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FOREWORD



Acting Chairperson
Prof. M. R. Ralebipi - Simela

This last year of the Council's three year term comes to a halt with several notable achievements for the National Heritage Council (NHC). We are pleased to have continued the institution's legacy of good governance to the extent possible. A sixth consecutive unqualified audit report for a young institution in a period where a myriad of cautionary and regulatory legislation needed to be observed in the operations, is a challenge for many public institutions.

Many of us as Council members have learned lessons about the depth and richness of our often trivialised heritage – lessons that we shall cherish for eternity. Equally, the organisation in its entirety has immensely benefited from the contributions of the collective wisdom of the Council members who unreservedly shared and insisted on what they believed is correct.

The organisational policies that we were able to entrench will strengthen the governance of the NHC for many years to come. The resources mobilised from external funders

and, in particular, the National Lotteries Distribution Trust Fund (NLDTF) has set a base and provided donor confidence for future investments by other funders who are concerned about the lack of funding for heritage in South Africa. If it were not for this challenge of funding, more work could have been done in the area of knowledge production to increase the intellectual material about this country's rich heritage.

Parting ways is for us a sad but proud moment because we have become attached to the passion of all the stakeholders that we have had to work with over the years. However, we remain indebted to advance the cause of ensuring that future generations find a legacy of their heritage preserved. This calling which ought to be a responsibility of every proud South African, we hope to retain in our individual capacities. Similarly, the NHC is encouraged to continue to spur the country into even a more buoyant action.

We wish the new Council members the best time ahead in the rather intricate task of steering the organisation to greater heights especially with the rising public demand for heritage solutions and services. As we pass the baton, we also encourage the Management and staff of the NHC to continue the 'beyond the call of duty' commitment that we had become accustomed to over the years. We believe that the Council will receive the much needed and undivided cooperation as we have enjoyed from the entire staff, the Department of Arts and Culture as well as all the other stakeholders in the heritage sector.

A handwritten signature in black ink, appearing to read 'Matabole Rocky Ralebipi-Simela'.

Prof. Matabole Rocky Ralebipi-Simela

Acting Chairperson



COUNCIL MEMBERS



Prof. R. Ralebipi



Adv. T K Ntsewa



Mr. Z Mkiva



Dr L P Nkosi



Dr. P Seboni



Prof. Ciraj Rasool



Ms Kenetswe Mosenogi



Ms Luli Callinicos



Mr J T Mdeni



Mr. W H Boshoff



Adv. Sonwabile Mancotywa
Chief Executive Officer

OVERVIEW

The humble beginnings of six years ago when the National Heritage Council was formed has paid off rewarding dividends for the South African heritage sector. The turning point was when the first five years were successfully recorded in the institutions own heritage. This success is owed to the efforts that were specifically dedicated to develop organisational systems and policies in the formative years. This year under review marked the second quinquennium of the NHC where the strategic pillars were refocused to contribute to advance the mandate as expressed in the NHC Act of 1999.

The year also marked the change of guard in terms of new Council members. Although the formal inauguration happens at the beginning of the seventh financial year, it is worth mentioning in this report. I am pleased to be afforded an opportunity to work with a Council that is comprised of men and women of impeccable stature as it was in the past two Councils.

The NHC has made significant strides in mobilising not only the general public but strategic stakeholders in the heritage sector such as government departments as well as the private sector. Several stakeholders who were previously never involved or realised their inevitable role in heritage, became instant friends of the sector either directly or indirectly. While in the majority of cases, as often expected, the benefits were social – this turn-

ing point's marker was also the economic resource mobilisation that contributed by external stakeholders.

Public mobilisation through conferences was scaled down but the interaction with our stakeholders was retained at the same level. More time was dedicated to other equivalent methodologies of public consultation especially on subjects that were recurring. Public education was part of the process of interacting with the public throughout.

Funding of innovative community heritage projects was again one of the strongest focal points. A critical analysis of the issue of funding in the sector was for a long time in arrears. Given the suspected need for a massive economic injection into the sector in order to unlock economic prospects, a Funding Conference and research has proven that heritage is the one of the least funded sectors in South Africa.

The sector was for centuries subjected to draconic laws of apartheid that suppressed the exposure, appreciation and preservation of African heritage. The identification of policy gaps and formulation of frameworks that seek to intervene were developed. The policy areas cover issues of critical public concern and high impact such as 'Development', Ethics, Transformation and Repatriation.

The increased demand for more attention by the heritage activists has brought about many challenges for the NHC. Whilst other demands are obviously related to resources some emerging societal needs relate to knowledge, information, advice and general support. These have placed immense pressure on the NHC to meet the needs that are genuine. The increased number of funding requests and daily enquiries has had a knock on the operational resources of the NHC including the human resource.

I regard this year as one of the most challenging especially because of having to negotiate an organisational turning point that requires a massive injection of resources to enable its successful operation. At the same time, I am delighted that together with a team of committed employees and a supportive Council, the organisation was able to turn the corner.

Adv Sonwabile Mancotywa
Chief Executive Officer



PERFORMANCE REPORT

1. The Core Functions of the NHC

As expressed in the Act, the functions of the NHC are:

- a) Advise the Minister on:
National policies on heritage matters, including indigenous knowledge systems, treasures, restitution and other relevant matters; and
any other matter concerning heritage which the Minister may from time to time determine;
- b) Advise the Minister on the allocation of core funding to declared cultural institutions;
- c) Investigate ways and means of effecting the repatriation of South African heritage objects presently held by foreign governments, public and private institutions and individuals;
- d) Make grants to any person, organisation or institution in order to promote and develop national heritage activities and resources;
- e) Co-ordinate the activities of public institutions involved in heritage management in an integrated manner to ensure optimum use of State resources;
- f) Monitor and co-ordinate the transformation of the heritage sector, with special emphasis on the development of heritage projects;
- g) Consult and liaise with relevant stakeholders on heritage matters;
- h) Generally support, nurture and develop access to institutions and programmes that promote and bring equity to heritage management;
- i) Promote an awareness of the history of all our peoples, including the history of enslavement in South Africa;
- j) Lobby in order to secure funding for heritage management and to create a greater public awareness of the importance of our nation's heritage; and
- k) Perform such duties in respect of its objects as the Minister may assign to it.
- l) The Council may on its own initiative advise the Minister on any matter concerning heritage.

2. NHC Priorities

The current strategic planning document of the National Heritage Council has the following priorities covering 2009 to 2012:

- a) To provide the Minister of Arts and Culture with sound policy advice on all national heritage matters;
- b) Equitable redress and inclusivity;
- c) Enhance the role of Ubuntu in nation building;
- d) Improve co-ordination and management of the sector;
- e) Positioning the heritage sector as a significant contributor to socio-economic development;
- f) Improve resources mobilisation efforts of the NHC;
- g) Public awareness, education and stakeholder relations;
- h) Institutional development of the National Heritage Council and heritage organisation

PERFORMANCE INFORMATION 2009/10

Balance Perspective	Scorecard Strategic Focus Area
Primary goal perspective	<ul style="list-style-type: none"> To provide the Minister with policy advice Funding and resource mobilisation Mainstreaming intangible heritage Nation building programs Leadership through intellectual expertise Continued support from the Department of Arts and Culture and Government Transformation of the sector Public awareness Ensure strong corporate image/identity Coordination of heritage management
Stakeholder Perspective	<ul style="list-style-type: none"> Facilitation and development of Memoranda of Understanding (MOUs) with NHC stakeholders Recognition for leadership through technical expertise. Reputation for reliability in service delivery. Leadership in transformation of the heritage sector. Effective coordination of the Heritage Sector. Intergovernmental co-operation
Processes and Systems Perspective	<ul style="list-style-type: none"> Increase NHC's capacity for Planning, Monitoring and Evaluation Development and sustenance of world class internal organisational processes and systems Enhanced governance, risk and financial management Reliable information management systems Adherence to supply chain management protocol
Learning and Growth Perspective	<ul style="list-style-type: none"> Enhance research and information capacity Effective internal communication Building a caring and compassionate NHC Ongoing capacity building of NHC staff

PERFORMANCE INFORMATION 2009/10

Primary Goal Perspective

The primary goal perspective is addressing the strategic priorities that focuses on the core business of the NHC and are listed below:

- a) To provide the Minister of Arts and Culture with sound policy advice on all national heritage matters;
- b) Equitable redress and inclusivity;
- c) Enhance the role of Ubuntu in nation building;
- d) Improve co-ordination and management of the sector;
- e) Positioning the heritage sector as a significant contributor to socio-economic development;
- f) Improve resources mobilisation efforts of the NHC;
- g) Public awareness, education and stakeholder relations.



PERFORMANCE INFORMATION 2009/10

Table 1 - Primary Goal Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
a) Provide the Minister with policy advice	1. An established NHC Heritage (core business) Portfolio Committee which sets policy framework	a) Portfolio Committee Established	2009/10 - 2011/12	Done: The Heritage Committee had been established and was functional. Ongoing: Draft policy framework on Repatriation of Heritage Resources has been circulated for inputs and comments to Heritage Committee. Draft policy was also tabled and noted by Council in its last meeting held on 20 February 2010.
	2. Develop Heritage Policy frameworks	a) Submission and approval of the Heritage Transformation Charter	2009/10	Done: The Draft Heritage Transformation Charter has been circulated during June and July 2009 of the year under review and accordingly endorsed by stakeholders. Ongoing: NHC submitted a formal communication for the handover of the draft Charter to the DAC, and DAC has not yet confirmed a date for the handover. Handover is now planned September 2010 and/or as soon thereafter as it may be so handed over.
		b) Policy on repatriation of heritage	2009/10	Ongoing: After consolidation of inputs from the Council and Reference Group, a revised draft policy framework was presented at a stakeholder workshop held in Midrand on 11 February 2010. Further inputs and comments from the workshop have been consolidated and finalization of the draft policy Framework is expected to happen on or before the end of the second quarter of the 2010/13 financial year.
		c) Policy on Public Access to Heritage Institutions	2009/10 – 2010/11	Done: Research database has been completed and used for the distribution of Access to Heritage Resources Questionnaires. Questionnaires have been distributed and followed up with personal calls to elicit responses. 194 responses were received and captured. Done: Research project regarding the feasibility of a heritage levy as well as alternative revenue raising proposals have been completed and presented to NHC on 5 February 2010. In Progress: Broader research aspects of draft policy on Access would be pursued in the 2010/11 financial year.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		d) Development of standards and codes of ethics for heritage practitioners	2009/10 – 2010/11	Ongoing: Research and further consultations with stakeholders has begun and will continue in the 2010/11 financial year.
		e) National framework for harmonizing heritage conservation and development	2009/10 – 2010/11	Done: Preliminary research report and discussion document have been completed in January and February 2010 respectively. The discussion document has been present for commentary at an expert focus group meeting held on 16 March 2010 and revised according to inputs. In Progress: Consultative workshop for broad stakeholder engagement took place on 04 May 2010 and a report therefrom used to inform the further development of the draft policy framework document.
	3. Policy proposals submitted to the Heritage (core business) Portfolio Committee	a) Submission of policy proposals to the Minister for approval.	2010/11	In Progress: Policy proposals will upon completion be submitted to the Heritage Committee that will be constituted after the appointment of the new Council in the financial year 2010-2011. To this end, internal work on different draft policy frameworks such as heritage levy, repatriation of heritage and heritage development is underway.
	4. Policy positions/guidelines for presentation to the Minister & DAC.	a) Comprehensive proposal on the restructuring of the heritage sector with specific emphasis to: <ul style="list-style-type: none"> <input type="checkbox"/> Review of all heritage related legislation <input type="checkbox"/> Implementation of the heritage transformation charter <input type="checkbox"/> Clarification of roles amongst key players DAC, NHC, institutions, etc <input type="checkbox"/> Liberation route programme <input type="checkbox"/> Leadership of the sector 	2010/11 – 2011/12	<ul style="list-style-type: none"> <input type="checkbox"/> Done: NHC submitted inputs to DAC Draft Policy Framework on Living Heritage. <input type="checkbox"/> In Progress: Implementation of the Heritage Charter is subject to formal approval by the DAC. <input type="checkbox"/> In Progress: Subject to DAC Policy Review process. NHC submitted inputs and attended a policy review workshop organised by the DAC held on 12 March 2010 at its offices. <input type="checkbox"/> Cabinet Memo was resubmitted as per Minister's request. <input type="checkbox"/> In Progress: Continuous engagement with the sector continued during the year under review.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
b) Funding and resource mobilization	1. Reviewed NHC Funding Policy	a) An updated Funding Policy	2009/10	Delayed: Review of the Funding Policy could not take place during the year under review owing to the reprioritization of focus on Funding Impact assessment done during June and July 2009. In progress: Presentation of the Review on the Funding Policy would be made at the first sitting of the new Council once appointed and only then will it be printed.
	2. Developed Resource Mobilization Strategy	a) Conduct needs assessment for funds and resources.	2009/10	Done: A Draft NHC Resource Mobilization Strategy is in place and awaits tabling before the following fora: a) Management EXCO Meeting during the first quarter of the 2010/11 financial year. b) New Council of the NHC in their first sitting once appointed. In progress: The Funding Impact Study will inform further the NHC Resource Mobilization Strategy once adopted by the relevant structures before end of the 2nd quarter of the 2010/2011 financial year.
		b) Engage key stakeholders for input	2009/10	Not done. The Resource Mobilization Strategy is still in its draft format and would require tabling at the relevant internal structures first for endorsement.
		c) Produce strategy for resource mobilization	2009/10	In progress: A draft Resource Mobilization Strategy is in place and will be tabled at the Management EXCO for ratification before end of 1 st quarter of 2010-2011.
	3. Mobilized funds and resources for targeted strategic programmes and projects	a) Develop business proposals	2009/10	Done: Business case proposal was submitted to the Minister of Arts & Culture with the Funding Summit Report in December 2009.
		b) Identify and approach the funders/sponsors	2009/10	Not done: No approaches were done in this year under review. Engagements with funding bodies did not take place in this quarter but plans are in place to engage identified bodies in the 1 st quarter of 2010-2011 financial year. In progress: Approaches are being scheduled with some funders to meet and discuss areas of funding for the sector in 1 st quarter of 2010/2011.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		c) Secure funds and resources	2009/10	Not done: No funds were secured in the year under review.
	o An established Funding Forum to coordinate sector funding	a) Consultation with identified funding bodies for constitution of a funding forum	2009/10	Done: A framework to guide the formation of the Funders' Forum was completed in December 2009. In progress: Consultation with identified bodies will take place in the 2 nd quarter of 2010-2011
		b) Developed terms of reference for the funding forum	2009/10	Not done: No terms of Reference are in place in the year under review. In progress: Once the Funders' Forum is constituted terms of reference will be developed and consultations with stakeholders and focus groups would take place in the 3 rd quarter of 2010-2011 for endorsement.
		c) Periodic review of the functioning of the funding forum	2009/10	Not done: No review of the functioning of the Funding Forum took place in the year under review. Reviews will take place in the 4 th quarter after the Funder's Forum would have been established.
	o An impact study report on sector funding	a) Conduct assessment and trends on funding of the sector	2009/10	Done: 1 st Draft Impact Survey was presented in February and reviewed in March 2010.
		b) Produce an impact study report	2009/10-2011/12	Final report not in place yet: The final Impact Study Survey is still in the draft format but has been reviewed. The Final Impact Study report would be produced in the 1 st quarter of 2010/2011 financial year.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
c) Mainstreaming intangible heritage	1. Developed framework on integration of Intangible Heritage into Heritage Resource Management	a) Conducting needs assessment	2009/10-2011/12	Function taken over by DAC and NHC requested not to pursue it.
		b) A report on the needs assessment	2009/10-2011/12	Subject to the completion of DAC policy process. To commence after completion and ratification of the national policy on Intangible Heritage by DAC.
	2. Implementation of National Policy on Intangible Heritage. (DAC Driven Process)	a) Conduct advocacy workshops	2009/10-2011/12	DAC Policy area. To commence after the completion and ratification of the national policy on Intangible Heritage by DAC.
		b) Engaging stakeholders	2009/10-2011/12	DAC Policy area. To commence after the completion and ratification of the national policy on Intangible Heritage by DAC.
		c) Monitor and evaluate implementation	2009/10-2011/12	DAC Policy area. To commence after the completion and ratification of the national policy on Intangible Heritage by DAC.
	3. Implementation of UNESCO Convention on safeguarding of Intangible Heritage (Upon finalization of ratification)	a) Conduct advocacy workshops	2010/11-2011/12	Subject to ratification of UNESCO ICH policy by South Africa (DAC).
		b) Engaging stakeholders	2011/12	Subject to ratification of UNESCO ICH policy by South Africa (DAC).
		c) Monitor and evaluate implementation	2011/12	Subject to ratification of UNESCO ICH policy by South Africa (DAC).

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	4. Integration of Intangible Heritage into education sector, including oral history programme	a) Engaging stakeholders	2010/11	Subject to completion and ratification of National Policy Framework on ICH and UNESCO ICH policy by South Africa (DAC).
		b) Promotion and incorporation of Intangible Heritage into the education sector	2010/11	Subject to completion and ratification of National Policy Framework on ICH and UNESCO ICH policy by South Africa (DAC).
d) Nation building programs	1. Abuntu Awards	a) Annual Ubuntu Awards	2009/10-2011/12	Done: A report and audio-visual material have been produced and disseminated to stakeholders.
	2. Increased awareness and embracing of Ubuntu values	a) Establishment of National Advisory Committee on Ubuntu	2009/10	Done: The Advisory Committee had been Established and was functional. Following the appointment of the National Advisory Panel for the period 2007 – 2010 members thereof took part in the pre-imbizo and Imbizo events during September and October 2009. On 27 th November 2009, members of Advisory Committee convened a meeting to evaluate the 2009 Ubuntu Programme and also plan strategically for the 2010 – 2011 financial year.
		b) Hosting of Annual National Imbizo on Ubuntu	2009/10-2011/12	Done: Hosted the annual National Ubuntu Imbizo and Awards ceremony on 1 st October 2009. The following build-up activities preceded the Ubuntu Imbizo and Awards ceremony: -Media Conference – 31 August 2009 -Ubuntu Dialogues (Workshop) – 16 September 2009 -Ubuntu in Action Community Visits – 17 September 2009 A report has been produced and disseminated.
		c) Integration of Ubuntu principles and values into school's curriculum	2010/11	In Progress: Engagement with the DoE was done during the year under review and an MOU would be concluded in the 2010/11 financial year after which further discussions on the integration of Ubuntu principles and values in schools curriculum will also be pursued.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	3. Development of policy framework on the integration of Ubuntu into public policy	a) An investigation of policy implications of Ubuntu values	2010/11-2011/12	In Progress: Preliminary and exploratory research commenced in the year under review and would proceed in the 2010/11 financial year.
		b) Identification of public policies with a potential of integrating Ubuntu	2010/11-2011/12	In Progress: Preliminary research has started during the previous and current quarter under review.
		c) Policy development and integration	2010/11-2011/12	In Progress: Preliminary research started during the previous and continued during the current year under review.
	4. Development of Liberation Heritage Route	a) Conduct research and feasibility study	2009/10-2011/12	Done: The service provider was appointed to conduct the National Research on the NLHR. Commencement of the National Research Programme on the National Liberation Heritage Route prioritizing Premium Sites for World Heritage Site Inscription began in December 2009. Business Plan on the World Heritage Site inscription will be finalized in the second quarter of the 2010/11 financial year. DONE: Preliminary results of the research work have been submitted to NHC by the service provider.
		b) Development of Business Case	2009/10-2011/12	Done: National Business Case on the Liberation Heritage Route has been completed and submitted to the NHC for approval during October 2009. DONE: The NLHR received extensive media coverage during the 20 th Anniversary of the release of Nelson Mandela during 10-11 February 2010. This is the implementation of the marketing and communications plan as contained in the business plan.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		c) Stakeholder consultation and engagement	2009/10-2011/12	<p>DONE: Provincial Executive Councils which formally adopted the NLHR are Limpopo in October 2009 and Mpumalanga in November 2009 respectively. The following milestones have also been noted:</p> <ul style="list-style-type: none"> ☐ An inter-provincial workshop with officials was successfully held on 12 March 2010 to foster consensus on the formation of Provincial Chapters of the NLHR. ☐ A consultative workshop with Liberation Movements was successfully held on 11 March 2010 where decisions were taken on future engagement with regards to the NLHR. ☐ A meeting was held with the Johannesburg Metro where a formal commitment was made to collaborate with the NHC on the NLHR. ☐ Provinces which were consulted are KwaZulu-Natal and Northern Cape; <p>IN PROGRESS: Municipalities with pending meetings a Emngeni, Buffalo City and relevant National Departments which would be prioritized in the 2010/11 financial year.</p> <p>DONE: A synergies joint workshop convened with SEDA on cultural industries adopted the NLHR.</p>

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		d) Setting of National Structures and Task Team	2010/11	<p>PENDED: Implementation on hold subject to approval of the business case by cabinet and availability of funds.</p> <p>DONE: The Inter-Provincial Meeting on the NLHR agreed on the development of Provincial Structures and setting up of a National Steering Committee to co-ordinate the Chapters.</p>
		e) Provincial Launch of the Liberation Heritage Route	2009/10-2011/12	PENDED: Launch pending adoption of the LHR and development of provincial plans of action.
		f) Development and Submission of Nomination Dossier for listing of Liberation Route on UNESCO World Heritage List	2009/10-2011/12	<p>DONE AND ONGOING: A revised document on premium sites for World Heritage Site listing was submitted to the National Minister of Arts and Culture during the third quarter of the year under review.</p> <p>The commencement of the Dossier is scheduled for the 2010/2011 financial year.</p> <p>DONE: The post of a World Heritage Specialist to lead the NHC team on the drafting of the Nomination Dossier and a successful bid for World Heritage Site inscription of the NLHR was advertised and interviews held during first week of April 2010 and appointment would be finalized before end of first quarter of 2010/11.</p>
	5. Implementation Phase of Unsung Heroes and Heroines Programs	a) Conduct research, interviews and documentation of narratives of unsung heroes and heroines	2009/10-2011/12	In Progress: Project has been merged with National Liberation Heritage Route project. Research commenced in December 2009. Preliminary research including archival study and site visits are in progress and will still continue during the 2010/11 financial year.
		b) Stakeholder engagement and Consultations	2009/10-2011/12	In Progress: Stakeholder engagement and consultations pursued during the research process by the research team. Meeting with different stakeholders in the provinces will continue during the 2010/11 financial year.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		c) Production of Audio-visual documentation	2009/10-2011/12	In Progress: To be pursued during research process by the recently appointed research team.
		d) Production of Report/text publication	2009/10-2011/12	To be pursued during research process by the recently appointed research team.
	6. Implementation of 2 nd Phase of Early African Intellectuals	a) Stakeholder engagement and Consultation	2009/10-2010/11	Done: Stakeholder engagement and consultations with experts completed.
		b) Conduct research and documentation	2009/10-2010/11	Done: Data gathering and analysis completed.
		c) Production of Report/text publication	2009/10-2010/11	In Progress: Final write-up of report in progress.
	7. Implementation of Sol Plaatjie Heritage Project	d) Stakeholder engagement	2009/10- 2010/11	Done: Stakeholder engagement and consultations completed.
		a) Conduct research and documentation	2009/10- 2010/11	Done: Data gathering and analysis completed
		b) Production of report and publication	2009/10- 2010/11	In Progress: Final write-up of report in progress and would be completed in the 2010/11 financial year.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions	
d) Transformation of the sector	1. Developed Heritage Transformation Charter	a) Presentation of the Charter and Implementation Plan to Minister and Cabinet	2009/10	Done: Draft Charter was submitted to the Minister of Arts and Culture and cabinet memo to be submitted to the minister on a date to be confirmed by the Ministry during the 2010/11 financial year.	
		b) Presentation of the Charter and Implementation Plan to Heritage Stakeholders	2009/10	Done: Charter has been circulated to the stakeholders for endorsement during June-August 2009. Signed endorsement forms received and filed.	
	2. Implemented Transformation Charter	a) Dissemination and promotion of the Transformation Charter	2010/11-2011/12	Subject to approval and endorsement of Transformation Charter by DAC.	
		b) Roll out implementation programmes	2010/11-2011/12	Subject to approval and endorsement of Transformation Charter by DAC.	
		c) Development of an incentive programme for implementation	2010/11-2011/12	Subject to approval and endorsement of Transformation Charter by DAC.	
	3. Monitoring and Evaluation	a) Monitoring and evaluation of the Transformation Charter	2011/12	Subject to approval of Transformation Charter by DAC for official use and implementation.	
		b) Produce an implementation report regularly	2011/12	Subject to approval of Transformation Charter by DAC for official use and implementation.	
	e) Public awareness and education	1. Public relations and advocacy activities	a) A stakeholder framework that identify stakeholders and their potential impact	2009/10	Done: Key stakeholders have been identified and engaged.
			b) Conduct a national road show to provincial stakeholders for advocacy	2009/10	Done: Public relations/media relations support for funding workshops in provinces was provided.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		c) Production and circulation of a bi-annual heritage magazine	2009/10	Stopped: The process was stalled due to lack of credible proposals that were received during the bid process. Production of the Magazine was ultimately discontinued.
		d) Coordinated exhibitions at national events	2009/10-2011/12	Done: All exhibitions conducted in the last quarter as per schedule.
		e) Host stakeholders at a national music festival	2009/10	Done: Stakeholders hosted on the first week of April 2010 in Cape Town.
	2. Schools' outreach and heritage project	a) Develop stakeholder matrix	2009/10-2011/12	Done: Stakeholder Matrix conducted and Database developed.
		b) Engage stakeholders		Done: The following stakeholders have been engaged: Department of Basic Education, MRM, KARA, SANPARKS, Campus After Hours, Taung Skull Consortium planning for the 2010 programmes.
		c) Research project for schools	2009/10-2011/12	In Progress: Finalizing the concept document.
		d) Schools competition	2009/10-2011/12	Done: School competition held in Mapungubwe from the 30 th Nov-5 th Dec 2009. Done: Books for prizes have been bought and delivered by Exclusive Books.
		e) Produce report and publications	2009/10-2011/12	Done: A report was compiled in December 2009. On Schedule: Learners presentations to be edited later to be converted into a brochure in the 1 st quarter of the 2010/11 financial year.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	3. Development of a resource centre	a) Stakeholder engagement	2009/10-2011/12	Done: Engagement with SABINET to conduct training on the OCLC. Training scheduled is scheduled for the first quarter of 2010/11.
		b) Staff training	2009/10-2011/12	Done: Resource center staff trained in SABINET and Library Systems. Anticipated further training would continue during the 2010/11 financial year.
		c) Infrastructure development	2009/10-2011/12	Done: Purchase of books and archival material done and the recent collection loaded in the resource database (Excel Format).
		d) Development of policies for library use	2009/10-2011/12	In Progress: Draft policy for internal and external lending, loaning and procedures developed. The draft policy circulated for further inputs to NHC management.
	4. Distribution of 2 nd volume directory on heritage resources	e) Engage service a provider	2009/10 – 2011/12	In Progress: Service provider engaged. Monthly meetings conducted.
		f) Conduct research	2009/10 – 2011/12	In Progress: Research pursued by the appointed service provider. Phase 1 of the project Has been submitted by end of March 2010. NHC has made inputs and comments to the draft report.
		g) Distribution of directory	2009/10 – 2011/12	In Progress: Continuous distribution of 1 st Volume of Heritage Directory made in conferences, heritage indabas, meetings, outreach camps, etc. 2 nd Volume will be circulated subject to finalization.
	5. Developed media strategy	a) Create partnerships with the media on strategic NHC programmes	2009/10-2011/12	Done: Partnership with the SABC radio and television on the Ubuntu Campaign was entered into and coordinated in October 2010.
		b) Partner with the media on unsolicited heritage campaigns initiated by media houses	2009/10-2011/12	Done: Completed during the 2 nd Quarter. A special feature was placed in an Independent newspaper during the heritage month in September 2009.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	6. Maintain functioning of the Heritage Communicators Forum	a) Produce a joint communication programme	2009/10	Re-prioritised to commence in the new financial year if financial resources allow.
		b) Review the functioning of the forum	2009/10-2011/12	Would be implemented in the next financial year if financial resources allow and the programme proceeds.
f) Ensure strong corporate image/identity	1. Developed brand collateral	a) Produced and distributed Above the Line and Below the Low branding: Brochures, Website, Adverts, Business cards, Corporate stationery, gifts, diary.	2009/10-2011/12	Done: Produced corporate diaries and process to distribute to the stakeholders continued in the first quarter of the 2010/11 financial year.
	2. Developed advertising plan	a) Secure media space for priority NHC programmes and heritage month	2009/10-2011/12	Done: Placed recruitment adverts in newspapers.
	3. Developed communication strategy	a) Review a communication strategy for the NHC approval and implementation	2009/10-2011/12	Done: Presented and accepted by Management during the 2 nd quarter of the year under review.
	4. Conducted brand audit	a) Assess the NHC brand recognition and affinity	2009/10	Done: Terms of reference completed. Ongoing: Interviews of the audit would happen in the 1st quarter of the 2010/11 financial year.
b) NHC 5 th birthday/anniversary branding with all major programs and projects, e.g. annual report, heritage month celebrations		2009/10	Completed: In the 2 nd Quarter of the year under review.	

PERFORMANCE INFORMATION 2009/10

1.1 Stakeholder Perspective

The stakeholder service perspective addresses two of the strategic priorities that largely focus on the core business of the NHC and are listed below:

- a) Improve co-ordination and management of the sector;
- b) Public awareness, education and stakeholder relations.

Table 2 - Stakeholder Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
a) Facilitation and development of memoranda of understanding (MOUs) with NHC stakeholders	1. Strengthened and formalized relations with stakeholders	a) Developed stakeholder matrix	2009/10-2011/12	Done: Completed in the last quarter of the financial year and latest update of Heritage Stakeholder Matrix would be done in the first quarter of the 2010/11 financial year.
		b) Developed MOUs on common areas of mutual interest	2009/10-2011/12	Done: Signed contracts and MOU in place. Zindala Zombili, MKVA, Africa Village, Methodist Church, Arise Media, Transkei Rugby Union, Mpondomise Royal Council, St Thomas, and Isigodlo Community Movement.
		c) Evaluated effectiveness of MOUs	2009/10-2011/12	In Progress: Comprehensive review to be done in the 2010/2011 financial year.
b) Intergovernmental co-operation	1. Developed Partnerships based on cooperative governance with stakeholders e.g. National House of Traditional Leaders, Department Education and etc.	a) Formalized engagements through MOUs and MOAs	2009/10-2011/12	In Progress: Draft MOUs have been circulated for inputs by National House of Traditional Leaders and Dept of Basic Education. Done: The NHC signed MOUs with Moral Regeneration Movement and SANParks.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
c) Coordination of heritage management	2. Advise on the 2010 soccer world cup heritage legacy	b) Clearly identified implementing and policy stakeholders	2009/10-2011/12	DAC is the 2010 project coordinator.
		c) Advisory guidelines	2009/10-2011/12	Provided advice on Heritage issues to the ministerial task team between September 2009 and December 2009.
		d) Liaise with stakeholders and offer heritage advise	2009/10-2011/12	Provided advice on Heritage issues to the ministerial task team and facilitate meeting with the Lottery in November 2009. NHC also fostered a partnership with Tsa Matsa on the Dinaledi Tsa Football project with focus specifically on 2010 and a book was launched at the National Library of South Africa on 05 May 2010.
	1. An effective management and coordination at all levels across the sector.	a) Coordinated meetings of forums: CEOs and Directors, Funding, Communication, Heritage Practitioners	2009/10-2011/12	Done: Meeting was held in the first quarter of year under review.
		b) An implemented coordination plan, common programmes of forums.	2009/10-2011/12	Pending: To be developed in the next financial year.
	2. An integrated heritage programme into local government's Integrated Development Plans (IDPs)	a) Engagement and consultation with local government	2009/10-2011/12	In Progress: Continuous engagements with the Dept of Cooperative Governance and Traditional Affairs.
b) An implemented coordination plan, common programmes of forums.		2009/10-2011/12	In Progress: Subject to signing of the MOU.	

PERFORMANCE INFORMATION 2009/10

1.1 Systems and Processes Perspective

- a) The systems and processes perspective addresses the strategic priority that focuses mainly on the support business of the NHC and is:
 b) Institutional development of the National Heritage Council and heritage organisations

Table 3 - Systems and Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
a) Increase NHC's capacity for Planning, Monitoring and Evaluation	1. A governance monitoring and evaluation framework of the NHC (to accommodate, quarterly and annual reviews by the Council).	a) Planning, monitoring and evaluation annual calendar	2009/10-2011/12	<p>An annual calendar for the year under review in respect of Council and all Council Committees was approved by Council at its meeting held on 20/21 February 2009. Listed below are Committee and Council Meetings held in the year under review:</p> <p>COUNCIL MEETINGS HELD AS FOLLOWS:</p> <ol style="list-style-type: none"> 1. 20 / 21 Feb 2009 2. 30 May 2009 - Approval may 2010 3. 15 Aug 2009 – No meeting held 4. 21 Nov 2009 5. 19 / 20 February 2010 <p>AUDIT COMMITTEE MEETINGS</p> <ol style="list-style-type: none"> 1. 22 May 2009 2. 31 July 2009 3. 21 August 2009 (Special Meeting) 4. 22 September 2009 (Special Meeting) 5. 19 October 2009 6. 10 February 2010 <p>CORPORATE SERVICES COMMITTEE:</p> <ol style="list-style-type: none"> 1. 29 August 2009 2. 08 February 2009 <p>HERITAGE COMMITTEE MEETINGS:</p> <ol style="list-style-type: none"> 1. 05 August 2009 2. 04 November 2009I

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
				<p>INTERNATIONAL RELATIONS COMMITTEE:</p> <ol style="list-style-type: none"> 1. 05 August 2009 2. 04 November 2009
				<p>At least 3 Management meetings were held during the quarter under review.</p> <p>An annual calendar for Council and all Council Committees was done, tabled and approved by Council in the meeting held 20/21 February 2009.</p> <p>All Council Committees have had at least two meetings this year as planned. The 2nd Council meeting in 2009 was held on the 21 November as scheduled whilst the last Council meeting for year 2009/2010 is scheduled for the 19 & 20 February 2009.</p>

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		b) Quarterly management meetings	2009/10-2011/12	<p>Management meetings were held during the year under review on the following dates:</p> <ul style="list-style-type: none"> a. 12/02/09 b. 31/03/09 c. 14/05/09 d. 01/07/09 e. 28/07/09 f. 07/10/09 g. 09/02/10 h. 25/03/10 i. 16/04/10

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		c) Quarterly Council meetings	2009/10-2011/12	The 1 st Council Meeting was held on 20 & 21 February 2009 to consider and approve the NHC MTEF Strategic Plan 2009 -2012 and Annual Meeting Plan. 2 nd Council meeting scheduled for 15 August 2009, could not take place in the second quarter due to the prolonged audit but the one for the third quarter duly took place on the 21 st November 2009 where the Annual Report was tabled and accordingly adopted. The last Council Meeting for the financial year was held in the fourth quarter as planned. On the 20 February preceded by a Council workshop on the 19 th February 2010, tabled for Council consideration and approval were the NHC Strategy for the year 2010- 2013 and reviewed NHC policies.
		d) Quarterly PFMA reports for compliance	2009/10-2011/12	All four quarterly reports, this one inclusive, for the year under review were duly submitted to the DAC at the end of each quarter with the accompanying Quarterly PFMA compliance questionnaire in line with the provisions of TR 29.3.1.
	2. Periodic and Annual reports on governance, risks, financial and human resources reporting.	e) Developed published timeframes for compliance requirements	2009/10-2011/12	Internal audit reports incorporating compliance report and management accounts were presented to the Audit Committee and Council meetings held in the year under review on the dates alluded to above and approved by Council.
b) Development and sustenance of world class internal organisational processes and systems	3. A business operations framework for effective units delivery, including review of policies and processes	f) Communicated planning and process review mechanism	2009/10-2011/12	A framework for business and operational plans derived from the Strategic Plan 2009-2012 against which performance is reported on a quarterly basis is in place and continues to be used.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
c) Enhanced governance, risk and financial management	4. Sound financial policies and procedures.	a) Develop, implement policies, and ensure compliance and/or adherence.	2009/10-2011/12	<p>The institution has strengthened internal control through development and implementation of policies and procedures. Financial policies and procedures exist within the organization and are being implemented accordingly.</p> <p>During the 4th quarter of 2009/10 financial year an internal policy review process was undertaken to reassess the current financial policies and procedures in order to align to legislative requirements and best practice. The following policies were reviewed, amended and approved by Council on 20 February 2010:</p> <ol style="list-style-type: none"> 1. Assets Management Policy 2. Control of Gifts, Donations and Sponsorship 3. Control of Losses 4. Investment Policy 5. Performance Information Policy 6. Supply Chain Management (new policy, replaced the Procurement Policy) <p>Financial policies exist within the organisation and are being implemented.</p> <p>During the quarter under review the policy on Assets Management was reviewed and amendments were endorsed by the audit committee on 19th October 2009 and approved by Council on the 21st of November 2009.</p> <p>Review of all other policies has been done during January 2010 and approval the relevant Committees and Council during the 4th quarter.</p>
		b) Review, monitor and implement risk management strategies	2009/10-2011/12	<p>Risk Management Strategy, Risk Assessment and Management Plan, and the Fraud Prevention Plan documents were developed in September 2009 and endorsed by the Audit Committee on 10 February 2010.</p>
	5. Proper planning and budgeting	a) Develop and implementing materiality and significance framework.	2009/10-2011/12	<p>Materiality and Significance framework has been developed in September 2009 and endorsed by the Audit Committee in its meeting held on 10 February 2010.</p>

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		b) Manage and monitor performance of the budget and ensure no over-expenditure.	2009/10-2011/12	Budget and expenditure is managed regularly. Management accounts are prepared and discussed. Budget meetings were held regularly to ensure constant monitoring of budget and expenditure. During the 3 rd quarter, three (3) budget meetings were held on 10, 11 November 2009, and 07 December 2009. In the 4 th quarter one (1) budget meeting was held on 1 March 2010.
	6. Managed expenditure, revenue, assets, liabilities and salary administration	a) Adherence to PFMA on reporting such as: <ul style="list-style-type: none"> – Annual reports – Annual Financial statements – Achievement of unqualified reports 	2009/10-2011/12	Annual Report 2008/09 activities and processes were completed and reported on in the 2 nd quarter. For 2009/10, year - end closure procedures and annual report planned schedule of activities developed and endorsed by the Audit Committee on 19 October 2009.
Reliable information management systems	1. information system that generate accurate and reliable management reports	a) Produce custom designed systems that are user friendly and able to produce reports per required formats of the organization.	2009/10-2011/12	Done and completed in July 2009. Pastel Evolution database has been re-customised and reconfigured to produce regular and accurate reports on budget and expenditure.
	1. Implemented data management system.	a) Proper management of IT assets	2009/10-2011/12	Assets verification of IT and other assets is done on a quarterly basis. Verifications were done on the following dates: 1 st quarter – 21 April 2009 2 nd quarter – 19 June 2009 3 rd quarter – 14 October 2009 4 th quarter – 10 February 2010

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		a) Develop, review and adhere to developed IT policies.	2009/10-2011/12	New policies i.e. the Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP), and NHC Back up policies were developed in the 2 nd quarter and approved by Council on 20 February 2010. Existing IT policies i.e. Information System Risk Policy and Information Technology Policy were reviewed and amended in January 2010 to be in line with legislation and best practice. Amended IT policies were approved by Council on 20 February 2010.
Adherence to supply chain management protocol	1. Effective provision of PFMA, Supply Chain Management Framework, PPPFA and other relevant legislation and regulations	a) Implemented policies and procedures, delegation of functions and threshold	2009/10-2011/12	<p>Policies and procedures are being implemented, compliance is enforced and cases of non compliance are reported to CEO and discussed by management at all times.</p> <p>New Supply Chain Policy and Procedures aligned to the PPPFA and Supply Chain Management Framework drafted in October 2009 to replace the NHC Procurement Policy, approved by Council on 20 February 2010.</p>

PERFORMANCE INFORMATION 2009/10

1.4 Learning and Growth Perspective

The learning and growth perspective addresses the strategic priority that focus on the support function of the NHC:

a) Institutional development of the National Heritage Council and heritage organisations

Table 4 - Learning and Growth Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
a) Effective internal communication	1. Developed internal communications policy framework	Consulted framework at Employee forum and management levels	2009/10-2011/12	Done: The Constitution of the forum has been finalized and signed off by the CEO for implementation.
a) Building a caring and compassionate NHC	1. Established Employee Forum to recommend policy areas and content	a) Constituted Employee forum	2009/10-2011/12	Done. Employee Forum constituted in June 2009 and met monthly during the year under review.
	2. Regular staff meetings convened between Employees/Management	a) Calendar meeting schedule for units	2009/10-2011/12	Heritage unit met once every month in the year under review.
	3. Employee satisfaction suggestion box	a) A developed communication framework and structure of questionnaire	2009/10-2011/12	Development of the suggestion box mechanism finalized and completed (March 2010). The box to be mounted to the wall and be in use from the 1st in quarter of 2010/11 financial year.

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	4. HR policies and procedures	Developed and reviewed HR policies and procedures	2009/2010	<p>a) The following new HR Policies were developed and approved:</p> <ul style="list-style-type: none"> • Internship Policy (August 2009) • Employee Health and Safety policy (August 2009) • Employee Wellness Policy (August 2009) <p>b) A review process of HR policies was undertaken in January 2010 which culminated into the following policies being reviewed and new policies being developed and benchmarked with best practice and aligned to legislation:</p> <ul style="list-style-type: none"> • Recruitment and Selection (reviewed) • HR Development Policy (reviewed) • Talent, Career, and Succession management (new policy) • Employment Equity (new policy) • Occupational Health and Safety (reviewed) • Sexual Harassment (reviewed)

PERFORMANCE INFORMATION 2009/10

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
				<ul style="list-style-type: none"> • Promotions and Transfers policy (new policy) • Benefits Catalogue (new policy) • Overtime and Acting policy (new policy) • Labour Relations (reviewed) • Performance Management System (new policy) • Remuneration Policy (reviewed) • Job Evaluation Policy (new policy) • Leave Policy (reviewed) • Travel, Subsistence, and Relocation (reviewed) • Employment Wellness Policy (reviewed) • HIV and AIDS (reviewed) <p>The above mentioned new and reviewed HR policies were approved by Council on 20 February 2010</p>
a) Ongoing capacity building of the NHC	1. Conducted skills audit and individual employees' development plans	a) Skills audit and Workplace Skills Plans	2009/10-2011/12	Completed for 2009/10, and Submitted to P-Seta on 31 July 2009.
		b) Voluntary compliance with the Skills development and employment equity acts	2009/10-2011/12	Employment Equity Policy developed and approved by Council on the 20 th of February 2010. Draft Employment Equity Plan developed. The plan will need to be discussed and endorsed by the Management Committee of the NHC and submission to the Department of Labour was tentatively scheduled for May 2010



nhc

National Heritage Council

SOUTH AFRICA



CORPORATE GOVERNANCE

This report, informed by the Constitutive Act i.e the National Heritage Council Act, 1999 (Act No. 11 of 1999) (the Act), the Cultural Institutions Act, 1998 (Act 119 of 1998), the Public Finance Management Act 1 of 1999(PFMA), as amended, and the dictates of the King I and II Reports, addresses the conformance of the National Heritage Council (NHC) to the relevant statutory and regulatory imperatives. The NHC is classified as a Schedule 3 Public Entity which by law is required to prepare and submit Annual Financial Statements which incorporate a corporate governance report.

The Council Members (Councillors) and Senior Management of the NHC endorse the Code of Corporate Practices and Conduct contained in the King I and II Reports on Corporate Governance and the Protocol on Corporate Governance in the Public Sector 2002. By supporting the Code the Councillors have recognised the need to conduct the NHC's affairs with integrity and in accordance with generally accepted corporate practices.

CORPORATE STRUCTURE

APPOINTMENT AND COMPOSITION OF THE COUNCIL

The Minister of Arts and Culture and the MEC's responsible for Arts and Culture at provincial levels are charged with the appointment of members in terms of section 5 (1) (a) and (b) of the NHC Act respectively. Acting in terms of Section 5(1)(a), the Minister appointed seven(7) members of

the public to serve in the Council. Of the nine (9) MEC's, only Six (Gauteng, Eastern Cape, Western Cape, Free State and North West, Limpopo) had appointed representatives, whereas the remaining three(Kwa-Zulu Natal, Northern Cape and Mpumalanga) had not made the required appointments during the year under review.

ROLE AND FUNCTION

The Council plays an oversight role to the executive by ensuring conformity with the strategic objectives or plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of Council's risk management and internal control systems. It is the highest decision – making body insofar as approval of policies, annual budget, strategy plan and appointment of CEO are concerned. The role of the Chairperson of the Council in conjunction with the Council is to determine the NHC's strategic direction and to ensure that governing policies are formulated while the Chief Executive Officer has been delegated the responsibility for the day –to- day management of the affairs of the Council in terms of Section 11(1)(a)(i) of the NHC Act. The Chief Executive Officer has assumed responsibility for the effective management of the NHC and the implementation of the strategy, policy and Council directives.

REMUNERATION OF COUNCIL MEMBERS

Section 9 of the NHC Act makes provision for the NHC to reimburse Councillors for expenses incurred for services performed and also pay honoraria only to Councillors

who are not in the full- time employment of the state. Payments of honoraria and travel claims for Councillors who attended Council meetings have been disclosed in the Annual Financial Statements for the period ended 31 March 2009, for accounting purposes.

COUNCIL COMMITTEES

In terms of Section 8 of the NHC Act, the Council has a discretion to establish committees to assist it in the performance of its functions and, in addition to any members, it may appoint to such committees persons whom the Council considers competent or possess specific skills and expertise. Acting in terms thereof, the Council established the following Committees:

Management Executive Committee
Audit Committee
Heritage Committee
Corporate Services Committee
International Relations Committee

AUDIT COMMITTEE

The NHC has an Audit Committee which consists of three (3) members these being the Chairperson, who is a non-executive member of the Council, two (2) independent non-executives one of whom is a Chartered Accountant(CA) and the Chief Executive Officer, the Chief Financial Officer, the Company Secretary who are ex- officio members.

The overall objective of the committee is to assist the Council of the NHC in ensuring that management has cre-

ated and maintained effective risk management, an effective internal control environment in the organisation and that management demonstrates the necessary respect of the internal control and governance structures for the achievement of the objectives of the organisation as well as management of risks to an acceptable level. The Audit Committee meets at least four times a year but may meet more frequently when necessary. The Committee has adopted the Audit Charter and its Terms of Reference, which have been formally adopted by the Council.

THE INTERNAL AUDIT FUNCTION

Len Konar and Associates rendered the internal audit services during the year under review. In line with the requirements of the PFMA and good corporate governance, internal audit provided the Audit Committee and Management with assurance on the appropriateness and effectiveness of internal controls in place. The internal audit function provided the NHC with independent, objective appraisal and evaluation of risk and management thereof, evaluation of internal processes and control systems, governance processes, as well as identification of corrective action and suggested enhancements to controls and processes.



HERITAGE PROGRAMMES

The Heritage Unit of the NHC is the core business where all the programmes are conceptualized and implemented to fulfil the mandate and strategic objectives of the organization. Four strategic pillars are the contextual driving force for all the programmes that are initiated and implemented by the NHC. These strategic pillars are about providing Policy Advice to the Minister of Arts and Culture, linking Heritage and Nation Building, Positioning the Heritage Sector as Significant Contributor to Socio-Economic Development and lastly, Public Awareness, Education and Stakeholder Relations.

Policy Advice

Within the context of providing advice to the Minister of Arts and Culture, the NHC has initiated the development of four policy frameworks in the following areas:

- Repatriation of Heritage Resources;
- Heritage Conservation and Development;
- Access to Heritage Institutions and Introduction of Heritage Levy;
- Policy framework on Professional Standards and Ethics.

Policy Framework on Repatriation of Heritage Resources

Since the previous financial year 2008/2009, the NHC has initiated the development of a policy framework on Repatriation of Heritage Resources. The primary aim of the policy framework is to provide clear policy guidelines on repatriation, restitution and return of heritage resources such as heritage objects, artifacts, historical collections, fine art, documentary heritage, digitized material as well as human remains. The first draft has been completed and presented to a focus group on 17th August 2009. The sec-

ond draft was presented at a workshop (expert-meeting) on 11 February 2010. A workshop report and updated inputs and comments to the draft policy have been consolidated. The revised draft policy has been circulated for further input and comments.

Policy Framework on Heritage Conservation and Development

Research towards the development of a Policy Framework on Mainstreaming Heritage Conservation into Development Planning is still ongoing. The primary objective of the policy area is to develop a draft policy framework to guide the mainstreaming of the heritage conservation in development planning. Following a successful expert-meeting April 2009, a draft report has been produced and circulated. A series of consultative meetings with key stakeholders have been taking place, including a successful focus group meeting in March 2010. Research including archival study and interviews are in progress.

Policy on Access to Heritage Institutions and Introduction of Heritage Levy

This policy area focuses on public access into heritage institutions including heritage resources such as places or sites and collections of cultural significance, with particular focus on factors determining access to heritage. Preliminary research has revealed that the focus of the policy framework should not only be limited to the issue of access fees to heritage institutions but be encompassing of all factors such as language, technology, physical access by disabled/physically challenged persons, amongst other factors, influencing and impacting on public access.



HERITAGE PROGRAMMES

A study on the investigation of the feasibility of a heritage levy proposing possible models for income generation for the sustainable management, conservation and promotion of heritage was completed. Archival research and consultations with stakeholders are taking place.

Policy framework on Professional Standards and Ethics

One of the important and enabling factors for effective coordination of heritage initiatives in the sector, is to set policy measures on code of ethics and professional standards for practitioners in the field of heritage management. Exploratory research and stakeholder consultations have started. A draft concept document has been produced. An extensive and in-depth archival study commenced in September 2009.

Heritage in Nation Building

Ubuntu in Nation Building

During the heritage month of September 2009, the NHC organised the 4th Annual Ubuntu Imbizo and Awards ceremony in the Eastern Cape (EC). In organising the Ubuntu Imbizo and Awards ceremonies, the NHC entered into a partnership with the host province - Eastern Cape Provincial Government in particular the King Sabata Dalindyebo Municipality (KSD Municipality in Mthatha), Provincial Department of Arts and Culture (EC) and the Premiers Office (EC). Both Ubuntu Imbizo and Awards ceremony coincided with the 20th anniversary and commemoration of the life of King Sabata Dalindyebo, who was honoured alongside the first African to serve as the Secretary-General of the United Nations (UN), Dr Boutros Boutros Ghali.

There have been a series of build-up activities prior to the main events – Ubuntu Imbizo and Award Ceremony. The build-up activities were an integral part of the national campaign on Ubuntu in Nation Building, where local communities participated in the activities. The following activities were dedicated to involving communities and instilling the spirit of practicing Ubuntu:

- Mandela Day in the Spirit of Ubuntu : 18 July 2009 – Kliptown Community (Soweto);
- A research and publication on the Life and Times of King Sabata Dalindyebo;
- A documentary on the Life and Times of King Sabata Dalindyebo;
- Ubuntu Dialogues where the young and elderly citizens of Mthatha had an opportunity to enlighten each other on the civil responsibilities of a community according to cultural values.
- Ubuntu in Action Community visits; where the NHC visited members of the community who were investing their time and resources in making a difference to others were acknowledged and encouraged.

The aforementioned activities were successfully implemented and had far reaching impact on community participation and involvement.

Public Awareness, Education and Stakeholder Relations

Heritage and Education Outreach

The programme on Heritage and Education Outreach has provided the NHC with the opportunity to engage broad stakeholders in an educational and experiential-learning project to teach learners and youth to be conscious of their heritage and the safeguarding thereof. In December 2009 a successful heritage and education outreach activity took place at Mapungubwe World Heritage Site,





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ELUXOLWENI UMTATA CHILD CARE PROGRAMME

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Temba Morning SERVICE Affirmation

- Today, I recognise that I am a Child of the Divine God, sustained by Divine Love, guided by Divine Light, protected by Divine Mercy, alive through Divine Grace.
- Today, I am thankful for this Gift of Life through which I am able to SERVE.
- Today, I ask the Divine to use me, Use my mind, my eyes, my ears, my hands, my feet and use my being and this Gift of Life to SERVE those in need.





in partnership with the following organizations: SANParks, Moral Regeneration Movement (MRM), Campus After Hours, Kara Heritage Institution, Department of Basic Education and schools in provinces. Nine schools from all the provinces participated in the competitive challenge. The top three schools were Batlhaping High School (North West Province), Nwaridi Secondary School (Limpopo Province) and Orhovelani Secondary School (Mpumalanga Province). The initiative was a resounding success with far reaching impact on youth education on heritage matters.

The Intellectual Making of Sol. T. Plaatje

The project officially commenced on May 18, 2008 in partnership with the Human Science research Council (HSRC). The research project was based on the life and work of Solomon Thekiso Plaatje. The research is complete and a book will be published in the following year.

Early African Intellectuals

The second volume which is a continuation of the first book of the Early African Intellectuals (2008) has commenced in collaboration with the Human Sciences Research Council (HSRC). Preliminary research which includes literature review was completed. This 2nd Volume focuses on individuals whose public activities and works gained prominence in the early 20th century. The personalities that will be the subject of this book

are: Albert Nzula; Magera Fuze, Reverend James Mata Dwane, Noni Jabavu, and Charlotte Maxeke. The focus of this study also covers African women (Unsung Heroines) who contributed intellectually to the development and empowerment of many South Africans.

Young Indigenous Artists Programme

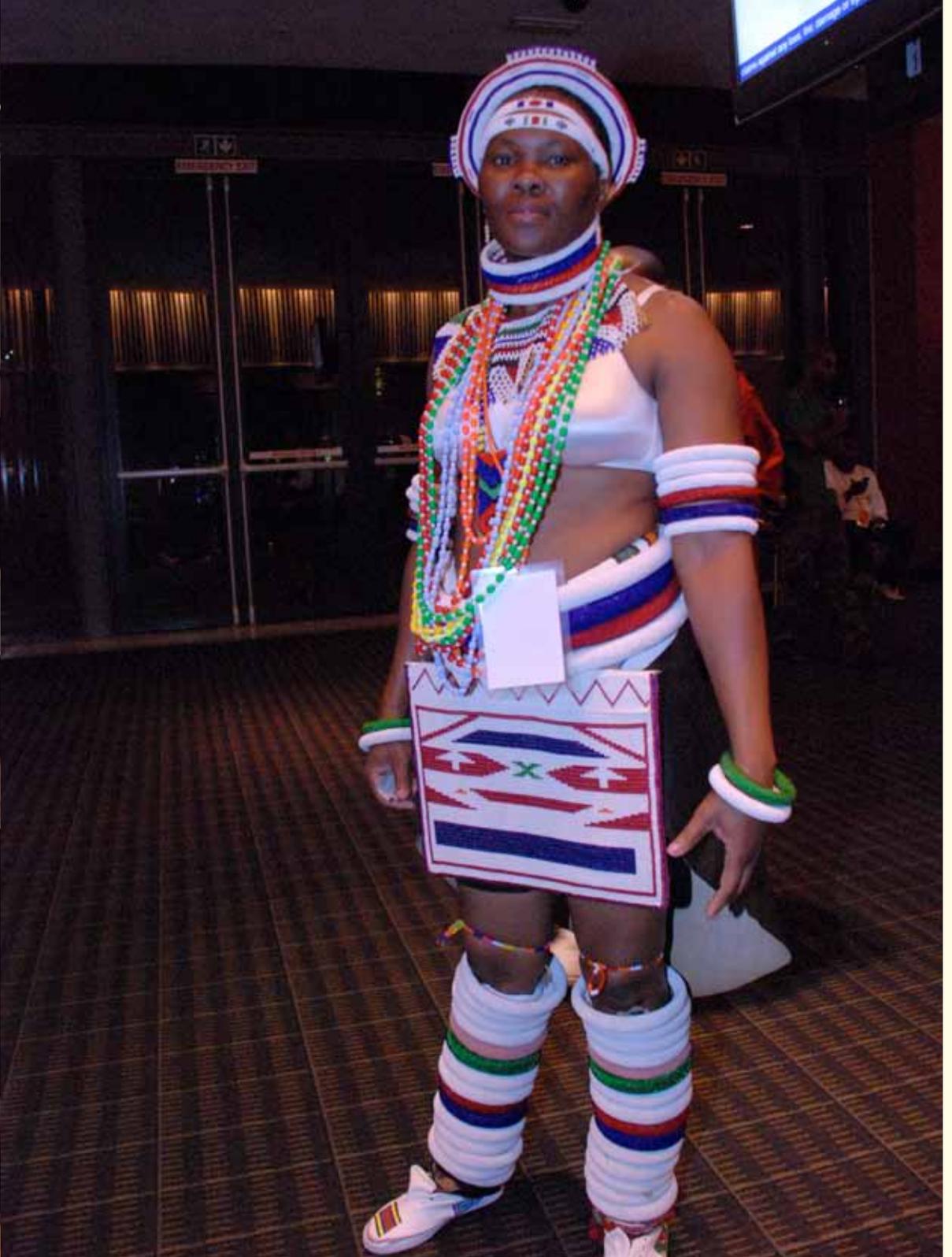
Following the training of nine emerging Artists in indigenous art and technique of painting, in Ethiopia (2006), funding has been raised through the National Lottery to assist the nine artists to set-up cooperatives in their respective provinces. The cooperatives will serve as sites for training, exhibition and trade in fine arts. Further training on the establishment of Cooperatives has been provided through a partnership with SEDA. In June and July 2009, the nine Artists held a successful visual art exhibition at the Grahamstown National Arts Festival. Also in October 2009 the Artists exhibited their works at Macufe Art Festival in Bloemfontein. The exhibitions presented an opportunity for exposure of the Artists and their works of art. Preparations are underway for further training in setting-up Cooperatives.

satma

South African Traditional Music Achievement Awards (SATMA)

The NHC hosted the annual the SATMA Awards in October 2009. The overwhelming attendance by the public was a sign of increased interest and appeal in the project. The SATMA Awards continued to an exciting platform to showcase the diverse traditional South African music genres, with the aim of promoting and safeguarding this popular cultural heritage, in particular intangible cultural heritage or living heritage. The following key stakeholders were present National Lotteries Distribution Trust Fund (NLTF), South African Broadcasting Corporation (SABC), KwaZulu Natal (KZN) Provincial Government, Tourism KZN, Ithala Bank and KZN 2010 Office. The event was a resounding success.





NATIONAL LIBERATION HERITAGE ROUTE

Vigorous discussions have ensued with different stakeholders on how the economic trends will have spatial effects on the development of the Liberation Heritage Route (LHR). Such engagement has been aimed at determining how economic value can be unlocked from the LHR opportunity. The liberation route will be a network of sites linked together through a narrative which depicts the journey to liberation. The project is aimed at ultimately designing spaces which reflect social memory for continuity and identity for the transmission of heritage to future generations. The route is a celebration of national memory associated with the history of the struggle for freedom or liberation.

Research

A national research programme was commenced to source empirical data and verified information about the iconic yet unknown contributors to the struggle history of South Africa. This ongoing programme will provide the ultimate data that will determine the national route mapping and route development.

The central principle and approach to this programme is ensuring that the key preservers of history, people in their social spaces, contribute immensely in giving authentic reflections of their experiences during the liberation struggle. All municipalities in South Africa have been alerted about the national research programme, with active assistance requested from all of them. This will help in broadening social collaboration through this research of popular memory.

Business Case

A well researched business case for the development of the NLHR was completed and presented to the Council of the NHC. The study illustrates various considerations in developing the LHR and makes a cost benefit analysis that proves the economic rewards for South Africa in the long term.

The research team is using available data, unearthing new stories, documenting with the aim to publish and also produce extensive audio-visual material which will cover an extensive geographical spread and different illuminating perspectives about the national liberation struggle.

World Heritage Site Inscription

The National Liberation Heritage Route is currently on the UNESCO Tentative List which was published in August 2009. It has been accepted for its potential and that the significance of the South African struggle is exceptional. The process of developing a Nomination Dossier will commence in the following financial year.

Stakeholder relations

The Liberation Heritage Route project has been escalated into a National project since April 2009. Therefore, the stakeholder focus has been one of the primary activities as the NHC sought to derive quality utility from interested stakeholders across the country. The stakeholders who were briefed about the project displayed a high level of interest:

Eastern Cape Department of Arts and Culture

The discussions with the Eastern Cape Department of Arts and Culture was aimed at exploring an institutional and operational model for the project. A Cabinet Resolution has been taken around the facilitation of provincial co-ordination and implementation mechanisms of the NLHR. Through the Eastern Cape Socio-Economic Consultative Council a model was agreed upon which will:

- drive planning and implementation;
- Be a model for local consultation and decision making;
- Undertake site visits and build relations with communities;
- Encourage inter-departmental collaboration mechanism and mainstreaming of the project in the public sector;
- Establish research networks;
- Operationalize the NLHR through an 'action team';
- Establish co-ordinating forums and professional panels;
- Lead processes towards fiscal allocation to the project;
- Co-ordinate multi-agency implementation of the NLHR;
- Lead the development of strategic NLHR nodes and an inter-site forum; (with emphasis on critical linkages and sourcing of development expertise)
- Manage inter-sectoral programmes linked to the NLHR' and
- Broad stakeholder management

A detailed project scope and proposed rollout for the future co-ordination of the project in Eastern Cape was handed over to the NHC.



The University of Fort Hare; was keen to help in the construction of the memory of the liberation struggle of the surrounding communities.

The NHC met the university rector to discuss the development of the University of Fort Hare as a Liberation Heritage Route site. Furthermore, the NHC was intent on working on sharing resources to strengthen research, knowledge and archival material. The discussion were aimed at creating the alliance and synergies in collaborating on the development of the University of Fort Hare as a premium sites in the series of sites targeted for World Heritage Site inscription under the auspices of the National Liberation Heritage Route. Through this interface it was agreed that an inter-institutional and organisational collaboration will provide an avenue for the revitalization of the University of Fort Hare as a national memory site which will contribute to social cohesion and

nation-building.

uMkhonto-Wesizwe Veterans Association (MKVA) and the Azanian Peoples' Liberation Army Veterans Association; has welcomed the concept and their involvement in the Amathole area of the Eastern Cape province.

Other important stakeholders whose contribution and involvement was solicited with success were the Mandela Capture Site in Howick, Buffalo City Municipality and the Amathole District Municipality. A district summit was convened by the district municipality to craft a plan of action with local municipalities and the stakeholders.

A few activities that were organised by other institutions invited the NHC to engage their stakeholders on the Liberation Heritage Route concept: The Premier's Office in Kwa-Zulu Natal convened a

provincial heritage indaba as part of the heritage month activities where the NHC forged common understanding and buy-in.

The Heritage Month of September was dedicated to showcasing progress with regard to the implementation of the Liberation Heritage Route in the Chris Hani District Municipality. The NHC presented to the community during the celebrations.

Ministerial Support

A series of meetings held with the National Minister, Hon. Lulu Xingwana has helped to secure high level political support for the National Liberation Heritage Route. The Minister of Arts and Culture, Ms Lulu Xingwana, convened an Inter-Ministerial meeting in Parliament (Cape Town) for the presentation of the NLHR. Ministers present were

NATIONAL LIBERATION HERITAGE ROUTE

Hon. Sicelo Shiceka (Co-operative Governance and Traditional Affairs), Hon. Naledi Pandor (Science and Technology), Hon. Angie Mothsega (Education) and Ms Thokozile Xhasa (Deputy Minister; Tourism).

International Relations

An official visit was conducted by the Chief Executive Officer of the National Heritage Council, Advocate Sonwabile Mantotywa and the Project Manager of the National Liberation Heritage Route, Mr Babalo Mdikane from the 14th to the 19th April 2009. The visit was aimed at:

- Making an official hand-over of the Ubuntu Award to His Excellency, Dr Fidel Castro or his delegated representatives;
- Learning about the approaches which guide the management of the national heritage resources;
- Observing the governance models of all sites of significance;
- Holding a series of meetings with senior politicians and cultural heritage authorities.

The National Heritage Council has established cordial and fraternal relations with the Cuban Government on National Heritage matters. The relations are based on shared principles on the need to utilize national strategies and policies for the management of heritage resources. During an earlier trip to Cuba, the NHC was impressed by the sprawling infrastructure which depicts the history of the Cuban Revolution. The substantive content and interpretation of the significant epochs was fascinating.

The path to ushering democracy in South Africa also owes much to the solidarity and contribution of the Cuban people and its government. The NHC has formalised a standing pledge with the Cuban government to continue to learn from each other and to advance common interests in the development and management of national heritage resources.

Southern African Development Community (SADC)

Establishing linkages with SADC is part of the critical paths of completing the NLHR. The progress that has been made in researching and documenting the stories associated with the national liberation struggle from experiences of freedom fighters who used Botswana as a base and a route to other countries was presented to the High Commission of South Africa in Botswana .

Capacity building

The human resource to drive the increasingly demanding process of the NLHR has grown to include a Project Manager as well as a Finance and Administration Officer.



FUNDING

Advocacy workshops

Twenty seven advocacy workshops were conducted throughout the country with three sessions hosted in each of the nine provinces. These were aimed at addressing gaps within communities where a lack of participation in our funding programme was observed.

Funding summit and impact study

An impact study was commissioned to assess the contribution of all economic sectors in funding the heritage projects in South Africa. Outcomes of deliberations of a national funding summit that was also held by the NHC contributed critical insights to the study. Recommendations of the impact study assisted in consolidating a draft National Strategy on Heritage Funding in South Africa and a Funders Forum framework. Representatives from international organisations, national government, business civil society and heritage practitioners participated in the summit.

Grants

In the last quarter of the financial year, a public call was made inviting heritage organisations and practitioners to submit applications for funding with implementation targeted for the ensuing year. Applications were invited in the following categories: Women & Heritage; Youth, Education and Heritage; Heritage of the Khoi-San People; Liberation Heritage Struggle; and Intangible Heritage.





MARKETING AND COMMUNICATIONS

The past year was marked by a significant growth of innovative programmes and projects of the National Heritage Council. The Marketing and Communications unit had to increase its support in all its functions to the core business. Whilst the concentration was to achieve a wider reach in creating awareness through public relations and advertising, building relations with stakeholders received particular attention. The awareness levels of the public about their heritage and its importance continues to rise. The increased number of enquiries, applications for funding and attendance of events was a good testimony.

Media relations

All the projects of the NHC were positively and extensively profiled by the media in both electronic and print. Partnerships were secured to specifically ensure that the media focuses on profiling heritage during the heritage month. To an extent possible, opportunities were seized to place critical thought provoking opinions of the NHC in various national print media. All the Opinion pieces that were written by the CEO were able to be published. Debates on talk shows also increased awareness on matters of heritage importance.

Advertising

Various advertising campaigns were undertaken to profile the conferences that the HNC held. Some of the highlights were the Liberation Heritage Route Summit and Heritage Education Conference and the Heritage Funding Conference.

Branding

The NHC was prominently branded at activities of stakeholders where partnerships were secured. These included amongst the other the anniversary celebration of President Nelson Mandela's release from Robben Island, the One Million Men's March by the Brothers for Life and launches of projects that were co-funded by the NHC.

Stakeholder relations

A selected number of stakeholders and friends of the NHC ranging from the private sector to municipalities whose contribution and support to the NHC has been strategic, were engaged in social sessions such as the Cape Town Jazz Festival.

Publications

Special publications were produced for activities that required information material such as the Ubuntu campaign, Young Indigenous Artists and the Life and Time of the Ubuntu Award recipient of 2009. The annual calendar diary continued to be an informative and useful item to the stakeholders of the NHC.







HUMAN RESOURCES

Policies and procedures

Effective leadership of human capital is paramount for running the business of the NHC. Currently the NHC has entrenched policies and procedures that comply with the overall legislative imperatives and fair employment practices. There is participatory management within the organisation. Notable areas of good governance are in: Performance Management; HR and Payroll; Business Culture; Employee Wellness; Safety Initiatives; Training and Development.

The NHC policies and procedures' areas are reviewed from time to time to improve employment conditions, employee well-being and effective leadership of the workforce.

Employee profile

The NHC has improved on its business commitment to diversify its employees' profile in the workplace by ensuring that the recruitment of women is accelerated.

Current Employee profile

	Gender
Chief Executive Officer	Male
General Manager	Male
Chief Financial Officer	Female
Human Resources /Office Manager	Male
Company Secretary	Female
Funding Manager	Female
Heritage Manager	Male
Marketing Manager	Male
Project Leader: Liberation Heritage Route	Male
Senior Administration Officer (Assistant to Company Secretary)	Female
Policy Research Specialist	Female
Coordinator-Advocacy and Education	Male
Heritage Programmes Coordinator	Female
Finance Officer	Male
Funding Coordinator	Male
SCM Officer/Accountant	Female
Administrative Officer: Liberation Heritage Route	Male
Personal Assistant to CEO	Female
Personal Assistant (to General Manager)	Female
Receptionist	Female
Driver	Male
Housekeeper	Female





In keeping with the retention of employees, the NHC did not experience any attrition during the year under review.

Training and Development

In order to ensure that high performance was maintained, the NHC continued to invest in employees in business related and heritage management training and development. Concentration was devoted to the following training: Risk Management; Office Management; Effective Company Workshops; Effectiveness for Executive PA's; Events Management; Project Management; Better Business writing; Mastering Minutes and Meetings Protocol.

Employee Forum

The Employee Forum that was launched during July 2008 is effective and assists leadership of the NHC to assess and take sound decisions to improve conditions in the workplace. The forum is also instrumental in making recommendations to Management to improve areas for the effective and smooth running of the organization and wellness.

mandela day





REPORT OF THE AUDIT COMMITTEE

For The Year Ended 31 March 2010

We are pleased to present our report for the financial year ended 31 March 2010.

Audit Committee Members and Attendance

The National Heritage Council has an audit committee structure which operates in terms on the Council's approved Audit Committee Charter.

The audit committee consisted of the members listed hereunder and meets at least two (2) times per annum as per the approved audit committee charter. During the current year six (6) audit committee meetings were held and attended as follows:

Name of Member	Number of meetings attended
- Mr. J Mdeni (Chairperson)	5
- Mr. DT Ntuli	6
- Ms HN Jaxa	6

With effect from the 15 July 2010, a new Audit Committee was established and the following members were confirmed to serve on the National Heritage Council's Audit Committee for a period of three years:

- Ms N. Mnxasana (Chairperson)
- Mr. ZL Fihlani
- Mr. L. Mbekeni

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51 (1) (a) (ii), 76 (4) (d), and 77 of the PFMA and Treasury Regulation 27.1.8

The previous Audit Committee has reported, during the previous years 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. The current Audit Committee will review the terms of reference in line with Treasury Regulation 27.1.6 to ensure that they are still relevant.

The effectiveness of internal control

The system of control is designed to provide cost effective assurance that assets are safeguarded and liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identifications of corrective actions and suggested enhancements to the controls and processes. From the Audit Report on the Annual Financial Statements, and management letter of the Auditor- General, it was noted that the accounting authority did not exercise adequate oversight over compliance with laws and regulations relating to supply chain management and the financial statements and other information to be included in the annual report were not adequately reviewed for completeness and accuracy prior to submission for audit. Accordingly, we cannot report that the system of internal control was effective for the year under review. However, our conclusion is only limited to the deficiencies identified during the audit. We were not in a position to review the internal audit reports for the year under review due to the fact that our appointment was subsequent to year end.

The Audit Committee is not in a position to comment about the content and quality of quarterly reports prepared and issued by the Accounting Officer of the Council during the year under review as we were not in a position to review such reports due to our appointment being after year end.

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 Management;
- Reviewed the Auditor-General's management letter and management's response thereto; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

Internal Audit

The Audit Committee cannot conclude on whether the internal audit function is operating effectively and that it has addressed the risks pertinent to the Council's in its audit as we have not yet reviewed the risks identified as well as the internal auditors report.

Auditor General

We have met with the Auditor General, and there are no unresolved issues.



Ms N Mnxasana
Chairperson of the Audit Committee
Date 31 July 2010



ANNUAL FINANCIAL STATEMENTS

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL HERITAGE COUNCIL FOR YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the National Heritage Council which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 64 to 94.

Accounting Authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa and Section 13 of the National Heritage Council Act, 1999, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position of the National Heritage Council as at 31 March 2010, and its financial performance and its cash flows for the year ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act of South Africa.

Emphasis of matter

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

Restatement of corresponding figures

As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2009 have been restated as a result of errors discovered during 2010 in the financial statements of the National Heritage Council at, and for the year ended, 31 March 2009.

Fruitless and wasteful and irregular expenditure

As disclosed in note 31 to the financial statements, irregular expenditure to the amount of R5,32 million (2009: R2,0 million) was incurred as a result of inadequate controls to ensure that procurement of services complies with the Public Finance Management Act and

Treasury Regulations. In addition, fruitless and wasteful expenditure to the amount of R235 000 was incurred as a proper verification of an employees credentials was not performed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the Public Finance Management Act and financial management (internal control).

Findings

Predetermined objectives

Usefulness of information

For the strategic objectives reported 100% of the planned and reported targets were not:

- Measurable in identifying the required performance
- Time bound in specifying the time period or deadline for delivery

Compliance with laws and regulations

Public Finance Management Act No 1 of 1999 and Treasury Regulations of 2005

Contrary to the requirements of TR16A3.2 and Section 51(1) (a) (iii) of the PFMA, the accounting authority did not implement and enforce controls to prevent the occurrence of irregular expenditure arising from the appointment of service providers.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

Leadership

The accounting authority did not exercise adequate oversight over compliance with laws and regulations relating to supply chain management to prevent irregular expenditure.

Financial and performance management

The financial statements and other information to be included in the annual report were not adequately reviewed for completeness and accuracy prior to submission for audit.

Auditor-General

Pretoria
31 July 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF RESPONSIBILITY

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the National Heritage Council to ensure that the financial statements fairly present the state of affairs of the National Heritage Council 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 responsible for report on the fair presentation of the financial statements.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal controls established by the National Heritage Council and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Council set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the National Heritage Council and all employees are required to maintain the highest ethical standards in ensuring that the National Heritage Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the National Heritage Council is on identifying, assessing, managing and monitoring all forms of risk known to the National Heritage Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by Management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Authority have reviewed the National Heritage Council's cash flow forecast for the year ended 31 March 2010 and, in the light of this review and the current financial position, they are satisfied that the National Heritage Council has access to adequate resources to continue in operational existence for the foreseeable future.

The National Heritage Council is wholly dependent on the Department of Arts and Culture for continued funding of operations. The financial statements are prepared on the basis that the National Heritage Council is a going concern and that the Department of Arts and Culture has neither the intention nor the need to liquidate or curtail materially the scale of the National Heritage Council.

The financial statements, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2010.



CHIEF EXECUTIVE OFFICER
ADV. S MANCOTYWA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

STATEMENT OF FINANCIAL POSITION

	NOTES	2010	2009
		R'000	R'000
ASSETS			
Current assets			
		14,292	20,498
Receivables from exchange transactions	4	72	1,809
Prepayments and advances	5	6,486	60
Cash and cash equivalents	6	7,734	18,629
Non-current assets			
		1,227	1,634
Property, plant and equipment	2	1,153	1,484
Intangible assets	3	74	150
Total Assets			
		15,519	22,132
LIABILITIES			
Current liabilities			
		14,019	15,158
Payables from exchange transactions	7	2,562	4,682
Deferred income/unspent conditional grants and receipts	8	10,142	9,068
Finance lease obligation	9	53	144
Bonuses	11	987	1,034
Provisions	10	275	230
Non-current liabilities			
		246	343
Finance lease obligation	9	246	343
Total Liabilities			
		14,265	15,501
TOTAL NET ASSETS			
		1,254	6,631
Accumulated Surplus			
		1,254	6,631
NET ASSETS			
		1,254	6,631

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	2010	2009
		R'000	R'000
REVENUE		69,151	48,165
Non-exchange revenue		68,318	46,743
Government grant	12	48,435	29,965
Amortised Government – Other	13	8,179	7,262
Amortised Government - National Lottery	13	11,704	9,516
Exchange revenue		833	1,422
Other income	14	154	10
Interest received	15	679	1,412
TOTAL EXPENSES		(74,528)	(55,437)
Operating expenses	16	(41,086)	(34,202)
Administrative expenses	17	(20,141)	(11,639)
Employee related costs	18	(11,723)	(8,531)
Operating lease expenses	19	(648)	(434)
Finance costs	20	(167)	(71)
Depreciation	21	(651)	(534)
Amortisation	22	(112)	(26)
DEFICIT FOR THE YEAR		(5,377)	(7,272)

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/ (Deficit)	Total Equity
	R '000	R '000
Balance at 1 April 2008	13,903	13,903
Deficit for the year	(7,272)	(7,272)
Balance at 31 March 2009	6,631	6,631
Deficit for the year	(5,377)	(5,377)
Balance at 31 March 2010	1,254	1,254

CASH FLOW STATEMENT

	NOTES	2010	2009
		R '000	R '000
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
CASH RECEIPTS			
		71,617	46,536
Government Grant - DAC	12	48,435	29,965
Other Receipts	14	30	10
Amortised Government Conditional Grants		22,505	15,149
Interest Received		647	1,412
CASH PAID TO SUPPLIERS AND EMPLOYEES			
		(82,092)	(43,990)
Employee Related Costs		(10,293)	(8,531)
Suppliers		(71,632)	(35,388)
Interest Paid	20	(167)	(71)
NET CASH FLOW FROM OPERATING ACTIVITIES			
	24	(10,475)	2,546
CASH FLOW FROM INVESTING ACTIVITIES			
		(371)	(615)
Acquisition of Property, plant and equipment		(335)	(472)
Acquisition of Intangible	3	(36)	(143)
CASH FLOW FROM FINANCING ACTIVITIES			
		(49)	(106)
Payment for finance lease			
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS			
		(10,895)	1,825
Cash and Cash Equivalents at the beginning of the year		18,629	16,804
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
	6	7,734	18,629

ACCOUNTING POLICIES

1. Presentation of annual financial statements

The Financial Statements are presented in accordance with South African Generally Accepted Accounting Practice, including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practice (GRAP), and the provisions of the Public Finance Management Act (Act 1 of 1999), as amended, as well as other applicable legislation. The preparation of financial statements in conformity with GRAP and GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes.

The following GRAP Statements replace the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors

Standard of GAAP

AC101: Presentation of financial statements
AC118: Cash flow statements
AC103: Accounting policies, changes in estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2, and 3 has resulted in the following significant changes in the presentation of the financial statements.

Terminology Differences:

Standard of GRAP

Statement of financial performance
Statement of financial position
Statements of changes in net assets
Net assets
Surplus/deficit for the period
Accumulated surplus/deficit

Replaced Statement of GAAP

Income Statement
Balance sheet
Statement of changes in equity
Equity
Profit/loss for the period
Retained earnings

Contributions from owners	Share Capital
Distribution to owners	Dividends
Reporting date	Balance sheet date

The cash flow statement can only be prepared in accordance with the direct method.

Accounting policy developments include new standards issued, amendments to standards, and interpretation issued on new standards. These developments resulted in the first time adoption of new standards, the restatement of prior year where applicable. Management assessed the impact of all new standards issued, amendments to standards, and interpretations issued on current standards.

Standards, amendments, and interpretation effective in the current year:

IFRS 7 "Financial instruments": Disclosures, and a complementary amendment to IAS 1, presentation of financial statements - capital disclosures. The introduction of new disclosures relating to financial instruments does not have any impact on the classification.

The application of the new standards will not have a significant impact on the Financial Statements in the period of initial application.

Effect of new Standards of GRAP issued

At the date of approval of these financial statements, the following standards were issued but not yet effective. These approved standards of GRAP are not likely to affect Annual Financial Statements when they are adopted since accounting policies have been determined based on the principles in these standards:

Standard	Applicable to NHC
GRAP 24 - Presentation of Budget Information in Financial Statements	YES

ACCOUNTING POLICIES

1. Presentation of annual financial statements (continued)

GRAP 25 - Employee Benefits	YES
GRAP 103 - Heritage Assets	YES
GRAP 104 - Financial Instruments	YES

The following Standards of GRAP became effective on 1 April 2009 and have been adopted by the NHC. This adoption did not result in any additional disclosures or changes in accounting policies

Standard	Applicable to NHC
GRAP 13 - Leases	YES
GRAP 14 - Events after the reporting date	YES
GRAP 17 - Property Plant and Equipment	YES
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets	YES
GRAP 102 - Intangible	YES

1.1 Basis of Preparation

The financial statements have been prepared on the historical cost basis, except where stated otherwise. These financial statements are presented in South African Rands. The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The following are the principal accounting policies used by the Council which are consistent with those of the previous year.

1.2 Property, Plant and Equipment

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

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

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The estimated useful lives of the main assets categories are as follows:

Item	Rate
Computer equipment	3 years (33.33%)
Office equipment	6 years (16.67%)
Motor vehicles	5 years (20 %)
Furniture and Fittings	6 years (16.67%)
Leasehold improvements	Lease term over the period of lease

Leasehold improvements are amortised over the period of the building lease agreement. Depreciation rates and residual values are considered annually and adjusted if appropriate.

The residual value and the useful life of each asset are reviewed at each financial period-end. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. The gain or loss arising from de-recognition 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 de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceed, if any, and the carrying amount of the item.

ACCOUNTING POLICIES

1.3 Intangible Assets

An intangible asset is recognised when:

- * It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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;
- * There are available technical, financial and other resources to complete the development and to use or sell the asset; and 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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets, amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life
Computer software	2 years (50%)

1.4 Financial Instruments

Initial Recognition and Measurement

Financial instruments are recognised initially when the National Heritage Council becomes a party to the contractual provisions of the instruments.

The National Heritage Council classifies financial instruments, or their component parts, on initial recognition as a financial asset or financial liability in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. Financial assets and financial liabilities have not been offset in the Statement of Financial Position.

Trade and Other Receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost which, due to their short term nature, closely approximates their fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed

ACCOUNTING POLICIES

at initial recognition.

1.4 Financial Instruments (continued)

Trade and other receivables are classified as loans and receivables. Other receivables consist of pre-paid expenses and deposits relating to the provision of electricity and the leasing of premises. These receivables are stated as cost.

Cash and Cash Equivalents

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

Trade and Other Payables

Trade and other payables are stated at fair value. Items classified within trade and other payables are not usually re-measured, as obligations are usually known with a high degree of certainty and its settlement is short term.

1.5 Tax

Tax Expenses

The National Heritage Council is exempt from taxation in terms of Section 10 (1) (cA) (i) of the Income Tax Act.

1.6 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.

Operating Leases

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. This liability is not discounted.

Finance Leases

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.

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

1.7 Impairment of assets

The National Heritage Council assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the National Heritage Council estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the National Heritage Council also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is an indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

ACCOUNTING POLICIES

1.8 Employee benefits

Short term benefits

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

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

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

Defined contribution plans

Pension contributions are provided for employees by means of a defined contribution provided fund externally administered by Liberty Life. The defined contribution provident fund is governed by the Pension Funds Act, 1956. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.9 Accruals and contingencies

Accruals are recognised when:

- * The National Heritage Council has a present obligation as a result of a past event;
- * It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- * A reliable estimate can be made of the obligation.

The amount of accruals is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually

certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the accruals. Accruals are not recognised for future operating deficits.

1.10 Government Grants

Government grants are recognised when there is reasonable assurance that:

- * The National Heritage Council will comply with the conditions attaching to them; and
- * The grants will be received..

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the income statement (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or were no deferred credit exists. The repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

ACCOUNTING POLICIES

1.11 Revenue

Revenue comprises the fair value of considerations received or receivable in the ordinary cause of Council's business.

Revenue is also recognised as follows:

- * Government grants as stated in accounting policy 1.10
- * Interest income is recognised in the statement of financial performance on a time proportionate basis using the effective interest rate method.

1.12 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The comparative figures shown in these financial statements are limited to the figures shown in the previous years' audited financial statements and such other comparative figures that the National Heritage Council may reasonably have available for reporting in terms of the Public Finance Management Act.

1.13 Unauthorised expenditure

Unauthorised expenditure means:

- * Overspending of a grant or a main division within a grant; and
- * Expenditure not in accordance with the purpose of a grant or, in the case of a main division, not in accordance with the purpose of the main division.

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.

1.14 Fruitless and wasteful expenditure

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

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.

1.15 Irregular expenditure

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

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 required with the exception of updating the note to the financial statements.

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

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

Irregular expenditure that was incurred and identified during the current financial year and which has 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

ACCOUNTING POLICIES

1.15 Irregular expenditure (continued)

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 bad debt 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.

1.16 Research and development expenditure

Research costs are charged against operating surplus as incurred.

Development costs are recognised as an expense in the period in which they are incurred unless the following criteria are met:

- * The product or process is clearly defined and the costs attributable to the process or product can be separately identified and measured reliably;
- * The technical feasibility of the product or process can be demonstrated;
- * The existence of a market or, if to be used internally rather than sold, its usefulness to the entity can be demonstrated;
- * Adequate resources exist, or their availability can be demonstrated, to complete the project and then market or use the product or process; and
- * The asset must be separately identifiable.

Where development costs are deferred, they are written off on a straight-line basis over the life of the process or product, subject to a maximum of five years. The amortisation begins from the commencement of the commercial production of the product or use of the process to which they relate.

1.17 Judgments made by Management

In preparing the financial statements, management is required to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities,

income and expenses, and related disclosures. Historical experience and various other factors believed to be reasonable under the circumstances are used in these instances. Actual results in the future could differ from these estimates. Significant judgment has been exercised in determining the following:

Fair value estimation

The amortised cost (using the effective interest method); less impairment provision of trade receivables and payables are assumed to approximate their fair values. The present value of future cash flows (using the effective interest method), is assumed to approximate the fair value of revenue and purchase transactions.

Impairment testing

The entity makes judgment as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions are based on estimates using the information available to management at reporting date.

1.18 Services received in kind

Services received in kind consist primarily of technical assistance received by the National Heritage Council and project group members. The National Heritage Council cannot reliably determine a fair value for this assistance, and as a result does not recognise the value of these services received in the Statement of Financial Performance.

1.19 Related Parties

The Council operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all three spheres of government in South Africa, only national and provincial spheres of government

ACCOUNTING POLICIES

will be related parties.

1.19 Related Parties (continued)

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. The Chief Executive Officer, Chief Financial Officer, General Manager and the Company Secretary are the only positions regarded as being at key management level.

Close family members of key management are considered to be those family members who may be expected to influence, or be influenced by key management individuals or other parties related to the entity.

1.20 Finance Income

Finance income comprises interest receivable on positive bank balances and funds invested. Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.21 Material losses

Material losses are losses incurred that do not comprise normal expenditure or income due to the Council and not recovered.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT**2010**

	Leasehold property	Furniture and Fittings	Motor Vehicles	Office Equipment	IT Equipment	Leased assets	TOTAL
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balances							
Cost	246	972	142	282	487	688	2,817
Accumulated depreciation	(137)	(508)	(118)	(138)	(111)	(321)	(1,333)
Carrying amount	109	464	24	144	376	367	1,484
Movement during the year							
Additions	19	173	-	33	110	341	676
Derecognition	-	-	-	-	-	(355)	(355)
Depreciation	(128)	(183)	(24)	(53)	(188)	(75)	(651)
Closing balances							
Cost	265	1,145	142	315	597	341	2,805
Accumulated depreciation	(265)	(691)	(142)	(191)	(299)	(64)	(1,652)
Carrying amount	-	454	-	124	298	277	1,153

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (continued)**2009**

	Leasehold property	Furniture and Fittings	Motor Vehicles	Office Equipment	IT Equipment	Leased assets	TOTAL
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balances							
Cost	217	960	142	244	443	688	2,694
Accumulated depreciation	(54)	(400)	(90)	(102)	(288)	(183)	(1,117)
Carrying amount	163	560	52	142	155	505	1,577
Movement during the year							
Additions	29	77	-	48	318	-	472
Disposals	-	(21)	-	(4)	(6)	-	(31)
Depreciation	(83)	(152)	(28)	(42)	(91)	(138)	(534)
Closing balances							
Cost	246	972	142	282	487	688	2,817
Accumulated depreciation	(137)	(508)	(118)	(138)	(111)	(321)	(1,333)
Carrying amount	109	464	24	144	376	367	1,484

Assets to the historical cost of R829, 267 (2010) have been fully depreciated, but are still in use.

A register containing the information required by section 63 of the PFMA is available for inspection at the registered office of the National Heritage Council.

The National Heritage Council received non-monetary grant in respect of depreciable assets which are allocated to the income over the period of depreciation (Refer to Note 8).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R '000	R '000
3. INTANGIBLE ASSETS		
Computer Software		
Opening Balance (Cost)	176	196
Opening balance (Accumulated Amortisation)	(26)	(163)
Carrying Amount (Opening Balances)	150	33
Additions	36	143
Amortisation (During the year)	(112)	(26)
	74	150
4. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Sundry Debtors	15	1,655
Staff Loans & Debtors	7	17
Interest receivable	50	137
<i>Financial assets</i>	72	1,809
5. PREPAYMENTS AND ADVANCES		
Deposit for rent	82	42
Prepayments and advances	6,404	18
	6,486	60

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
6. CASH AND CASH EQUIVALENTS		
Cash on hand	1	1
Cash at bank	1,771	16
Funds held on call deposit	5,962	18,612
<i>Financial assets</i>	7,734	18,629
7. PAYABLES FROM EXCHANGE TRANSACTIONS		
<i>Financial liabilities</i>	2,562	4,605
Trade payables	2,119	4,295
Salary related payables	443	310
<i>Other Payables</i>	-	77
Operating lease payables	-	77
	2,562	4,682

See Note 27 on Financial Instruments on how risk is managed in relation to the financial assets listed above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
8. DEFERRED INCOME		
Balance at the beginning of the year	9,068	130
Non - current assets	65	130
Conditional Grants – DAC	9,003	-
Conditional Grants - National Lottery	-	-
	22,521	25,716
Movement during the year - Receipts		
Non - current assets	13	-
Conditional Grants – DAC	-	16,200
Eastern Cape Department of Sports and Recreation	2,849	-
Conditional Grants - National Lottery	19,659	9,516
	(21,447)	(16,778)
Movement during the year - Recognised		
Non - current assets	(67)	(65)
Conditional Grants – DAC	(5,263)	(7,197)
Eastern Cape Department of Sports and Recreation	(2,849)	-
Conditional Grants – National Lottery – Receivables	(1,564)	-
Conditional Grants - National Lottery – Revenue	(11,704)	(9,516)
	10,142	9,068
Balance at year end		
Non - current assets	11	65
Conditional Grants – DAC	3,740	9,003
Eastern Cape Department of Sports and Recreation	-	-
Conditional Grants - National Lottery	6,391	-
	-	-
Long term portion	-	-
Short term portion	10,142	9,068
	10,142	9,068

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010 R'000	2009 R'000
9. FINANCE LEASE OBLIGATION		
<u>Minimum Lease payments due</u>		
- Within one year	241	190
- In second to fifth year inclusive	957	378
	1,198	568
Less: Future finance charges	(899)	(81)
	299	487
<u>Present value of minimum lease payments</u>		
	299	487
<u>Present value of minimum lease payments due</u>		
- Within one year	53	144
- In second to fifth year inclusive	246	343
	299	487
Long-term portion of finance lease obligation	246	343
Current portion of finance lease obligation	53	144
	299	487

It is National Heritage Council policy to lease certain equipment under finance leases:

- 1) Entered into a rental operational agreement with ITEC Finance Limited for three photocopy machines effective 1 May 2009. The contract period is for 60 months at R182, 218 per annum using a 15% escalation rate. Additional finance cost are charged by the lessor which are based on the prime rate, thus attracting additional finance costs which are not included in the above reconciliation. The lease is accounted for as a finance lease since the lease term is for the major part of the economic life of the assets, even though the title to the asset may not be transferred on expiry of the lease term.
- 2) Entered into a rental operational agreement with SASFIN Limited for a PABX System effective from 1 April 09. The contract period is for 60 months, at R 34,186 per annum.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010 R'000	2009 R'000
10. PROVISIONS		
Leave provision	230	275
Opening balances	230	275
Additions		
Leave provision	275	230
	275	230
Utilised		
Leave provision	-	(155)
	-	(155)
Reversed		
Leave provision	(230)	(120)
	(230)	(120)
Closing balances		
Leave provision	275	230
	275	230
11. Bonuses		
Bonuses	1,034	324
Opening balances	1,034	324
AdditionsXZ	1,521	1,090
Bonuses	1,521	1,090
Utilised	(1,568)	(380)
Bonuses	1,568	(380)
Bonuses	987	1,034
Closing Balance	987	1,034

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
12. GOVERNMENT GRANT		
Grant received – DAC	48,435	29,965
	48,435	29,965
13. AMORTISED CONDITIONAL GRANTS		
AMORTISED GOVERNMENT - OTHER		
Department of Arts and Culture	67	65
Department of Arts and Culture (Special project)	5,263	7,197
Eastern Cape Department of Sports and Recreation	2,849	-
	8,179	7,262
AMORTISED GOVERNMENT - NATIONAL LOTTERY		
National Lottery – Special projects	11,704	9,516
	11,704	9,516
14. OTHER INCOME		
Gain on assets derecognised	124	-
Sundry Income	30	10
	154	10

The National Heritage Council received sundry income from the sale of bid tender documents

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010 R'000	2009 R'000
15. INTEREST RECEIVED		
Interest revenue	679	1,412
Interest revenue comprises of interest received on positive bank balances and funds invested on one day call account. Interest revenue is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.	-	
16. OPERATING EXPENSES		
Legal fees	197	70
Entertainment expenses	63	147
Heritage projects and programmes	40,349	33,544
Staff training and development	414	386
Maintenance, repairs and running costs	63	55
	41,086	34,202
17. ADMINISTRATIVE EXPENSES		
General and Administrative expenses	16,145	7,996
Travel and Accommodation	3,996	3,643
	20,141	11,639

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
18. EMPLOYMENT RELATED COSTS		
Basic salaries	8,095	6,177
Employees contributions - Provident Fund	933	522
Employees contributions – UIF	37	23
Leave provision and bonus	1,566	1,201
Council contributions - Provident Fund	933	522
Council contributions – UIF	37	23
Council contributions – SDL	122	63
	11,723	8,531
19. OPERATING LEASE EXPENSES		
Office space	611	397
Parking	37	37
	648	434
20. FINANCE COSTS		
Interest Paid (Bank)	3	3
Interest paid on leased assets	164	68
	167	71
21. DEPRECIATION		
Motor vehicles	24	28
IT equipment	188	91
Office equipment	53	42
Furniture and fittings	183	152
Leasehold improvement	128	83
Leased assets - office equipment	75	138
	651	534
22. AMORTISATION		
Computer software	112	26

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010 R'000	2009 R'000
23. OPERATING LEASES		
The National Heritage Council entered into a rental agreement with the Broll Property Group, effective 1 April 2005. The lease contract is for 60 months at a cost of R428, 839 per annum, escalating at 9% per annum.	-	
Lease commitments (operating leases)		
Up to one year	-	434
Later than one year and not later than 5 years	-	-
	<u>-</u>	<u>434</u>
24. CASH GENERATED FROM (USED IN) OPERATIONS		
Deficit for the year	(5,377)	(7,272)
Adjustments for:		
Depreciation	651	534
Amortisation on intangible assets	112	26
Movement in provisions and bonuses	(2)	665
Other non-cash items	(124)	31
Changes in working capital:		
Trade and other receivables	1,737	(1,421)
Prepayments and advances	(6,426)	6
Trade and other payables	(2,120)	1,039
Deferred income/Unspent conditional grants	1,074	9,003
Deferred income/Unspent conditional grants	-	(65)
	<u>(10,475)</u>	<u>2,546</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2010 R'000	2009 R'000
25. SUBSEQUENT EVENTS		
<p>The National Heritage Council entered into a rental agreement with the Broll Property Group, effective 1 April 2010. The lease contract is for 24 months at a cost of R 1,024,635.56 per annum, escalating at 9% per annum. The increase in the amount was due to additional office space acquired.</p>		
26. RELATED PARTIES		
Related party transactions		
1. Grant – Recurring expenditure (Department of Arts and Culture)	48,435	29,965
2. Grant – Special Projects (Department of Arts and Culture)	-	16,200
3. National Lottery Distribution Trust Fund	19,659	9,516
4. Eastern Cape Dept. of Arts, Sports & Recreation	2,849	-
	70,943	55,681

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. RELATED PARTIES (continued)

The National Heritage Council is a schedule 3A public entity under the National Department of Arts and Culture. The Department of Arts and Culture acts on behalf of the Minister of Arts and Culture as Executive Authority and has the responsibility to make provision for funding the activities of the Council by way of a grant listed in the Estimates of National Expenditure. The National Heritage Council received R 48,435m as grants for the period under review. By virtue of the fact that the National Heritage Council is a national public entity and controlled by the national government, any other controlled entity of the national government is a related party. All transactions with such entities are at arm's length and on normal commercial terms, except where employees of national departments or national public entities participate in our processes and do not receive any remuneration. The National Department of Arts and Culture is the related party of the National Heritage Council.

The National Lottery Distribution Trust Fund has made provision for funding activities/projects of the Council. The National Heritage Council received R 19,659m as grants for the period under review. By virtue of the fact that the National Heritage Council is a national public entity and controlled by the national government, any other controlled entity of the national government is a related party. All transactions with such entities are at arm's length and on normal commercial terms. The National Lottery Distribution Trust Fund is the related party of the National Heritage Council.

The National Heritage Council received R 2,849m as a donation from Eastern Cape Dept. of Arts, Sports & Recreation for the period under review. This was provided as a financial assistance towards the National Ubuntu Event. By virtue of the fact that the National Heritage Council is a national public entity and controlled by the national government, any other controlled entity of the national government is a related party. All transactions with such entities and/or government departments are at arm's length and on normal commercial terms, except where employees of national departments or national public entities participate in our processes and do not receive any remuneration. The Eastern Cape Dept. of Arts, Sports & Recreation is the related party of the National Heritage Council.

27. FINANCIAL INSTRUMENTS

Liquidity risk

The National Heritage Council is only exposed to liquidity risk with regards to the payment of its trade payables. These trade payables are all due within the short-term. The National Heritage Council manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in a money market account.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The National Heritage Council only deposits cash with major banks with high quality credit standing and limits exposure to any other country-party.

Interest rate risk

This is a risk that fair value or future cash flows from financial instrument will fluctuate as a result of changes in the market interest rates. Values in the financial instruments may change, thus resulting in both potential gains and losses. The National Heritage Council's activities do not expose it to significant market interest rate risks. Therefore, there are no procedures in place to mitigate these risks.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. MEMBERS EMOLUMENTS - NON EXECUTIVE**2010**

Names and Designations	Honoraria R'000	Travel R'000	Total R'000
P N Maqubela (Chairperson)	-	-	-
R M D Ralebipi-Simela (Deputy Chairperson)	3	1	4
C S Rassool	2	3	5
L Callinicos	4	1	5
K T Ntsewa	4	2	6
L P Nkosi	1		1
P Seboni	4	2	6
M Maboe	-	-	-
K Mkiva	1		1
H Boshoff	3	1	4
J Mdeni	16	1	17
T D Ntuli	8	1	9
N Jaxa	9	2	11
K. Mosenogi	3	15	18
V. Billa	4	4	8
	62	33	95

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. MEMBERS EMOLUMENTS - NON EXECUTIVE (continued)**2009**

Names and Designations	Honoraria R'000	Travel R'000	Total R'000
P N Maqubela (Chairperson)	6		6
RMD Ralebipi-Simela (Deputy Chairperson)	3	-	3
C S Rassool	5	1	6
L Callinicos	6	1	7
KT Ntsewa	6	1	7
L P Nkosi	3	-	3
P Seboni	5	1	6
M Maboe	-	-	-
K Mkiva	3	-	3
H Boshoff	2	-	2
J Mdeni	13	3	16
T D Ntuli	8		8
N Jaxa	3		3
	63	7	70

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. MEMBERS EMOLUMENTS (EXECUTIVE)							
2010							
Names	Designation	Effective date	Basic salary R'000	Travel allowance R'000	Annual payments R'000	Provident fund R'000	Total R'000
S Mancotywa	Chief Executive Officer	1-Apr-09	668	169	316	155	1,308
T Ramagoma	General Manager: Heritage	1-Sep-09	346	95	26	77	544
N Madilonga	Chief Financial Officer	1-Apr-09	719	1	89	130	939
N Matanzima	Company Secretary	1-Apr-09	461	104	66	107	738
D Goulkan	Marketing Manager	1-Apr-09	461	104	114	100	779
B Marolen	Human Resources Manager	1-Apr-09	478	86	94	100	758
S Ndhlazi	Funding Manager	1-Apr-09	461	105	114	100	780
T Manetsi	Heritage Manager	1-Apr-09	461	104	120	100	785
B Mdikane	Project Manager (Heritage Liberation Route)	1-Apr-09	550	-	47	100	697
			4,605	768	986	969	7,328
2009							
Names	Designation	Effective date	Basic salary R'000	Travel allowance R'000	Annual payments R'000	Provident fund R'000	Total R'000
S Mancotywa	Chief Executive Officer	1-Apr-08	585	150	219	127	1,081
**S Fikeni	Chief Operations Officer	1-Apr-08	172	20	73	16	281
**T Ngetu	Chief Financial Officer	1-Apr-08	205	56	80	45	386
N Madilonga	Chief Financial Officer	10-Nov-08	250	-	-	45	295
**T Ramagoma	Company Secretary	1-Apr-08	172	43	68	37	320
N Matanzima	Company Secretary	1-Nov-08	167	43	-	37	247
D Goulkan	Marketing Manager	1-Apr-08	403	104	30	88	625
B Marolen	Human Resources Manager	1-Apr-08	507	-	23	88	618
S Ndhlazi	Funding Manager	1-Apr-08	403	104	30	88	625
T Manetsi	Heritage Manager	1-Apr-08	403	104	10	88	605
			3,267	624	533	659	5,083
**Resigned during the year							

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. COMPARISON OF RESULTS WITH THE APPROVED BUDGET

2010

RECONCILIATION OF BUDGET SURPLUS/ DEFICIT WITH THE SURPLUS/DEFICIT IN THE STATEMENT OF FINANCIAL PERFORMANCE

	R'000
Net deficit per the statement of financial performance	(5,377)
Adjusted for:	
Fair value adjustments	-
Depreciation/Amortisation	763
Impairments recognised / reversed	10
Surplus / deficit on the sale of assets	(124)
Increases / decreases in provisions	1,032
Net deficit per approved budget	<u><u>(3,696)</u></u>

The budget was approved by the Council and submitted to the Executive Authority in terms of section 53(1) of the PFMA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**31.1 Details of irregular expenditure, condoned by the Accounting Authority**

Treasury Regulations requires that all bids exceeding R1 million rands in value not awarded through an open bid process should be reported to the relevant treasury and the Auditor General. The following bids awarded were not reported accordingly:

No.	Incident	Amount 2010 R'000	Amount 2009 R'000
1	Contract relates to the engagement of a sole supplier for an exhibition project held in Belgrade.	1,502	-
2.	Amount was contracted using a retainer fee model for Marketing and Communications services following a bid process.	1,200	-
3.	A service provider was engaged for three years for the event management of the South African Music Achievements (SATMA) Awards in 2008 through a closed bid procurement process.	2,619	2,000
TOTAL		5,321	2,000

31.2 Details of fruitless and wasteful expenditure, condoned by the Accounting Authority

An official, who was dismissed in 2008, subsequently handed the matter to the CCMA and thereafter to a legal process, requesting compensation for unfair dismissal. Whilst the NHC management considered the likelihood of the action against the institution being successful as unlikely, it, based counsels opinion and projection of legal fees and a cost benefit analysis, decided to settle the matter out of court with Council's approval.

Settlement amount

Legal costs

Total

71
164
235

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. PRIOR YEAR ADJUSTMENTS. **R'000**

32.1 IRREGULAR EXPENDITURE

Treasury Regulations were not complied with in full when the service providers were engaged in the prior year.

Correction of error relating to non disclosure of irregular, fruitless and wasteful expenditure. Notes to the Annual Financial Statements were adjusted while comparative amounts were restated accordingly. The effect was as follows:

Increase in irregular, fruitless and wasteful expenditure	2,000.
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32.2 PAYABLES FROM EXCHANGE TRANSACTIONS AND OPERATING EXPENSES

Correction of error relating to understatement of operating expenses and payables from exchange transactions.

The net deficit for the year 2009 was adjusted and while comparative amounts were restated accordingly.

The effect of the adjustment of this error on the results of 2009 was as follows:

Increase in operating expenses	1,564
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Increase in payables from exchange transaction	1,564
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32.3 RECEIVABLES FROM EXCHANGE TRANSACTIONS AND NON-EXCHANGE

Correction of error relating to understatement of amortised government grants (National Lottery) and receivables from exchange transactions.

The net deficit for the year 2009 was adjusted and while comparative amounts were restated accordingly. The effect of the adjustment of this error on the results of 2009 was as follows:

Increase in non-exchange revenue	1,564
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Increase in receivables from exchange transaction	1,564
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

SCHEDULES TO ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
Revenue		
Government grant	69,151	48,165
Amortised conditional grants - Other	48,435	29,965
Amortised conditional grants - National Lottery	8,179	7,262
Other income	11,704	9,516
Interest received	154	10
	679	1,412
	(74,528)	(55,437)
Expenses		
Operating expenses (As per schedule page 96)	(41,086)	(34,202)
Administrative expenses (As per schedule page 98)	(20,141)	(11,639)
Employment related costs (As per schedule page 99)	(11,723)	(8,531)
Operating lease expenses	(648)	(434)
Finance costs	(167)	(71)
Depreciation	(651)	(534)
Amortisation	(112)	(26)
	(5,377)	(7,272)
(DEFICIT) FOR THE YEAR	(5,377)	(7,272)

SCHEDULES TO ANNUAL FINANCIAL STATEMENTS

	2010 R'000	2009 R'000
OPERATING EXPENSES		
	197	70
Entertainment Expenses	63	147
Heritage Projects and Programmes	40,349	33,544
Funding disbursements (Funding Unit)	7,134	8,446
Funding disbursements (Heritage Unit)	-	2
Transformation Charter	3	1,926
Young Indigenous Artists	425	-
Heritage Resource Centre	237	284
Policy Framework on Repatriation Heritage Resources	438	43
Ubuntu in Nation building	10,378	6,226
Heritage Project Expenses	-	21
Heritage Strategic Programmes	721	329
Heritage Engagement with Sector	420	90
ICOMOS Department of Arts & Culture	-	243
Unsung Heroes & Heroine's - Department of Art & Culture	589	-
SATMA Awards - Department of Arts & Culture	2,659	2,107
Heritage Liberation Route - Department of Arts & Culture	2,527	3,244
Early African Intellectuals	200	372
Policy Framework on Access to Heritage Resources	349	47
Policy Framework on Heritage Conservation and Development	85	333

SCHEDULES TO ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
OPERATING EXPENSES (continued)		
Heritage and Education Outreach Programme Project	807	-
Youth and Heritage	-	270
SATMA Awards - Lottery Funded	10,586	9,561
Heritage Liberation Route - Lottery Funded	987	-
Young Indigenous Artists - Lottery Funded	128	-
Unsung heroes & Heroines - Lottery Funded	2	-
Heritage Special Projects	1,502	-
Staff Training and Development	414	386
Staff Training	329	324
Subscriptions	85	62
Maintenance, Repairs and Running Costs	63	55
Repairs and Maintenance	63	55
	41,086	34,202

SCHEDULES TO ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
ADMINISTRATIVE EXPENSES		
General and Administrative Expenses	16,145	7,996
Catering Meetings	12	5
Audit Fees	1,192	548
Advertising of Posts	74	217
Marketing & Communication	5,828	4,400
Advertising - Tenders & Policies	826	409
Bank Charges	12	12
Consulting Fees	3,351	249
Courier & Postage	78	141
Electricity, Water & Refuse	92	69
General Expenses	10	94
Honoraria	114	285
Insurance	84	75
Staff Welfare	210	50
Rentals - Copiers & Printers	-	-
Rentals - Office Equipment	6	-
Motor Vehicle Expenses	28	14
Printing & Stationery	223	117
Rates & Taxes	59	40
Publications	300	-
Publications - Annual Report	-	126
Refuse	2	1
Recruitment Cost	1	57

SCHEDULES TO ANNUAL FINANCIAL STATEMENTS

	2010	2009
	R'000	R'000
ADMINISTRATIVE EXPENSES (continued)		
Workshops	2,257	-
Telephone & Faxes	369	141
Cellphone Accounts	423	512
Other expenses	-	167
Temp Staff	264	44
Settlement	71	-
IT Support	259	223
Travel and Subsistence	3,996	3,643
	20,141	11,639
EMPLOYMENT RELATED COSTS		
Employment related costs	11,723	8,531
Salaries	10,157	7,331
Leave Pay	45	110
Bonus Pay	1,521	1,090
COMMITMENTS		
Tenders awarded but not yet paid	-	3,688
Funding Disbursements	-	2,355
	-	6,043
Quantity		
PURCHASE OF OTHER WORLD CUP APPAREL		
T – Shirts	24 Units	-
		14
		-

