

ANNUAL REPORT FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016



**NATIONAL
ENGLISH
LITERARY
MUSEUM**

an agency of the
Department of Arts and Culture

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PART A

GENERAL INFORMATION

The five-year journey to a new museum building ...



1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	The National English Literary Museum
PHYSICAL ADDRESS	25A Worcester Street Grahamstown 6139
POSTAL ADDRESS	Private Bag 1019 Grahamstown 6140
TELEPHONE NUMBER/S Eastern Star Gallery Schreiner House	046 622 7042 046 622 2174 048 881 5251
FAX NUMBER	046 622 2582
EMAIL ADDRESS	info@nelm.org.za
WEBSITE ADDRESS	www.nelm.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa
BANKERS	Standard Bank South Africa

2. LIST OF ABBREVIATIONS AND ACRONYMS

AGSA	Auditor-General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAC	Department of Arts and Culture
GBSA	Green Building Council of South Africa
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
NDPW	National Department of Public Works
NELM	National English Literary Museum
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management

3. FOREWORD BY THE CHAIRPERSON

The National English Literary Museum is proud to present its Annual Report for the 2015/2016 financial year.

The Council of NELM enters into a performance agreement, based on the Annual Performance Plan, with the Minister of Arts and Culture. On 2 April 2015 the Chairperson, accompanied by the Director, attended the signing ceremony of the 2015/2016 Shareholder's Compact at Birchwood Conference Centre, Johannesburg.

Council has been closely following the Department of Arts and Culture's progress in developing and revising the Revised White Paper on Arts, Culture and Heritage and the Draft National Museum's Policy and look forward to further engagements with the Minister and the Department on these important developments.

In November 2010 the Department of Arts and Culture indicated their wish to explore widening the scope of the museum to include the literatures of the historically disadvantaged languages of South Africa and their intention to establish a Task Team to deal with this matter. I am happy to report that this process will be put in motion in the 2016/2017 financial year. At the time of writing NELM's new building has reached the stage of practical completion. The Council would like to acknowledge the support of the Department of Arts and Culture and most importantly, the considerable investment that they have made in NELM's future by providing it with a new museum building.

I would like to thank my fellow Council members and the members of the Audit Committee of NELM for their good work and commitment.



MR GCINISIZWE DLANJWA
CHAIR OF COUNCIL

DATE: 22 August 2016

4. DIRECTOR'S OVERVIEW

At the time of writing the new museum that the Department of Arts and Culture built for NELM is practically complete and we have taken occupation of the building and moved all the collections. The next milestone is works completion and although dealing with practical challenges and building faults was frustrating, it was not unexpected.

NELM's new building was the first museum building in South Africa to be assessed by the Green Building Council of South Africa. The design achieved a 5-Star rating and the 'as built' assessment is currently underway.

A few of the features are:

- integration of the building into a park-like setting with outdoor education facilities in the indigenous garden,
- storage facilities below ground with a roof garden to reduce temperature fluctuations,
- rainwater harvesting, and
- heavy massing of materials to assist in maintaining constant interior temperatures.

Staff have been occupied with research for the exhibitions. The permanent exhibition – 'Voices of the land' is about the literary representation of the South African landscape from early colonial times to the present day. Through literary imaginings the landscape is presented as a physical place with its long history of ownership conflicts, and as an aesthetic symbol of cultural identity. The exhibitions are in production and they will be completed in the 2016/2017 financial year.

Over the last few years the Department has increased its capacity in their Corporate Governance Unit and this has been of great benefit to NELM. Staff members in the Unit provide both strategic and operational support to the entities through the Heritage Sector Forum, the CFO's Forum, the CEO's Forum and one-on-one interactions. We thank them for this support.



DEON DE BEER, MANAGING DIRECTOR EASTERN CAPE OF THE CONSTRUCTION COMPANY WBHO, THE DIRECTOR-GENERAL OF THE DEPARTMENT OF PUBLIC WORKS, MR MZIWONKE DLABANTU, AND THE MINISTER MR THEMBELANI NXESI, MP.



MR DALUXOLO MLENZANA AND MS RIANA MEIRING FROM MAKANA MUNICIPALITY WITH CHARL MALAN.



LEARNERS AND TEACHERS FROM HENDRIK KANISE COMBINED SCHOOL WITH BOOKS DONATED TO THEM BY NELM.

The CFO's Forums dealt with a number of pertinent issues, notably the challenges in implementing GRAP 103 – the accounting standard for heritage assets – cost containment measures, infrastructure development plans and audit findings. The Heritage Sector Forum focused on the Draft Policy Framework For National Museums and the director participated in a workshop on the policy in Bloemfontein in August 2015.

Matters taken up by the CEO's Forum include key performance indicators, the National Language Policy, the disparity in remuneration between the entities, the International Relations Policy Framework, Liberation Heritage Route, Minister's 10 point plan and the Revised White Paper on Arts, Culture and Heritage.

Work on the restoration of Schreiner House, NELM's satellite museum in Cradock was completed.

The majority of service delivery indicators presented on pages 12 to 25 were achieved and portfolios of evidence kept for auditing. Staff must be commended for that. We have set ourselves realistic goals for the next two years while we settle into our new facility.

I would like to thank the Council and the Audit Committee for their guidance and support.

MS BEVERLEY THOMAS
DIRECTOR

DATE: 22 August 2016

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The Auditor-General is engaged to express an independent opinion on the performance information and the Annual Financial Statements contained in the Annual Report.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2016.

Yours faithfully



MR CHARL MALAN
CHIEF FINANCIAL OFFICER

DATE: 22 August 2016



MS BEVERLEY THOMAS
DIRECTOR

DATE: 22 August 2016



MR GCINISIZWE DLANJWA
CHAIR OF COUNCIL

DATE: 22 August 2016

6. STRATEGIC OVERVIEW

6.1 Vision

Our vision is to be a leading literary heritage institution, dedicated to the collection, preservation and promotion of South Africa's rich and diverse heritage, in partnership with related institutions.

6.2 Mission

The National English Literary Museum will promote reading, storytelling and research by providing access to its diverse collections, exhibitions and public programmes.

6.3. Values

NELM is committed to the following values:

- Accessibility;
- Service excellence;
- Good governance and accountability;
- Transparency;
- Cultural diversity;
- Community focus;
- Ethical practice;
- Equity and redress of past imbalances;
- Professionalism; and
- Sustainability.

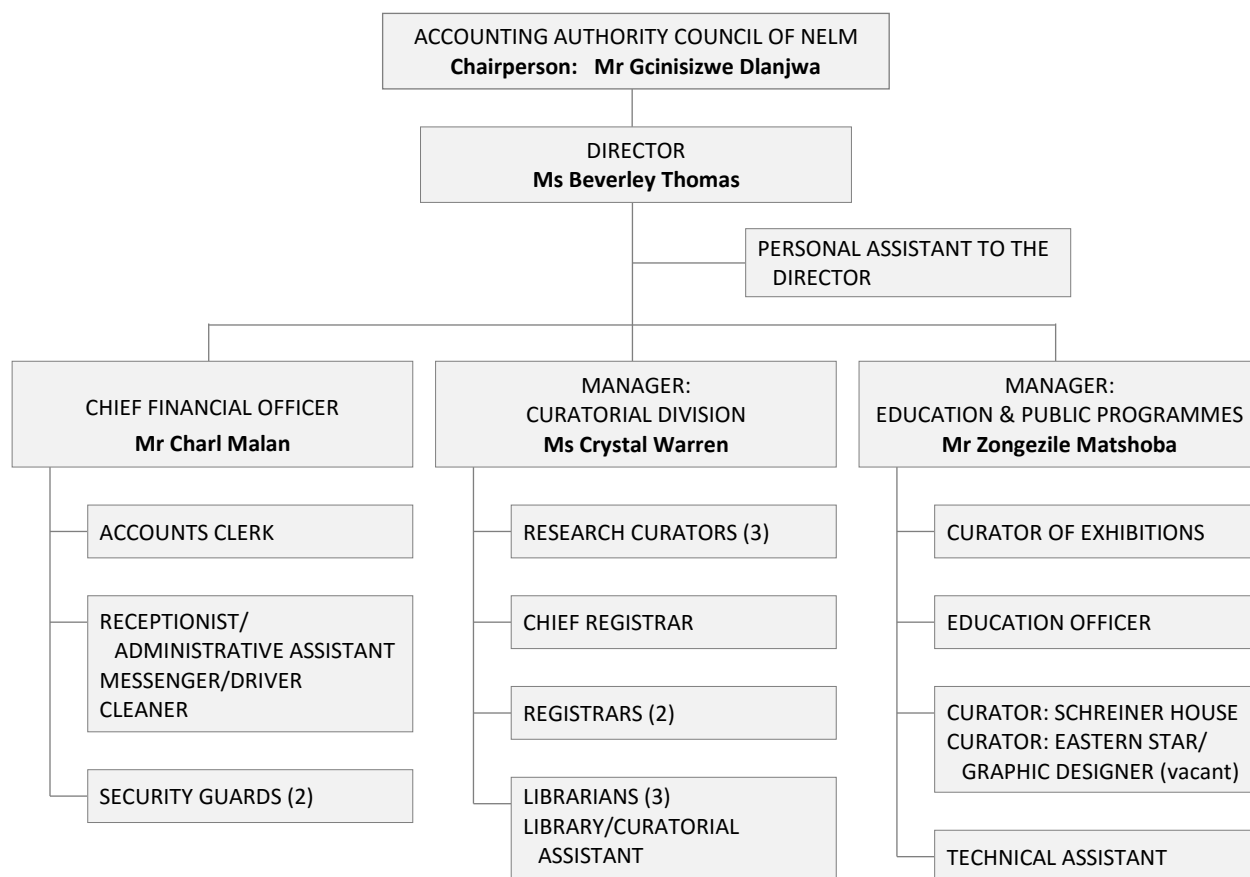
7. LEGISLATIVE AND OTHER MANDATES

NELM is governed by the Cultural Institutions Act, Act No. 119 of 1998, as amended by the Cultural Laws Second Amendment Act, Act No. 69 of 2001, and operates under the jurisdiction of a Council appointed by the Minister of Arts and Culture. NELM is listed as a schedule 3A national public entity in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended by Act No. 29 of 1999.

The operations of NELM are further governed by the following:

- National Heritage Resources Act, Act No. 25 of 1999;
- Public Audit Act, Act No. 25 of 2004;
- White Paper on Arts, Culture and Heritage, 1996.

8. ORGANISATIONAL STRUCTURE (FUNDED POSTS)



PART B

PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings (if any) being reported under the 'Predetermined objectives' heading in the 'Report on other legal and regulatory requirements' section of the Auditor-General's report on pages 44 to 47.

2. SITUATIONAL ANALYSIS

2.1. Service delivery environment

NELM is situated in Grahamstown, a small university city in the Eastern Cape with a population of about 120 000 people, inclusive of the surrounding areas.

NELM competes with the much more visible Albany Museum (a provincial museum) but as a national museum, NELM should deliver services all over the country in both rural and urban environments. NELM's reach in the Eastern Cape is increasing steadily by taking museum education programmes to schools in smaller towns.

Poor Grade 12 results point to the need for support to educators and learners in language skills. NELM's public programmes need to support teaching and learning across a range of subjects and a love of reading should be nurtured from an early age.

Museums contribute to the educational and social needs of communities and to economic development, especially in small towns where they are often the prime tourist attraction. NELM's satellite museum in Cradock, Schreiner House, attracts both domestic and foreign tourists and the curator is active in tourism structures in the town and district. Participation and co-operation in tourism structures is essential and NELM has had more success in Cradock than in Grahamstown.

NELM functions in a scholastic environment and the demand for services by the academic community appears to be fairly consistent, as are services to schools and the community at large.



ACTOR DAVID MULLER PREPARING FOR THE ROLE OF 'OOM SCHALK' DURING THE SCHREINER KAROO WRITERS SCHOOLS FESTIVAL.



SCHREINER HOUSE.



EASTERN STAR GALLERY.

2.2. Key policy developments and legislative changes

There were no key policy developments or legislative changes affecting NELM. However, the Department of Arts and Culture is in the process of revising the 1996 White Paper on Arts, Culture and Heritage and developing a Policy Framework for National Museums.

2.4 Strategic outcome oriented goals

To develop the institution within the framework of sound corporate governance.

Goal statement

NELM will soon be challenged to re-orientate the way it works and the way it serves the public when it relocates to its new, purpose-built facility in 2016. In preparation for this, NELM will need to develop a sound policy framework, implement its organisational structure and build partnerships that will ensure its sustainability well into the future.

To be a pre-eminent source of expertise in South African literary heritage.

Goal statement

NELM collects, documents and researches South African literary heritage and makes it accessible through exhibitions, education programmes and public events. NELM must ensure that it practises the highest level of care in managing its collections and urgently addresses the issue of digitisation. Collaboration with similar literary and heritage institutions will enhance this goal.

To promote the understanding and enjoyment of South African literature.

Goal statement

The richness and diversity of South African literature is an ideal medium for building a national identity and social cohesion. The challenge is to make more people, especially children, aware of this national asset and to encourage reading for pleasure and writing as a means of creative expression.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1 Programme 1 · Administration

Links to national outcomes

Outcome 14 Nation building and social cohesion.

Sub-outcome 1 Fostering Constitutional values.

Programme purpose Administrative and support services.

Business unit	Administrative division.
Strategic goal	To manage the institution within the framework of sound corporate governance.
Strategic objective 1	To ensure compliance in terms of the Cultural Institutions Act, the Public Finance Management Act and applicable National Treasury Regulations, and other legislation.
Key performance area	Governance.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of Council meetings	3	2	4	Partially achieved; full Council meetings held instead of executive and sub-committee meetings.
Number of Executive Committee meetings	1	2	-	
Number of sub-committee meetings	4	5	1	
Number of Audit Committee meetings	5	4	4	Achieved.
Risk assessment and mitigation	New indicator; no comparative data.	Risk assessment undertaken and mitigation action plan developed and implemented.	Risk assessment undertaken and mitigation action plan developed and implemented.	Achieved.
Number of internal audits	2	2	2	Achieved.
Percentage of internal audit matters resolved	New indicator; no comparative data.	100%	100%	Achieved.
Percentage of Auditor-General's findings resolved	New indicator; no comparative data.	100%	100% ¹	Achieved.
Submission of compliance documents	Submission of Quarterly Reports, Annual Financial Statements/Report, Strategic Plan, Annual Performance Plan and other compliance documents.	Submission of Quarterly Reports, Annual Financial Statements/Report, Annual Performance Plan and other compliance documents.	Submission of Quarterly Reports, Annual Financial Statements/Report, Annual Performance Plan and other compliance documents.	Achieved.

The Council of NELM met four times during the year with an average of 75% attendance of members. At each Council meeting the museum's Quarterly Report is tabled, the meetings of the Audit Committee are reported on and supply chain deviations are presented for approval.

Council's chief concern was the lack of response from the Minister of Arts and Culture regarding NELM's mandate and other matters relating to the new building. Thankfully this matter is moving forward in the 2016/17 financial year.

¹ Of findings within the museum's control to resolve.



LAUNCH OF SINDIWE MAGONA'S *CHASING THE TAILS OF MY FATHER'S CATTLE*. LEFT: THE AUTHOR WITH NELM'S DIRECTOR, BEVERLY THOMAS. RIGHT: SIGNING BOOKS WITH NELM'S ZONGEZILE MATSHOBA AND MANGALISO BUZANI BEHIND HER.

The Chairperson, accompanied by the Director, attended the Chairpersons' Forum and the signing of the Shareholder's Compact Ceremony in Pretoria at the beginning of April 2015.

In July the Council held a strategic planning session to give the new Councillors an opportunity to review the Strategic Plan that was finalised just as they took office and to prepare the first draft of the Annual Performance Plan for 2016/2017.

It is unfortunate that NELM's appointment in November 2015 with the Portfolio Committee on Arts and Culture was cancelled as we would have liked to pick up this matter again with them.

Council members attended the Arts Culture and Heritage Sector Indaba on the development of the new White Paper from 26-27 November 2015 and the Chairperson attended the Chairperson's Forum on 3 December 2015.

At the start of the financial year the Council appointed a new Audit Committee. After some difficulty, NELM managed to source the services of an internal auditor at an affordable rate and the internal audit for the period 1 April 2015 to 31 December 2015 was undertaken.

Strategic objective 2 To ensure a safe environment for museum visitors and staff.

Key performance area Health and safety.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Health and safety monitoring	Monthly H&S inspections and meetings; recommendations resolved or implemented.	Monthly H&S inspections and meetings; recommendations resolved or implemented.	Monthly H&S inspections and meetings; recommendations resolved or implemented.	Achieved.

The monitoring of health and safety matters is ongoing and old buildings are a particular challenge. Management is adopted a pragmatic approach as it was the last year that we occupied the premises in Beaufort Street.

Strategic objective 3 To build relationships with organisations with similar aims and objectives to NELM.

Key performance area Partnerships.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of partnered events	New indicator; unverified comparative data.	3	5	Achieved; potential relationships are not suspended after target is achieved.

The Schreiner Karoo Writers Festival was again held in Cradock at the end of July 2015. NELM is now an established partner for the event and most of the talks are held at Schreiner House.

NELM joined the South African Institute for Aquatic Biodiversity (SAIAB) in presenting special programmes for National Science Week at the beginning of August 2015. A formal partnership agreement was initiated by SAIAB and special funding was sourced for the programmes.

A less formal partnered event was 'An Arc to the Future – A Festival of South African Spoken Word' in co-operation with Rhodes University in September 2015. A number of luminaries in the literary world participated in the three-day evening of poetry performances: Keorapetse Kgositsile, Lesego Rampolokeng, Adrian 'Different' van Wyk, Pieter Odendaal, Mak Manaka, Mhlobo Jadezwi, Iain 'Ewok' Robinson and Thabiso 'Afurakan' Mohare.

NELM partnered with Charmza Literary Club to host a poetry workshop on 27 November 2015, bringing together poets from the Free State and the Eastern Cape.

NELM again co-hosted the Puku Children's IsiXhosa Literature Festival in February 2016.

Strategic objective 4 To build the public profile and image of NELM.

Key performance area Marketing and communication.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of popular media items	24	6	22	Achieved; more publicity especially on social media.
Number of promotional exhibitions	7	4	5	Achieved.

Articles about NELM activities appeared in *Die Burger*, *Grocott's Mail* and *The Midland News*. The NELM facebook page continues to be a good way to communicate with those interested in the museum, with over 1 000 'likes' on the page. Promotional exhibitions were displayed at events celebrating International Museum Day, Africa Day and the National Science Week Community Outreach in 2015.

Linking performance with budget

PROGRAMME EXPENDITURE	2014/15	2015/16		
	ACTUAL R'000	ORIGINAL BUDGET R'000	REVISED BUDGET R'000	ACTUAL EXPENDITURE R'000
Administrative division	3,980	3,816	3,726	4,504 ²
Capital expenditure	638	168	365	370
Percentage of budget	46%	41%	41%	45%

Personnel expenditure accounts for 53% of current expenditure in this division. The remainder is spent on transversal services: audit fees, outsourced services like internal audit and IT services, utilities, printing, staff development and board costs. The increase in capital expenditure was for computers and other equipment for the new building.

3.2 Programme 2 · Business development

Links to national outcomes

Outcome 14	Nation building and social cohesion.
Sub-outcome 2	Equal opportunities, inclusion and redress.
Sub-outcome 3	Promoting social cohesion across society through increased interaction across race and class.
Programme purpose	Collections development, preservation, documentation and research.
Business unit	Curatorial division.
Strategic goal	To be a pre-eminent source of expertise in South African literary heritage.
Strategic objective 5	To collect, document and ensure the long-term preservation of literary heritage artefacts.
Key performance area	Collections management.

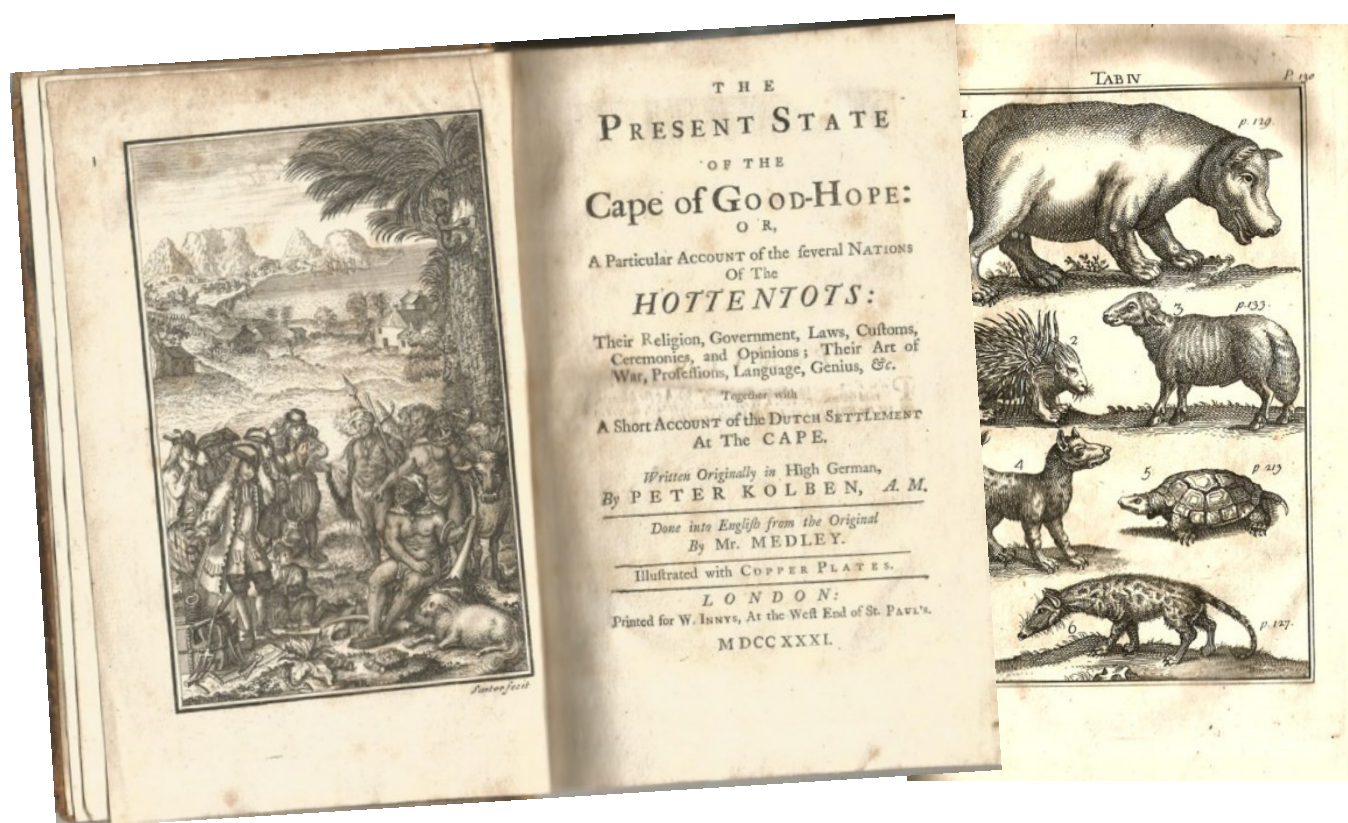
PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
New collections management system	New collections management system introduced and data migrated.	Database linked to website; staff training.	No further development.	Not achieved; Technical issues delaying full implementation; decision not to pursue until move to new building completed because of network and infrastructure changes.
Number of new acquisitions	854	800	802	Achieved.
Number of records created	25 342	4 500	4 653	Achieved.

² Includes non-cash increase in post-retirement medical aid provision.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Assessment, condition reporting and (re)packing of collections	60% of all collection items assessed.	100% of all collection items assessed and prepared/ packed for move to new facility.	76% of all collection items assessed; 20% packed and sealed for move to new facility.	Partially achieved; practical completion of building delayed beyond our control; milestone activities rescheduled.
Number of objects conserved	New indicator; no comparable data.	All collection items to be exhibited assessed and conserved.	All collection items to be exhibited assessed; conservation needs minimal and outsourced.	Partially achieved; practical completion of building delayed beyond our control; milestone activities rescheduled.
Percentage of collection digitised	80% of rare/fragile manuscripts digitised.	All audio-visual material to be used in exhibition digitised.	New collection items to be used in exhibition sourced electronically.	Achieved.

Over 800 new accessions were recorded in the year under review by donation and purchases to the value of R108,715. This included:

- Material relating to renowned poet Patrick Cullinan (1932 - 2011), including photographs, drafts of poems and correspondence. The collection includes original letters from the author Bessie Head, with whom he maintained a lengthy correspondence.



- Material relating to David Philip Publishers that includes scrapbooks, photograph albums, administrative records, correspondence, audio cassette recordings relating to various authors, articles by David and Marie Philip and material on publishing in general.
- Material relating to Robin Malan including manuscripts of his poetry collections, playscripts, manuscripts of English school workbooks and of anthologies, correspondence, teaching notes and materials, material relating to works published by Junkets, biographical material, book reviews and video cassette tapes relating to literature and Shakespeare plays.
- Stories, letters and press clippings relating to Frank Henry Brownlee (1875-1952).
- A Thomas Pringle letter dated 30th March 1829.
- *The Present State of the Cape of Good-Hope* ... written originally in High German by Peter Kolben; done into English from the original by Mr Medley. First published in 1719 this is a very early, and influential, travel account of southern Africa in the early 18th century. This English translation was published in London in 1731 and is now the oldest book in NELM's collection.
- Literary papers from poet Ingrid Andersen, including playscripts, drafts of poems and notebooks.
- Manuscripts of poems and short stories by D.A. Leonard, the pen name of Leonard Lazar.
- Draft manuscript of Judy Croome's new novel *Stranger in the Land*.

New novels by the following established authors were published during the period under review and added to the collection: Justin Cartwright, Finuala Dowling, Jenny Hobbs, Christopher Hope, Lynn Hughes, Sarah Lotz, Sindiwe Magona, Mike Nicol, Henrietta Rose-Innes and Fiona Snyckers.

Established poets with new works added to the collection included Vonani Bila, John Eppel, Nthabiseng JahRose Jafta, Maishe Maponya, James Matthews, Matthews Phosa, Lesego Rampolokeng, Arja Salafranca, Ari Sitas and Wendy Woodward.

A number of debut novels and poetry collections appeared. NELM added the following new authors to the collection: Elisa Galgut, Vangi Gantsho, Genna Gardini, Thabo Jijana, Jacqui L'Ange, Nick Mulgrew, Nkosinathi Sithole, Fred Strydom, Dalena Theron and Nakhane Touré

New books for children included works by Helen Brain, Niki Daly, Shelley Davidow, Dawn Garisch, Charmaine Kendal, Sindiwe Magona, Charmaine Kolwane Mrwebi, Beverley Naidoo, Jenny Robson and Pieter Scholtz.

Strategic objective 6 To contribute to the body of knowledge on South African literary and cultural heritage.

Key performance area Knowledge production.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of research projects	4 research projects active.	8 research projects active.	10 research projects active.	Achieved.
	4 research projects completed.	6 research projects completed.	8 research projects completed.	Achieved.
Number of articles published	4	2	3	Achieved.
Number of conference papers or public lectures presented	4	4	4	Achieved.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of new library resources	150	100	164	Achieved; increased spending due to savings on heritage assets, mostly donations.

Research for the new permanent exhibitions in the new building was completed. The main thread is broadly framed around the concept of identity formation through the portrayal of the landscape in literature. This is reflected both aesthetically and historically (and pre-historically) in the conflict over land and ownership in South Africa. Landscape art reflects a similar tradition and examples are incorporated in the exhibition.

Publications

A.J. Martin and L.V. Grant. 'A Bibliography of Critical and Related Works on Selected Black South African Writers Published in Southern Africa, 2000-2013', special issue of *Journal of the African Literature Association*, 9(1) Spring 2014/Summer 2015: 187-202.

M.P. Stevens. 'Literary Letters', an article on letters, with a focus on the Yvonne Vera collection at NELM, published in *SAMAB* (South African Museums Association Bulletin), 37 2015: 32-40.

C.A. Warren. 'South Africa and Zimbabwe. Bibliography and Introduction', an overview of literature published in 2014, published in *The Journal of Commonwealth Literature*, 50(4) December 2015: 566-598.

Conference papers and public lectures

T.Z. Matshoba. 'NELM through EPP: An Overview', presented at Wordfest during the National Arts Festival, July 2015.

A.J. Martin. 'Thinking Ahead: The Role of the Museum in Preserving Oral Literature', presented at the conference, An Arc to the Future: Preserving and Promoting Orature in the South African Literary Imaginary at Rhodes University, 9-11 September 2015.

At the launch of Sindiwe Magona's *Chasing the Tails of My Father's Cattle* during the Puku Children's IsiXhosa Literature Festival in February 2016, Beverley Thomas introduced the Life and Work of Sindiwe Magona and Crystal Warren interviewed Sindiwe Magona and her biographer, Dianne Shoher.

Linking performance with budget

PROGRAMME EXPENDITURE	2014/15	2015/16		
	ACTUAL R'000	ORIGINAL BUDGET R'000	REVISED BUDGET R'000	ACTUAL EXPENDITURE R'000
Curatorial Division	3,500	3,654	3,643	3,551
Capital expenditure	105	134	160	140
Percentage of budget	36%	39%	38%	34%

Eleven of NELM's 26 permanent staff members are employed in this division, accounting for 95% of its total current expenditure. Capital expenditure is for the acquisition of heritage assets and conservation equipment. Capital expenditure in this division was increased for the purchase of specialist conservation (chilling and freezing) equipment for the new building.



LEFT: AKHONA MAFANI, A GRAHAMSTOWN POET, PERFORMING AT THE CYCLE OF KNOWLEDGE EVENT.
RIGHT: INGRID WINTERBACH READING AT THE LAUNCH OF HER NEW BOOK, *IT MIGHT GET LOUD*.

3.3 Programme 3 · Public engagement

Links to national outcomes

Outcome 14	Nation building and social cohesion.
Sub-outcome 2	Equal opportunities, inclusion and redress.
Sub-outcome 3	Promoting social cohesion across society through increased interaction across race and class.
Outcome 1	Quality basic education.
Sub-outcome 6	Partnerships for a strong education system.
Programme purpose	Exhibitions, educational services and events.
Business unit	Education and public programmes division.
Strategic goal	To promote the understanding and enjoyment of South African literature.
Strategic objective 7	To present engaging exhibitions based on NELM's collections and associated knowledge.
Key performance area	Exhibitions.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of permanent exhibitions installed	1	6 thematic exhibitions in new building.	Design and production in process.	Partially achieved; practical completion of building delayed beyond our control; milestone activities rescheduled.
Number of temporary exhibitions installed	2	-	-	-
Number of travelling exhibitions				
Outgoing	2	4	4	Achieved.
Incoming	-	-	-	

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of visitors to the museum	14 406	2 000	3 241	Achieved; increased interest in new exhibitions.
Number of visitors to travelling exhibitions (off-site)	New indicator; no data.	750	755	Achieved.

NELM exhibited its travelling exhibitions 'The Sustainable Museum' during National Science Week in August 2015, 'Brief History of SA Black Literature' at the Department of Sport, Recreation, Arts and Culture (Eastern Cape) Language and Literature Summit in February and '20 Years of South African Literature' at the Makana Local Library Week Celebration in March 2016.

Strategic objective 8 To present educational and public programmes that promote the discovery, understanding and enjoyment of South African literary and cultural heritage.

Key performance area Education and public programmes.

PERFORMANCE INDICATORS	ACTUAL PERFORMANCE 2014/15	PLANNED TARGET 2015/16	ACTUAL PERFORMANCE 2015/16	COMMENTS ON DEVIATIONS
Number of educational materials developed	8	6	6	Achieved.
Number of educational programmes presented	144	65	180	Achieved; service is not suspended after target is achieved.
Number of participants in education programmes	8 228	2 275	7 194	Achieved; learners are not turned away after target is achieved.
Number of museum events	24	24	23	Achieved.
Number of participants at museum events	1 242	720	1 255	Achieved; higher attendance than anticipated, participants are not turned away after target is achieved.

Educational services

One hundred and eighty educational programmes were presented to learners during the year under review. Most of these programmes focussed on new and our old outreach camp themes. New educational programmes focussed on 'Take-A-Child-To Work', Fireside Biographical Stories, Storytelling: Folktales by Grannies, and the Freedom Charter. Education and Public Programmes staff provided support to the teaching of English literature at disadvantaged schools, specifically the play *Nothing But the Truth* by John Kani. NELM presented special programmes at Scifest in March and a Human Rights Day programme with

Archie Mbolekwa Primary School and Kuyasa Special School. During National Science Week in August 2015 NELM reached over 180 learners with programmes about light and water creatures.

Museum events

The highlights of the year are always International Museum Day and Africa Day, both celebrated in May. NELM hosted the Department of Arts and Culture's Writing Africa programme that included readings by isiXhosa poets affiliated with the Rhodes Creative Writing MA course, and a reading by Nigerian writer Helon Habila.

Other museum events included launches of new publications by Hazel Crampton, Ingrid Winterbach, Kobus Moolman, Nthabiseng JahRose Jafta, Mishka Hoosen, and Sihle Ntuli.

Linking performance with budget

PROGRAMME EXPENDITURE	2014/15	2015/16		
	ACTUAL R'000	ORIGINAL BUDGET R'000	REVISED BUDGET R'000	ACTUAL EXPENDITURE R'000
Education and Public Programmes Division	1,885	1,968	2,155	2,170
Capital expenditure	-	2	-	-
Percentage of budget	18%	20%	21%	20%

Personnel expenditure accounts for 88% of total current expenditure in this division. The nature of the work is service oriented and six of NELM's 26 permanent staff members are employed in this division. The budget was increased to cover the costs of an exhibitions consultant and this was funded by an additional grant requested from the Department of Arts and Culture.



SOME RHODES UNIVERSITY CREATIVE WRITING MA STUDENTS WITH THEIR TEACHER ROBERT BEROLD AT THE LAUNCH OF *TYHINI 2015*. AMONG THEM NELM'S MANAGER OF EDUCATION AND PUBLIC PREOGRAMMES ZONGEZILE MATSHOBA (FAR LEFT).

4. REVENUE COLLECTION

SOURCES OF REVENUE	2014/15			2015/16		
	ESTIMATE R'000	ACTUAL COLLECTED R'000	OVER/(UNDER) COLLECTION R'000	ESTIMATE R'000	ACTUAL COLLECTED R'000	OVER/(UNDER) COLLECTION R'000
Department of Arts and Culture Special allocation: capital works	8,657	8,657	-	9,055	9,055 400	-
Inxuba Yethemba Municipality	132	45	(87)	138	45	(93)
Self-generated income	135	128	(7)	134	305	171
Donations	45	46	1	39	21	(18)
Interest and dividends	128	128	-	100	110	10
TOTAL	9,097	9,004	(93)	9,466	9,536	70

The Department of Arts and Culture subsidy increased by 4.6% on 2014/2015. In addition, an amount of R400,000 was received after the end of the reporting period for the appointment of an exhibitions consultant.

Revenue derived from user charges includes royalties from literary executorships held by NELM. This is not easy to project as it is dependent on demand from publishers. It is unlikely to be repeated in the near future.

The donation from the Babette Taute Trust yielded considerably less in the year under review than in previous years.

The collection of the subsidy on the curator's salary of Schreiner House from Inxuba Yethemba Municipality remains a challenge.

4.1 Capital investment

CAPITAL EXPENDITURE	2014/15			2015/16		
	ESTIMATE R'000	ACTUAL INVESTMENT R'000	OVER/(UNDER) INVESTMENT R'000	ESTIMATE R'000	ACTUAL INVESTMENT R'000	OVER/(UNDER) INVESTMENT R'000
Heritage assets: buildings	415	411	(4)	175	174	(1)
Heritage assets: collections	90	87	(3)	106	109	(3)
Electronic and computer equipment	200	156	(44)	172	156	16
Furniture, fittings, tools and equip	13	13	-	51	50	1
Library resources	18	18	-	22	22	-
TOTAL	736	685	(51)	526	511	

Work on the restoration of Schreiner House, NELM's satellite museum in Cradock, was completed.

Unlike many other museums, NELM has always budgeted for the acquisition of heritage assets and the most costly items are rare books and manuscripts. In the year under review the museum procured, on auction, a copy of *The Present State of the Cape of Good-Hope ...* written originally in High German by Peter Kolben; done into English from the original by Mr Medley. First published in 1719 this is a very early, and influential, travel account of southern Africa in the early 18th century. This English translation was published in London in



NATIONAL SCIENCE WEEK EDUCATIONAL WORKSHOPS PRESENTED BY NELM STAFF MEMBERS BASIL MILLS AND SAM ADAMS.



EXHIBITIONS RESEARCH WAS A COLLABORATIVE PROCESS. LEFT TO RIGHT: THOMAS JEFFERY, BALTHI DU PLESSIS (EXHIBITIONS CONSULTANT), MARIKE BEYERS, BRIAN WILMOT, MEDEE RALL (NELM COUNCIL MEMBER), BEVERLEY THOMAS, AMY GOODENOUGH AND BETH WYRILL.

1731 and is now the oldest book in NELM's collection. NELM was specifically seeking out material like this for the new permanent exhibitions.

Expenditure on electronic and computer equipment remains high as we prepared for, and moved into, our new facility. It is anticipated this this will continue into the 2016/2017 financial year as we set up and optimise all our facilities.

NELM's asset registers are well maintained and special attention is given to the maintenance, safekeeping and backup of data of the heritage asset registers.

PART C

GOVERNANCE



1. INTRODUCTION

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

Parliament, the Executive Authority (the Minister of Arts and Culture) and the Accounting Authority (the Council of NELM) of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEE

NELM was called to the Portfolio Committee on Arts and Culture during the year under review but the appointment was cancelled.

3. EXECUTIVE AUTHORITY

The Cultural Institutions Act places museums under the control of a Council appointed by the Minister of Arts and Culture.

The Annual Report for 2014/2015 was submitted to the Department of Arts and Culture and tabled in Parliament by the Minister on 22 September 2015.

The Chairperson of Council concluded a Shareholder's Compact with the Minister of Arts and Culture for the 2015/2016 financial year on 2 April 2015.

The Council of NELM submitted quarterly reports to the Minister of Arts and Culture in the months following the end of each quarter.

The Annual Performance Plan for 2015/2016 was submitted to the Department of Arts and Culture and tabled in Parliament by the Minister on 9 March 2015.

4. THE ACCOUNTING AUTHORITY

The functions of a Council, as described in the Cultural Institutions Act, are:

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

The Council fosters a culture and set of values and operates within terms of reference that determines the manner in which it NELM governs the museum, i.e. the systems and structures that it uses to define policy, to

provide leadership, to manage, coordinate, and monitor procedures and resources, and to develop long-term strategy and direction for the organisation.

4.1 Composition of the Council

The members of NELM's Council were appointed by the Minister of Arts and Culture for a term of three years with effect from 1 December 2014.

DESIGNATION	NAME	MEETINGS SCHEDULED	MEETINGS ATTENDED
Chair	Mr G. Dlanjwa	4	4
Deputy Chair	Ms S. Nhlabatsi	4	3
Member	Ms E. Dido	4	3
Member	Mr D. Maahlamela	4	3
Member	Ms M. Rall	4	2
Member	Dr U. Roopnarain	4	2
Member	Ms J. Williams	4	3
Director (ex officio)	Ms B.A. Thomas	4	4

4.2 Remuneration of Council members

Council members are remunerated at the rate prescribed by National Treasury. Members are entitled to claim for out-of-pocket expenses in attending meetings, e.g. use of private vehicles and airport parking.

NAME	REMUNERATION R	OTHER RE-IMBURSEMENTS R	TOTAL R
Mr G. Dlanjwa	7,080	-	7,080
Ms S. Nhlabatsi	3,840	841	4,681
Ms E. Dido	3,408	-	3,408
Mr D. Maahlamela	3,408	1,460	4,868
Ms M. Rall	3,408	1,010	4,418
Dr U. Roopnarain	2,272	-	2,272
Ms J. Williams	3,408		3,408

5. RISK MANAGEMENT

The Council of NELM approved a Risk Management Policy in 2011. The purpose of this policy is to articulate NELM's risk management philosophy. NELM recognises that risk management is a systematic and formalised process to identify, assess, manage and monitor risks and therefore adopts a comprehensive approach to the management of risk. The Audit Committee serves the dual function of a Risk Management Committee. A risk assessment was undertaken by management, in consultation with the Audit Committee, to prepare the Annual Performance Plan for 2015/2016. A progress report on risk mitigation forms part of the Quarterly Report submitted to the Executive Authority.

6. INTERNAL CONTROL UNIT

NELM does not have an in-house internal control unit.

7. INTERNAL AUDIT AND THE AUDIT COMMITTEE

7.1 Internal audit

The services of a new internal auditor were procured in the year under review. The internal audit activity evaluates and contributes to the improvement of risk management, control and governance systems. The objective is to ensure that:

- risks are appropriately identified and managed;
- significant financial, managerial and operating information is accurate, reliable and timely;
- employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations; and
- resources are acquired economically, used efficiently and adequately protected.

The focus of internal control reviews during the year under review was on human resources and the payroll, banking, supply chain management, audit outcomes and the safekeeping of documents.

The internal audit function at NELM is outsourced.

7.2. Audit and Risk Management Committee

The Audit Committee is an independent committee responsible for oversight of reporting processes and systems of internal control. It also assists the Council of NELM to review risk management processes and the effectiveness of risk management activities.

NAME	DESIGNATION		MEETINGS SCHEDULED	MEETINGS ATTENDED
Ms L. Webber	Chair	External	4	3
Mr H. Harnett	Member	External	4	4
Ms S. Nhlabatsi	Member	Internal NELM Council member	4	3
Ms B.A. Thomas	Member	Internal NELM Director	4	4
Prof. P.S. Walters	Member	External	4	2

7.3 Remuneration of Audit Committee members

Members of the Audit Committee are remunerated at the rate prescribed by National Treasury. Members are entitled to claim for out-of-pocket expenses in attending meetings, e.g. use of private vehicles and airport parking.

NAME	REMUNERATION R	OTHER RE-IMBURSEMENTS R	TOTAL R
Ms L. Webber	11,352	-	11,352
Mr H. Harnett	9,184	-	9,184
Ms S. Nhlabatsi	6,888	-	6,888
Prof. P.S. Walters	4,592	-	4,592

8. COMPLIANCE WITH LAWS AND REGULATIONS

NELM's policies are periodically reviewed in terms of compliance. However, a number of compliance measures remain a challenge because of NELM's relatively small size and limited capacity. NELM cannot consider retrenchments in other divisions to resource the administrative division at this time.

9. FRAUD AND CORRUPTION

The Council of NELM approved a Fraud Prevention and Anti-Corruption Strategy, inclusive of policy, control strategies and procedures for investigations, in 2011. The staff of NELM have been made aware of this policy and the Department of Arts and Culture's Anti-Fraud and Corruption Campaign.

Fraud and corruption is a standing item on staff meeting agendas and the toll-free hotline for reporting suspected fraud and corruption is displayed on the staff notice board.

10. MINIMISING CONFLICT OF INTEREST

Council members of NELM are required to declare conflicts of interest at every meeting. All employees are required to disclose to the Council of NELM particulars of any registrable interests.

11. CODE OF CONDUCT

NELM is a member of the International Council of Museums and subscribes to its Code of Ethics.

12. HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

NELM established a Health and Safety Committee in 2010. The Committee meets once a month and undertakes inspections of the premises on a regular basis. Healthy and safety issues are reported to NELM management for action.

The Council of NELM adopted an Environmental Policy in 2011. The primary objective of this policy is to ensure that the museum makes use of resources, from paper to electricity, in a manner that minimises and ultimately eradicates unnecessary waste.

REPORT OF THE AUDIT COMMITTEE OF THE NATIONAL ENGLISH LITERARY MUSEUM

We are pleased to present our report for the financial year ended 31 March 2015.

1. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from sections 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act, Act No. 1 of 1999, and Treasury Regulation 27. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein and its responsibilities relating to risk management.

The Audit Committee held five meetings in the year under review. Details of the Audit Committee's membership, meeting attendance and remuneration can be found on page 30.

2. THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the internal audit work which was based on the risk assessments conducted in the public entity, revealed certain weaknesses, which were then raised with the public entity.

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

- human resource and payroll,
- bank accounts,
- DAC subsidy,
- procurement,
- provision for doubtful debts,
- provision for post-retirement medical benefits,
- audit committee and meetings,
- review of audit outcomes, and
- safekeeping of documents.

3. IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The public entity has submitted quarterly reports to the Executive Authority.

4. EVALUATION OF FINANCIAL STATEMENTS

We have reviewed and discussed the audited Annual Financial Statements included in the Annual Report with the Council – NELM's accounting authority, reviewed changes in accounting policies and practices, and reviewed and endorsed adjustments resulting from the audit.

5. AUDITOR'S REPORT

Except for the two matters below which gave rise to a qualified audit opinion and findings of non-compliance, the Audit Committee concurs and accepts the conclusions of the external auditor on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

6. CONTINGENT LIABILITY: AUDITOR-GENERAL'S FEE

In terms of section 23(6) of the Public Audit Act, Act No. 25 of 2004, NELM should only be liable for an audit fee not exceeding 1% of its total expenditure and the excess must be defrayed from the National Treasury's vote. NELM has paid the 1% every year. It appears that the Auditor-General has not made application to National Treasury to defray the balance of their audit fees. Consequently the outstanding amount on NELM's account with the Office of the Auditor General stood at R2 147 143 (2015: R1 569 024) on 31 March 2016.

The Audit Committee is troubled that the Office of the Auditor-General has resorted to legal proceeding to resolve the matter of NELM's outstanding audit fees. On 17 March 2016 NELM received a summons for an amount in excess of R2 million. NELM is defending this action.

The Auditor-General is of the opinion that NELM should have raised the outstanding amount as a payable, which would have resulted in NELM not being able to present its Annual Financial Statements as a going concern.

NELM has however raised the amount as a contingent liability as the outcome of the legal action cannot be anticipated and what amount, if any, NELM will be obliged to pay.

On 11 March 2016 the Acting Accountant-General issued a directive regarding section 23(6) of the Public Audit Act instructing the Auditor-General that audit fees exceeding 1% of museums' total expenditure must be undertaken on a pro-bono basis.

7. ACCOUNTING FOR HERITAGE ASSETS

The Auditor-General's finding as a result of NELM not valuing its heritage assets highlights one of the issues that the museum profession in South Africa has with the implementation of GRAP 103: section 5.2 of the ICOM Code of Ethics reads: "... when the museum itself may be the beneficiary, appraisal of an object or specimen must be undertaken independently." As it is contrary to the ICOM Code of Ethics, museum professionals are not trained in appraisal and are therefore not competent to do so or to establish a provisional amount. Appraisals must be carried out, at considerable cost, by the private sector. The Chief Financial Officers of the national museums costed the implementation of GRAP 103 and the Department of Arts and Culture were successful in their application to National Treasury for funds for the national museums to implement GRAP 103 and an amount of R2 million has been allocated to NELM for the 2017/2018 financial year to do the valuations.

In 2015/2016 no valuations were sought as it was anticipated that the implementation date would be extended. This was confirmed by Government Gazette Notice 97 of 2016 exempting schedule 3 public entities from initial measurement and subsequent measurement of heritage assets for the 2015/2016 and 2016/2017 financial years. The Auditor-General claimed that this notice had been withdrawn but failed to provide proof thereof and therefore did not take this notice into account during the audit.

8. EXPENDITURE MANAGEMENT

The Audit Committee has noted the issues relating to expenditure management and is satisfied that the management of NELM will put measures in place to prevent a reoccurrence.

9. OTHER MATTERS

The Audit Committee noted that a new Internal Auditor was appointed and that an internal audit for the period 1 April to 31 December 2015 was undertaken in February 2016.

The Audit Committee will review the Auditor-General's Management Report and NELM management's response thereto, and will task internal audit with instituting a process of monitoring the implementation of the Auditor-General's recommendations.



MS LINDSAY WEBBER

CHAIR OF THE AUDIT COMMITTEE

DATE: 22 August 2016

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

NELM's organisational structure was reviewed in 2013, rationalising the management structure and streamlining functional areas.

Museum core functions are labour intensive. Curatorial staff undertake research and care for the museum's collections. Education and Public Programmes is a service-oriented division focusing on exhibitions and education programmes – mainly to school learners. The high percentage of personnel expenditure to total expenditure is therefore not cause for concern.

NELM's core grant from the Department of Arts and Culture increased by 4.6% on the previous year but personnel costs increased by 5.5%. This limits the ability to offer financial performance rewards. NELM does however reward full-time employees for long service and for the completion of degrees and diplomas.

NELM has an ageing workforce; two staff members, 8% of the workforce, retired in the year under review. A concerted effort is made to recruit young people from the designated groups. The academic environment of Grahamstown makes the recruitment of suitably qualified skilled professionals an easy task. The employment of graduate student assistants in the curatorial division provide workplace experience for them and a corps of possible future employees for NELM.

Training expenditure has once again focused on museology and heritage management and the attendance at conferences for professional development. Two staff members completed the First Aid level III course. NELM is assisting three staff members studying archives and records management through Unisa.

In two instances posts were filled on fixed-term contracts against permanent posts: the first instance was where the post could not be filled at that time by someone from the designated groups, the second was a short-term appointment.

The administrative staff at NELM are subject to considerable work pressure as a result of ever-evolving



NELM STAFF JOINED THE GRAHAMSTOWN KNITWITS, LED BY THE HEAD OF RHODES UNIVERSITY'S LIBRARY, UJALA SATGOOR, IN KNITTING '67 BLANKETS FOR NELSON MANDELA DAY'. FROM LEFT: BEVERLEY THOMAS, CRYSTAL WARREN, PETRO NHLAPO, LYNNE GRANT, DEBBIE LANDMAN, BETH WYRILL, MARISS STEVENS AND UJALA SATGOOR.

compliance measures; NELM has neither a human resources section nor a supply chain section, both of which require a great deal of expertise to administer. NELM will not consider retrenchments in other divisions to further resource the administrative division at this time.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by programme

PROGRAMME	NUMBER OF EMPLOYEES	TOTAL EXPENDITURE R'000	PERSONNEL EXPENDITURE R'000	PERSONNEL EXPENDITURE AS % OF TOTAL R'000	AVERAGE COST PER EMPLOYEE R'000
Administrative division	10	4,504	2,392	53%	239
Curatorial division	18	3,551	3,391	95%	188
Education and public programmes divis	7	2,170	1,906	88%	272
ALL PROGRAMMES	35	10,225	7,689	75%	220

Personnel cost by salary band

LEVEL	NUMBER OF EMPLOYEES	PERSONNEL EXPENDITURE R'000	% OF PERSONNEL EXPENDITURE R'000	AVERAGE COST PER EMPLOYEE R'000
Top management	1	722	9.4%	722
Senior management	3	1,494	19.4%	498
Professional specialists	1	348	4.5%	348
Skilled professionals	11	3,354	43.6%	305
Professional and administrative support	5	966	12.6%	193
Semi-skilled administrative and technical	4	695	9.0%	174
Contract	1	26	0.3%	26
Casual student assistants	7	47	0.6%	7
Casual relief staff	2	37	0.5%	19
ALL LEVELS	35	7,689	100%	220

Performance rewards

PROGRAMME	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE R'000	PERFORMANCE REWARDS AS % OF PERSONNEL EXPENDITURE R'000
Administrative division	-	2,392	-
Curatorial division	-	3,391	-
Education and public programmes divis	-	1,906	-
ALL PROGRAMMES	-	7,689	-

PROGRAMME	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE R'000	PERFORMANCE REWARDS AS % OF PERSONNEL EXPENDITURE R'000
Top management	-	722	-
Senior management	-	1,494	-
Professional specialists	-	348	-
Skilled professionals	-	3,354	-
Professional and administrative support	-	966	-
Semi-skilled administrative and technical	-	695	-
Contract	-	26	-
Casual student assistants	-	47	-
Casual relief staff	-	37	-
ALL LEVELS	-	7,689	-

Training costs

PROGRAMME	PERSONNEL EXPENDITURE R'000	TRAINING COSTS R'000	NUMBER OF EMPLOYEES TRAINED	TRAINING COSTS AS % OF PERSONNEL EXPENDITURE R'000	AVERAGE TRAINING COST PER EMPLOYEE R'000
Administrative division	2,392	10	3	0.4%	3
Curatorial division	3,391	16	8	0.5%	2
Education and public programmes division	1,906	9	5	0.5%	2
ALL PROGRAMMES	7,689	35	16	0.5%	2

PROGRAMME	PERSONNEL EXPENDITURE R'000	TRAINING COSTS R'000	NUMBER OF EMPLOYEES TRAINED	TRAINING COSTS AS % OF PERSONNEL EXPENDITURE R'000	AVERAGE TRAINING COST PER EMPLOYEE R'000
Top management	722	-	-	-	-
Senior management	1,494	3	2	0.2%	2
Professional specialists	348	-	-	-	-
Skilled professionals	3,354	18	9	0.5%	2
Professional and administrative support	966	7	2	0.7%	4
Semi-skilled administrative and technical	695	7	3	1.0%	2
Contract	26	-	-	-	-
Casual student assistants	47	-	-	-	-
Casual relief staff	37	-	-	-	-
ALL LEVELS	7,689	35	16	0.5%	2

Employment and vacancies

PROGRAMME	2014/2015 APPROVED (FUNDED) POSTS	2014/2015 NUMBER OF EMPLOYEES	2015/2016 APPROVED (FUNDED) POSTS	2015/2016 NUMBER OF EMPLOYEES	2015/2016 NUMBER OF VACANCIES	VACANCY RATE %
Administrative division	10	10	10	10	1	10%
Curatorial division	18	18	18	18	9	50%
Education and public programmes division	7	7	7	7	1	14%
ALL PROGRAMMES	35	35	35	35	11	31%

LEVEL	2014/2015 APPROVED (FUNDED) POSTS	2014/2015 NUMBER OF EMPLOYEES	2015/2016 APPROVED (FUNDED) POSTS	2015/2016 NUMBER OF EMPLOYEES	2015/2016 NUMBER OF VACANCIES	VACANCY RATE %
Top management	1	1	1	1	-	-
Senior management	3	3	3	3	-	-
Professional specialists	1	1	1	1	-	-
Skilled professionals	11	11	11	11	2	18%
Professional and administrative support	5	5	5	5	2	40%
Semi-skilled administrative and technical	5	5	5	5	-	-
Contract	-	-	-	-	-	-
Casual student assistants	7	7	7	7	7	100%
Casual relief staff	2	2	2	2	-	-
ALL LEVELS	35	35	35	35	11	31%

Employment changes

LEVEL	NUMBER OF EMPLOYEES BEGINNING OF PERIOD	APPOINT- MENTS	TERMINAT- IONS	NUMBER OF EMPLOYEES AT END OF PERIOD
Top management	1	-	-	1
Senior management	3	-	-	3
Professional specialists	1	-	-	1
Skilled professionals	11	2	2	11
Professional and administrative support	4	1	1	4
Semi-skilled administrative and technical	5	-	-	5
Contract	1	1	1	1
Casual student assistants	7	7	7	7
Casual relief staff	2	-	-	2
TOTAL	35	11	11	35



COFFEE BREAK IN CRADOCK DURING THE SCHREINER KAROO WRITERS FESTIVAL. FROM LEFT: PETRO NHLAPO, PATRICIA PETERSON, CRYSTAL WARREN, BEVERLEY THOMAS AND ZONGEZILE MATSHOBA.

Reasons for staff leaving

LEVEL	NUMBER	%
Death	-	-
Resignation	1	9%
Dismissal	-	-
Retirement	2	18%
Ill health	-	-
Expiry of contract	8	73%
TOTAL	11	100%

Labour relations: misconduct and disciplinary action

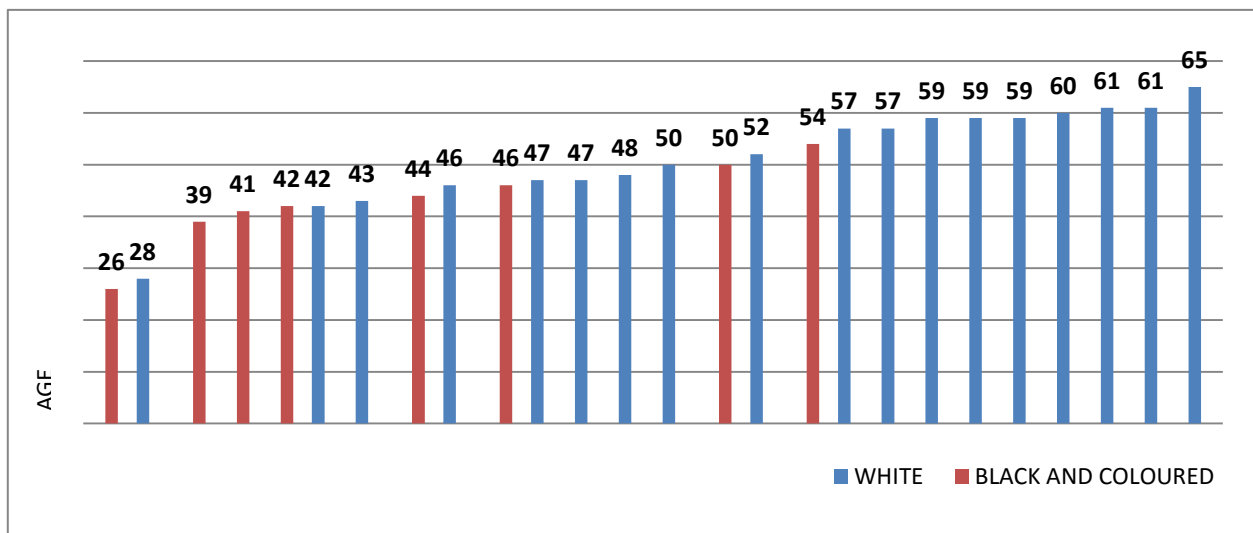
NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	-
Written warning	-
Final written warning	-
Dismissal	-
TOTAL	-

Equity target and employment equity status

LEVEL	MALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-	-	-	-	-	-	-	-
Senior management	1	2	-	-	-	-	1	-
Professional specialists	-	-	-	-	-	-	-	-
Skilled professionals	1	3	-	1	-	-	5	-
Professional and administrative	1	1	-	-	-	-	-	-
Semi-skilled administrative and	2	2	1	2	-	-	1	-
Contract	-	-	-	-	-	-	1	-
Casual student assistants	3	5	-	-	-	-	1	-
Casuals relief staff	1	2	-	-	-	-	1	-
TOTAL	9	15	1	3	-	-	10	-

LEVEL	FEMALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-	1	-	-	-	-	1	-
Senior management	-		-	-	-	-	1	1
Professional specialists	-	1	-	-	-	-	1	-
Skilled professionals	-	6	-	-	-	1	5	-
Professional and administrative	-	1	2	1	-	-	1	1
Semi-skilled administrative and	1	1	-	-	-	-	-	-
Contract	-	-	-	-	-	-	-	-
Casual student assistants	-	2	-	-	-	-	3	1
Casuals relief staff	-	-	-	-	-	-	-	-
TOTAL	1	12	2	1		1	12	3

LEVEL	DISABLED							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-
Professional specialists	-	-	-	-	-	-	-	-
Skilled professionals	-	-	-	-	-	-	-	-
Professional and administrative	-	-	-	-	-	-	-	-
Semi-skilled administrative and	-	-	-	-	-	-	-	-
Contract	-	-	-	-	-	-	-	-
Casual student assistants	-	-	-	-	-	-	-	-
Casuals relief staff	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-



ALTHOUGH NELM HAS A VERY LOW STAFF TURNOVER, POSTS OCCUPIED BY STAFF MEMBERS OVER THE AGE OF 55, ALL OF WHICH ARE WHITE, HAVE BEEN IDENTIFIED FOR IMPROVING NELM'S EMPLOYMENT EQUITY STATUS WHEN THE POST HOLDERS RETIRE. THE TARGETS INDICATED ABOVE THEREFORE REPRESENT A TEN YEAR PLAN.

PART E

FINANCIAL INFORMATION



Report of the auditor-general to parliament on The National English Literary Museum

Report on the financial statements

Introduction

1. I have audited the separate financial statements of the National English Literary Museum set out on pages xx to xx which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements..
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Heritage assets

6. I was unable to obtain sufficient appropriate audit evidence regarding the deemed cost of heritage assets as the museum did not value its heritage assets acquired before 01 April 2012, as required by *GRAP 103: Heritage assets*. I could not confirm the deemed cost by alternative means. Consequently, I was unable to determine the value understatement to heritage assets stated at R3,1 million (2015: R2,8 million) in the financial statements.

Contingent liabilities

7. The museum did not correctly account for contingent liabilities in accordance with *GRAP 19: Provisions, contingent liabilities and contingent assets*. Expenditure that was incurred by the museum was not accrued and included in the statement of financial performance and position, but incorrectly disclosed as a contingent liability. As a result contingent liabilities are overstated by R2,1 million (2015: R1,5 million), trade and other payables are understated by R2,1 million (2015: R1,5 million). In addition expenditure is understated by R0,4 million (2015: R0,2 million) and accumulated surplus is overstated by R0,4million (2015: R0,2 million).

Qualified opinion

8. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the National English Literary 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.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-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

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the museum for the year ended 31 March 2016:
 - Programme 2: Business development on pages x to x
 - Programme 3: Public engagement on pages x to x
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. 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).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information of the selected programmes.
15. The supplementary information set out on pages xx to xx does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

16. I performed procedures to obtain evidence that the museum had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-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 and annual report

17. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 55(1) (a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

Expenditure Management

18. The accounting authority did not take effective steps to prevent irregular as well as fruitless and wasteful expenditure required by section 51(1)(b)(ii) of the PFMA.

Consequence Management

19. Disciplinary steps were not taken against officials who made/permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA and Treasury Regulation 9.1.3.

Internal control

20. 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 annual performance report and the findings on non-compliance with legislation included in this report

Leadership

21. The museum developed a plan to address internal and external audit findings, however this was not adequately implemented which resulted in areas that had been previously identified by external audit forming part of the qualification.

Financial and performance management

22. Management relies on the use of an external service provider for its accounting function within the museum. Although the use of an external service provider is made, management is ultimately responsible for its financial records and should not over rely on these services.

Governance

23. Although the internal audit function and the audit committee carried out their mandate, the public entity still had recurring non-compliance findings and material misstatements in the financial statements.

Auditor - General

East London

29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016



**NATIONAL
ENGLISH
LITERARY
MUSEUM**

an agency of the
Department of Arts and Culture

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STATEMENT OF RESPONSIBILITY FOR FINANCIAL INFORMATION

The Public Finance Management Act, Act No. 1 of 1999, as amended, requires the Council to ensure that NELM keeps full and proper records of its financial affairs. The Annual Financial Statements should fairly present the state of affairs of NELM, its financial results, its performance against predetermined objectives and its financial position at the end of the year.

The Annual Financial Statements are the responsibility of the Council. The Auditor-General of South Africa is responsible for independently auditing and reporting on the financial statements. The Auditor-General of South Africa has audited NELM's financial statements and his report appears on pages 44 to 47.

The financial statements have been prepared in accordance with the prescribed standards of GRAP including any interpretation of such statements issued by the Accounting Standards Board. These Annual Financial Statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Council has reviewed NELM's budgets and cash flow forecasts for the year ended 31 March 2017. On the basis of the review, and in view of the current financial position, the Council has every reason to believe that NELM will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the financial statements.

The Council sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management, where possible, that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The entity maintains internal financial controls to provide assurance regarding the safeguarding of assets against unauthorised use or disposition, and the maintenance of proper accounting records and the reliability of financial information used within NELM or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and the presentation of financial statements. However, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The Council has reviewed NELM's systems of internal control and risk management for the period from 1 April 2015 to 31 March 2016. The Council is of the opinion that NELM's systems of internal control and risk management were effective for the period under review.

In the opinion of the Council, based on the information available to date, the Annual Financial Statements fairly present the financial position of NELM at 31 March 2016 and the results of its operations and cash flow information for the year.

The Annual Financial Statements for the year ended 31 March 2016, set out on pages 49 to 87, were submitted for auditing on 31 May 2016 and approved by the Council in terms of section 51(1)(f) of the Public Finance Management Act, Act No. 1 of 1999, as amended by Act No. 29 of 1999, and are signed on its behalf by:



MR GCINISIZWE DLANJWA
CHAIR OF COUNCIL

DATE: 22 August 2016

ACCOUNTING AUTHORITY'S REPORT FOR THE YEAR ENDED 31 MARCH 2016

Report by the Council to the Executive Authority, the Minister of Arts and Culture, and Parliament of the Republic of South Africa.

1. REVIEW OF OPERATIONS

Total revenue

Total revenue for the year was R9 948 709 (2015: R8 973 262) which is an increase of 10.9 % on the previous year.

In addition to the usual subsidy, an amount of R400 000 was received from the Department of Arts and Culture for the appointment of an exhibitions consultant.

Deficit

A deficit of R167 000 was incurred in the year under review (2015: deficit R264 234). This is a result of a substantial increase in the provision for post-retirement medical benefits.

Cash and cash equivalents decreased by R144 702 from R281 602 in 2015 to R136 900 in the year under review.

At the time of writing NELM had already moved into its new premises and we are all extremely grateful to the Department of Arts and Culture for this remarkable investment in Grahamstown. It was anticipated that NELM would incur increased expenditure on ICT equipment and conservation materials prior to the move and had been nurturing investments for this purpose.

Events subsequent to balance sheet

There are no subsequent events that need to be reported on.

Other major items

Council is deeply troubled that the Office of the Auditor-General has resorted to legal proceeding to resolve the matter of NELM's outstanding audit fees. On 17 March 2016 NELM received a summons for an amount in excess of R2 million. In terms of section 23(6) of the Public Audit Act, Act No. 25 of 2004, NELM should only be liable for an audit fee of 1% of its total expenditure and National Treasury should, on receipt of the relevant invoices from the Office of the Auditor General, settle the balance. NELM is defending the action. NELM has raised the outstanding fees as a contingent liability as the outcome of the legal action cannot be anticipated and what amount, if any, NELM will be obliged to pay.

The amount reflected in the Auditor-General's statements as outstanding at 31 March 2016 is R2 147 143 (2015: R1 569 024).

The Auditor-General has raised two qualifications in their report on pages 44 to 47; the one relates to the above-mentioned contingent liability and the other relates to the valuation of heritage assets.

No valuations for heritage assets were sought as it was anticipated that the implementation date would be extended and this was confirmed by Government Gazette Notice 97 of 2016. The Auditor-General has disregarded this notice.

This is distressing as we consider both matters to be out of the control of the museum. The Report of the Audit Committee on pages 32 to 34 has addressed both these matters in detail.

2. PRINCIPAL ACTIVITIES OF THE MUSEUM

NELM houses a comprehensive collection of resources relating to southern African literature in English. The collection provides material for the preparation of a variety of temporary and travelling exhibitions and is accessible to visiting researchers and scholars on request.

NELM offers curriculum-related educational programmes for learners and opportunities for lifelong learning for adults. The schools' programmes combine literary themes with outdoor environmental education providing an intellectually stimulating, fun and creative learning experience.

NELM's satellite museums, Schreiner House in Cradock and the Eastern Star Gallery in Grahamstown, conserve and present two important aspects of the writing and publishing heritage of South Africa.

3. MATERIALITY AND SIGNIFICANCE FRAMEWORK FOR THE 2015/2016 FINANCIAL YEAR

In terms of the Public Finance Management Act and National Treasury Regulation 28.1.5, the Council of NELM has developed and agreed to a framework of acceptable levels of materiality and significance. See ANNEXURE A.

4. APPROVAL

The Annual Financial Statements set out hereunder have been approved by the Council and are signed on its behalf by:



MR GCINISIZWE DLANJWA
CHAIR OF COUNCIL

DATE: 22 August 2016

NATIONAL ENGLISH LITERARY MUSEUM
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	NOTES	2016 R	2015 R
ASSETS			
Non-current assets		4,858,042	4,476,212
Property, plant and equipment	2	959,798	891,670
Heritage assets	3	3,125,011	2,842,543
Investments	5	773,233	741,999
Current assets		1,471,193	1,254,008
Inventories	4	74,850	74,603
Investments	5	664,324	763,573
Trade and other receivables	6	595,119	134,230
Cash and cash equivalents	7	136,900	281,602
TOTAL ASSETS		6,329,235	5,730,220
NET ASSETS AND LIABILITIES			
Net assets		2,222,873	2,389,873
Accumulated funds		2,222,873	2,389,873
Non-current liabilities		3,826,000	3,190,000
Provision for post-retirement medical benefits	11	3,826,000	3,190,000
Current liabilities		280,362	150,347
Trade and other payables	12	280,362	150,347
TOTAL NET ASSETS		6,329,235	5,730,220

NATIONAL ENGLISH LITERARY MUSEUM**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2016**

	NOTES	2016 R	2015 R
Revenue	8	9,892,689	8,966,597
Other income	9	56,020	6,665
Total revenue		<u>9,948,709</u>	<u>8,973,262</u>
Expenditure	10	<u>(10,225,374)</u>	<u>(9,365,256)</u>
(Loss) from operations		<u>(276,665)</u>	<u>(391,994)</u>
Interest received		109,665	127,760
(DEFICIT) FOR THE YEAR		<u>(167,000)</u>	<u>(264,234)</u>

NATIONAL ENGLISH LITERARY MUSEUM

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

	Accumulated funds R	Total R
Balance at 1 April 2014	2,654,107	2,654,107
Loss for the year	(264,234)	(264,234)
Balance at 31 March 2015	2,389,873	2,389,873
Loss for the year	(167,000)	(167,000)
BALANCE AT 31 MARCH 2016	<u>2,222,873</u>	<u>2,222,873</u>

NATIONAL ENGLISH LITERARY MUSEUM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	NOTES	2016 R	2015 R
Cash flows from operating activities			
Receipts			
Service fees, royalties, sales, donations and salary contribution from IYM		417,841	275,896
State subsidy: Department of Arts and Culture		9,055,000	8,657,000
Payments			
Compensation of employees		(7,701,109)	(7,266,254)
Administration and other expenses		(1,624,303)	(1,668,972)
Cash generated from/(by) operations	13.1	147,429	(2,330)
Interest received		109,665	127,760
Net cash flows from/(to) operating activities		257,094	125,430
Cash flows from investing activities			
Acquisition of property, plant and equipment		(228,134)	(244,929)
Acquisition of heritage assets		(282,468)	(498,041)
Proceeds on property, plant and equipment sold		40,791	-
Movement of investments in securities		68,015	544,529
Net cash flows (to) investing activities	13.2	(401,796)	(198,441)
Net cash (decrease) in cash and cash equivalents		(144,702)	(73,011)
Cash at the beginning of the year		281,602	354,613
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	136,900	281,602

NATIONAL ENGLISH LITERARY MUSEUM

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2016

	Actual 2015 R	Original budget R	Adjustment R	Final approved budget R	Actual amount R	Difference R
Receipts						
Government subsidies	8,792,106	9,209,618	(16,516)	9,193,102	9,100,240	(92,862)
Department of Arts and Culture	8,657,000	9,055,000	-	9,055,000	9,055,000	-
Inxuba Yethemba Municipality	135,106	154,618	(16,516)	138,102	45,240	(92,862)
Self-generated income: user charges	91,973	88,500	142,833	231,333	181,405	(49,928)
Self-generated income: other than user	43,109	45,000	79,000	124,000	123,871	(129)
Donations	46,076	39,000	(18,500)	20,500	20,549	49
Interest and dividends	127,760	100,000	10,000	110,000	109,665	(335)
Transfer from reserves	558,000	260,000	(110,000)	150,000	150,000	-
TOTAL RECEIPTS	9,659,024	9,742,118	86,817	9,828,935	9,685,730	(143,205)
Payments						
Compensation of employees	7,285,739	7,737,554	-	7,737,554	7,681,054	56,500
Salaries and wages	6,158,671	6,532,525	-	6,532,525	6,484,887	47,638
Social contributions	1,127,068	1,205,029	-	1,205,029	1,196,167	8,862
Use of goods and services	1,432,924	1,456,464	230,712	1,521,437	1,380,406	141,031
Advertising and promotions	84,515	32,000	9,500	41,500	41,132	368
Agency and support/outsourced services	137,724	307,000	(173,000)	134,000	133,822	178
Assets less than R500	3,195	3,000	(2,715)	285	475	(190)
Audit costs	96,714	96,000	5,082	101,082	101,082	-
Bank charges	24,893	22,000	4,000	26,000	25,914	86
Board costs	155,768	128,000	82,875	210,875	212,943	(2,068)
Bursaries (employees)	8,907	5,000	7,300	12,300	12,330	(30)
Catering	23,382	14,900	2,100	17,000	16,965	35
Communication	86,620	86,625	545	87,170	80,869	6,301
Computer services	12,821	167,500	(141,500)	26,000	25,998	2
Consultants	165,597	45,500	248,700	294,200	133,227	160,973
Entertainment	2,138	5,000	(4,775)	225	223	2
Inventory	23,414	20,000	14,000	34,000	29,629	4,371
Legal fees	3,707	5,000	(2,500)	2,500	2,577	(77)
Insurance	19,068	20,000	-	20,000	19,160	840
Printing and publication	49,552	60,000	(3,800)	56,200	44,456	11,744
Property payments	35,952	35,000	4,000	39,000	26,410	12,590
Repairs and maintenance to capital asset	73,791	23,000	300	23,300	22,349	951
Training and staff development	23,166	30,000	5,850	35,850	39,424	(3,574)
Travel and subsistence	244,262	185,200	(22,800)	162,400	174,955	(12,555)
Other unclassified expenditure	157,738	165,739	197,550	197,550	236,466	(38,916)

	Actual 2015 R	Original budget R	Adjustment R	Final approved budget R	Actual amount R	Difference R
Transfers and subsidies	121,898	119,600	500	120,100	108,726	11,374
Municipalities (rates)	2,830	1,100	(1,000)	100	436	(336)
Households (post-retirement benefits)	119,068	118,500	1,500	120,000	108,290	11,710
Total current payments	8,840,561	9,313,618	231,212	9,379,091	9,170,186	208,905
Receipts less payments	818,463	428,500	(144,395)	449,844	515,544	65,700
Payments for capital assets						
Vehicles	-	-	-	-	-	-
Computer equipment	214,554	60,000	112,000	172,000	175,665	(3,665)
Office equipment, conservation equip	5,980	4,000	27,250	31,250	31,240	10
Furniture and fittings	8,479	1,000	19,000	20,000	18,518	1,482
Library resources	17,618	18,500	3,750	22,250	22,222	28
Heritage assets: land and buildings	411,093	105,000	70,000	175,000	173,753	1,247
Heritage assets: collections	86,948	114,500	(8,500)	106,000	96,318	9,682
	744,672	303,000	223,500	526,500	517,716	8,784
TOTAL PAYMENTS	9,585,233	9,616,618	454,712	9,905,591	9,687,901	217,690
TOTAL RECEIPTS LESS TOTAL PAYMENTS	73,791	125,500	(367,895)	(76,656)	(2,172)	74,484

NATIONAL ENGLISH LITERARY MUSEUM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

1.1 Legislation

The National English Literary Museum (NELM) is governed by the Cultural Institutions Act, Act No. 119 of 1998, as amended by the Cultural Laws Second Amendment Act, Act No. 69 of 2001, and operates under the jurisdiction of a Council appointed by the Minister of Arts and Culture.

1.2 Basis of presentation

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as issued by the Accounting Standards Board (ASB), in accordance with Section 91(1) of the Public Finance Management Act, Act No. 1 of 1999.

The Annual Financial Statements are presented in South African Rands.

1.3 Going concern

The Annual Financial Statements have been prepared on a going concern basis.

1.4 Taxation

As from 1 April 2005, the National English Literary Museum was deregistered as a value added tax (VAT) vendor due to changes in the VAT Act, Section 24(1) of Act No. 45 of 2003 and Act No. 32 of 2004.

The National English Literary Museum has been exempt from taxation.

1.5 Significant judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant judgements include:

Trade and other receivables

NELM assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Useful lives of property, plant and equipment

NELM determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the condition and use of the individual asset in order to determine the remaining period over which the asset can and will be used.

Heritage assets

Heritage assets are culturally significant resources and are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives. The valuation of heritage assets is dependent on the type of the asset and the availability of reliable information. NELM makes estimates and assumptions about factors such as the restoration cost, replacement cost and cash flow generating ability in estimating fair value.

1.6. Revenue recognition**1.6.1 Revenue from exchange transactions**

Exchange transactions are transactions in which NELM 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 party in exchange.

Measurement

Revenue is transferred to the statement of financial performance when it is probable that future economic benefits will flow to NELM and these benefits can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts. The following specific recognition criteria must be met before revenue is recognised:

Sale of goods and rendering of services

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer. NELM as a rule does not charge an entry fee, however where services are rendered to another party, fees may be charged dependent on a variety of cost factors.

Interest

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

1.6.2 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, NELM either receives value from another party without directly giving approximately equal value in exchange, or gives value to another party without directly receiving approximately equal value in exchange.

Stipulations on transferred assets are in terms of laws and regulations or a binding arrangement imposed upon the use of a transferred asset by entities external to NELM.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but does not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Recognition

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

As NELM 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 reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by NELM. When, as a result of a non-exchange transaction, NELM recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Gifts and donations, including goods and services in kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to NELM and the fair value of the assets can be measured reliably. Services in kind are not recognised.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that NELM has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met a liability is recognised.

Government transfer payments

Government transfer payments are recognised once the income has been received.

1.7 Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods or services, or for administrative purposes and are expected to be used for more than one year.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to NELM and the cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by NELM. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at cost.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure

Where NELM replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated useful life of assets:

Motor vehicles	15	years
Electronic and computer equipment	8-10	years
Furniture and fittings	10-12	years
Tools and equipment	8-10	years
Library resources	25	years

Impairments

NELM tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable 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.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Heritage assets

Recognition

A heritage asset is recognised as an asset if, and only if:

- a. it is probable that future economic benefits or service potential associated with the asset will flow to NELM, and
- b. the cost of the asset can be measured reliably.

Initial measurement

A heritage asset that qualifies for recognition as an asset is measured at its cost.

Subsequent measurement

After recognition as an asset, a heritage asset is carried at its cost less any accumulated impairment losses. A heritage asset is not depreciated but NELM shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, NELM will estimate the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The carrying amount of a heritage asset is derecognised:

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

Impairment of heritage assets

Heritage assets will be assessed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance represents the excess of the carrying value over the recoverable amount of the asset.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.9 Impairment of non-financial assets

NELM assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, NELM estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets on a pro rata basis of the carrying amount of each asset in the unit.

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

1.10 Financial instruments

Financial instruments are recognised when NELM becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not subsequently measured at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and NELM has transferred substantially all risks and rewards of ownership, or when NELM loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

Cash and cash equivalents are measured at amortised cost.

Financial assets

NELM classifies its financial assets according to the following categories:

- a. Held to maturity
- b. Loans and receivables.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- a. Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where NELM has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- b. Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Impairment of financial assets

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance. Financial assets consist of:

- a. Cash and cash equivalents
Cash includes cash on hand and cash with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks
- b. Trade and other receivables
Trade and other receivables are initially recognised at fair value. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. A provision for impairment of other receivables is established when there

is objective evidence that NELM will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for doubtful debts based on past default experience of all outstanding amounts at year-end.

c. Investments at amortised cost

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Financial liabilities

NELM measures all financial liabilities, including trade and other payables, at amortised costs, using the effective interest rate method (excluding provisions). Amounts payable within 12 months from the reporting date are classified as current. Financial liabilities consist of:

a. Trade and other payables

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

1.11 Inventory

Inventory is initially recognised at cost. Inventory is subsequently valued at the lower of cost or net realisable value. The basis of determining cost is the first-in, first-out (fifo) method.

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

Redundant and slow-moving inventories are identified at year end and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.12 Employee benefits

Short term employee benefits

Short term employee benefits encompass all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services that are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-retirement benefits

NELM provides post-retirement medical aid benefits for employees who remain in service up to retirement age. These benefits are provided as defined benefit plans.

Employees who joined NELM after 31 October 2011 would, after retirement, not be entitled to post-employment medical benefits.

Defined benefit plans

NELM belongs to a defined benefit plan which is a post-employment benefit plan under which NELM pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

1.13 Provisions

Provisions are recognised when NELM has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the Statement of Financial Position reporting date and adjusted to reflect the current best estimate.

1.14 Budget and actual amounts

NELM presents its approved budget in the Annual Performance Plan on a cash basis.

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar. General purpose financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The budget and accounting bases differ. The financial statements differ from the budget, which is approved on the cash basis. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the Statement of Financial Performance.

A reconciliation between the actual amounts on a comparable basis is presented in the Statement of Comparison of Budget and Actual Amounts.

The Annual Financial Statements and the budget are not on the same basis of accounting, therefore, a reconciliation between the Statement of Financial Performance and the budget has been included in the Notes to the Financial Statements. See note 14.

1.15 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for or expenditure that is not in terms of the conditions of an allocation received from another sphere of government. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Unauthorised expenditure is disclosed in the Notes to the Financial Statements.

1.16 Irregular expenditure

Irregular expenditure is expenditure that is incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act, Act No .1 of 1999 (as amended), or any regulation made in terms of this Act. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is disclosed in the Notes to the Financial Statements.

Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Fruitless and wasteful expenditure is disclosed in the Notes to the Financial Statements.

Recovery of irregular, fruitless and wasteful expenditure: The recovery of irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular, fruitless and wasteful expenditure is treated as other income.

1.18 Contingent liabilities

Contingent liabilities are not recognised but are disclosed in the Notes to the Financial Statements to achieve fair presentation.

1.19 Related parties

Individuals as well as their close family members, and/or entities, are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

The Department of Arts and Culture is the controlling entity and has ownership control of NELM.

Key management personnel are defined as the Director, Chief Financial Officer and all other managers reporting directly to the Director or as designated by the Director.

1.20 Post balance sheet events

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

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

NELM will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.21 Comparative information

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified and restated. The nature and reasons for the reclassification and restatement are disclosed in the Notes to the Financial Statements.

1.22 Public Finance Management Act, 1999 (Act NO. 1 OF 1999)**Section 54(2)**

In terms of the PFMA and Treasury Regulation 28.1.5 the Council has developed and agreed to a framework of acceptable levels of materiality and significance.

Section 55(2)

No material losses through criminal conduct or fruitless or wasteful expenditure were incurred during the year. Irregular expenditure has been disclosed in Note 15.

Section 55(3)

Council may not accumulate surpluses unless written approval of the National Treasury has been obtained. Approval for the retention of the accumulated surplus as at 31 March 2013 was obtained.

1.23 New and amended standards and interpretations

Amendments to the following Standard of GRAP will become effective for financial periods commencing on or after 1 April 2016:

GRAP 17 Property, Plant and Equipment.

The following Standard of GRAP will become effective for financial periods commencing on or after 1 April 2018:

GRAP 12 Selection of an Appropriate Reporting Framework by Public Entities.

The following Standards of GRAP have been issued but are not yet effective:

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting Principals and Agents.

Management has considered all of 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 and cash flow of the entity.

Approved Standards of GRAP that entities are not required to apply:

GRAP 18 Segment Reporting.

2. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles R	Computer equipment R	Furniture fittings R	Tools equipment R	Library resources R	Total R
Year ended 31 March 2015						
Net book value 1 April 2014	92,589	221,956	180,651	67,612	242,724	805,532
Cost	220,552	496,502	400,453	145,755	373,227	1,636,489
Accumulated depreciation	(127,963)	(274,546)	(219,802)	(78,143)	(130,503)	(830,957)
Additions	-	214,554	8,479	4,278	17,618	244,929
Transfer to/(from)	-	-	-	-	-	-
Disposals/scrapped	-	(21,236)	(1,133)	(627)	-	(22,996)
Depreciation charge	(11,910)	(55,693)	(33,502)	(15,589)	(19,101)	(135,795)
Net carrying amount at 31 March 2015	80,679	359,581	154,495	55,674	241,241	891,670
Cost	220,552	559,094	403,944	143,125	390,845	1,717,560
Accumulated depreciation	(139,873)	(199,513)	(249,449)	(87,451)	(149,604)	(825,890)
Year ended 31 March 2016						
Net book value 1 April 2015	80,679	359,581	154,495	55,674	241,241	891,670
Cost	220,552	559,094	403,944	143,125	390,845	1,717,560
Accumulated depreciation	(139,873)	(199,513)	(249,449)	(87,451)	(149,604)	(825,890)
Additions	-	156,300	18,519	31,240	22,075	228,134
Transfer to/(from)	-	-	-	-	-	-
Disposals/scrapped	(18,284)	-	-	-	-	(18,284)
Depreciation charge	(10,330)	(66,292)	(29,118)	(15,793)	(20,189)	(141,722)
Net carrying amount at 31 March 2016	52,066	449,589	143,896	71,121	243,127	959,798
Cost	171,042	715,394	422,463	168,665	412,920	1,890,484
Accumulated depreciation	(118,977)	(265,805)	(278,567)	(97,544)	(169,793)	(930,686)

	Cost R	Accumulated depreciation R	Carrying amount R
Carrying amount at 31 March 2015			
Motor vehicles	220,552	139,873	80,679
Electronic and computer equipment	559,094	199,513	359,581
Furniture and fittings	403,944	249,449	154,495
Tools and equipment	143,125	87,451	55,674
Library resources	390,845	149,604	241,241
Total	1,717,560	825,890	891,670
Carrying amount at 31 March 2016			
Motor vehicles	171,042	118,977	52,065
Electronic and computer equipment	715,394	265,805	449,589
Furniture and fittings	422,463	278,567	143,896
Tools and equipment	168,665	97,544	71,121
Library resources	412,920	169,793	243,127
Total	1,890,484	930,686	959,798

NOTE Included in property, plant and equipment is electronic and computer equipment with a cost of R46 309, furniture and fittings with a cost of R155 481, and office equipment with a cost of R25 257, that has been fully depreciated, but is still in use.

3. HERITAGE ASSETS

Moveable heritage assets

With the implementation of GRAP 103 in 2012/2013, NELM undertook an assessment of its collections, by group, comprising authors' manuscripts, diaries, correspondence, printers' proofs, publishers' archives, play-scripts, theatre programmes and posters, printing equipment, cultural artefacts, published works of creative or imaginative writing, literary criticism, reference works, journals, press clippings etc. in order to determine which should be classified as heritage assets. An assessment of each individual item in the collections was deemed unfeasible.

It was decided to group the collections as follows:

- Authors' manuscripts, diaries, correspondence, printers' proofs, publishers' archives, play-scripts, theatre programmes and posters, printing equipment, cultural artefacts, published works of creative or imaginative writing and the like be classified as heritage assets.
- Literary criticism, reference works and the like be classified as library resources (property, plant and equipment).
- Journals and press clippings continue to be expensed.

All heritage assets are considered inalienable. They are preserved for their historical and cultural value and are protected, unencumbered, cared for and preserved and are managed in line with museological best practice. As the acquisition of these assets date back more than three decades and were previously expensed, no value can reliably be assigned to acquisitions before 1 April 2012. Only acquisitions in the classes detailed above and purchased after April 2012 have been brought into the financial statements.

In 2015/2016 no valuations were sought as it was anticipated that the implementation date would be extended. This was confirmed by Government Gazette Notice 97 of 2016 exempting schedule 3 public entities from initial measurement and subsequent measurement of heritage assets for the 2015/2016 and 2016/2017 financial years. The effect on prior years has therefore not been disclosed.

Immovable heritage assets

NELM owns two properties, both of which are declared heritage sites. Any costs incurred to enhance or restore these assets to preserve their indefinite useful life are capitalised. Subsequent measurement will be at these costs less accumulated impairments.

	Immovable property R	Literary artefacts R	Published works R	Creative serials R	Total R
Year ended 31 March 2015					
Net book value 1 April 2014	1,951,382	208,766	182,045	2,309	2,344,502
Cost or valuation	1,951,382	208,766	182,045	2,309	2,344,502
Accumulated impairment	-	-	-	-	-
Additions	411,093	30,576	55,029	1,343	498,041
Impairment	-	-	-	-	-
Net carrying amount at 31 March 2015	2,362,475	239,342	237,074	3,652	2,842,543
Cost or valuation	2,362,475	239,342	237,074	3,652	2,842,543
Accumulated impairment	-	-	-	-	-
Year ended 31 March 2016					
Net book value 1 April 2015	2,362,475	239,342	237,074	3,652	2,842,543
Cost or valuation	2,362,475	239,342	237,074	3,652	2,842,543
Accumulated impairment	-	-	-	-	-
Additions	173,753	41,734	65,886	1,095	282,468
Impairment	-	-	-	-	-
Net carrying amount at 31 March 2016	2,536,228	281,076	302,960	4,747	3,125,011
Cost or valuation	2,536,228	281,076	302,960	4,747	3,125,011
Accumulated impairment	-	-	-	-	-

	Cost R	Accumulated depreciation R	Carrying amount R
Carrying amount at 31 March 2015			
Immovable property	2,362,475	-	2,362,475
Literary artefacts	239,342	-	239,342
Published creative works	237,074	-	237,074
Creative serials	3,652	-	3,652
Total	2,842,543	-	2,842,543

	Cost R	Accumulated depreciation R	Carrying amount R
Carrying amount at 31 March 2016			
Immovable property	2,536,228	-	2,536,228
Literary artefacts	281,076	-	281,076
Published creative works	302,960	-	302,960
Creative serials	4,747	-	4,747
Total	3,125,011	-	3,125,011

4. INVENTORY

	2016 R	2015 R
Books and postcards	74,850	74,603
	74,850	74,603

The following amounts, related to inventory, were recognised in the Statement of Financial Performance during the year:

	2016 R	2015 R
Cost of inventory sold and written off and included in cost of sales	42,171	31,007

5. INVESTMENTS

	2016 R	2015 R
Non-current investments		
GBS Mutual Bank Fixed deposit: 02537904073	60,000	60,000
Fixed deposit: 02537904132	463,233	431,999
Fixed period shares: 025379020031	250,000	250,000
	773,233	741,999

	2016 R	2015 R
Current investments		
Nedbank Corporate Nedcor Income Fund	51,846	47,760
Nedcor Prime Linked deposit	612,478	715,813
	664,324	763,573

GBS Fixed deposits: interest is receivable on a monthly basis at an average interest rate of:

Fixed deposit: 02537904073	7.00%
Fixed deposit: 02537904132	7.23%
Fixed period shares: 025379020031	8.50%

GBS Subscription shares: interest is receivable on a monthly basis at the average rate of 8.50% for the year under review.

Nedcor Income Fund: Interest is receivable on a monthly basis at the average rate of 6.45% for the year under review.

Nedcor Prime Linked deposit: interest is receivable on a monthly basis at the average rate of 6.45% for the year under review.

6. TRADE AND OTHER RECEIVABLES

	2016 R	2015 R
Trade receivables	499,560	355,822
Sundry debtors	424,063	15,783
Interest accrued	-	-
Less: provision for impairments	(328,504)	(237,375)
	595,119	134,230
Trade receivables: ageing		
Current	62,173	38,870
30 days	11,527	11,310
60 days and more	425,860	305,642
	499,560	355,822

The fair value of trade and other receivables approximates their carrying value.

The credit quality of the trade debtors is fair.

	2016 R	2015 R
Provision for impairments		
Opening balance	(237,375)	(152,680)
Contribution (to)/reversal of provision	(91,129)	(84,695)
Closing balance	(328,504)	(237,375)

7. CASH AND CASH EQUIVALENTS

NELM operates a current account with the Standard Bank of South Africa, with no overdraft facility. The details are as follows:

BANK: Standard Bank of South Africa
ACCOUNT NUMBER: 082 000 956
BRANCH: Grahamstown
BRANCH CODE: 05 09 17

NELM operates a call account with the Standard Bank of South Africa. The details are as follows:

BANK: Standard Bank of South Africa
ACCOUNT NUMBER: 088 808 114
BRANCH: Grahamstown

	2016 R	2015 R
Cash book balance at bank at beginning of the year	222,479	165,167
Cash book balance on hand at beginning of the year	4,406	3,607
Cash book balance on call account at beginning of the year	54,717	60,683
Cash book balance on money market fund at beginning of the year	-	125,156
	<u>281,602</u>	<u>354,613</u>
Cash book balance at bank at end of the year	50,103	222,479
Cash book balance on hand at end of the year	4,406	4,406
Cash book balance on call account at end of the year	82,391	54,717
Cash book balance on money market fund at end of the year	-	-
	<u>136,900</u>	<u>281,602</u>
Total bank balances and cash included in the Cash Flow Statement comprise the following Statement of Financial Position amounts:		
Cash book balances and cash at end of the year	136,900	281,602
Cash book balances and cash as previously reported	(281,602)	(354,613)
	<u>(144,702)</u>	<u>(73,011)</u>
Bank balances and cash movement	(144,702)	(73,011)

8. REVENUE

An analysis of the museum's revenue is as follows:

	2016 R	2015 R
Non-exchange activities	9,613,650	8,838,180
State subsidy Department of Arts and Culture	9,055,000	8,657,000
Special allocation: capital works budget	400,000	-
Inxuba Yethemba Municipality (contribution to salary: Curator Schreiner Hou)	138,101	135,105
Donations	20,549	46,075
Exchange activities	279,039	128,417
Research services	49,566	8,849
Educational services	191,714	17,183
Royalties and permission rights	9,019	64,051
Facilities hire	24,570	1,890
Bookshop sales	4,170	36,444
	<u>9,892,689</u>	<u>8,966,597</u>

9. OTHER INCOME

An analysis of the museum's other income is as follows:

	2016	2015
	R	R
Profit on sale of plant and equipment	22,507	-
Sundry income	33,513	6,665
	56,020	6,665

10. EXPENDITURE

An analysis of the museum's expenditure is as follows:

	2016	2015
	R	R
Administration expenses	1,441,826	1,401,024
Audit fees	101,082	96,714
Bookshop costs:	32,504	31,007
Opening inventories	74,603	82,195
Purchases	32,751	23,415
Add back closing inventories	(74,850)	(74,603)
Depreciation	141,722	135,795
Compensation of employees	7,689,200	7,285,739
Basic salaries	5,720,418	5,471,431
Bonuses	494,285	457,326
Housing allowances	170,401	161,280
Pension fund contributions	803,595	757,400
Medical aid contributions	330,676	306,793
Long service awards	19,000	-
Leave payout	4,707	-
Other employer contributions	61,795	62,875
Students and casuals	84,323	68,634
Finance costs	300,000	260,000
Post-retirement benefits	108,290	99,570
Actuarial loss in provision for post-retirement medical benefits	336,000	62,000
Leave pay (reversal)/accrual	74,750	(29,589)
Loss on Equipment scrapped	-	22,996
	10,225,374	9,365,256

11. PROVISIONS FOR POST-RETIREMENT MEDICAL BENEFITS

	2016 R	2015 R
Opening balances: beginning of year 1 April	3,190,000	2,868,000
Provision for post-retirement medical benefits	3,190,000	2,868,000
Additional provisions and (adjustments)	636,000	322,000
Provision for post-retirement medical benefits	636,000	322,000
Closing balances: end of year 31 March	3,826,000	3,190,000
Provision for post-retirement medical benefits	3,826,000	3,190,000

11.1 Provision for post-retirement medical benefits

The provision for post-retirement medical benefits has been created in line with the accounting policy GRAP 25 and is based on an actuarial valuation carried out in 2016.

According to the rules of the medical aid fund with which NELM is associated, a member, on retirement, is entitled to remain a continued member of the medical aid fund. NELM will continue to contribute two-thirds towards the medical aid membership fees of its existing retirees and all staff employed before 31 October 2011. Staff employed after this date will not be entitled to the two-thirds subsidy.

The most recent actuarial valuation of the present value of the unfunded defined benefit obligation was carried out as at 31 March 2016 by One Pangaea Financial.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The post-retirement health care benefit plan is a defined benefit plan, of which the members are made up as follows:

	2016	2015
In-service members (employees)	13	16
Continuation members (retirees, widowers and orphans)	6	4
Total	19	20

The liability in respect of past service has been estimated to be as follows:

In-service members	1,985,000	1,807,000
Continuation members	1,841,000	1,383,000
Total liability	3,826,000	3,190,000

NELM makes monthly contributions for health care arrangements to the following medical aid scheme: Rhodes University Medical Aid Scheme.

The current service cost for the year ending 31 March 2016 is estimated to be R133 000 (2015: R163 000) whereas the interest cost for the ensuing year is estimated to be R 475 000 (2015: R261 000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2016	2015
(i) Rate of interest		
Discount rate	0.97%	1.20%
Health care cost inflation rate	8.8%	8.00%
Expected retirement age – females	65	65
Expected retirement age – males	65	65

(ii) Mortality rates

Pre-retirement SA 1956/62

Post-retirement PA(90)-2

(iii) Normal retirement age

The normal retirement age for employees of the museum was assumed to be 65 years.

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	3,826,000	3,190,000
Fair value of plan assets	-	-
	3,826,000	3,190,000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	3,826,000	3,190,000
Net liability	3,826,000	3,190,000
The movement in the defined benefit obligation over the year is as follows:		
Balance at beginning of year	3,190,000	2,868,000
Recognised past service cost		
Current service cost – included under employee related costs	168,000	163,000
Interest cost – included under finance costs	300,000	260,000
Benefits paid – included under employee related costs	(109,000)	(101,000)
Actuarial (gain)/loss on the obligation	277,000	-
Balance at end of year	3,826,000	3,190,000

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect on the current cost and the interest cost	874,000	506,000
Effect on the defined benefit obligation	5,756,000	3,357,000

Decrease

Effect on the current cost and the interest cost	(701,000)	(357,000)
Effect on the defined benefit obligation	4,181,000	2,472,000

11.2 Defined benefit plan

	2016 R	2015 R
Pension fund contributions	<u>803,594</u>	<u>757,400</u>

All NELM's permanent staff except one person, who belongs to the GEPP, belong to the Rhodes University Pension Fund.

12. TRADE AND OTHER PAYABLES

	2016 R	2015 R
Sundry creditors – accruals	128,977	72,958
Income received in advance	-	754
Leave pay accrual	151,385	76,635
	<u>280,362</u>	<u>150,347</u>

Management of NELM is of the opinion that the carrying value of trade payables approximates their fair values.

Leave pay accrual

The leave pay accrual relates to NELM's estimated liabilities arising as a result of services rendered by employees. This accrual represents the total number of days of capped leave due to employees 54 years and older plus the balance of current leave for all employees on 31 March 2016 calculated at the current salary rates.

13. RECONCILIATION OF SURPLUS TO CASH UTILISED IN/GENERATED FROM OPERATIONS**13.1 Cash flows from operating activities**

	2016 R	2015 R
Surplus/(deficit) for the year	(167,000)	(264,234)
Adjusted for:		
Increase/(decrease) in provisions	636,000	322,000
Interest received	(109,665)	(127,760)
Depreciation	141,722	135,795
(Profit)/Loss on sale/scrapping of property, plant and equipment	(22,507)	22,996
Operating cash flows before working capital changes	<u>478,550</u>	<u>88,797</u>
Changes in working capital		
(Increase)/Decrease in inventories	(247)	7,592
(Increase) in trade and other receivables	(460,889)	(40,367)
Increase/(Decrease) in trade and other payables	<u>130,015</u>	<u>(58,352)</u>
	<u>(331,121)</u>	<u>(91,127)</u>
Cash generated/(utilised) by operations	<u>147,429</u>	<u>(2,330)</u>

13.2 Cash flows from investing activities

	2016	2015
	R	R
Acquisition of property, plant and equipment	(228,134)	(244,929)
Acquisition of heritage assets	(282,468)	(498,041)
Proceeds on property , plant and equipment sold	40,791	-
Disposal of investment in securities	68,015	544,529
Net cash flows from investing activities	(401,796)	(198,441)

14. RECONCILIATION OF ORIGINAL/ADJUSTED BUDGET AND ACTUAL EXPENDITURE

The approved budget covers the period from 1 April 2015 to 31 March 2016. The budget is approved by functional or programme classification in line with NELM's strategic objectives. The financial statements and budget documents are prepared for the same period.

The amounts in the financial statements were recalculated from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget.

	Operating	Financing	Investing	Total
	R	R	R	R
Actual amount on comparable basis as presented in the budget and actual comparative statement	515,544	-	517,716	1,033,260
Basis difference	(258,450)	-	(919,512)	(1,177,962)
Actual amount in the cash flow statement	257,094	-	(401,796)	(144,702)

14.1 Budget adjustments**Revenue**

Revenue derived from user charges includes royalties from literary executorships held by NELM. This is not easy to project as it is dependent on demand from publishers. The amount reflected in the cash revenue does not include an invoice issued towards the end of the financial year. Bookshop sales were up on the previous year. This can be attributed to better and more carefully selected stock.

The donation from the Babette Taute Trust yielded considerably less in the year under review than in previous years.

It was not necessary to withdraw the full budgeted amount from investments because of the increase in revenue from user charges.

Expenditure

Expenditure on a number of items was increased:

- a. Advertising and promotions for the printing of marketing material for Schreiner House.
- b. Board costs.
- c. Catering was increased to cover an increased number of meetings with consultants.
- d. Telkom services.
- e. Consultancy fees for an exhibitions consultant; additional funds were requested from the Department of Arts and Culture.
- f. Conservation materials for the protection of heritage assets. This was critical at this time because of the imminent move.

- g. Capital expenditure on ICT equipment and conservation (chilling and freezing) and kitchen equipment for the new building.

The acquisition of heritage assets was reduced as packing commenced well before the end of the financial year.

15. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure:

	2016 R	2015 R
Opening balance	1,457,054	1,185,138
Irregular expenditure current year	7,900	271,916
Irregular expenditure previous year discovered in current year	-	-
Condoned or written off by relevant authority	(1,457,054)	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonation	<u>7,900</u>	<u>1,457,054</u>

Irregular expenditure in the current year is made up of two transactions: R6 700 for an urgent booking of a shuttle service and R1 200 relating to the private use of a rented vehicle by a Council member while on NELM business. The former will be presented to the Council for condonation and an investigation into the circumstances of the latter is underway.

16. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure:

	2016 R	2015 R
Opening balance	9,073	14,373
Fruitless and wasteful expenditure current year	13,231	-
Fruitless and wasteful expenditure previous year discovered in current year	-	-
Condoned or written off by relevant authority	-	(5,300)
Transfer to receivables for recovery	-	-
Recovered during the year	-	-
Fruitless and wasteful expenditure closing balance	<u>22,304</u>	<u>9,073</u>

Fruitless and wasteful expenditure in the current year is made up of: R937 for goods ordered and paid for (as per vendor's credit policy) but not received; R371 interest on overdue accounts; and expenditure of R10 615 as a result of the non-arrival by a Council member at a Council meeting. Investigations into the circumstances of these matters is underway and NELM expects to recover these funds. R1 308 of the fruitless and wasteful expenditure is the unrefunded portion of airline tickets for meetings cancelled by the Portfolio Committee. NELM doesn't anticipate recovering these funds.

Management of NELM is still attempting to recover R9 073 fruitless and wasteful expenditure incurred in the 2011/2012 financial year.

17. CONTINGENT LIABILITY

17.1 Auditor-General's fee

In terms of the Public Audit Act, Act No. 25 of 2004, section 23(6), NELM is only liable for an audit fee of 1% of its total expenditure and National Treasury should, on receipt of the relevant invoices from the Office of the Auditor General, settle the balance. NELM has diligently paid the 1% as reflected in these financial statements.

In previous years, NELM did not raise a liability for their full audit fees and until 2014, the Office of the Auditor-General was in agreement with this. Negotiations with the Office of the Auditor-General resulted in NELM disclosing an outstanding balance of R1 569 024 for the 2014/2015 financial year, R1 746 091 for 2013/2014, R274 430 for 2012/2013 and R923 235 for 2011/2012. Despite the institution of legal proceedings by the Office of the Auditor-General in March 2016 for an amount in excess of R2 million, NELM has again not raised a liability because doing so would result in NELM being unable to present these Annual Financial Statements as a going concern.

The outstanding amount as at 31 March 2016 has been raised as a contingent liability because it is not known what amount, if any, NELM would have to pay as the matter is in the hands of the High Court. NELM is of the opinion that the museum is not liable for any amount in excess of 1%.

The balance reflected in the Auditor-General's statements as outstanding at 31 March 2016 is R2 147 143. NELM has again not raised a liability because doing so would result in NELM being unable to present these Annual Financial Statements as a going concern.

18. RELATED PARTY DISCLOSURE

The Department of Arts and Culture are the main funders of NELM. They funded the museum to the value of R9 455 000 (2015: R8 657 000).

Part of the agreement with the Department is that they pay the rent on the buildings occupied by the museum. There are two leases and had the museum paid for them, it would have cost R168 395 and R193 440 annually.

There were no other related transactions with the Department. The following key managers of the museum held positions in the entity where they may have had significant influence over the financial or operating policies of the museum as follows:

- Ms B.A. Thomas, Director
- Mr C.W. Malan, Chief Financial Officer
- Ms C.A. Warren, Manager Curatorial Division
- Mr T.Z. Matshoba, Manager Education and Public Programmes.

No related party transactions were entered into with any of the above managers.

19. EMOLUMENTS OF COUNCIL AND COMMITTEE MEMBERS AND SENIOR MANAGEMENT**19.1 Council**

	2016	2015
	R	R
Prof. M.F. Titlestad (chair)	-	1,000
Prof. K. de Jager	-	1,000
Dr D. Lewis	-	1,000
Prof. J.A. Ogude	-	500
Prof. A. Oliphant	-	500
Ms M. Rall	3,408	2,080
Dr W.P. Rowland	-	1,000
Mr H. Smith	-	1,000
Mr S. Dlanjwa (chair)	7,080	1,344
Ms S. Nhlabatsi (deputy chair)	3,840	1,216
Ms E. Dido	3,408	1,080
Dr. U. Roopnarain	2,272	1,080
Mr D. Maahlamela	3,408	1,080
Ms J Williams	3,408	1,080
	26,824	14,960

19.2 Audit committee

	2016	2015
	R	R
Mr L. Kruiskamp (chair-2015)	-	3,000
Ms L. Webber (chair)	11,352	
Mr H. Harnett	9,184	1,200
Ms S. Nhlabatsi	6,888	
Prof Walters	4,592	-
	32,016	4,200

19.3 Senior management

	2016	2015
	R	R
Director	721,727	681,223
Basic salary	562,668	530,472
Bonus	46,889	44,206
Housing allowance	6,720	6,720
Pension fund contribution	84,400	79,571
Medical aid contribution	16,720	15,640
Other employer contributions	4,330	4,614

	2016 R	2015 R
Chief Financial Officer	611,908	577,328
Basic salary	460,284	433,956
Bonus	38,537	36,163
Housing allowance	6,720	6,720
Pension fund contribution	69,043	65,093
Medical aid contribution	33,440	31,280
Other employer contributions	3,884	4,116
Manager: Curatorial Division	438,963	414,128
Basic salary	335,316	316,128
Bonus	27,943	26,344
Housing allowance	6,720	6,720
Pension fund contribution	50,297	47,419
Medical aid contribution	16,720	15,640
Other employer contributions	1,967	1,877
Manager: Education and Public Programmes	443,185	418,439
Basic salary	335,316	316,128
Bonus	27,943	26,344
Housing allowance	6,720	6,720
Pension fund contribution	50,297	47,419
Medical aid contribution	19,570	18,320
Other employer contributions	3,339	3,508
	2,215,783	2,091,118

20. CAPITAL COMMITMENTS

There were no capital commitments at year end.

21. EVENTS SUBSEQUENT TO BALANCE SHEET

There are no subsequent events that need to be reported on.

22. FINANCIAL RISK MANAGEMENT

NELM's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

NELM has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. Internal Audit reports quarterly to the Audit Committee, an independent body charged with the responsibility for financial risk management that monitors risks and policies implemented to mitigate risk exposure. The risk management process relating to each of these risks is discussed below:

Liquidity risk

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

Interest rate risk

As NELM has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. NELM only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables are not material. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council of NELM. The utilisation of credit limits is regularly monitored.

Foreign exchange risk

NELM does not have foreign currency exposure.

ANNEXURES



MATERIALITY AND SIGNIFICANCE FRAMEWORK

In terms of the Public Finance Management Act and National Treasury Regulation 28.1.5, the Council of NELM has developed and agreed to a framework of acceptable levels of materiality and significance.

SECTION OF PFMA	DESCRIPTION OF MATERIALITY AND SIGNIFICANCE	LEVELS OF MATERIALITY AND SIGNIFICANCE
55 (2)	<p>The annual report and financial statements must include particulars of:</p> <ul style="list-style-type: none"> (a) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; (b) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; (c) any losses recovered or written off; and (d) any financial assistance received from the state and commitments made by the state on the Accounting Authority's behalf. 	<p>All instances will be included in the Accounting Authority's Annual Report – amount greater than 1% of the total value of assets per Audited Financial Statements.</p> <p>All instances will be included in the Accounting Authority's Annual Report.</p> <p>All instances will be included in the Accounting Authority's Annual Report – amount greater than 1% of the total value of assets per AFS.</p> <p>All instances will be included in the Accounting Authority's Annual Report.</p>
54 (2)	<p>Before a public entity concludes any of the following transactions, the Accounting Authority for the entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction:</p> <ul style="list-style-type: none"> (a) establishment or participation in the establishment of a company; (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) acquisition or disposal of a significant shareholding in a company; (d) acquisition or disposal of a significant asset; (e) commencement or cessation of a significant business activity; (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement. 	<p>Each and every instance.</p> <p>Each and every instance.</p> <p>Each and every instance.</p> <p>Above R500 000.</p> <p>Each and every instance.</p> <p>Each and every instance.</p>

RISK MANAGEMENT

This risk assessment was undertaken by management, in consultation with the Audit Committee, on 10 December 2014.

OBJECTIVE/INDICATOR	RISK CATEGORY/ DESCRIPTION	LIKELIHOOD (1-5) ³	IMPACT (1-5) ⁴	RISK MAGNITUDE	CONTROLS IN PLACE	PLANNED MITIGATION
STRATEGIC OBJECTIVE 1 To ensure compliance in terms of the Cultural Institutions Act, the Public Finance Management Act and applicable National Treasury Regulations, and other legislation.	Governance risk: Poorly functioning Council due to poor attendance	2	5	10	Council meetings scheduled timeously; open lines of communication between Director and Council members.	Report non-attendance to the Minister of Arts and Culture.
	Compliance risk: Inadequate record-keeping and reporting.	2	4	8	Performance information reported and verified quarterly; monthly financial management meetings; Annual Financial Statements prepared by registered CA and reviewed by internal audit and audit committee prior to submission; regular attendance at CEO and CFO forums; separation of functions.	Management intervention; negotiate realistic deadlines with external auditors.
	Fraud and corruption risk: Fraudulent transactions.	1	3	3	Approved Fraud Prevention and Anti-corruption Strategy and Risk Management Policy; active fraud and risk awareness amongst staff; separation of functions; maintenance of database of approved suppliers.	Policy provides for recovery of losses; blacklisting of suppliers.
	Business continuity risk: Disruption of operations due to load shedding, unscheduled municipal power outages and equipment failure, including ICT equipment.	3	4	12	Additional facility where operations can continue; up-to-date list of essential equipment; backup processes for ICT including outsourced management and off-site backups in secure facility.	Implement recovery processes for administrative functions.

³ Where likelihood is measured as: 1 = rare, 2 = unlikely, 3 = possible, 4 = likely, 5 = frequent.

⁴ Where impact is measured as: 1 = incidental, 2 = minor, 3 = moderate, 4 = major, 5 = extreme.

OBJECTIVE/INDICATOR	RISK CATEGORY/ DESCRIPTION	LIKELIHOOD (1-5) ³	IMPACT (1-5) ⁴	RISK MAGNITUDE	CONTROLS IN PLACE	PLANNED MITIGATION
STRATEGIC OBJECTIVE 2 To ensure a safe environment for museum visitors and staff.	Business continuity risk: Injury to visitor or staff member.	3	4	12	Effective health and safety committee; staff trained in first aid; staff sensitised to potential hazards; bi-annual evacuation and fire drills.	Implementation of emergency procedures.
STRATEGIC OBJECTIVE 3 To build relationships with organisations with similar aims and objectives to NELM.	Performance risk: Inequitable power relations or breakdown of relations with partners.	2	2	4	Formalised relationships and planning and reporting mechanisms; sufficient capacity to deliver services or host events independently.	Nurture more and diverse relationships; stakeholder feedback allows for continuous improvement.
STRATEGIC OBJECTIVE 4 To build the public profile and image of NELM.	Reputation risk: Unauthorised external communication, including the use of social media.	3	3	9	Approved Marketing and Communication Policy; involvement of all staff in building the image of NELM.	Management intervention to restore reputation.
STRATEGIC OBJECTIVE 5 To collect, document and ensure the long-term preservation of literary heritage artefacts.	Business continuity risk: Database failure.	2	5	10	Off-site backups in secure facility; heritage asset registers in different computer programme.	Implement database recovery process.
	Business continuity risk: Major loss or damage to heritage properties and/or collections.	2	5	10	Staff sensitised to potential hazards; fire and intruder alarms; disaster preparedness equipment and materials on hand.	Implement disaster recovery process.
	Performance risk: Poor management of collections.	3	4	12	Staff training and capacity building; monthly reporting; continuous condition assessment of collections.	Outsource highly technical processes.
STRATEGIC OBJECTIVE 6 To contribute to the body of knowledge on South African literary and cultural heritage.	Performance risk: Not meeting deadlines and delaying exhibition production.	3	4	12	Research for exhibitions is managed to tight deadlines.	Outsource research.
	Customer needs risk: Research themes/ subjects not topical or popular.	2	4	8	Current research projects cover a wide range of genres; proactive engagement with stakeholders.	Process of stakeholder feedback allows for continuous improvement.

OBJECTIVE/INDICATOR	RISK CATEGORY/ DESCRIPTION	LIKELIHOOD (1-5) ³	IMPACT (1-5) ⁴	RISK MAGNITUDE	CONTROLS IN PLACE	PLANNED MITIGATION
STRATEGIC OBJECTIVE 7 To present engaging exhibitions based on NELM's collections and associated knowledge.	Performance risk: Not meeting deadlines and delaying exhibition installation.	3	4	12	Exhibition production is managed to tight deadlines; response to requests for off-site exhibitions is sensibly managed.	Outsource technical processes.
	Customer needs risk: Exhibition themes/ subjects not topical or popular.	2	4	8	Proactive engagement with stakeholders; exhibitions cover diverse themes.	Process of stakeholder feedback allows for continuous improvement.
STRATEGIC OBJECTIVE 8 To present educational and public programmes that promote the discovery, understanding and enjoyment of South African literary and cultural heritage.	Customer needs risk: Events not topical or popular.	2	4	8	Proactive engagement with stakeholders; diverse events hosted.	Process of stakeholder feedback allows for continuous improvement.