-30.11%
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This relates to under budgeting as the previous year fees charged were only escalated by 10% on budgeting but the actual charge was simple based on time spent on the job

f. Other Operating Expenses

The main contributors to this variance are Advertising and promotion which has been affected by the several tender advertising; council travel relating meetings which became necessary but not originally planned; exhibition expenses with programs department concentrating on travelling exhibitions while bhunga was taking long to open and security expenses with some posted at Bhunga when the contractor left.

7,665,282	7,201,608	(459,943)	6.39%
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g. Finance Income

Major interest is earned on project fund and a decision was taken to recognize total interest earned immediately whereas on budgeting it was deferred and capitalized on a percentage completion basis/method.

1,606,670	85,177	1,521,493	1786%
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h. Finance Costs

The Finance costs were not budgeted for in the year under review but the museum leased assets which were capitalized to realize finance costs..

(27,024)	-	(27,024)	100%
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i.. Profit on Disposal of Non-current Assets.

During the financial year the museum lost assets through theft and break in Claims were lodged with the museum insurers and amounts were recovered. These assets were then disposed/written off the museum books of accounts and a profit was realized. This was not budgeted for.

31,740	0	31,740	100%
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	Mar-16	Mar-15
	R	R
29. Reconciliation of budget surplus/deficit with the deficit in the Statement of Financial Performance		
Net surplus/(deficit) per Statement of Financial Performance	2,128,907	(715,935)
Adjust for:		
Transfers and Subsidies received	0	(1,471,723)
Gifts, Sponsorships and Donations received	(1,260)	(2,270)
Other Income	709,132	365,913
Administrative expenses	(145,966)	2,250,664
Staff Costs	(2,128,786)	(1,863,702)
Audit Fees	472,994	1,545,309
Other operating expenses	459,943	(285,696)
Finance Income	(1,521,493)	(1,164,821)
Profit/Loss on Disposal of Non-current Assets	(31,740)	-
Finance Costs	27,024	1,656
Net surplus/deficit per approved budget	(31,237)	(1,340,605)

30. Irregular Expenditure

Reconciliation of Irregular Expenditure		
Opening Balance	1,617,461	1,486,022
Irregular Expenditure-Current year	24,639	309,362
Irregular Expenditure-Condoned	-	(177,923)
Total Irregular Expenditure-Awaiting Condonement.	1,642,100	1,617,461

30. Irregular Expenditure (Continued)

Analysis of Current Irregular Expenditure.

Incident	Disciplinary Steps/Criminal Proceedings
A total amount of R 863 448 relating to Non-submission of Tax Clearance Certificate by various Service providers on submission of proposals and quotations for procurement of Goods and Services as prescribed by TR 16A 3.2(a)	An application for condonement Of irregular expenditure will made to the National Treasury. The amount has been disclosed as Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1

A total amount of R 177 923 relating to Advertisement of Tender for less than 21 days relating to a tender awarded to the Internal Audit Service Provider- Rakoma and Associates in accordance with TR 16A 6.3©	An application for Condonement of Irregular expenditure was made to the Accounting Authority and was approved. The amount has been disclosed as Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
A total amount of R 140 651 relating to procurement of Goods and Services from Service Providers without inviting three quotes and with no deviation approval from the Accounting Officer as required by the Supply Chain Management Framework and Practice Note no.8 of 2007/08	An application for Condonement Of Irregular expenditure will be Made to the National Treasury. The amount has been disclosed as Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
A total amount of R 62 929 relating to Non-submission of valid Tax Clearance Certificate and Declaration of Interest forms by Azalea Promotions and Pure Grit, and Big Box Steel Containers on submission of quotations and Invoices for the Procurement of Goods and Services as prescribed by TR16A3.2(a)	An application for Condonement Of Irregular expenditure will be Made to the National Treasury. The amount has been disclosed as Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
A total amount of R 41 898 relating to procurement of Goods and Services from Click Travel and Tours without inviting three quotes and with no deviation approval from the Accounting Officer as required by the Supply Chain Management Framework and Practice Note no.8 of 2007/08	An application for Condonement Of Irregular expenditure will be Made to the National Treasury. The amount has been disclosed as Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
A total amount of R 204 535 relating to procurement of IT Services from Joel Computers without a valid contract as prescribed by Treasury Regulations as the Service Level Agreement had expired.	An application for Condonement Of Irregular expenditure will be made to the National Treasury. The amount has been disclosed As Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
A total amount of R 8,862.92 relating to payments made to Ukhanye Travel, Click and Travel for travelling arrangements and Stuttford Vanlines for transportation of furniture without following Treasury Instructions	An application for Condonement Of Irregular expenditure will be made to the National Treasury. The amount has been disclosed As Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
A total amount of R 15 776.80 was paid to Joel Computers while the contract had expired and before it was renewed or extended in contravention of the Treasury regulations and Instruction notes..	An application for Condonement Of Irregular expenditure will be made to the National Treasury. The amount has been disclosed As Irregular expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1

**31.Fruitless and Wasteful Expenditure:
Reconciliation of Fruitless and Wasteful Expenditure**

	R	R
Opening Balance	24,342	-
Fruitless and Wasteful Expenditure-Current Year	29,755	24,342
Fruitless and Wasteful Expenditure-Condoned	-	-
Total Fruitless and Wasteful Expenditure-Awaiting Condonement	54,097	24,342

Incident	Disciplinary Steps or Criminal Proceedings
The Nelson Mandela Museum prepared a Tax return for the month of May 2014 consisting of PAYE, UIF and SDL for an amount of R 128 993 and submitted the return together with payment made per EFT 3767 dated 20 th May 2014. On the 15 th July 2014 SARS queried an outstanding payment of R121 887.58 with a capital amount of R 97 545.93 claiming it to be for May 2014. Protracted discussions went on until we realised that the amount was accruing penalties and interest on a daily basis and the museum decided to pay the amount in order to arrest the interest charge why discussions are taking place. The calculations therefore yielded an amount of R 24 342 as penalties and interest hence the Fruitless and Wasteful expenditure.	An application for Condonement of Fruitless and Wasteful expenditure will be made to the Accounting Authority. The amount has been disclosed as Fruitless and Wasteful expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
An amount of R 10,714.42 was spent on accommodation and Car hire in non-compliance with Treasury Instructions relating to Cost containment measures	An application for Condonement of Fruitless and Wasteful expenditure will be made to the Accounting Authority. The amount has been disclosed as Fruitless and Wasteful expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1
An Amount of R 19,040.80 paid per EFT nos 5591 and 5602 to the Auditor General for Interest charged on late settlement of Invoices	An application for Condonement of Fruitless and Wasteful expenditure will be made to the Accounting Authority. The amount has been disclosed as Fruitless and Wasteful expenditure in the Annual Financial Statements in accordance with Treasury Regulation no. 9.1.5 and 28.2.1

32.Related Parties

Relationships

Controlling Department

The Nelson Mandela Museum has been established by the South African Government through the Department of Arts and Culture in terms of the Cultural Institutions Act 1998 (Act No. 119 of 1998) and is ultimately controlled by the National Minister of Arts and Culture.

Non-Executive Management

The Nelson Mandela Museum Council is the Governing Accounting Authority of the Institution (see details in note 15)

33. Risk Management

Capital risk management

NMM is solely dependent on the grant from the Department of Art and Culture.

The entity receives a grant from the Department of Art and culture. All accruals and commitments in 2015/2016 are accounted for on the grant received for 2015/2016 financial year, therefore the entity will meet its expected financial commitments.

Ongoing reviews of cash flows are done to ensure that payments and accruals do not exceed grant received.

Interest rate risk

The entity limits its exposure by dealing with well established institutions.

	Less than a year	Between 1 and 2 year R	Between 2 and 5 years R
At 31 March 2016			
Finance Lease	266,791	-	-
Trade & Other Payables	1,800,624	=	=
	=	=	=
At 31 March 2015			
Finance Lease	-	-	-
Trade & Other Payables	<u>1,525,108</u>	=	=
	1,525,108	-	-

Market Risk

The entity's activities expose it primarily to the risks of fluctuations in interest rates.

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

Market risk exposures are measured using sensitive analysis. A sensitive analysis shows how surplus, and/or net assets, would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

The entity's interest risk profile consists of fixed and floating rate bank balances which exposes the entity to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

33. Risk Management (Continued)

Financial Assets

Bank deposits linked to South African prime rate.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates. A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

	Mar-16	Mar-15
Increase/(Decrease) in interest rates	R	R
The estimated increase/(Decrease) in basis points	50	50
Effect on Surplus	50	50

33. Risk Management (continued)**Financial risk management objectives and policies**

The entity's principal financial liability comprises trade and other payables and financial lease liability. The main purpose of these financial liabilities is to raise finance for the entity's operations. The entity has financial asset in the form of cash and short-term deposits, which arise directly from its operations.

Classification of Financial Instruments**Mar-16**

	Short Term Investments	Financial Liability at amortised Cost	Total
Assets	R	R	R
Cash and Cash equivalent	26,974,427	-	26,974,427
Liabilities			
Trade and Other Payables	-	1,800,624	1,800,624
Finance Lease Liability-Current portion	-	139,108	139,108
	26,974,427	1,939,732	28,914,159

Mar-15

	Short Term Investments	Financial Liability at amortised Cost	Total
Assets	R	R	R
Cash and Cash equivalent	27,506,170	-	27,506,170
Liabilities			
Trade and Other Payables	-	1,525,108	1,525,108
	27,506,170	1,525,108	29,031,278

34. Going Concern

The financial statements have been prepared on the going concern basis based on the assumption that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities,

Commitments and obligations will occur in the ordinary course of business in the near future.

There were no events identified after balance sheet date that require adjustments or disclosure in the financial statements.

35. Employee benefit information

Pension Fund

For the period ending 31st March 2016 the monthly contributions towards the provident Fund are minimum of 7.5% of the employee's basic salary, which is calculated as the cost to company and a 7.5% is contributed by the employer. The employee reserves the right to contribute a larger percentage as and when he/she so decides.

The contributions of R 138,237 (31 March 2015: R 120,921) were expensed in the current period.

Accrued leave

Opening Balance	655,893	554,162
Utilised Amount	(139,306)	(14,330)
Additions	23,061	116,062
Closing Balance	539,649	655,894

ANNEXURE 1 Statement of Gifts, Donations and Sponsorship (Unaudited)

			Mar-16	Mar-15
	Name of Donor	Nature of gift donation or sponsor	R	R
In Cash	Kwelera J.S.S	Donation	50	2,270
In Cash	Sandi High School	Donation	550	
In Cash	Lower Malepele	Donation	260	
In Cash	Adel Romans	Donation	100	
In Cash	Natali	Donation	200	
In Cash	Gomomo Asanda	Donation	50	
In Cash	Martin Scheider	Donation	50	
			<hr/>	
Total			1,260	2,270

ANNEXURE 2 Detailed Statement of Financial Performance (Unaudited)

	Mar-16	'Mar-15
REVENUE	R	R
Government grant	21,143,000	20,124,000
Conditional Grant conditions met	1,429,179	1,116,988
Municipal Charges	469,136	354,735
Donations received	1,260	2,270
Sundry Income	267,588	406,215
Profit/Loss on Disposal of Non-current Assets	31,740	-
Finance Income	1,606,676	1,334,225
	24,948,579	23,338,433
LESS: EXPENDITURE		
Administrative Expenses	3,922,736	4,897,249
Bank Charges	65,746	69,288
Bad Debts	-	69,250
Cell Phones	726,548	638,563
Cleaning	770,156	687,332
Courier Charges	16,112	27,971
Insurance	234,471	213,379
Electricity and Water	469,135	354,735
Legal Fees	451,833	1,431,100
Insurance and Licences	7,292	5,572
Interest Paid	1,458	6,187
Printing and Stationery	260,816	203,017
Professional fees	345,248	398,968
Post box rental	420	339
Recruitment expenses	72,905	65,579
Staff Training and welfare	281,696	509,508
Subscriptions	27,443	20,837
Telephone & Fax	191,457	195,624

Annexure 2 Detailed Statement of Financial Performance (unaudited)

	Mar-16	Mar-15
	R	R
Staff Costs	8,728,727	8,927,588
Casual Labour	14,922	35,200
Salaries and Wages	8,248,852	8,408,456
UIF	81,012	100,698
Skills Development Levy	82,796	111,630
Pension	138,237	120,921
Medical Aid	162,908	150,683
Council Honorarium	228,750	285,750
Audit Fees	2,041,309	1,746,549
Statutory Audit	2,041,309	1,746,549
Other Operating Expenses	7,871,119	8,195,578
Museum Advertising and Promotion	914,165	970,623
Computer Expenses	216,860	669,317
Consulting Fees	266,046	73,956
Depreciation	773,290	820,661
Council Travel and Accommodation	537,921	671,149
Donations	-	994
Exhibition Expenses	1,086,306	1,177,755
Museum Functions and Catering	12,048	111,217
Leasing Charges	351,287	216,121
Fuel and Oil	190,939	195,792
Research and Development	13,952	41,898
Repairs and Maintenance	396,705	504,568
Security Expenses	2,087,803	1,193,874
Travel and accommodation-Local	556,852	969,076
Replacement Costs	-	23,044
Transportation and Storage	466,945	538,131
Stock Loss	-	17,402
TOTAL EXPENDITURE	22,792,641	24,052,714
Less: Finance Costs	(27,024)	(1,656)
SURPLUS/(DEFICIT) FOR THE YEAR	2,128,913	(715,937)



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