



South African Human Rights Commission
Annual Financial Statements
for the year ended 31 March 2022
Auditor General South Africa
Registered Auditors

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Member	Adv BC Majola (Chairperson) Adv F Chohan (Deputy) Adv. AH Gaum Ms P Ntuli Ms MA Makwella Adv. JB Malatji Mr AC Nissen Mr JB Sibanyoni
Registered office	27 Stiemens Street JD Building Braamfontein 2001
Business address	27 Stiemens Street JD Buidling Braamfontein 2017
Postal address	Private Bag x2700 Houghton 2041
Telephone	0118773600
Website	www.sahrc.org.za
Bankers	First National Bank South Africa
Auditors	Auditor General South Africa Registered Auditors 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor 0081
Chief Executive Officer	Adv Tseliso Thipanyane
Chief Financial Officer	Nyawa Dikwayo CA(SA) - 1 April 2021 to 31 October 2021
Chief Financial Officer	Rushay Singh CA (SA) 1 January 2022 (Contract)
Acting Chief Financial Officer	Lorinda Lynn - 01 November 2021 to 31 December 2021
Strategic Overview	The mandate of the Commission is to: monitor, protect and promote the human rights of south african.
Reporting Framework	Generally Recognized Accounting Practice
Relevant Framework	Public Finance Management Amendment Act (Act No.1 of 1999) South African Human Rights Commission Act, 40 of 2013 Constitution of SA Promotion of Access to Information Act 2 of 2000 (PAIA) Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000 (PEPUDA) Promotion of Administrative Justice Act 3 of 2000 (PAJA) Employment Equity Act & Basic Conditions of Employment

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Abbreviations used:

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

South African Human Rights Commission

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Audit Committee Report

The Audit Committee is pleased to present its report for the financial year ended 31 March 2022.

Audit committee members and attendance

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

Name of member	Number of meetings attended
Mrs V. Menye**	4
Mr B. Modise *	4
Ms. L. Vilakazi*	4

** Appointed as Chairperson on 31 October 2020

*Appointed as member on 06 November 2020

Audit committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that it has not reviewed changes in accounting policies and practices.

Corporate Governance

The Committee is of the opinion that South African Human Rights Commission (SAHRC) continues to strive towards complying with sound principles of corporate governance through the implementation of its governance framework. The Committee is not aware of any issues of non-compliance with corporate governance. Notwithstanding that, the low implementation of action plans remains a concern.

Compliance

During the current financial year, the Committee monitored and was comfortable with the compliance of various pieces of legislation impacting the SAHRC. There are areas of non-compliance identified within the Supply Chain Management area which requires improvement in the monitoring control systems in place. Internal controls systems are currently undergoing process improvements to address the weaknesses identified.

Effectiveness of Internal Controls

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

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

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

Risk Management

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

In our opinion the SAHRC's approach to the risk management processes is partially adequate and effective. There is a need to improve the system of risk management, beginning by conducting organisation-wide annual risk assessments, and implementing the risk management strategy.

Performance Management

South African Human Rights Commission

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Audit Committee Report

The performance management predetermined objectives received an adverse opinion from the external auditors in the prior year. The adverse opinion was mainly due to lack of adequate performance evidence provided to the AGSA. Internal Audit decided to embark on the exercise of performance evidence gathering using One Drive Microsoft platform to ensure completeness of the evidence. All the business units were trained to use this platform, and the same evidence was shared with Strategic Support and Governance unit to use for their reviews.

In-Year Management and Quarterly Reports

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

Evaluation of Financial Statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the members;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

Auditor's Report

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

PP



Chairperson of the Audit Committee

Date: 29 July 2022

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Human Rights Commission set out on pages x to x, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Human Rights Commission as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Emphasis of matter

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

Irregular expenditure

7. As disclosed in note 32 to the financial statements, the constitutional institution incurred irregular expenditure of R10 794 000 as it did not comply with Treasury Regulation 16A 9.1 (d) and 16A 6.3 (b).

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the constitutional institution's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the constitutional institution or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the constitutional institution's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the constitutional institution enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the constitutional institution's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 – Promotion of human rights	x – x

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 2 – Promotion of human rights

Various indicators

17. The source information, evidence and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievements reported against targets in the annual performance report. This was for the following indicators:

No.	Name of indicator	Reported achievement
1	2.1 Percentage implementation of programme of action for promotional strategic interventions to influence policy, legislation, service delivery, and create awareness.	100% Implementation and exceeded with additional intervention
2	2.2 Percentage implementation of Action Plan on 2020-21 Racial Polarisation Conference Resolutions.	Target not met as action plan not implemented
3	2.3 Percentage implementation of Action Plan on 2012 Amman Declaration and Programme of Action for promoting Gender Equality.	Implemented 85%
4	2.4 Percentage implementation of Equality Programme Toolkit Provincial Action Plan.	100% implemented and exceeded with additional activities by some provinces
5	2.5 Percentage implementation of Action Plan to promote functionality of Equality Courts	100%
6	2.6 Percentage Implementation of Action Plan on Impact of Covid-19 on children and youth Conference Resolutions.	Target not achieved
7	2.7 Percentage implementation of Action Plan on Provincial Human Rights Dialogue Resolutions.	Implemented 0% of Action Plan
8	2.8 Percentage Implementation of Action Plan on National Human Rights Dialogue Resolutions	100% implemented
9	2.10 Percentage implementation of Action Plan on 2020-21 Anti-Corruption Conference Resolutions	Implemented 90% of action plan on anti-corruption conference resolutions - through

No.	Name of Indicator	Reported achievement
		international summit held on the protection of whistle-blowers
10	2.12 Percentage implementation of Action Plan to empower Community Human Rights Champions	Implemented 98% of the Action Plan
11	2.13 Percentage implementation of Media and Communications Plan	100% implemented

Indicator 2.9 – hosting of human rights calendar day events

18. The achievement of 23 events was reported against a target of 10 events in the annual performance report. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 19 events.

Various indicators

19. I was unable to obtain sufficient appropriate audit evidence to support the reasons for the variances between the planned target and the achievement reported in the annual performance report. This was due to the severity of the measurability finding. I was unable to confirm the reported reasons for the variances by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported reasons for the variances. This was for the following indicators:

Indicator no.	Indicator name	Target	Reported achievement
2.1	Percentage implementation of programme of action for promotional strategic interventions to influence policy, legislation, service delivery, and create awareness.	80% -100% implementation of programme of action for promotional strategic interventions	100% Implementation and exceeded with additional intervention
2.2	Percentage implementation of Action Plan based on 2020-21 Racial Polarisation Conference Resolutions	Implement 80% - 100% of Action Plan on Racial Polarisation Conference Resolutions	Target not met as action plan not implemented.
2.7	Percentage implementation of Action Plan on Provincial Human Rights Dialogue Resolutions	Implement 80% - 100% of Action Plan	Provincial focus biased towards the hosting of the dialogues, which has been achieved, as opposed to the implementation of the resolutions. Workshops conducted to sensitise provincial offices on the focus of the performance indicator

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 17 to 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2 – Promotion of human rights. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the constitutional institution's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

24. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance reports and annual reports

25. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) of the PFMA. Material misstatements of payables from exchange transactions identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R10 794 000, as disclosed in note 32 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliances with Treasury Regulation 16A 9.1 (d) and 16A 6.3 (b).
27. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Procurement and contract management

28. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1, paragraph 3.3.1 of Practice Note 8 of 2007/08 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22. Similar non-compliance was also reported in the prior year.
29. Some of the contracts were not awarded in an economical manner and/or the prices of the goods or services were not reasonable as required by PFMA 38(1) (b) and PFMA 45(b).

30. Some of the contracts were awarded to bidders based on functionality criteria that were not stipulated in the original invitation for bidding, as required by the 2017 Preferential Procurement Regulation 5(1) and (3).
31. Some of the tenders which achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with 2017 Preferential Procurement Regulation 5(7).
32. Some of the bid documentation/ invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).

Consequence management

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

Asset management

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

Other information

35. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
36. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
37. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
40. The constitutional institution did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning, implementation and reporting on financial and performance information.
41. The overall senior manager vacancy rate regressed from prior year's 13% to 17% in the current year.
42. An action plan to address internal and external audit findings is in place, but the appropriate level of management did not monitor adherence to the plan in a timely manner. There are findings long dated that remain open and not addressed. This is also evidenced by the repeat of findings from prior years.

Other reports

43. I draw attention to the following engagements conducted by various parties, which had, or could have, an impact on the matters reported in the constitutional institution's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
44. The constitutional institution conducted two internal investigations into payment to incorrect supplier bank account and theft of laptops. However, both investigations had limitations in scope and depth, necessitating services of an external forensic investigator and the acting CEO has approved the request. A service provider has not been appointed yet to determine any wilful intent of colleagues involved in the transaction or neglect.

Auditor-General

Pretoria

31 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected [programmes/ objectives/ development priorities] and on the constitutional institution's compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

South African Human Rights Commission

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Chief Executive Officer Report

The members submit their report for the year ended 31 March 2022.

1. Incorporation

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

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

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

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

2. Going concern

We draw attention to the fact that at 31 March 2022, the entity had an accumulated surplus of 61 789 and that the entity's total assets exceed its liabilities by 61 789.

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

As the Accounting Officer I have reviewed the entity's cash flow forecast for the year to 31 March 2022 and in the light of this review and the current financial position, I am satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

3. Members

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

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

4. Corporate governance

General

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

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

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Chief Executive Officer Report

. Corporate governance (continued)

Functioning of the Audit Committee

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

Internal Audit

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

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

5. Auditors

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

6. Risk Management

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

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

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

7. Approval of finances

The financial statements fairly represent the state of affairs of the Commission as at 31 March 2021. The statements are the responsibility of the Commission while the auditors are responsible for reporting on the fair presentation of these financial statements. The annual financial statements reflect appropriate accounting policies and adhere to applicable accounting standards.

The annual financial statements set out on page 15 - 52, which have been prepared on the going concern basis, were approved by the members on 29 July 2022 and were signed on its behalf by:



Chantal Kisoon
Acting Chief Executive Officer
South African Human Rights Commission

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

	Note(s)	2022 '000	2021 '000
Assets			
Current Assets			
Inventories	7	155	103
Operating lease asset	5	19	117
Receivables from exchange transactions	8	435	90
Prepayments	6	814	652
Cash and cash equivalents	9	57 314	58 800
		58 737	59 762
Non-Current Assets			
Property, plant and equipment	3	20 874	17 736
Intangible assets	4	1 590	1 728
		22 464	19 464
Total Assets		81 201	79 226
Liabilities			
Current Liabilities			
Finance lease obligation	10	114	217
Operating lease liability	5	42	43
Payables from exchange transactions	14	8 381	6 682
Unspent conditional grants and receipts	11	318	1 132
Provisions	12	-	680
Employee benefits	13	1 216	1 182
Provision for leave accrued	12	8 295	7 150
		18 366	17 086
Non-Current Liabilities			
Finance lease obligation	10	-	114
Operating lease liability	5	1 046	345
		1 046	459
Total Liabilities		19 412	17 545
Net Assets		61 789	61 681
Accumulated surplus		61 789	61 681
Total Net Assets		61 789	61 681

South African Human Rights Commission

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Statement of Financial Performance

	Note(s)	2022 '000	2021 '000
Revenue			
Revenue from exchange transactions			
Administrative fees	15	236	4 336
Interest received - investment	15	1 486	1 333
Total revenue from exchange transactions		1 722	5 669
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	195 031	191 739
Donation Income	16	375	50
Total revenue from non-exchange transactions		195 406	191 789
Total revenue		197 128	197 458
Expenditure			
Employee related costs	17	(140 143)	(128 745)
Depreciation and amortisation		(2 278)	(2 056)
Finance costs	18	(28)	(69)
Lease rentals on operating lease		(9 540)	(18 572)
General Expenses	19	(44 103)	(31 025)
Total expenditure		(196 092)	(180 467)
Surplus for the year from continuing operations		1 036	16 991
Loss on disposed of asset	3	(926)	(271)
Surplus for the year		110	16 720

South African Human Rights Commission

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Statement of Changes in Net Assets

	Accumulated surplus / deficit '000	Total net assets '000
Balance at 01 April 2020	44 961	44 961
Changes in net assets		
Surplus for the year as per the Statement of Financial Performance	16 720	16 720
Total changes	16 720	16 720
Balance at 01 April 2021 as Restated*	61 679	61 679
Changes in net assets		
Surplus for the year as per the Statement of Financial Performance	110	110
Total changes	110	110
Balance at 31 March 2022	61 789	61 789

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

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

* The opening balance as at 01 April 2020 was restated through adjustments of prior period error which was identified during the reporting date. **Refer to note 27**

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

	Note(s)	2022 '000	2021 '000
Cash flows from operating activities			
Receipts			
Non exchange revenue- Government grant		195 031	191 739
Administrative fees		236	4 336
Interest income		1 486	1 333
Donation Income		272	100
		197 025	197 508
Payments			
Employee costs		(141 714)	(127 659)
Suppliers		(49 876)	(49 984)
Finance cost		(28)	(69)
		(191 618)	(177 712)
Net cash flows from operating activities	21	5 407	19 796
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(6 398)	(4 500)
Cash flows from financing activities			
Finance lease payments		(495)	(1 627)
Net increase/(decrease) in cash and cash equivalents		(1 486)	13 669
Cash and cash equivalents at the beginning of the year		58 800	45 131
Cash and cash equivalents at the end of the year	9	57 314	58 800

The accounting policies on pages 20 to 31 and the notes on pages 32 to 52 form an integral part of the annual financial statements.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	'000	'000	'000	'000	'000	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Administrative fees	-	-	-	236	236	
Interest received - investment	1 000	-	1 000	1 486	486	33
Total revenue from exchange transactions	1 000	-	1 000	1 722	722	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	195 031	-	195 031	195 031	-	33
Total revenue	196 031	-	196 031	196 753	722	

Expenditure

Personnel	(138 730)	-	(138 730)	(141 714)	(2 984)	33
Finance lease payment	(1 819)	-	(1 819)	(495)	1 324	33
Finance costs	(340)	-	(340)	(28)	312	
Lease rentals on operating lease	(9 697)	-	(9 697)	(7 988)	1 709	33
General expenses	(48 458)	-	(48 458)	(45 867)	2 591	33
Total expenditure	(199 044)	-	(199 044)	(196 092)	2 952	

Surplus before taxation	(3 013)	-	(3 013)	661	3 674	
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Deficit for the year from continuing operations	(3 013)	-	(3 013)	661	3 674	
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Payment of property, plant and equipment and intangible assets	(6 990)	-	(6 990)	(6 398)	592	33
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(10 003)	-	(10 003)	(5 737)	4 266	
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Reconciliation

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

	Note(s)	2022 '000	2021 '000
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1. Presentation of Annual Financial Statements

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

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

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

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

1.3 Materiality

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

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

1.4 Significant judgements and sources of estimation uncertainty

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

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

Property, plant and equipment

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.6 Intangible assets (continued)

Intangible assets are derecognised:

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

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

1.7 Financial instruments

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

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

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

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

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

A financial asset is:

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

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

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

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

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

Initial recognition

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.7 Financial instruments (continued)

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement consideration

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

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

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

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

Impairment of financial assets

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.7 Financial instruments (continued)

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

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

Impairment and gains and losses from subsequent measurement

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

Derecognition of financial assets

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

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

Derecognition of financial liabilities

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

Fair value considerations

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

Risk management of financial assets and liabilities

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

Credit risk:

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

Liquidity risk:

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.7 Financial instruments (continued)

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

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

Finance leases - lessee

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

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

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

Operating leases - lessee

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

1.9 Inventories

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

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

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

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

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

1.10 Employee benefits

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.10 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

Post-employment benefits: Defined contribution plans

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

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

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

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.11 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.13 Revenue from exchange transactions

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

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

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

Measurement

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

Interest, royalties and dividends

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

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

1.14 Revenue from non-exchange transactions

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Recognition

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

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

1.15 Unauthorised expenditure

Unauthorised expenditure means:

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

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Fruitless and wasteful expenditure

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

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular expenditure

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

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

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

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

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

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.17 Irregular expenditure (continued)

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

1.18 Budget information

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

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

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

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

The annual financial statements and the budget are not in the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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

1.19 Related parties

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

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

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

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

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

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

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

1.20 Events after reporting date

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

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.20 Events after reporting date (continued)

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

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

2022 '000	2021 '000
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

2.2 Standards and Interpretations early adopted

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2009	
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2009	
• GRAP 104 (as revised): Financial Instruments	01 April 2025	
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	

2.3 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand thousand

3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Finance Lease	1 158	(830)	328	3 573	(2 563)	1 010
Furniture and fittings	4 647	(1 570)	3 077	4 943	(2 447)	2 496
Motor vehicles	9 209	(2 063)	7 146	7 265	(2 123)	5 142
Office equipment	2 455	(816)	1 639	2 350	(757)	1 593
IT equipment	10 280	(2 558)	7 722	8 602	(2 279)	6 323
Leasehold improvements	522	(287)	235	806	(413)	393
Other property, plant and equipment	1 515	(788)	727	1 514	(735)	779
Total	29 786	(8 912)	20 874	29 053	(11 317)	17 736

Reconciliation of property, plant and equipment - 2022

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Finance lease	1 835	-	(88)	(737)	1 010
Furniture and fittings	2 221	465	(51)	(139)	2 496
Motor vehicles	4 092	1 798	(372)	(376)	5 142
Office equipment	1 693	17	(11)	(106)	1 593
Computer equipment	4 582	2 197	(12)	(444)	6 323
Leasehold improvements	434	22	-	(63)	393
Library Materials	831	1	-	(53)	779
	15 688	4 500	(534)	(1 918)	17 736

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand thousand

4. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 662	(1 072)	1 590	2 662	(934)	1 728

Reconciliation of intangible assets - 2022

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

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	1 866	(138)	1 728

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
5. Operating lease		
Current assets	19	117
Non-current liabilities	(1 046)	(345)
Current liabilities	(42)	(43)
	(1 069)	(271)

Operating lease expense consist of:

Head office	5 437	15 952
Provincial offices	4 103	3 353
	9 540	19 305

Terms and conditions

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

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

Due within one year	8 350	1 412
Due within two year to five years	23 303	1 200
	31 653	2 612

6. Prepayments

Pro-forma invoices	5.1	62	57
Subscriptions and annual licenses	5.2	752	595
		814	652

- 6.1 The pro-forma invoices as part of the prepayment emanates from suppliers that require payment in advance and during the reporting date, the Commission had not yet received the service or goods.
- 6.2 Subscription and annual licenses, the increase year on year is due to the acquisition of additional software thus improving the ability of the Commission to work remotely, this includes, such as FortiClient VPN and Microsoft Teams

7. Inventories

Consumable stores	155	103
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8. Receivables from exchange transactions

Trade debtors	435	90
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Trade and other receivables

As of 31 March 2022, trade and other receivables of 434 557 (2021: 90 380) were provided for.

The ageing of these loans is as follows:

3 to 6 months	435	90
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South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	57	54
Bank balances	483	825
Short-term deposits- call account	56 774	57 921
	57 314	58 800

Cash on hand relates to petty cash balance as presented and at year end the aggregated head office and provincial petty cash bank account retained a balance of R 56,593.76 (2021 R 54,115.90)

The Commission's daily activities are financed through the main bank account which retained a balance of R 482,969.02 (2021 R 824,722.15)

Short term deposit as disclosed relates to the call account which the Commission deposits the short term investment to attract variable interest income that is linked to the repo rate as reported by Reserve Bank. Refer to 15.1

10. Finance lease obligation

Minimum lease payments due		
- within one year	118	240
- in second to fifth year inclusive	-	119
	118	359
less: future finance charges	(4)	(28)
Present value of minimum lease payments	114	331
Present value of minimum lease payments due		
- within one year	114	217
- in second to fifth year inclusive	-	114
	114	331
Non-current liabilities	-	114
Current liabilities	114	217
	114	331

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

The average lease term was 3 years and the average effective borrowing rate was 10% (2021: 10%).

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

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

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Open Society Initiative for West Africa	222	932
ZENEX Foundation	96	100
Allan Gray Orbis Foundation	-	100
	318	1 132

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
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11. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	1 132	982
Additions during the year	271	200
Amount refunded to the donor	(710)	-
Income recognition during the year	(375)	(50)
	318	1 132

Open Society Initiative for West Africa

Balance at the beginning of the year	932	982
Additions during the year	-	-
Amount refunded back to the donor	(710)	-
Income recognition during the year	-	(50)
	222	932

The South African Human Rights Commission has received conditional grants from the Open Society Initiative for West Africa (OSIWA) for the seminar on the African which will be hosted in June. The conditional grant will be spent on travel, accommodation, venue hire and all the expenses relating to the African seminar.

ZENEX Foundation

Balance at the beginning of the year	100	-
Additions during the year	-	100
Income recognition during the year	(4)	-
	96	100

The South African Human Rights Commission has received conditional grants from the board of trustees of ZENEX Foundation towards the right to read and write campaign. The Zenex Foundation is an independent grant-maker investing in mathematics and language education in South Africa since 1995

Allan Gray Orbis Foundation

Balance at the beginning of the year	100	-
Additions during the year	-	100
Income recognition during the year	(100)	-
	-	100

The South African Human Rights Commission has received a conditional grant from the Allan Gray Orbis Foundation Endowment towards the right to read and write campaign. In seeking to improve the overall context in which the Allan Gray Orbis Foundation operates, the Endowment additionally supports initiatives that address structural barriers in education which hamper employability.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
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12. Provisions

Reconciliation of provisions - 2022

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

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave pay	6 346	-	(401)	1 205	7 150
Provision for performance bonus	2 070	680	-	(2 070)	680
	8 416	680	(401)	(865)	7 830

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

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

13. Employee benefits

13th Cheque accrual	1 216	1 182
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Employee benefits relates to employee's 13th cheque accrued and incurred in the current year R 1,215,930.05 (2021 R 1,182,030.51)

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

14. Payables from exchange transactions

Trade payables	8 247	5 231
Accrued expense	134	1 451
	8 381	6 682

Trade payables significant increase in comparison to the previous financial period is as a results of bulk travel expenditure that occurred in the fourth quarter.

Covid 19 ease of regulations has resulted in moving away from digitalised opeartion to one on one engagement which attracts expenditure such as flights, accommodation, venue, shuttle, catering etc which contributed to an increase in payable liability in comparison to prior year.

15. Revenue

Administrative Income	236	4 336
Interest received - investment	1 486	1 333
Government grants & subsidies	195 031	191 739
Donation Income	375	50
	197 128	197 458

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
15. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Administrative Income	236	4 336
Interest received - investment	1 486	1 333
	1 722	5 669

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

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

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

Transfer revenue		
Government grants & subsidies	195 031	191 739
Donation Income	375	50
	195 406	191 789

16. Donation Income

Open Society Initiatives For West Africa	-	50
Allan Gray Orbis Foundation	100	-
United Nations International Children's Emergency Fund	271	-
ZENEX Foundation	4	-
	375	50

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

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
17. Employee related costs		
Basic Salary	99 189	91 791
Performance Bonus (Net movement)	3 449	871
Medical aid - company contributions	4 693	4 535
Unemployment Insurance Fund (UIF)	415	344
Pension Fund Contributions	9 196	9 316
Non pensionable contributions	10 574	9 956
Other Short term benefit	4 851	3 714
13th Cheques	4 770	4 969
Car allowance	630	731
Housing benefits and allowances	2 376	2 518
	140 143	128 745

Number of employees

Permanent employees	158	160
Contractors	64	50
Internship	-	1
	222	211

Movements during the year:

Total number of employees at the beggining of the year	211	209
Resignations/pensions/internships ended	(69)	(62)
Appointments/internships	80	64
	222	211

HR Bursaries

Annual Remuneration	243	345
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The employee bursaries is offered to permanant employees in application of the HR policy and employees that qualifies for the bursary offers their employment services in payment of the bursaries for a specific period as per the signed bursary agreement.

18. Finance costs

Finance leases	28	69
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Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 27,8937.94 (2021: R 68,979.86).

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

		2022 '000	2021 '000
19. General expenses			
Advertising		115	23
Auditors remuneration (External)	19.1	2 611	1 793
Bank charges		85	97
Cleaning		218	395
Computer expenses		65	213
Consulting and professional fees		96	112
Lease and hire		1 613	1 444
Insurance		806	605
Conferences and seminars		5	30
Municipality service	19.2	2 250	4 583
Motor vehicle expenses		99	126
Motor vehicle expense (Fuel)		607	318
Placement fees	19.3	219	901
Postage and courier		39	107
Printing and stationery		363	335
Repairs and maintenance		122	73
Security (Guarding of municipal property)		1 798	1 611
Software expenses		-	182
Staff welfare		246	115
Subscriptions and membership fees		780	341
Telephone and fax		2 509	2 169
Relocation expense	19.4	2 490	-
Training		627	970
Workmen's compensation		127	125
Relocation expense		146	682
Operating expense	19.5	26 067	13 675
		44 103	31 025

- 19.1 The Auditors remuneration fee increase is due to the 2020/21 audit planning starting later than the year before, resulting in charges being received in the 2021/22 year, as well an IT audit was performed which did not take place in the previous year.
- 19.2 The Municipality services fee decrease is attributable to the Head Office move into significantly smaller premises.
- 19.3 The placement fee decrease is as a result a Human Capital Management Strategy project that took place in 2020/21 but not in the current year.
- 19.4 The relocation fee refers to the Head Office move, which includes storage of assets whilst renovations in the new premises were underway.
- 19.5 Operating expenditure increased due to the additional activities undertaken utilising surplus funds from the previous year as approved by National Treasury, including the July Unrest Hearing and the Whistleblowing Summit

20. Auditors' remuneration (External)

Fees	2 611	1 793
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South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
21. Cash generated from operations		
Surplus	110	16 720
Adjustments for:		
Depreciation and amortisation	2 278	2 056
Loss on disposal of assets	926	271
Donation income	(375)	(50)
Movements in operating lease assets and accruals	1 649	(641)
Changes in working capital:		
Inventories	(52)	67
Receivables from exchange transactions	(345)	(1)
Prepayments	(162)	77
Payables from exchange transactions	1 693	1 947
Unspent conditional grants and receipts	(814)	50
Employee benefit	34	(114)
Provision for leave accrued	1 145	804
Provision for performance bonus	(680)	(1 390)
	5 407	19 796

22. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions (Refer to note 8)	435	435
Cash and cash equivalents	57 314	57 314
	57 749	57 749

Financial liabilities

	At fair value	Total
Payables from exchange transactions (Refer to note 14)	8 379	8 379
Employee benefits (Refer to note 12 & 13)	9 511	9 511
Finance lease liability obligation (Refer to note 10)	114	114
	18 004	18 004

2021

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	90	90
Cash and cash equivalents	58 800	58 800
	58 890	58 890

Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions (Refer to note 14)	6 682	6 682
Employee benefits (Refer to note 12 & 13)	8 332	8 332
Finance lease liability obligation (Refer to note 10)	217	217
	15 231	15 231

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

		2022 '000	2021 '000
23. Commitments			
Authorised operational and capital expenditure			
Already contracted for but not provided for			
• Acquisition of PPE	23.1	1 297	3 808
• Authorised operating expenditure	23.2	7 610	9 108
• Operating lease expenditure	23.3	-	4 422
		8 907	17 338
Total operational commitments			
Already contracted for but not provided for		8 907	12 916
Total commitments			
Total commitments			
Authorised operational expenditure		8 907	12 916

This committed expenditure relates to open purchase orders issued to suppliers for goods and services not yet received as at 31 March 2022 and will be financed by available funds. Due to the Covid-19 pandemic ease of regulations, certain targets were easily addressed earlier.

- 23.1 Purchase orders relating to the acquisition of furniture and fitting for the new building, purchased but not yet received at year end.
- 23.2 Other long overdue purchase orders other than purchase orders of capital expenditure relating to operational expenditure of day to day activities in addressing the organisational mandate.
- 23.3 Operating lease agreement between Mudoto Properties Proprietary Limited and South African Human Rights Commission for Head Office building signed on the 19th March 2021, therefore, at reporting date, the Commission was committed to an amount of R 4,422,072.00 for the next financial period.

24. Contingencies

Categories of contingent liability

Estimated cash surplus per National Treasury Instruction No 6 of 2021/20	24.1	10 804	33 000
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- 24.1 The SAHRC will be applying for the retention of its accumulated surplus as at the financial year ending 31 March 2022 in terms of section 53(3) of the PFMA from National Treasury. The surplus is significantly made up of the fact that in the updated surplus calculation formula of 2020/21, the inclusion of commitments is no longer catered for. Commitments at 31 March 2022 for the 2021/22 year show a balance of R 8.9m. A portion of this is due to the halt of tender processes advised by National Treasury in February 2022.

Contingent assets

The Commission has no contingent assets at reporting date.

South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000
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25. Related parties

Department of Public Works

Information Regulator

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

Parliament

Other entity within the Justice Portfolio

Legal Aid South Africa

Public Protector

Guardian's Fund

President's Fund

Special Investigating Unit

Criminal Asset Recovery Account

Third Party Funds

Office of the Chief Justice

National Prosecuting Authority

Rules Board for Courts of Law

South African Boards of Sheriffs

South African Law Reform Commission

Council of Debt Collectors

Related party transactions

Transactions with related parties

Department of public works	25.1	195	214
Department of justice and constitutional Development	25.2	195 031	191 739
Information regulator	25.3	111	4 514

25.1 Related party transactions to the value of R 194,584.98 (2021: R 214,340.41) was incurred in the current financial year. Related party transactions emanates from municipal services for Kwazulu Natal and Northern Cape Provincial offices.

25.2 The following amount was the annual allocation received from National Treasury via the Department of Justice and Constitutional Development R 195,031,000 (2021: R 191,739,000) as disclosed in note 14.

25.3 The Information Regulator and the Commission have entered into a sub lease agreement for rental of office space and the amount aggregated to R 110,735.02 (2021: 4,513,693.88) relates to the transaction for rental income.

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

Relationship:

Senior managements: List all the senior managers (CEO , COO , CFO , Head of Strategy all listed under paragraph 25)

Remuneration of management

South African Human Rights Commission

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Notes to the Annual Financial Statements

Figures in Rand thousand

26. Members' emoluments

Executive

2022

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

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Figures in Rand thousand

26. Members' emoluments (continued)

2021

	Salary	Bonuses and performance payment	Expenses allowance	Provident contributions	Termination leave payout and backpay	Acting allowance	3G and cellphone allowance	Total
Chief Executive Officer	1 187	99	544	149	-	-	43	2 022
Acting Chief Financial Officer (Dec-March 2019)	665	-	202	83	-	91	14	1 055
Head of Corporate Services	747	-	405	93	-	-	24	1 269
Head of Strategic Support and Governance	747	62	343	93	-	-	24	1 269
Chief Executive Auditor	635	-	292	81	-	38	-	1 046
Provincial Manager: Kwazulu Natal	644	54	309	80	-	-	24	1 111
Provincial Manager: Mpumalanga	749	63	343	92	-	-	24	1 271
Chief Operational Officer	821	68	376	103	-	-	29	1 397
Provincial Manager: Eastern Cape	498	55	228	62	79	-	18	940
Provincial Manager: Limpopo	747	62	343	93	-	-	24	1 269
Provincial Manager: Northern Cape	715	60	328	88	-	-	24	1 215
Provincial Manager: Gauteng	683	57	313	86	-	-	24	1 163
Provincial Manager: Free State	644	-	349	80	-	-	-	1 073
Provincial Manager: Western Cape	157	-	71	20	-	-	-	248
Operations Manager	683	-	370	86	-	-	24	1 163
Acting Provincial Manager: Eastern Cape	717	60	158	89	-	38	13	1 075
Provincial Manager: North West	634	-	344	79	-	-	24	1 081
Acting Head of Advocom	741	62	163	93	-	26	14	1 099
Acting Provincial Manager Western Cape	717	60	158	89	-	83	-	1 107
Acting Head Of Communication	646	-	196	80	-	26	-	948
Acting Program Manager	521	-	158	65	-	73	1	818
	14 298	762	5 993	1 784	79	375	348	23 639

South African Human Rights Commission

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2021
'000

26. Members' emoluments (continued)

Non-executive

2022

	Salary	Bonus and performance bonuses	Provident contributions	Other benefits	Total
Adv BC Majola	863	-	-	623	1 486
Adv .F.Chohen	549	-	69	307	925
Adv. AH Gaum	671	-	-	485	1 156
Ms P.Ntuli	502	-	63	267	832
Ms MA Makwetla	168	-	-	107	275
Adv. JB Malatji	671	56	-	429	1 156
Mr AC Nissen	799	-	-	28	827
Mr J Sibanyoni	799	-	-	28	827
	5 022	56	132	2 274	7 484

2021

	Salary	Bonuses and performance bonuses	Provident contributions	Other benefits	Total
Adv .B.C.Majola	857	-	-	645	1 502
Adv AH Gaum	666	-	-	499	1 165
Adv MS Ameerma	563	60	69	399	1 091
Ms M.A. Makwetla	443	55	-	305	803
BJ Malatji	666	55	-	443	1 164
Mr AC Nissen	794	-	-	36	830
Mr JB Sibanyoni	794	-	-	36	830
	4 783	170	69	2 363	7 385

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27. Prior period errors

During the year under review, management noted that the 2021 financial year provision of leave accrued was calculated incorrectly based on the basic salaries rather than the total cost to company for all employees above level 10, therefore, management took a decision to rectify the error retrospectively and adjust accumulated surplus and provision for leave accrued accordingly with the error incurred.

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

Statement of financial position

Provision for leave accrued.	-	(1 196)
Closing Accumulated Surplus or Deficit	-	1 196

Statement of financial performance

Employee Costs	-	1 196
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28. Risk management

Financial risk management

Liquidity risk

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

Credit risk

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

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

Financial instrument	2022	2021
Receivable from exchange transactions	435	90
Prepayments	820	652
Cash and cash equivalents	57 314	58 800

29. Going concern and Covid 19

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

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

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

The impact of COVID-19 on accounting standards that require the assessment at the end of each reporting period of whether there is either objective evidence that assets are impaired or if events or changes in circumstances indicate that the carrying amount of a non-financial asset may not be recoverable, was assessed based on information available as at 31 March 2022. COVID-19 is an unprecedented challenge for humanity and for the economy globally and at the date of this report its effects are subject to significant levels of uncertainty. The impact of COVID-19 is expected to be felt on the Commission objectives to address the operational mandate. At this stage, there is no uncertainty identified about the Commission ability to continue as a going concern.

South African Human Rights Commission

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29. Going concern and Covid 19 (continued)

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

30. Events after the reporting date

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

Covid-19 pandemic

The SAHRC has been able to maintain its operations under the lockdown restrictions and regulations announced by the South African government since the Covid19 pandemic hit the country. Furthermore, even with the revised risk adjustment for the economy and country there are no material matters after the reporting date for the SAHRC.

31. Fruitless and wasteful expenditure

Opening balance as previously reported	116	-
Add: Fruitless and wasteful expenditure identified - current	-	116
Less amount resolved	-	-
Closing balance	116	116

Fruitless and wasteful expenditure is presented inclusive of VAT

Fruitless and wasteful expenditure to the value of R 0.00 (2021: R 116,217.74) was incurred in the current year. The fruitless and wasteful expenditure emanated from late submission of Vat payable to SARS as a result of directive impose on the Commission for non residence suppliers. The late submission of Vat attracted interest and penalties which qualifies to be disclosed as a non compliance.

32. Irregular expenditure

Opening balance	8 701	6 310
Add: Irregular Expenditure - current year	10 794	2 391
Less: Amounts not recoverable (not condoned)	-	-
	19 495	8 701

Irregular expenditure to the value of R 10,794,481.30 (2021: R 2,391,133.86) was incurred in the current year. Irregular expenditure emanates from non-compliance with National Treasury Note 8 of 2007 and Treasury Regulation 16A 9.1 (d) and 16A 6.3 (b.)

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

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

Analysis of expenditure awaiting condonation per age classification

Current year	10 794	2 391
Prior years	8 701	6 310
	19 495	8 701

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32. Irregular expenditure (continued)

Details of irregular expenditure not condoned

	Disciplinary steps taken/criminal proceedings	
None	Not condoned by Accounting Officer after the expenditure is incurred.	-

Details of irregular expenditure condoned

	Condoned by (condoning authority)	
None	Condoned by the Accounting Officer after the expenditure is incurred	-

Details of irregular expenditure recoverable (not condoned)

None	-
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Details of irregular expenditure not recoverable (not condoned)

None	-
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33. Budget differences

Budget Reconciliation per GRAP 24

A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 31 March 2022 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

Heading	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the budget and actual comparative statement	4 266	-	-	4 266
Basis differences	5 752	(495)	(6 398)	(1 141)
Timing differences	-	-	-	-
Entity differences	-	-	-	-
Actual amount in the cash flow statement	10 018	(495)	(6 398)	3 125

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are for the fiscal period from 2021/04/01 to 2022/03/31. The annual financial statements differ from the budget, which is approved on the cash basis.

(i) Administrative fees

These receipts were due to the last few months of municipal costs from the Information Regulator, who rented a space from the Commission, which ended on 31 March 2021.

(ii) Interest received- Investment

Interest received was higher than anticipated with a higher bank balance during the year as well as an increase in interest rates.

(iii) Personnel

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33. Budget differences (continued)

The higher personnel costs are attributable to:

- monitors that were engaged on a contract basis, but budgeted for in the provincial operational budgets,
- the extra assistance engaged for the special projects of the July 2021 Unrest Hearing as well as the first Whistleblowing Summit.

(iv) Finance lease payments and finance cost

The lower finance costs are due to finance leases not being renewed or replaced on expiry. Specifically with computer equipment (laptops) which were then purchased outright.

(v) Lease rental on operating lease

Due to the extended time taken in ensuring the readiness of the Head Office premises, the landlord elected to give a discount on the first few months rental charge.

(vi) General expenses

As mentioned in Personnel expenditure, the monitors that were engaged were budgeted for in provincial operational budgets, however paid through the payroll.

(vii) Payment of property, plant and equipment and intangible assets

The underspend of 2021/22 fixed assets budget expenditure was offset by the late delivery on purchase orders from the 2020/21 year, specifically in the case of motor vehicles and computer equipment (laptops) purchased that couldn't be delivered due to the COVID19 Pandemic lockdown rules. Projects not finalised in 2021/22 are: The upgrade on the current General Ledger system and the digitisation project.

(viii) Finance lease payments

The lower finance lease payments are due to finance leases not being renewed or replaced on expiry. Specifically with computer equipment (laptops) which were then purchased outright.