



# ANNUAL REPORT

OF THE UMSUNDUZI MUSEUM

FOR THE YEAR ENDED 31 March 2023

**UMsunduzi**  
MUSEUM • ISIGCINAMAGUGU

an agency of the  
Department of Sport, Arts and Culture

*A MUSEUM IN TRANSITION*



# **ANNUAL REPORT**

## **2022/2023 FINANCIAL YEAR**

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## **PART A: GENERAL INFORMATION**

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## 1. GENERAL INFORMATION

**Registered name** : UMsunduzi Museum

**Physical address** : 351 Langalibalele Street, Pietermaritzburg, 3201

**Postal address** : P. O Box 998, Pietermaritzburg, 3200

**Telephone number/s** : (27) 33 394 6834/5/6

**Fax number** : (27) 394 6797

**Email address** : lbarnwell@msunduzimuseum.org.za

**Website** : [www.msunduzimuseum.org.za](http://www.msunduzimuseum.org.za)

**External Auditors** : Auditor-General of South Africa

**Bankers** : ABSA Bank

**Council Secretary** : Mrs Lestelle Sewell



## 2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AFRICOM	International Council for African Museums
AGSA	Auditor-General of South Africa
AR	Annual Report
BBBEE	Broad-Based Black Economic Empowerment
COV	Church of the Vow
CFO	Chief Financial Officer
DASC	Department of Sport, Arts and Culture
HOD	Head of Department
MEC	Member of Executive Council
MTEF	Medium Term expenditure Framework
NDPW	National Department of Public Works
NT	National Treasury
PFMA	Public Finance Management Act
SAPS	South African Police Service
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises
SMART	Specific, Measurable, Achievable, Realistic and Time- bound
TKZN	Tourism KwaZulu Natal

### 3. FOREWORD BY THE CHAIRPERSON



I am privileged and honoured to submit the Annual Report of the uMsunduzi Museum for the 2022/2023 financial year as per the requirement in terms of section 55 of the Public Finance Management Act 1 of 1999. The year under review is particularly significant for at least two reasons. One, this was the year in which we could safely say we had returned to pre-COVID conditions in terms of our operations. Two, the year 2022/2023 marked the mid-term in our five-year planning cycle which commenced in 2020/2021. With COVID-19 restrictions behind us, there was a welcome peak in the number of visitors and the level of participation in our programmes from various audience segments. Among the highlights were the 10th Courageous Conversations Conference and a series of commemorative events including the Ncome Reconciliation Day activities which were last held onsite in 2019/2020.

Most of these activities were delivered in collaboration with various partners and stakeholders. Support and cooperation from the Provincial Department of Arts and Culture and various other players in government, non-governmental organisation and private sectors saw us reach great heights in 2022/2023 following a two-year hiatus occasioned by the COVID-19 pandemic. Our programmes and projects continue to respond to national issues and imperatives as expressed in national blueprints such as the National Development and the Medium-Term Strategic Framework and the key priority issues of our oversight department, the Department of Sport Arts and Culture; issues such as social cohesion and nation building, socio-economic transformation, raising awareness against gender-based violence and femicide as well as commemoration of national days. The Museum has continued to make steady progress in promoting access to its content through translations into all key languages of the province.

I would like to congratulate the Director and his team for a successful year and to thank my fellow Council members for their commitment and diligence in the execution of our oversight responsibilities as well as the national Department of Sport Arts and Culture for the support and guidance it continues to provide.

A handwritten signature in black ink, appearing to read 'ARM' followed by a stylized flourish.

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**Prof M.R. Mchunu**

**Chairperson: uMsunduzi Museum**

**DATE: 31 July 2023**

#### 4. DIRECTOR'S OVERVIEW



The 2022/2023 financial year was characterised by a full return to normalcy following two years of uncertainty resulting from the COVID19 pandemic and its concomitant restrictions. It was also the year in which the museum underwent mid-term evaluation with 2022/2023 representing the halfway milestone of our five-year journey which began with the ascendancy of the sixth administration in 2019 and the commencement of our five-year planning cycle in 2020/2021. This report accounts for the programmes, projects and activities carried out in the year under review including resources expended in our mission to attain our strategic goals and realise our vision. We managed an overall achievement of 91% in terms of our performance targets. In a word, the year 2022/2023 was a resounding success as it saw our visitor numbers climb exponentially and the avenues for networking, collaborations and partnerships rekindled.

Among the highlights of 2022/2023 is our annual signature event, the Courageous Conversations Conference, which took place onsite after two years of virtual hosting. In addition, we recorded an impressive 19731 visitors, made inroads into 17 new areas through our outreach programme, ran 17 skills workshops, delivered 152 presentations, and provided workplace exposure opportunities to 4 young people. Although insufficient capacity remains a challenge in our efforts to deliver on our mandate, prudent spending and careful prioritisation remain the touchstones of our success. We have also seen a good deal of improvement in the performance of our income generation streams which include entrance fees, venue hire, and parking. There has also been steady increase in the uptake of overnight visitor accommodation at Ncome.

My unreserved gratitude goes to our Council and our oversight Department of Sport Arts and Culture for their guidance and support.

A handwritten signature in black ink, appearing to be 'M. Ngubane', written over a horizontal line.

**Dr M. Ngubane**

**Director: uMsunduzi Museum**

**DATE: 31 July 2023**

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

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

All information and amounts disclosed in the Annual Report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards applicable to the entity.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The External Auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of uMsunduzi Museum for the financial year ended 31 March 2023.

Yours faithfully



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**Director**  
**Dr M. Ngubane**  
**Date: 31 July 2023**



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**Chairperson of the Board**  
**Prof M.R Mchunu**  
**Date: 31 July 2023**

## 6. STRATEGIC OVERVIEW

### Vision

Creative and empowered socially cohesive South African communities that appreciate our diverse cultural heritage.

### Mission

To contribute towards creative and empowered socially cohesive South African communities through preserving, promoting and presenting our cultural heritage.

### Values

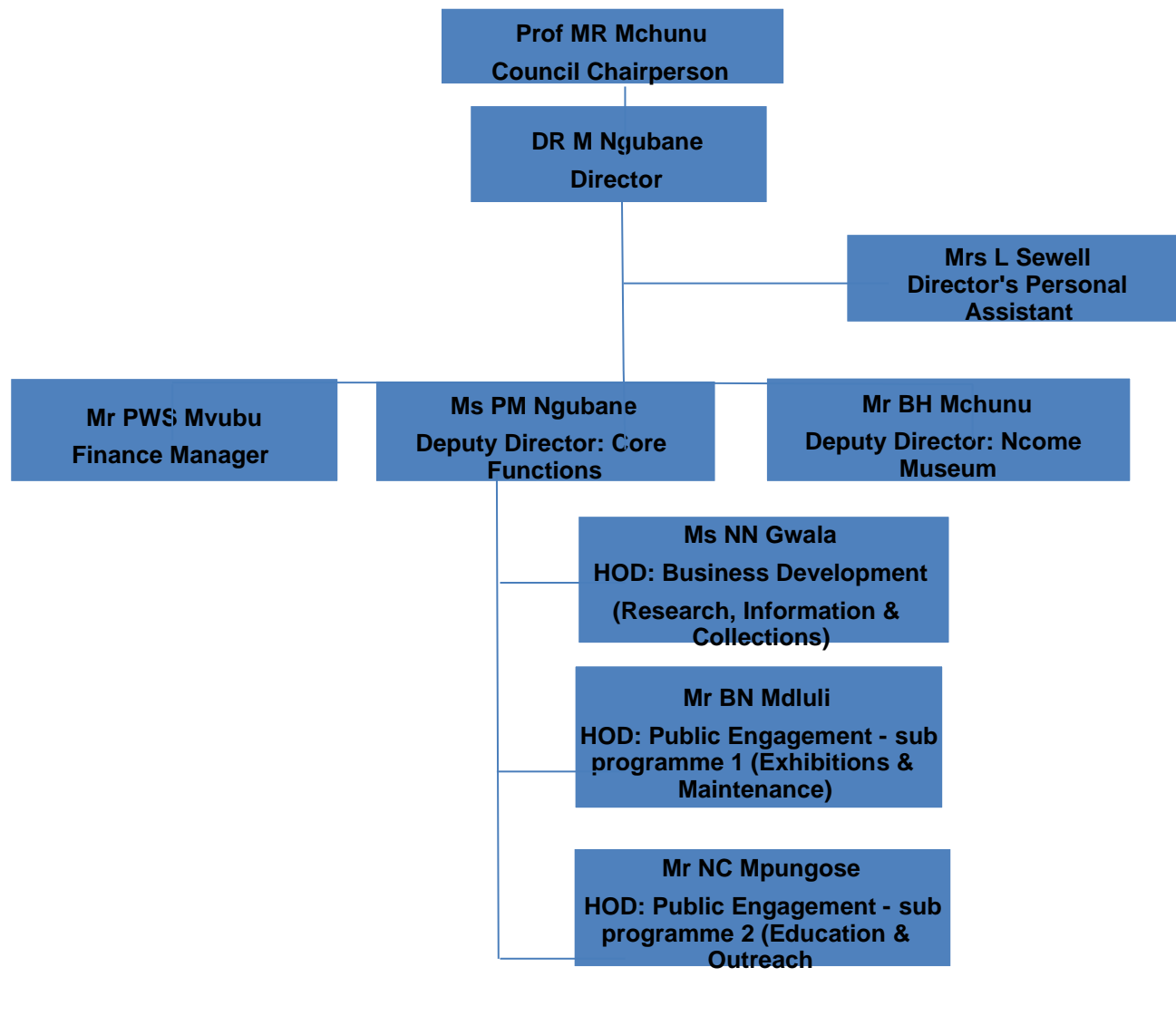
The values of the uMsunduzi Museum are associated with the institution's commitment to service excellence by putting people first and by ascribing to the Batho Pele principles and the philosophy of uBuntu.

- † **Integrity** – We can be relied on to consistently undertake our duties honestly and ethically.
- † **Excellence** – We are committed to achieving our performance goals and for delivering work and services of high quality.
- † **Accountability** – We will be accountable for all our undertakings and for the use and safe guarding of the assets in our care
- † **Socially responsive** – We will offer a museum service which is responsive to our stakeholders and communities.

## 7. LEGISLATIVE AND OTHER MANDATES

- The Public Entity falls under Schedule 3A in terms of the PFMA.
- The entity is governed in terms of the Cultural Institutions Act 119 of 1998 as amended.
- Public Finance Management Act 1 of 1999 as amended.
- Treasury Regulations.
- Labour Relations Amendment Act 127 of 1998.
- Basic Conditions of Employment Amendment Act 11 of 2002.
- Employment Equity Act 55 of 1998.
- The Policy of Preferential Procurement Framework Act 5 of 2000.
- National Heritage Resources Act 25 of 1999.
- KwaZulu-Natal Heritage Act 4 of 2008

## 8. HIGH LEVEL ORGANISATIONAL STRUCTURE



## **PART B: PERFORMANCE INFORMATION**

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## **1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES**

Auditor-General of South Africa (AGSA) performed the required review on performance information where selected indicators from the public engagement programme measured the entity's performance. This was in accordance with their findings and engagement methodology however, the AGSA did not provide a reasonable assurance opinion in the management report. The audit opinion on performance against objectives is included in the AGSA's report to management with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 73 of the Auditor's Report published as Part F: Financial information of this report.

## **2. OVERVIEW OF PERFORMANCE**

### **2.1 Service Delivery Environment**

During the reporting period, the uMsunduzi Museum delivered on its mandate in line with its vision, mission and strategic outcomes which are geared towards developing creative, empowered and socially cohesive South African communities through preserving, promoting and presenting cultural heritage. The year under review saw the museum returning fully to its pre-COVID-19 state, with several face-to-face activities taking place at both uMsunduzi and Ncome sites and a reactivation of normal operations. A range of activities from presentations to skills workshops and outreach programmes took place under conditions of normalcy and were well attended. The 10th Courageous Conversations Conference was held onsite with Professor Bheki Mngomezulu as a keynote speaker following two years of it being held virtually. The Ncome Day of Reconciliation Commemoration which includes traditional dance competition and rural horse racing events also returned after a two-year abeyance and the two events were well attended. The exhibition areas were reopened to the public after the floors were repaired, the roof assessment was done and this repair has been brought back to be part of the refurbishment project to be fixed as part of the capital Works project.

### **2.2 Organisational Environment**

The Museum had one resignation of a Graphic Design Officer, this has since been filled including all the post vacant from the previous financial year i.e. Deputy Director: Core Functions, HOD: Research Information and Collection, Outreach Officer and Museum Guide.

### **2.3 Key policy developments and legislative changes**

No changes in policies and legislation affected the operations of the Museums during the reporting period.

### **2.4 Progress towards achievement of institutional Impacts and Outcomes**

#### **Impact Statement: A transforming society of informed participative and socially cohesive citizens**

The Museum worked with other government departments, NGOs and educational institutions to promote arts and culture in the province. We hosted and funded a number of programmes in line with our Strategic and Annual Performance Plans and continued to utilise the Lotto-funded 'mobile museum' as a platform for programmes delivery. Our programmes responded to the institutions mandate and contributed towards the intended impact of building a transforming society of informed, participative, and socially conscious citizens through rigorous pursuit of the following strategic outcomes.



#### **2.4.1 Outcome 1: Effective and efficient administration**

During the reporting period an unqualified audit report with a finding on compliance with applicable legislation was received and 9 policies of the Museum were reviewed and approved including a manual which had to be developed to be read with a policy. The newly acquired artefacts were all valuated and a report issued. Strict asset management, accountability, and effective and efficient deployment of resources were maintained. This is a clear reflection of a commitment to compliant and responsible governance in line with the Medium-Term Strategic Framework (MTSF) Priority 1, which underscores the imperative of a capable, ethical and developmental state.

#### **2.4.2 Outcome 2: Efficient resource management for maximum reach and impact**

In a bid to maximise our reach and impact, we have continued with sustained vigour in pursuit of strategic partnerships, a Memorandum of Understanding was signed with The ViZion Communication Group, the Memorandum of Understanding finalised hold a promise for synergies in areas of education and skills development and a significant contribution to priorities 1, 2 and 3 of the MTSF. The interaction we have had on various platforms with diverse audiences has ensured that we contribute towards capacity building through access to information and knowledge. Face-to-face and print avenues, have been created and maintained, this broadened and intensified knowledge and information sharing to help towards achieving social transformation and cohesion which aligns with priority 6 of the MTSF. Our information dissemination and knowledge sharing endeavours contribute to overall empowerment of citizens in congruence with priority 3 of the MTSF.



**Museum Main Building (left) Church of the Vow (right)**

## UMSUNDUZI MUSEUM

### 3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

#### 3.1 PROGRAMME 1: ADMINISTRATION

The purpose of this programme is to provide core support, including purchasing, administrative, financial and human resources to the user departments of the museum to ensure that these departments effectively execute their responsibilities. Amongst the interventions of this programme is the review of policies and the effective utilisation of various other avenues to acquire and develop human resource and human capital such as internships, learnerships and traineeships. All these interventions should translate into better service rendered to our patrons and growth of our audience base.

#### Outcomes/Strategic objectives

Outcome 1: Effective and efficient administration

Outcome 3: Improved accessibility to information and knowledge

Outcome 6: Economically and socially *transforming, diverse and cohesive communities*

#### Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output indicator	Audited actual performance 2020/2021	Audited actual performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Effective and efficient administration	Unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report	An unqualified report was received	none	none
	Policies of the Museum reviewed and approved	Number of policies of the Museum reviewed and approved	4 policies were reviewed and approved	8 policies were reviewed and approved. 3 Charters were developed	10 policies were reviewed and approved.	9 policies and 1 manual	A manual	The manual had to be done to be read along the policy
	Collections accounted for and valued in compliance with GRAP	Number of collection valuations and stock take	Stock taking and valuation in progress	Stock taking and valuation from the previous year was completed in the first quarter and newly	-	All new acquired items were valued and a report issued.	40 items	All newly acquired items has to be valued.

	103			acquired artefacts were valuated.				
Improved accessibility to information and knowledge	Visitors engaging with the museum and its programmes	Number of visitors recorded	670 visitors were recorded	3016 visitors were recorded	1944 visitors recorded	11 555 visitors were recorded	9611	Revision of the technical indicator descriptions allowed for recording of all those that engaged with Museum programmes
Economically and socially transforming diverse and cohesive communities	People with work experience	Number of people afforded work exposure opportunities through learnerships/internships/traineeships/in service training	1 person was afforded work exposure opportunity	2 interns were afforded work exposure opportunity	2 people afforded work exposure opportunities through learnerships/internships/traineeships/in service training	2 graduates were afforded work exposure opportunities through internship	none	none

### 3.2 PROGRAMME 2: BUSINESS DEVELOPMENT

The purpose of this programme is to develop, preserve and promote the museum's collections as a lasting resource reflecting our national heritage, national identity and the museum's institutional identity. At the centre of this programme is research aimed at knowledge production especially in a manner that contemporaneously draws meaningful parallels between the past and the present and provokes meaningful and substantive engagements with heritage and history. The programme seeks to ensure open access to information and to make available information resources for the benefit of the general public whom we serve.

#### Outcomes/Strategic objectives

Outcome 3: Improved accessibility to information and knowledge

**Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	Outputs	Output indicator	Audited actual Performance 2020/2021	Audited actual performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Improved accessibility to information and knowledge	Research projects for exhibitions or publications completed	Number of research projects for exhibitions or publications completed	5 projects were completed (2 delivered from the previous financial year) and 1 additional project was delivered	2 research projects were undertaken for exhibitions. Final text submitted.	2 research projects for exhibitions or publications completed.	2 research projects for exhibitions or publications were completed.	none	none
	Articles made accessible	Number of articles made accessible	52 articles were made accessible	10 articles made accessible.	10 articles made accessible.	10 articles were made accessible	none	none
	Public engagements held online or onsite	Number of public engagements held online or onsite	3 public engagements were held	4 public engagements were held onsite	5 public engagements held online or onsite.	5 public engagements were held offsite and onsite	none	none
	Library materials purchased	Number of materials purchased	29 library materials were purchased	34 library materials purchased	28 library materials purchased	29 library materials were purchased	1	Budget allowed for an additional book to be purchased.

**3.3 PROGRAMME 3: PUBLIC ENGAGEMENT**

The Public Engagement Programme comprises two sub-programmes, *sub-programme 1: Exhibitions and Maintenance* and *sub-programme 2: Education and Outreach*. These sub-programmes are primarily associated with the interface between the Museum’s audiences and the museum whether it be through delivering programmes or by designing and producing information bearing media such as publications and exhibitions.

**3.3.1 SUB-PROGRAMME 1: EXHIBITIONS**

This programme exists primarily to expose the public to museum content with a view to educate and inform and also open up opportunities for co-curation, co-creation and joint meaning-making between the museum and its various audiences. The exhibitions also provide an avenue and a platform to publicise museum offerings and to

register the museum raison d'être in the minds of various audiences. Exhibitions are great triggers of meaningful engagements leading to production of new knowledge and contributing to appreciation of diverse perspectives.

### **Outcome/Strategic objective**

Outcome 3: Improved accessibility to information and knowledge

#### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

<b>Outcome</b>	<b>Output</b>	<b>Output indicator</b>	<b>Audited actual performance 2020/2021</b>	<b>Audited actual performance 2021/2022</b>	<b>Planned Annual Target 2022/2023</b>	<b>Actual Achievement 2022/2023</b>	<b>Deviation from planned target to Actual Achievement 2022/2023</b>	<b>Reasons for deviations</b>
Improved accessibility to information and knowledge	Publications produced and made accessible	Number of publications designed, produced and made accessible	9 publications were designed, produced and made accessible	5 publications were designed, produced and made accessible	3 publications designed, produced and made accessible	2 publications were designed, produced and made accessible	1	The 3 <sup>rd</sup> publication i.e. Museum Journal was not designed and produced due to delayed responses from contributors and the Editor in Chief. The Museum will internally edit publication for production in quarter 1.
	Publications translated into an indigenous language	Number of existing publications translated into an indigenous language and produced	1 publication was translated into two indigenous languages and produced and another publication was translated.	The target was not met	1 existing publication translated into an indigenous language and produced	1 existing publication was translated into an indigenous language and produced	none	none
	Educational/ research resources produced	Number of educational/research resources designed and produced	1 educational /research resource was designed and produced	2 resources were designed and produced	2 educational/research resources designed and produced	2 educational/ research resources were designed and produced	none	none
	Temporary or travelling exhibitions hosted on site or electronically or installed	Number of temporary or travelling exhibitions hosted onsite or electronically or installed	7 temporary travelling exhibitions were hosted online or electronically or installed	10 temporary or travelling exhibitions hosted online or electronically or installed	5 temporary or travelling exhibitions hosted online or electronically or installed	6 temporary travelling exhibitions were hosted in various libraries.	1	Request from a local library

Exhibitions produced	Number of permanent exhibitions produced	“Tapestry of Cultures, Connecting Cultures” exhibition from the previous year was completed	-	1 permanent exhibition produced	0	1	This was due to roof leaks and floor damage where the exhibition was to be mounted. The exhibition will be mounted during quarter 2
	Number of temporary exhibitions produced	5 temporary exhibitions were produced	2 temporary exhibitions were produced	1 temporary exhibition produced	1 temporary exhibition was produced	0	none



**Stone and iron age exhibition in the Main Building**

### 3.3.2 SUB-PROGRAMME 2: EDUCATION AND OUTREACH

The programme aims to provide general education to the public on a range of collections in the museum and the roles that these objects play in the promotion of the country's heritage. It also facilitates knowledge acquisition through educational programmes tailored to specific audiences. Furthermore, the programme aims to use museum content and objects to reinforce learning and facilitate curriculum assimilation in schools. It also serves as a platform for development of useful art, craft and herbal skills which could potentially enable participants to engage in, or access gainful economic activities for our audiences.

#### Outcomes/Strategic objectives

Outcome 3: Improved accessibility to information and knowledge

Outcome 4: Improved audience awareness, engagement and participation in museum programmes and projects

Outcome 5: Better understanding of museum content and objects by communities from diverse backgrounds

Outcome 6: Economically and socially, transforming, diverse and cohesive communities

#### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	Output	Output indicator	Audited actual performance 2020/2021	Audited actual performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Better understanding of the museum content and objects by communities from diverse backgrounds	Presentations	Number of presentations delivered online or onsite	17 presentations were delivered	98 presentations were delivered	100 presentations delivered online or onsite	122 presentations were delivered onsite and offsite	22	More schools booked visits to the museum.
	Teacher's workshop	Number of teacher's workshops held	-	-	1 teacher's workshop	1 teacher's workshop was held	none	none
	Survey of teacher's and learners conducted	Percentage of surveyed teachers and learners reporting a better understanding of the curriculum	-	-	70% of surveyed teachers and learners reporting a better understanding of the curriculum	94.8% (a total of 154 was surveyed and 146 reported better understanding of the museum content and objects)	24.8%	The majority of participants reported better understanding of the museum content and objects

Improved audience awareness, engagement and participation in museum programmes and projects	Outreach programmes delivered in new areas	Number of outreach programmes delivered in new areas	7 programmes were delivered	10 outreach programmes were delivered	5 outreach programmes delivered in new areas	8 outreach programmes delivered in new areas	3	Working with other stakeholders and 1 request from the community
	Schools surveyed	Percentage of schools surveyed aware of uMsunduzi and Ncome Museums	-	-	5% annual improvement in awareness reflected in schools surveyed	90.9% (a total of 44 schools were surveyed and 40 s reported they were aware of uMsunduzi Museum.	85.9%	The majority of schools surveyed were aware of the Museum
Improved accessibility to information and knowledge	Holiday programmes	Number of holidays programmes held	-	1 holiday programme was held	1 holiday programme held	3 holiday programmes were held	2	as a result of a request from the local library
Economically and socially transforming, diverse and cohesive communities	Art/craft/herbal workshops	Number of skills workshops held	8 skills workshops were facilitated	12 workshops were facilitated	12 workshops facilitated	12 skills workshops were facilitated	none	none
	Survey of skills development workshop beneficiaries	Percentage of skills development workshop beneficiaries reporting improved access to economic opportunities		100% beneficiaries reported improved access to economic opportunities.	50% of skills development workshop beneficiaries reporting improved access to economic opportunities	100 % - all beneficiaries reported improved access to economic opportunities	50%	all beneficiaries reported improved access to economic opportunities none
	Commemorative events held online or onsite	Number of commemorative events held online or onsite	2 commemorative events were held	5 commemorative events were held	5 commemorative events held online or onsite	5 events were held onsite	none	none



<p>Attendance of commemorative day events by at least four of the categories listed below: African, White, Coloured, Indian, Youth, male, female, Adults</p>	<p>Percentage of commemorative day events hosted onsite or online reflective of attendance by at least four of the categories listed below: African, White, Coloured, Indian, Youth, male, female, Adults</p>	<p>-</p>	<p>40% of commemorative day events were reflective of attendance by diverse population groups.</p>	<p>50% of commemorative events hosted onsite or online reflective of inclusive attendance by at least four of the groups listed below: African, White, Coloured, Indian, Youth, Male, female, Adults</p>	<p>100% - all 5 events had reflective attendance by at least four groups identified</p>	<p>50%</p>	<p>all 5 events had reflective attendance by at least four groups identified</p>
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**An aerial view of Ncome Museum**

## NCOME MUSEUM

### 4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

#### 4.1 PROGRAMME 1: ADMINISTRATION

The purpose of this programme is to provide core support, including purchasing, administrative, financial and human resources to the user departments of the museum to ensure that these departments effectively execute their responsibilities. Amongst the interventions of this programme is effective utilisation of various other avenues to enhance impact and strengthen resources. In this regard the role of forging strategic partnerships and optimising the use of existing accommodation resources will be undertaken and the development of human resource and human capital through internships, learnerships and traineeships will also take place. All these interventions should translate into better service rendered to our patrons and growth of our audience base.

#### Outcomes/Strategic objectives

Outcome 2: Efficient resource management for maximum reach and impact

Outcome 3: Improved accessibility to information and knowledge

Outcome 6: Economically and socially, transforming, diverse and cohesive communities

#### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	Output	Output indicator	Audited actual performance 2020/2021	Audited actual performance 2021/2022	Planned annual target for 2022/2023	Actual achievement 2022/2023	Deviation from planned target to actual achievement 2022/2023	Reasons for deviation
Efficient resource management for maximum reach and impact	Strategic partnerships	Number of strategic partnerships forged	Negotiations in progress - 1 with partner (TKZN)	2 partnerships were forged	1 strategic partnership forged	1 strategic partner forged with The ViZion Communication Group	none	none
	Accommodation bed bookings at Ncome Museum	Number of accommodation bed bookings at Ncome museum	-	114 beds were booked	100 accommodation bed bookings at Ncome museum	400 beds were booked	300	Due to block bookings in some quarters

Economically and socially transforming, diverse and cohesive communities	People with work experience	Number of people afforded work exposure opportunities through learnerships/internships/traineeships/in-service training	2 people were afforded work exposure opportunity as interns	2 people were afforded work exposure opportunity through internship.	2 people afforded work exposure opportunity through learnerships/internships/traineeships/in-service training	2 people were afforded work exposure opportunity through learnerships/internships/traineeships/in-service training	none	none
Improved accessibility to information and knowledge	Visitors engaging with museum the museum and its programmes	Number of visitors recorded	943 visitors were recorded	2316 visitors were recorded	1000 visitors recorded	8151 visitors were recorded	7151 more visitors	Due to events held on site and the museum opened to the public as Covid 19 restrictions were scrapped off.

#### 4.2 PROGRAMME 2: BUSINESS DEVELOPMENT

The purpose of this programme is to develop, preserve and promote the museum's collections as a lasting resource reflecting our national heritage, national identity and the museum's institutional identity. At the centre of this programme is research aimed at knowledge production especially in a manner that contemporaneously draws meaningful parallels between the past and the present and provokes meaningful and substantive engagements with heritage and history. The programme seeks to ensure open access to information and to make available information resources for the benefit of the general public whom we serve.

##### Outcomes/Strategic objectives

Outcome 3: Improved accessibility to information and knowledge

**Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	Output	Output indicators	Audited actual performance 2020/2021	Audited actual performance 2021/2022	Planned annual target for 2022/2023	Actual achievement 2022/2023	Deviation from planned target to actual achievement 2022/2023	Reasons for deviations
Improved accessibility to information and knowledge	Library materials purchased	Number of library material purchased	28 materials were purchased	36 library materials purchased	28 materials purchased	30 library material were purchased	2	Due to discount and budget allowing for 1 extra book in a quarter
	Research projects for exhibitions or publications completed	Number of research projects for exhibitions or publications completed	-	1 research project for exhibition or publication was completed	-	-	-	-
	Public engagements held online or on-site	Number of public engagements held online or onsite	2 public engagements were held	3 public engagements held (1 online, 2 onsite)	2 public engagements held online or onsite	3	1	Error in recording of APP targets, deviate to 3 instead of 2 public engagements

**4.3 PROGRAMME 3: PUBLIC ENGAGEMENT**

**4.3.1 SUB-PROGRAMME 1: EXHIBITIONS**

This programme exists primarily to expose the public to museum content with a view to educate and inform and also open up opportunities for co-curation, co-creation and joint meaning [1] making between the museum and its various audiences. The exhibitions also provide an avenue and a platform to publicise and market museum offerings and to register the museum raison d'être in the minds of various audiences. Exhibitions are great triggers of meaningful engagements leading to production of new knowledge and contributing to appreciation of diverse perspectives.

**Outcomes/Strategic objectives**

Outcome 3: Improved accessibility to information and knowledge

**Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	Output	Output indicators	Audited actual performance 2020/2021	Audited actual performance 2021/2022	Planned annual target for 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to actual achievement 2022/2023	Reasons for deviations
Improved accessibility and information knowledge	Temporary or travelling exhibitions hosted (on-site or electronically) or installed	Number of temporary or travelling exhibitions hosted (on-site or electronically) or installed	1 temporary travelling exhibition was hosted online	1 temporary exhibition was hosted online	1 temporary or travelling exhibition hosted on-site or electronically or installed	The exhibition design concept was produced and approved but the exhibition was poorly done	The exhibition was installed but not opened to the public as it was deemed incomplete	Information gaps in the text and installation deficiencies.

**4.3.2 SUB-PROGRAMME 2: EDUCATION AND OUTREACH**

The programme aims to provide general education to the public on a range of collections in the museum and the roles that these objects play in the promotion of the country's heritage. It also facilitates knowledge acquisition through educational programmes tailored to specific audiences. Furthermore, the programme aims to use museum content and objects to reinforce learning and facilitate curriculum assimilation in schools. It also serves as a platform for development of useful art, craft and herbal skills which could potentially lead to gainful economic activities for our audiences.

**Outcomes/Strategic objectives**

Outcome 3: Improved accessibility to information and knowledge

Outcome 4: Improved audience awareness, engagement and participation in museum programmes and projects

Outcome 5: Better understanding of museum content and objects by communities from diverse backgrounds

Outcome 6: Economically and socially, transforming, diverse and cohesive communities

**Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

Outcome	Output	Output indicator	Audited actual performance 2020/2021	Audited actual performance 2021/2022	Planned annual target for 2022/2023	Actual achievement 2022/223	Deviation from planned target to actual achievement 2022/2023	Reason for deviation
Better understanding of museum content and objects by communities from diverse backgrounds	Presentations	Number of presentations delivered online or on-site	16 presentations were delivered	33 presentations were delivered	27 presentations delivered online or on-site	30 presentations were delivered onsite and offsite	3	Bookings received from the schools
	Teacher's workshop	Number of teacher's workshops held	-	-	1 teacher's workshop held	1 workshop was held	none	none
	Survey of teachers and learners conducted	Percentage of surveyed teachers and learners reporting better understanding of the curriculum	-	-	70% of surveyed teachers and learners reporting better understanding of the curriculum	72,25% teachers and 62,75 learners reporting better understanding of the curriculum, averaging 67,5%	7,25 below target	Difficulty in securing large enough samples.
Improved audience awareness, Engagement and participation in museum programmes and projects	Outreach programmes delivered in new areas	Number of outreach programmes delivered in new areas	4 outreach programmes were delivered in new areas	8 outreach programmes were delivered in new areas	9 outreach programmes delivered in new areas	9 outreach programmes were delivered in new areas	none	none
	Schools surveyed	Percentage of schools surveyed aware of uMsunduzi and Ncome Museums	-	-	5% schools surveyed aware of uMsunduzi and Ncome Museums	10% schools surveyed aware of uMsunduzi and Ncome Museums	5%	A small sample of 10 schools was used.
Improved accessibility to information and knowledge	Holiday programme	Number of holiday programmes held	-	1 holiday programme held	1 holiday programme held	2 holiday programmes were held	1 extra	A need to engage learners with an artwork on display
Economically and socially transforming diverse	Art/craft/herbal workshops	Number of skills workshops held	2 skills workshops were held	5 skills workshops held	5 skills workshops held	5 skills workshops were held	None	none

and cohesive communities	Survey of skills development workshop beneficiaries	Percentage of skills development workshop beneficiaries reporting improved access to economic opportunities	-	The target was not met	20% reporting improved access to economic opportunities	71% of beneficiaries reported that skills development workshops have improved access to economic opportunities. (7 beneficiaries filled survey forms.)	51%	The survey sample was too small due to difficulties in tracing previously trained crafters
	Commemorative events held online or on-site	Number of commemorative events held online or on-site	6 commemorative events were held	6 commemorative events held (1 online and 5 onsite)	6 commemorative day events held online or onsite	6 commemorative day events were held onsite	none	none
	Attendance of commemorative day events by at least four of the categories listed: African, White, Coloured, Indian, Youth, Male, Female, Adults	Percentage of commemorative day events hosted onsite or online reflective of attendance by least four of the categories listed: African, White, Coloured, Indian, Youth, Male, Female, Adults	-	16% of commemorative events reflective of inclusive attendance by all population on groups (1 out of 6)	50% of commemorative day events hosted onsite or online reflective of inclusive attendance by least four of the categories listed: African, White, Coloured, Indian, Youth, Male, Female, Adults	75% of commemorative day events hosted on site or online were reflective of inclusive attendance by at least four of the listed categories	25% more	The majority of the events had inclusive attendance





*Performers at Ncome Museum during Traditional Dance Competition*

**Linking performance with budgets**

	2022/2023			2021/2022		
Programme	Budget	Actual expenditure	(Over)under expenditure	Budget	Actual expenditure	Over (under expenditure)
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	6 787	6 743	44	6,200	5,905	295
Compensation of employees	9 206	8 040	1 166	7,549	6,447	1,102
Goods and services						
<b>Total</b>	<b>15 993</b>	<b>14 783</b>	<b>1 210</b>	<b>13,749</b>	<b>12,352</b>	<b>1,397</b>

	2022/2023			2021/2022		
Programme	Budget	Actual expenditure	(Over)under expenditure	Budget	Actual expenditure	Over (under expenditure)
	R'000	R'000	R'000	R'000	R'000	R'000
Public engagement	4 187	3 875	312	4,139	4,125	14
Compensation of employees	708	281	427	683	661	22
Goods and services						
<b>Total</b>	<b>4 895</b>	<b>4 156</b>	<b>739</b>	<b>4,822</b>	<b>4,786</b>	<b>36</b>

	2022/2023			2021/2022		
Programme	Budget	Actual expenditure	(Over)under expenditure	Budget	Actual expenditure	Over (under expenditure)
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Business Development</b>						
Compensation of employees	3 475	3 485	-10	3,427	3,071	356
Goods and services	271	256	15	1,310	1,221	89
<b>Total</b>	<b>3 746</b>	<b>3 741</b>	<b>5</b>	<b>4,737</b>	<b>4,292</b>	<b>445</b>

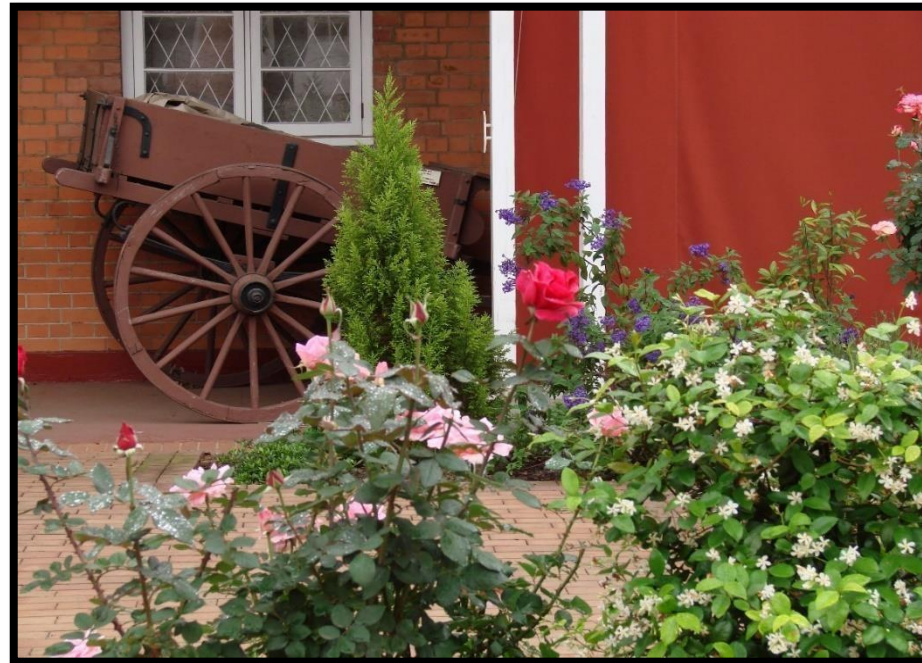
	2022/2023			2021/2022		
Programme	Budget	Actual expenditure	(Over)under expenditure	Budget	Actual expenditure	Over (under expenditure)
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total by expense items</b>						
Compensation of employees	14 449	14 103	346	13,766	13,101	665
Goods and services	10 185	8 577	1 608	9,542	8,329	1,213
<b>Total</b>	<b>24 634</b>	<b>22 680</b>	<b>1 954</b>	<b>23,308</b>	<b>21,430</b>	<b>1,878</b>

**Strategy to overcome areas of under performance**

The floor damage caused by the roof leaks affected our performance as we could not allow visitors to access some of our exhibition areas and we could not mount a planned permanent exhibition planned for the year under review. We appointed a contractor to do roof assessment, a report was received, the roof repair was now part of the refurbishment project estimated to start around August. The floors have been repaired and now visitors can access our exhibition spaces. At the moment there is no need to make any structural adjustment.

**Changes to planned targets**

Some indicators were changed during 2022/2023 Annual Performance Plan (APP) and an Annexure was attached to the APP.



**Photo taken from the Museum herb garden**

## 5. REVENUE COLLECTION

### Summary of financial information

Sources of revenue	2022/2023			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000			
Entrance fees	15	18	4	6	5	-1
Rent	190	319	129	91	107	16
Curio shop	29	45	16	20	25	5
Donations received	1	28	27	5	37	32
Parking fees	240	252	12	182	197	15
Investment income	239	311	72	80	113	33
Other income	55	46	-9	16	21	5
Internet income	1	1	0	2	2	0
Grant subsidy	23 409	23 409	0	22,544	22,544	0
Deferred income	0	238	238	0	0	0
Fair value adjustments for assets	0	0	0	0	0	0
Sale of assets	0	0	0	0	0	0
Transfer from reserves	456	0	-456	362	0	-362
<b>Total</b>	<b>24 634</b>	<b>24 667</b>	33	23,308	23,051	-257
<b>Other gains/(losses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	0	0	0
Deferred income	<b>0</b>	<b>0</b>	<b>0</b>	100	41	-59

## 6. CAPITAL INVESTMENT

uMsunduzi Museum consists of a number of old buildings that require increased and ongoing maintenance. The tender for refurbishment of Museum buildings was advertised and service providers were appointed to undertake the refurbishment project (Heritage Architect, Mechanical and Electrical consultants). At Ncome a service provider was appointed to fix the roofs and ceilings. Local labour was sourced to paint the Museum building and service provider appointed to fix the damaged fence.

	2022/2023			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Infrastructure projects	R'000	R'000	R'000	R'000	R'000	R'000
Refurbishment of museum buildings and security upgrade	4 000	0	4 000	1,000	2	998
Maintenance and upgrading of Ncome Museum	205	179	26	343	138	205
<b>Total</b>	<b>4 205</b>	<b>179</b>	<b>4 026</b>	1,343	140	1,203

## **PART C: GOVERNANCE**

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## 1. INTRODUCTION

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

## 2. EXECUTIVE AUTHORITY

Four Quarterly reports, Annual Performance Plan -2023/2024 were submitted to the Department of Sports, Arts and Culture as per dates below. No issues were raised in the report except the concern on 2 indicators i.e., low visitor numbers and attendance of commemorative events by diverse audiences. These has been attended to by revising the indicators and their technical indicator descriptions in the Annual Performance Plan 2022/2023, attached as annexure A, the reports were sent as below:

- Quarter 1 report submitted on 29/07/2022
  - Quarter 2 report submitted on 28/10/2022
  - Quarter 3 report submitted on 30/01/2023
  - Quarter 4 report submitted on 28/04/2023
- Annual Performance Plan – 2023/2024 submitted on 13/03/2023  
Shareholder's compact – 2023/2024 submitted on 14/02/2023

## 3. THE ACCOUNTING AUTHORITY/COUNCIL

### *Introduction*

The Council is appointed in terms of the Cultural Institutions Act, 119 of 1998 and provides an oversight supervision of the institution. The term of the present Council commenced 1 December 2020.

### *The role of the Council is as follows:*

- a) To formulate policies.
- b) To hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the declared institution concerned.
- c) To receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10(1). d) To raise funds for the institution.
- d) To manage and control the moneys received by the declared institution and to utilise those moneys for defraying expenses in connection with the performance of its functions.



- e) To keep a proper record of the property of the declared institution, to submit to the Director-General any returns required by him or her in regard thereto and to cause proper books of account to be kept.
- f) To determine, subject to the Act and with the approval of the Minister, the objects of the declared institution.

### **Council Charter**

Operations of the Council are regulated by the Cultural Institutions Act 119 of 1998. The Council Charter was reviewed and approved by Council in 2021.

### **Composition of the Council**

Name	Designation (of the Public in terms Entity structure Board)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g. Audit committee Ministerial task team)	No. of meetings attended
Prof MR Mchunu	Chairperson	1/12/2020	N/A	PhD	Heritage	Luthuli Museum	EXCO	4
Mrs Z Dlamini	Deputy Chairperson	1/12/2020	N/A	Bachelor of Management Leadership Post Graduate Diploma in Management Practice	Finance	Zululand District Municipality	Finance Committee EXCO	4 4
Mr T Sithole	Member	1/12/2020	N/A	BSc Engineering Masters in Engineering (Asset Management)	Project Management		Human Resources Committee	4
Mrs C Fani	Member	1/12/2020	N/A	BBA Hons	Governance	Western Cape Cultural Commission Western Cape Gambling Board Western Cape Liquor Tribunal	Audit and Risk Committee Finance Committee	3 3

Mr B Dube	Member	1/12/2020	N/A	B.Tech - Business Management Master of Philosophy in Development Finance	Leadership Governance	CATHSETA	Human Resource Committee	3
							Core Functions Committee	4
Adv S Magaqa	Member	1/12/2020	N/A	LLB	Law	KZN Museum	Human Resource Committee	4
							CORE Functions Committee	4
Mr K Govender	Member	1/12/2020	N/A	Chartered Accountant (SAICA) B. Com Honours	c Finance	Gauteng Gambling Board Makkinktech (Pty) Ltd	Finance Committee	5

## Committees

### 01 APRIL 2022 TO 31 MARCH 2023

Committee	No. of meetings held	No. of members	Name of members
Finance Committee	5	3	Mr K Govender (Chairperson) Mr T Sithole Mrs Z Dlamini

### 01 MARCH 2022 to 31 MARCH 2023

Audit and Risk Committee	4	3	Adv M.J Ralefatane (Chairperson) Mr E Sithole Ms C Fani
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### 01 APRIL 2022 TO 31 MARCH 2023

Committee	No. of meetings held	No. of members	Name of members
Human Resources Committee	4	3	Mr T Sithole (Chairperson) Mr T Dube Adv S Magaqa

**01 APRIL 2022 TO 31 MARCH 2023**

Committee	No. of meetings held	No. of members	Name of members
Core Functions Committee	4	3	Adv S Magaqa (Chairperson) Mr T Dube

**Remuneration of Council members**

Council members are paid as per National Treasury directive: Adjustment of the remuneration levels: service benefits packages for office bearers of certain statutory and other Institutions issued in each financial year. Council members are paid a meeting fee as per sub-category D1 of the said directive.

Council remuneration per each attendance was as follows:

Chairperson's meeting fee for the year ended 31 March 2023 was R 2 172

Vice Chairperson's meeting fee for the year ended 31 March 2023 was R 1 974

Member's meeting fee for the year ended 31 March 2023 was R 1 795

**PERIOD 01 APRIL 2022 – 31 MARCH 2023**

Name	Remuneration (meeting fee) R'000	Other allowance	Other re-imbursements R'000	Total R'000
Dr MR Mchunu (Chairperson)	52 128	0	1 200	53 328
Mrs Z Dlamini (Deputy Chairperson)	65 142	0	1 200	66 342
Mr T Sithole (Member)	35 900	0	5 455	41 355
Mrs C Fani (Member)	43 080	0	1 200	44 280
Mr B Dube (Member)	43 080	0	1 200	44 280
Adv S Magaqa (Member)	46 670	0	1 200	47 870
Mr K Govender (Member)	50 260	0	1 200	51 460
<b>Total</b>	<b>336 260</b>	<b>0</b>	<b>12 655</b>	<b>348 915</b>

#### **4. RISK MANAGEMENT**

The Museum has a Risk Management Policy and has updated the strategic risk register to determine the effectiveness of its risk management strategies and to identify new and emerging risks. Council has established an Audit and Risk Committee that reports to it on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Committee advises the entity on risk management and independently monitors the effectiveness of the system of risk management. Risks are grouped into categories, namely: i) Financial ii) Service delivery iii) Human Resources iv) Fraud v) Strategic vi) Security. Management is responsible for managing the risks which transmit into improvements in the Museum performance, and individual staff are tasked to address problems identified. An Operational Risk Management Register is also available.

#### **5. INTERNAL CONTROL UNIT**

Due to the size of the Museums, it does not have an internal control unit; however, this task is outsourced to an audit firm. Its tasks are explained below. The administration unit continues to implement relevant internal controls and undertakes continuous assessment of accounting and appropriate internal controls.

#### **6. INTERNAL AUDIT AND AUDIT COMMITTEES**

The internal audit function assists the Museum to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management control and governance processes. The Risk Management Strategy, including the Fraud Prevention Plan. This must be done through furnishing analyses, appraisals, recommendations, counsel and information concerning the activities that have been reviewed as well as regular follow ups.

##### **Key activities and objectives of the Internal Audit firm is to assess the effectiveness of the area listed below:**

- a) Internal control processes
- b) The information systems environment
- c) The reliability and integrity of financial and operational information
- d) The effectiveness of operations of uMsunduzi Museum
- e) Compliance with laws, regulations, policies, contracts and controls
- f) The safeguarding of assets
- g) The economical and efficient use of resources
- h) The achievement of established operational goals and objectives

##### **Key activities and objectives of the Audit Committee are:**

- a) To provide assurance that the Museums comply with relevant laws and regulations
- b) To provide assurance on the effective delivery of quality service in an efficient, transparent and economical manner
- c) To review the work performed by the Internal Audit firm
- d) To recommend and review accounting policies
- e) To provide assurance on the accuracy of financial information submitted to Council

- f) To advise Council on the current status of the finances and make recommendations, where necessary
- g) To review the AFS submitted to the Auditor-General for statutory audit
- h) To review risk management

**COMMITTEES: AUDIT AND RISK 01 APRIL 2022 TO 31 MARCH 2023**

The table below discloses relevant information on the audit committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of meetings attended
Adv M.J Ralefatane (Chairperson)	LLB	External	N/A	21/04/2021	N/A	4
Mr E Sithole	MBA	External	N/A	28/04/2021	N/A	3
Ms C Fani	BBA Hons	Internal	Council Member	01/12/2020	N/A	3

**Remuneration of Audit Committee Members (External members)**

Chairperson's meeting fee for the year ended 31 March 2023 was R4 446

Member's meeting fee for the year 31 March 2023 was R2 698

**Period from 01 APRIL 2022 to 31 MARCH 2023**

Initials and Surname of member	Member's fee R'000	Other reimbursements R'000	Total R'000
Adv M.J Ralefatane (Chairperson)	44 460	1 200	R45 660
Mr E Sithole	5 396	1 500	R6 896
<b>TOTAL</b>	<b>R49 856</b>	<b>2 700</b>	<b>R52 556</b>

## **7. COMPLIANCE WITH LAWS AND REGULATIONS**

The Museum continues to ensure compliance with laws and regulations. During 2022/23 financial year, 02 museum officials attended meetings and training on Supply Chain Management and Annual Financial Statements specimen organised by the DSAC and National Treasury.

## **8. FRAUD AND CORRUPTION**

The Museum 's Fraud Prevention Policy was reviewed and staff was workshopped on the importance of reporting untoward, fraudulent and corrupt activities to relevant officials and to the fraud hotline number. Posters on fraud reporting were displayed on Museums notice board. A Fraud Risk Register is in place.

## **9. MINIMISING CONFLICT OF INTEREST**

All staff, more in particular the supply chain management unit have completed declaration of business interest forms and furthermore internal controls are prevalent to detect frequent usage of service providers, albeit inadequate due to lack of segregation of duties in the unit.

## **10. CODE OF CONDUCT**

The Museums implement the Code of Conduct policy which enforces good behavioural attributes of staff. The code of conduct is visible displayed on the staff notice board.

## **11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

There were no significant incidents during the year.

## **12. COMPANY /BOARD SECRETARY**

The Museum does not have a Company Secretary instead it has a Personal Assistant to the Director who also serves as the Council/ Board Secretary.

## **13. SOCIAL RESPONSIBILITY**

The Museums have contributed in a variety of ways:

- National days have been commemorated and on-site and community participation has been encouraged.
- To grow heritage awareness and increase traditional craft and other skills the Museums offers a variety of skills workshops during the year.
- To contribute to the development of the youth, relevant educational programmes are offered to learners.
- Council made contribution towards KZN flood disaster this was handed over to Gift of the Givers.

## **14. AUDIT COMMITTEE REPORT**

I am pleased to present the Audit and Risk Committee (Committee) report on the activities for the financial year ended 31 March 2023 which is the last Annual Report to be issued by this Committee as its term of office is coming to an end in November 2023. For the past three financial years, the Museum obtained unqualified audits (two consecutive clean audits and one with few findings).

### **BACKGROUND**

The committee's key role is to assist Management and Council in discharging their duties. This report provides how the Committee carried out its activities for the year 2022/23 as articulated below. The Committee achieved more during the financial year but in this report, it would be mentioning the summary of the activities.

### **TERMS OF REFERENCE**

The committee's terms of reference are informed by various relevant provisions mainly the Companies Act, 2008 (as amended), The King Report of 2016 (King IV), Public Finance Management Act 1 of 1999 (PFMA), the referred Terms of Reference are approved by the Council and also the Museum's approved Policies.

### **ROLES AND RESPONSIBILITIES**

The Committee's roles and responsibilities are well articulated in the Terms of Reference. We further report that in the discharge of our duties and functions, we strived to comply with our approved terms of reference which will not be necessary to repeat them here.

### **COMPOSITION OF THE COMMITTEE**

The committee is appointed by Council and it consists of at least two independent members including the Chairperson and one Council member. In constituting this Committee mixed skills was considered in order to capacitate the functioning of the Committee.

### **ATTENDANCE OF MEETINGS AND REMUNERATION**

The committee met at least four times in the fiscal year as per its approved committee Terms of Reference. During the financial year four meetings were held and two special meetings, Information on the committee is presented on page 38 of this Annual Report and the remuneration of the committee members is contained in this Annual Report on page 43.

### **EFFECTIVENESS OF THE INTERNAL CONTROLS**

As one of the principal responsibilities of the Committee, we are pleased to state that the internal control systems are in place and were regularly assessed and tested with the assistance of our functional Internal Auditors who reports to the Committee on a quarterly basis. The Museum benefitted from the application of the adequate, efficient and effective controls which was evidenced by the unqualified audit opinion obtained for the year under review.

### **RISK MANAGEMENT AND LEGAL REQUIREMENTS**

The risk management is crucial for any operating establishment especially under these ever-changing environments and the Committee had to be vigilant and strengthening the oversight role. The Museum. The Risk landscape in our Country prevalently increasing to such that most of the entities become vulnerable and instrument to corruption in that corruption starts at the entities where internal controls and risk management are weak. For the period that this Committee occupied office at this Museum, there were no allegations or suspicions of either fraud and corruption or any form of financial mismanagement. The Museum has identified and assessed the risks, put the enablers in place and monitored the risk management progress.

### **INTERNAL CONTROLS**

Internal Audit provided the Committee and Management with assurance that the internal controls are adequate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The internal controls within the Museum regarding the financial and risk management are adequate and effectively although the External Auditors identified some findings relating to procurement of goods and services were the interpretation and understanding of the National Treasury prescripts were in issue and on the other part it was attributed by incapacity at the Museum where other units such as Finance Unit was under capacitated.

### **INTERNAL AUDIT**

Based on the contents and quality of quarterly reports from the Internal Auditors, we are satisfied with their performance as it was even confirmed by the external Auditors in their management and audit opinion reports. The external Auditors' reports showed improvements on the financials and we are grateful for that.

### **ASSESSMENT AND EVALUATION OF FINANCIAL STATEMENTS**

The review that was conducted by the Committee is a high-level review after the Internal Audit has performed the detail review of the transactions. The monitoring of budget management at the Museum is also assisted by the existence of Finance Committee. There were no financial misstatements identified instead there were rather improvements on the financial statements. Following the review by the committee of the Annual Financial Statements of the Museum for the year ended 31 March 2023, the committee was of the view that, in all material respects, it complies with the relevant provisions of legislation and Statements of Generally Recognised Accounting Practices and fairly present the financial position of the Museum.



## **PERFORMANCE MANAGEMENT AND REPORTED PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES**

Constraint financial resources being generally the limitation, the Museum still achieved the most targets pre-determine for the year under review with only three targets unachieved.

## **LIQUIDITY AND GOING CONCERN**

The committee has considered and assessed the Museum's liquidity and going concern status in the preparation of the AFS. Upon the review of the Museum's cash flow forecast and the net assets, the committee was satisfied that the Museum is a going concern as also confirmed by the Internal Audit's review that the annual financial statements were prepared on the going concern basis.

## **REGULATORY COMPLIANCE**

The Museum continues to ensure compliance with laws and regulations. During 2022/23 financial year, 02 museum officials attended meetings and training on Supply Chain Management and Annual Financial Statements specimen organised by the DSAC and National Treasury which is comforting that going forward there will be smooth procurement processes.

The committee exercises oversight on compliance with accounting standards, financial reporting requirements and statutory compliance including the National Treasury prescripts. A formal process is in place ensuring compliance with laws, regulations and policies which was comforting to find that even disclosure of conflicts of interest, risk management processes and delegation of authority are in place and adhered to.

## **FRAUD AND CORRUPTION**

The Museum 's Fraud Prevention Policy was reviewed and staff was workshopped on the importance of reporting untoward, fraudulent and corrupt activities to relevant officials and to the fraud hotline number. Posters on fraud reporting were displayed on Museums notice board. A Fraud Risk Register is in place for monitoring purposes. As the Committee, we are pleased that there was no incidence of fraud, corruption and unethical behaviour that have occurred or suspected which can only tell that the controls are adequate and effective. has occurred in the period under review.

## **AUDITOR'S REPORTS**

The Audit Committee concurs and accepts the conclusions of the External Auditors' on the Annual Financial Statements. The unqualified opinion achieved by the Museum is evidence of the existence of the effectiveness of the control systems and the hard work of the participants.

## **CONCLUSION**

On behalf of the committee, let me take this opportunity to thank all the participants during the year which resulted in the good performance by the Museum. I further would like to thank the Museum Council for the unconditional support and excellent leadership the Committee enjoyed during its stay at the Museum. The Department of Sport, Arts and Culture as well played an important role by providing training to the Museum staff members. Lastly, it gives the Committee pleasure to leave a positive legacy where the new Committee will continue.

Yours sincerely

On behalf of the Audit and Risk Committee



ADV. MOTLATJIO RALEFATANE

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**Adv M.J Ralefatane**

**Chairperson of the Audit Committee**

**On behalf of the Audit and Risk Committee**

**uMsunduzi Museum**

**31 July 2023**

### 15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	
Developing and implementing a preferential procurement policy?	Yes	The Museum has a SCM policy in place
Determining qualification criteria for the sale of state-owned enterprises?	No	
Developing criteria for entering into partnerships with the private sector?	No	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	

Approved by



Prof MR Mchunu  
Chairperson of Council  
uMsunduzi Museum  
Date: 31 July 2023



## Final BEE Verification Report

Umsunduzi Museum

14 October 2022

Prepared By-

Technical Signatory: Linda Sewnarain

Verification Analyst: Shoallin Pramjeeth

### 1. Details of Measured Entity:

Company Name	Umsunduzi Museum
Trade Name	Umsunduzi Museum
Address	351 Langalibalele Street Pietermaritzburg 3201
Registration Number	N/A
Vat Number	N/A

### 2. Scorecard Overview:

Management Control	25.00
Skills Development	5.12
Enterprise Supplier Development	24.11
Localisation	
Socio Economic Development	0.00
<b>TOTAL SCORE</b>	<b>54.23</b>

### 3. B-BBEE Status:

BEE Recognition Level	10%
BEE Status	LEVEL 8
Subminimum discount applied (already discounted above if applicable)	NO
Black Ownership	0.00%
Black Female Ownership	0.00%
Qualifying Enterprise Supplier Development Beneficiary	NO
Empowering Supplier Status	YES
Applicable BEE Codes	QSE DTI Generic Code – Specialised
Financial Period Measured	1 April 2021 – 31 March 2022
Verification Date	14 September 2022
Issue Date	14 October 2022
Expiry Date	13 October 2023
Certificate Number	5S9703 - 141022

#### 4. Scorecard Summary:

##### Management Control

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Executive Management	Black representation at Executive Management	8	50.00%	100.00%	8.00
	Black female representation at Executive Management	3	25.00%	25.00%	3.00
Senior, Middle and Junior Management	Black representation at Senior, Middle and Junior Management	11	60.00%	89.47%	11.00
	Black female representation at Senior, Middle and Junior Management	3	30.00%	57.89%	3.00
					<b>25.00</b>

##### Skills Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Skills Development Expenditure	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leivable Amount	24	3.00%	0.41%	3.26
	Skills Development Expenditure on Learning Programmes specified in the learning programme matrix for black females as a percentage of Leivable Amount	6	1.00%	0.31%	1.87
					<b>5.12</b>

##### Enterprise Supplier Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Preferential Procurement	B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a Percentage of Total Measured Procurement Spend	25	60.00%	45.87%	19.11
	B-BBEE Procurement Spend from all Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	10.00%	33.89%	5.00
					<b>24.11</b>

##### Socio-Economic Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
SED Contributions	Annual value of all Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	15	1.00%	0.00%	0.00
					<b>0.00</b>

##### Youth Employment Service Initiative (Y.E.S)

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Y.E.S - Bonus Points	Achieved 1.5 x Y.E.S Employment Target	3	100.00%	0.00%	0.00
	Achieved 2 x Y.E.S Absorption Target		2.50%	0.00%	
					<b>0.00</b>

<b>TOTAL BEE SCORE</b>	<b>54.23 Points</b>
------------------------	---------------------

**BROAD BASED CONTRIBUTION LEVEL LEVEL 8**

YOUTH EMPLOYMENT SERVICE	NO
PROCUREMENT LEVEL	10%
EMPOWERING SUPPLIER	YES
DESIGNATED GROUP SUPPLIER	NO



**A group performing *isicathamiya* at Ncome during Traditional dance competition**

## **PART D: HUMAN RESOURCE MANAGEMENT**

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**uMsunduzi Museum staff bidding farewell to Mr Alpheus Thusi's (centre) after serving the Museum for over three decades.**



## **1. INTRODUCTION**

### **Overview of Human Resources matters at the Museum.**

The museums have conducted a number of organizational developmental interventions during the reporting period.

### **Set HR priorities for the year under review and the impact of these priorities**

A human resources operational plan was further developed and implemented by the entity during the reporting period.

### **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce**

The museum filled the position of the Deputy Director: Core Function, HOD: Education and Outreach and Education, Collections Officer and Education officer during the reporting period. Staff received 4.5% cost of living salary increases as per available resources after negotiations with the union, salary packages remain a constraint with regard to retaining and recruiting personnel.

### **Employee performance management framework**

During the reporting period, performance reviews were done as planned and good performing staff received their performance bonuses as per management resolution.

### **Employee wellness programmes**

In collaboration with health institutions the entities observed World Aids day and wellness day.

### **Policy development**

The entity reviewed 8 policies and developed 1 with a Manual (PAIA) which were all approved by council during the period for implementation.

### **Challenges faced by the Museums**

During the reporting period the entity continued to face financial constraints resulting in increasing staff salaries below the inflation rate and this affected staff morale.

### **Future HR plans/ goals**

The entity wishes to perform job grading for all posts since the last one was done in 2004, with the assistance of the reserves which the museum had at the time, a letter was written to DASC to assist with funding to carry out this exercise as the Museum cannot afford to do this exercise within its available resources.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### Personnel Cost by programme: Permanent staff

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee (R'000)
Administration	22,674	6,743	29.74%	21	321
Public Engagement		3,875	17.09%	11	352
Business Development		3,485	15.37%	8	436
<b>Total</b>	<b>22,674</b>	<b>14,103</b>	<b>62.20%</b>	<b>40</b>	<b>370</b>

### Personnel Cost by programme: Temporary staff and Internship

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee (R'000)
Administration	22,674	371	81.90%	26	14
Public Engagement		27	5.96%	3	9
Business Development		55	12.14%	3	18
<b>Total</b>	<b>22,674</b>	<b>453</b>	<b>100%</b>	<b>30</b>	<b>15</b>
Total compensation of employees	<b>22,674</b>	<b>14,103</b>			

**Personnel cost by salary band**

<b>Programme</b>	<b>Total Expenditure for the entity (R'000)</b>	<b>Personnel Expenditure (R'000)</b>	<b>Personnel exp. as a % of total exp. (R'000)</b>	<b>No. of employees</b>	<b>Average personnel cost per employee (R'000)</b>
Top Management	<b>22,674</b>	3,353	14.79%	4	838
Senior Management		1,826	8.05%	3	609
Professional qualified		1,776	7.83%	4	444
Skilled		4,813	21.23%	19	253
Semi-skilled		1,766	7.79%	10	177
<b>Total</b>	<b>22,674</b>	<b>13,534</b>	<b>59.69%</b>	<b>40</b>	<b>338</b>

**Performance rewards**

<b>Programme//activity/objective</b>	<b>Performance rewards</b>	<b>Personnel Expenditure (R'000)</b>	<b>% of performance rewards to total personnel cost (R'000)</b>
Top Management	1	3,353	0,03%
Senior Management	0	1,826	0%
Professional qualified	1	1,776	0,06%
Skilled	2	4,813	0,04%

Semi-skilled	0	1,766	0%
Unskilled	0	0	0%
<b>TOTAL</b>	<b>4</b>	<b>13,534</b>	<b>0,03%</b>

### Training Costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost pe employee
Administration	<b>14,103</b>	65	0.46%	5	13
Business Development		39	0.28%	5	8
Public engagement		28	0.20%	4	7
<b>Total</b>	<b>14,103</b>	<b>132</b>	<b>0.94%</b>	<b>14</b>	<b>9</b>

### Employment and vacancies

<b>Programme</b>	<b>2021/2022 No. of Employees</b>	<b>2022/2023 Approved Posts</b>	<b>2022/2023 No. of Employees</b>	<b>2022/2023 Vacancies</b>	<b>% of vacancies</b>
Administration	22	22	21	1	4.77%
Business Development	6	8	8	0	0.00%
Public engagement	11	12	11	1	9.10%
<b>Total</b>	<b>39</b>	<b>39</b>	<b>40</b>	<b>2</b>	<b>7.5%</b>

<b>Programme</b>	<b>2021/2022 No. of Employees</b>	<b>2022/2023 Approved Posts</b>	<b>2022/2023 No. of Employees</b>	<b>2022/2023 Vacancies</b>	<b>% of vacancies</b>
Top Management	3	4	4	0	0.0%
Senior Management	3	3	3	0	0.0%
Professional qualified	3	4	4	0	0.0%
Skilled	20	20	19	1	5%
Semi-skilled	11	11	10	1	10%
Unskilled	0	0	0	0	0.0%
<b>TOTAL</b>	<b>40</b>	<b>42</b>	<b>40</b>	<b>2</b>	<b>5%</b>

### Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	1	1	3
Senior Management	3	0	0	3
Professional qualified	3	1	0	4
Skilled	20	1	2	19
Semi-skilled	11	0	0	11
Unskilled	0	0	0	0
<b>Total</b>	<b>40</b>	<b>3</b>	<b>3</b>	<b>40</b>

### Reason for staff leaving

Reason	Number	% of total no. of staff leaving
Resignation	1	50%
Dismissal	0	0
Retirement	1	50%
Ill health	0	0
Expiry of contract	0	0
Other	0	0
<b>Total</b>	<b>2</b>	<b>100%</b>

**Explanations:** Two vacancies became available towards the end of the financial year 2022/2023 and will be filled in the new financial year.

**Labour Relations: Misconduct and disciplinary action**

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	1
Dismissal	0
<b>Total</b>	<b>1</b>

**Equity target and employment equity status**

LEVELS	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Professional qualified	1	0	0	0	0	0	0	0
Skilled	6	0	0	0	1	0	0	0
Semi-skilled	5	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	17	0	0	0	1	0	0	0

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0
Professional qualified	2	0	0	0	0	0	1	0
Skilled	11	0	1	0	0	0	0	0
Semi-skilled	5	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>20</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>



Levels	DISABLED STAFF			
		Male	Female	
	Current	Target	Current	Target
Top Management	0	0	1	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>

#### Utilization of leave

©

Item	Number of staff	Percentage
Number of staff with less than 5 days to take leave	0	0
Number of staff with more than 5 days to take leave	39	97.5%
Number of staff not eligible to take accrued leave	11	27.5%
<b>TOTAL</b>	<b>50</b>	<b>100%</b>



A group performing *isigekle* during Traditional dance Competition at Ncome

## **PART E: PFMA COMPLIANCE REPORT**

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## 1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

### 1.1. Irregular expenditure

#### a) Reconciliation of irregular expenditure

Description	2023	2022
	R'000	R'000
Opening balance	2,867,699	2,867,669
Add: Irregular expenditure confirmed	0	
Less: Irregular expenditure condoned	0	
Less: Irregular expenditure not condoned and removed	0	
Less: Irregular expenditure recoverable	0	
Less: Irregular expenditure not recovered and written off	0	
<b>Closing balance</b>	<b>2,867.669</b>	2,867,669

Accounting authority has not condoned and removed the irregular expenditure incurred from prior periods.

Although the Auditor General of South Africa has reported on the irregular expenditure for the current financial year amounting to R214 312 in relation to local content, the Museum is currently assessing the expenditure whether it meets the definition of an irregular expenditure and the expenditure has not been confirmed.

The Museum is of the view the service providers were asked to complete SB6.2 forms in relation to local content and the bidding document forms were used in arriving at the appropriate selection of a winning bid, where the service providers did not meet the prescribed percentages in relation to local content of specific goods and services were not selected.

The Auditor is of the view the local content bidding document should have been included in the initial specifications to the service providers

**b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)**

Description <sup>1</sup>	2023	2022
	R'000	R'000
Irregular expenditure under assessment	214,312	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
<b>Total<sup>2</sup></b>	214,312	0

Although the Auditor General of South Africa has reported on the irregular expenditure for the current financial year amounting to R214 312 in relation to local content, the Museum is currently assessing the expenditure whether it meets the definition of an irregular expenditure.

The Museum is of the view the service providers were asked to complete SB6.2 forms in relation to local content and the bidding document forms were used in arriving at the appropriate selection of a winning bid, where the service providers did not meet the prescribed percentages in relation to local content of specific goods and services were not selected.

The Auditor is of the view the local content bidding document should have been included in the initial specifications to the service providers

**c) Details of current and previous year irregular expenditure condoned**

Description	2023	2022
	R'000	R'000
Irregular expenditure condoned	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Group similar items

<sup>2</sup> Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

*The accounting authority has not yet condoned the irregular expenditure.*

**d) Details of current and previous year irregular expenditure removed - (not condoned)**

Description	2023	2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*The accounting authority has not yet condoned and removed the irregular expenditure.*

**e) Details of current and previous year irregular expenditure recovered**

Description	2023	2022
	R'000	R'000
Irregular expenditure recovered	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**f) Details of current and previous year irregular expenditure written off (irrecoverable)**

Description	2023	2022
	R'000	R'000
Irregular expenditure written off	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Additional disclosure relating to Inter-Institutional Arrangements**

The Museum is not involved in Inter – Institutional arrangements

**g) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure**

There are no criminal steps that have been taken because irregular expenditure did not result in losses for the Museum, they were incurred as a result of oversight and continuous training is being provided so that relevant staff is empowered. However, frequent changes to PFMA and treasury regulations will always pose a challenge. This is so because the Museum may not know of all the treasury regulation changes and updates.

**1.2. Fruitless and wasteful expenditure**

There was no fruitless and wasteful expenditure incurred.

**1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)**

There are no additional disclosures relating to material losses in terms of PFMA.

**2. LATE AND/OR NON-PAYMENT OF SUPPLIERS**

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	743	7,580,921
Invoices paid <b>within</b> 30 days or agreed period	743	7,580,921
Invoices paid <b>after</b> 30 days or agreed period	0	0
Invoices older than 30 days or agreed period ( <i>unpaid and without dispute</i> )	0	0
Invoices older than 30 days or agreed period ( <i>unpaid and in dispute</i> )	0	0

### 3. SUPPLY CHAIN MANAGEMENT

#### 3.1. Procurement by other means

There were no Procurement by other means

#### 3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Refurbishment and upgrade of uMsunduzi Museum Buildings: Appointment of Electrical Engineer	HAMSA CONSULTING ENGINEER	Expansion	MS 03 OF 2021	332, 028	N/A	723, 272
<b>Total</b>				<b>332,028</b>		<b>723,272</b>



## **PART F: FINANCIAL INFORMATION**

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## 1. REPORT OF THE EXTERNAL AUDITOR

Auditor-General South Africa  
uMsunduzi Museum  
Audit Report for the year ended  
31 March 2023

### Report of the auditor-general to Parliament on the uMsunduzi Museum

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the uMsunduzi Museum set out on pages ... to ... which comprises the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMsunduzi Museum as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

##### Basis for opinion

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

##### Other matter

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

##### National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in either the annual report or the disclosure notes of the annual financial statements, only the current year and prior year figures

are disclosed in note 22 to the financial statements. Furthermore the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of UMsunduzi Museum. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of UMsunduzi Museum. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

#### Responsibilities of the accounting authority for the financial statements

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

#### Responsibilities of the auditor-general for the audit of the financial statements

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

#### Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Programme 3: Public engagement presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of publications designed, produced and made accessible

- Number of existing publications translated into an indigenous language and produced
- Number of permanent exhibitions produced
- Number of temporary exhibitions produced
- Number of outreach programmes delivered in new areas
- Number of commemorative events held online or onsite

14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the museum's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only.

17. I did not identify any material findings on the reported performance information for the selected material performance indicators.

#### Other matters

18. I draw attention to the matters below.

#### Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

#### Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. The material finding on compliance with the selected legislative requirements is as follows:

#### Procurement and contract management

24. Invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation (PPR) 8(2).

#### Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. The other information I obtained prior to the date of this auditor's report is the director's report, the chairperson's foreword and irregular and fruitless and wasteful expenditure disclosure. The audit committee's report is expected to be made available to me after 31 July 2023.
29. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

30. After I receive and read the audit committee's report, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material finding on compliance with legislation included in this report.
33. The accounting authority did not exercise adequate oversight responsibility over compliance with applicable regulations. In this regard, effective measures were not taken to ensure compliance with the PPR.

*Auditor-General*  
Pietermaritzburg

31 July 2023



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

#### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulation, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulation, 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4

Legislation	Sections or regulations
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4; 4.4 (a); 4.4 (c) -(d)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

## 2. ANNUAL FINANCIAL STATEMENTS

UMSUNDUZI MUSEUM

### ANNUAL FINANCIAL STATEMENTS at 31 March 2023

The statements set out below comprise the Annual financial statements, set out on pages 3 to 32

	<b>PAGES</b>
General information	1-2
Statement of financial position	3
Statement of financial performance	4
Statement of changes in net assets	5
Cash flow statement	6
Notes to the annual financial statements	7 - 32

### APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2023, set out on pages 3 to 32 were approved by the Museum Council and are signed on its behalf by:



DR M Mchunu  
Chairperson of the Council

**uMSUNDUZI MUSEUM**

**ANNUAL FINANCIAL STATEMENTS  
at 31 March 2023**

**General information**

<b>Director for the period</b>	Dr M Ngubane
<b>Council Members for the period</b>	Dr M R Mchunu (Chairperson) Ms Z Dlamini (Deputy chairperson) Mr T Sithole Ms C Fani Mr T Dube Mr K Govender Advocate S Magaqa
<b>Audit committee (External members)</b>	Advocate M J Ralefatane (Chairperson) Mr D E Sithole
<b>Secretary of Council</b>	Ms Lestelle Sewell
<b>Bankers</b>	ABSA Bank Limited Nedbank Limited
<b>Auditors</b>	Auditor General of South Africa
<b>Registered office</b>	P O Box 998, Pietermaritzburg, 3200 Msunduzi Museum Building 351 Langalibalele Street, Pietermaritzburg, 3201



uMSUNDUZI MUSEUM

STATEMENT OF FINANCIAL POSITION  
at 31 March 2023

	Notes	2023 R	2022 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	12,851,187	12,707,129
Intangible assets	3	3,425,023	3,301,809
Heritage Assets	23	25,688	31,984
		9,400,476	9,373,336
<b>Current assets</b>			
Receivables from exchange transactions	4	27,114,625	22,706,455
Inventory	5	27,924	44,351
Cash and cash equivalents	6	97,202	92,608
		26,989,499	22,569,497
<b>Total assets</b>		<b>39,965,812</b>	<b>35,413,585</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated surplus	34	20,668,441	17,659,176
Revaluation reserve	35	11,847,549	8,838,283
		8,820,892	8,820,892
<b>Current liabilities</b>			
Payables from exchange transactions	7	19,297,371	17,754,409
Leave pay Provision	8	663,934	1,048,965
Bonus and performance awards accrual	9	581,950	578,138
Deferred income	10	437,249	369,633
		17,614,238	15,757,674
<b>Total funds and liabilities</b>		<b>39,965,812</b>	<b>35,413,585</b>

uMSUNDUZI MUSEUM

STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2023

		2023	2022
	Notes	R	R
<b>REVENUE</b>			
<b>Revenue from Non-Exchange Transactions</b>		<b>23,674,900</b>	<b>22,762,236</b>
Government Grant and Subsidies	11	23,646,682	22,725,339
Public Contributions and Donations	27	28,218	36,897
		<b>2,016,007</b>	<b>1,044,495</b>
<b>Revenue from Exchange transactions</b>			
Sale of Goods & Rendering of Services	28	338,077	249,881
Rental of Facilities and Equipment	29	318,730	107,230
Interest Earned	30	1,359,199	687,384
		<b>25,690,907</b>	<b>23,806,730</b>
<b>TOTAL REVENUE</b>		<b>25,690,907</b>	<b>23,806,730</b>
<b>EXPENDITURE</b>		<b>(22,674,311)</b>	<b>(21,453,989)</b>
Employee Related Costs	13	(14,102,712)	(13,123,108)
Repairs and Maintenance	32	(1,474,679)	(451,996)
Depreciation and Amortisation Expense	2-3	(589,861)	(413,972)
General Expenses	31	(6,507,059)	(7,464,912)
		<b>(22,674,311)</b>	<b>(21,453,989)</b>
<b>TOTAL EXPENSES</b>		<b>(22,674,311)</b>	<b>(21,453,989)</b>
<b>GAIN / LOSS ON SALE OF ASSETS</b>	33	<b>(7,330)</b>	<b>0</b>
<b>OTHER GAINS</b>	26	<b>0</b>	<b>300</b>
<b>TOTAL SURPLUS FOR THE PERIOD</b>		<b>3,009,266</b>	<b>2,353,042</b>

uMSUNDUZI MUSEUM

STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2023

	ACUMULATED SURPLUS	REVALUATION SURPLUS	TOTAL
	R	R	R
Balance at 01 April 2021	6,485,242	8,820,892	15,306,134
Surplus for the year	2,353,042	0	2,353,042
Balance at 31 March 2022	8,838,284	8,820,892	17,659,176
Surplus for the year	3,009,266	0	3,009,266
<b>Balance at 31 March 2023</b>	<b>11,847,549</b>	<b>8,820,892</b>	<b>20,668,442</b>
	34	35	

uMSUNDUZI MUSEUM

CASH FLOW STATEMENT  
for the year ended 31 March 2023

	Note	2023 R	2022 R
<b>Net cash retained from / (utilised by) / operating activities</b>			
Receipts			
Transfers and subsidies		23,409,000	22,544,000
Sale of goods and services		657,886	380,258
		<u>24,066,886</u>	<u>22,904,258</u>
Payments			
Cash paid to suppliers		(6,261,178)	(6,298,042)
Cash paid to employees		(14,010,796)	(13,417,934)
		<u>3,774,912</u>	<u>3,188,282</u>
Interest received		1,359,199	687,384
Cash generated from operating activities	A	<u>5,134,111</u>	<u>3,875,666</u>
Cash flow from investing activities			
Purchase of Property, Plant and Equipment		(712,376)	(670,492)
Purchase of Intangibles		(26,732)	(9,466)
Proceeds from sale of Property, Plant and Equipment		25,000	0
Net increase in cash and cash equivalents		<u>4,395,002</u>	<u>3,195,707</u>
Cash and cash equivalents at the beginning of the year		22,569,497	19,373,790
Cash and cash equivalents at the end of the year	6	<u><u>26,964,499</u></u>	<u><u>22,569,497</u></u>

uMSUNDUZI MUSEUM

NOTE TO THE CASH FLOW STATEMENT  
For the year ended 31 March 2023

	2023	2022
<b>Note A</b>		
<b>Reconciliation of surplus to cash flows from operations</b>		
Surplus for the year	3,009,266	2,353,042
Adjustments for :		
Donations in kind	(27,140)	(33,750)
Gain / loss on sale of assets	7,330	0
Depreciation and Amortisation	589,861	413,972
(Decrease)/Increase in leave pay provision	3,812	(268,940)
Reversal of accumulated depreciation	0	(300)
(Decrease)/Increase in bonus accrual	67,616	(28,086)
Operating surplus before working capital changes	<u>3,650,745</u>	<u>2,435,938</u>
Working capital changes		
(Increase)/Decrease in trade and other receivables	16,427	(11,033)
(Increase)/Decrease in inventory	(4,594)	(1,168)
(Decrease)/Increase in deferred income	1,856,564	873,661
(Decrease)/Increase in trade and other payables	(385,031)	578,268
Cash generated from / (utilized by) operations	<u><u>5,134,111</u></u>	<u><u>3,875,666</u></u>

**uMSUNDUZI MUSEUM**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) and complies with GRAP standards including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 55(1)(b) of the Public Finance Management Act, (Act No.1 of 1999 as amended by Act No. 29 of 1999).

Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP. The accounting policies are applied consistently with those used to present the previous year's financial statements, unless explicitly or otherwise stated.

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention. Financial assets and financial liabilities are stated at cost. They are presented in South African Rand, rounded to the nearest R1. Standards of GRAP approved by the Accounting Standards Board and applicable to the Museum.

GRAP standards approved but not yet effective:  
GRAP25 Employee benefits

Management is in a process of reviewing these requirements of the standard to assess the impact of the standard on the entity.

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

The Museum derives its revenue from the National Department of Sports, Arts and Culture, however the Museum has other sources of income, mainly Parking fees, Entrance Fees, Rentals of Office facilities which are insignificant in nature, these income streams amounts to 1-2% of the total Revenue. The Museum will still meet its obligations and commitments as they fall due. The going concern principle will be severely affected if the Department of Sport, Arts and Culture stop funding the Museum and there is no current indication it will do so in the foreseeable future, at least for the next 3 years as medium term expenditure framework has been confirmed for budgeting and planning purposes.

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

1.2 Property, Plant and Equipment

1.2.1 Initial recognition

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

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

1.2.3 Subsequent measurement

Property, plant and equipment are subsequently stated using the cost model i.e. at historical cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is written off on a diminishing balance method using rates deemed to be suitable for writing off the property, plant and equipment over their expected economic life to their estimated residual value. The Management of the Cultural Institution assesses /review the depreciation method, residual value, useful life and carrying value of assets annually and revisions are made when it is considered necessary. Property, plant and equipment is impaired, derecognised or disposed of when it is probable they are no longer in use for the purpose it was originally acquired for, either they are redundant, obsolete, damaged beyond repairs or generally not in use. Assets are componentised and depreciated separately if parts of an asset have significantly different estimated useful lives.

1.2.4 Depreciation

Assets are depreciated over the following periods, according to the diminishing balance method:

Equipment	2 - 15 years
Computer equipment	3 - 10 years
Furniture and fittings	2 - 10 years
Motor vehicles:	
Passenger Cars	5 years
Light delivery vehicles	4 years
Library Books	10-15 years

1.2.5 Intangible Assets

Intangible assets are shown at cost less accumulated depreciation and any impairment losses.

The management of the Museum assesses the carrying value of each intangible asset annually for impairment and impairment loss is recognised if the asset is determined to be impaired. Intangible assets relate to licences to software to be used by the Museum for more than a year and are derecognised or disposed of when it is probable they are no longer in use for the purpose it was acquired for. Intangible assets relate to software licences.

The amortization is calculated on the diminishing balance method to write-off the cost of intangible assets over their estimated useful lives as follows:

Software	2 years
----------	---------

Useful lives and residual values of Property, Plant and Equipment

The estimated useful lives as translated into depreciation rates are detailed in property, plant and equipment policy note in the annual financial statements. These rates and the residual values of the assets are reviewed annually taking cognisance of the forecast commercial and economic realities and through benchmark accounting treatment in industry.

The amortisation period method for an intangible asset with finite useful life shall be reviewed at least each reporting date.

If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly.

If there has been a change in expected pattern of consumption of the future economic benefits or service potential embodied in asset, the amortisation method shall be changed to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates.

1.2.6 Land and buildings

The land and buildings are made available to uMsunduzi Museum under section 9 of the Cultural Institutions Act and are owned by Department of Public Works and Infrastructure.

uMSUNDUZI MUSEUM

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2023**

**1. ACCOUNTING POLICIES (continued)**

**1.3 Heritage Assets**

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

**1.3.1 Recognition**

- (a) The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity and where cost or fair value of the asset can be reliably measured.
- (b) The entity will assess the degree of certainty attached to the flow of future service potential or economic benefits.
- (c) If the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because of the need to analyse the proposed collection items to determine if they conform to the set collection criteria through evaluation and research.
- (d) For recognition of heritage assets, the asset needs to be controlled by the entity as a result of past events. Such events may include: Purchase, donation, bequeath, loan or transfer.

**1.3.2 Measurement**

- (a) The value of assets have been determined using fair value method. If assets have been acquired at cost they will be brought in at historical cost until such time they are measured at fair value.

**1.3.3 Directive 7 - Use of deemed cost for heritage assets upon initial recognition and adoption of a standard.**

The following terms are used in this directive with the meanings specified:

- (a) **Acquisition cost:** When an entity initially recognises assets such as items of property, plant and equipment, investment properties, intangible assets and heritage assets using the Standards of GRAP, it measures those assets using either cost (if the asset is acquired in an exchange transaction) or at fair value (if the asset is acquired in a non-exchange transaction). This cost or fair value on initial acquisition of an asset is the acquisition cost.
- (b) **Deemed cost:** Deemed cost is a surrogate value for the cost or fair value of an asset at its initial acquisition, and is determined by reference to the fair value of the asset at the date of adopting the Standards of GRAP measurement date).
- (c) **Measurement date (for purposes of this Directive):** Measurement date is the date that an entity adopts the Standards of GRAP and is the beginning of the earliest period for which an entity presents full comparative information, in its first financial statements prepared using Standards of GRAP.

For the purposes of this directive, the measurement of assets at fair value on the adoption of the Standards of GRAP, does not constitute:

- (a) a revaluation in accordance with the Standards of GRAP on Property, Plant and Equipment, Intangible Assets or Heritage Assets; or
- (b) the application of the fair value model in the Standard of GRAP on Investment Property.

Subsequent depreciation, if applicable, is based on that deemed cost and starts from the measurement date.

**Initial entries using deemed cost.**

When an entity initially measures assets using the deemed cost approach in this Directive, it recognises the effect:

- (a) as an adjustment to the opening balance of accumulated surpluses or deficits in the opening statement of financial position prepared using Standards of GRAP; or
- (b) in revaluation surplus if an entity adopts the revaluation model in the Standards of GRAP on- Plant and Equipment, Intangible Assets or Heritage Assets.

**1.3.4 Valuation of Heritage Assets**

The existence of published price quotations in an active market is the best evidence of the fair value, such as the quoted price from recent auctions published in local newspapers; however if the fair value cannot readily be ascertained by reference to quoted prices in an active and liquid market; the fair value of a heritage asset can be determined from market-based evidence arrived at by appraisal. An appraisal of the value of the asset is undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification. The fair value will be ascertained by reference to quoted prices in an active and liquid market.



uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

1.3.4 Valuation of heritage assets

(a) Valuation techniques

Where the fair value of an asset cannot be determined, and where no evidence is available to determine the market value in an active market of a heritage asset; a valuation technique may be used to determine its fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, and reference to the current fair value of other heritage assets that have substantially similar characteristics in similar circumstances and locations, adjusted for any specific differences in circumstances. If there is a valuation technique commonly used by market participants to price such an asset, and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity may use that technique in determining the fair value (GRAP 103.47).

(b) Inability to value

Where no value can be placed on an item, it will not be recognised, but information should be disclosed about such items and the reason why such items cannot be valued (GRAP 103.17). Where the entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of heritage assets because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements. These items are controlled in the asset register.

(c) Valuing an entire collection

In determining the fair value of a collection, the entity has considered where appropriate, whether the entire collection has a higher value than the sum of the values of the individual items making up that collection. Under such circumstances, the carrying value of the entire collection may need to be reassessed, when a group of individual heritage assets constitutes a collection. If items are removed from the collection, the value of the collection may also need to be reassessed. (GRAP 103.45)

1.3.5 Heritage assets on loan to other institutions

The financial statement shall also disclose information on heritage assets that are borrowed from, or on loan to other entities.

1.3.6 Retrospective application

The entity adopted the accounting standard on 1 April 2012, the entity has taken advantage of the transitional period of three (3) years to fully implement GRAP 103 in terms of Directive 2. The three year period in which entities were not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage assets has ended.

Where entities have not yet determined the deemed cost of those assets within the scope of Directive 7, they should consider GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors, and consider whether this change in accounting policy can be applied retrospectively from this date, or whether it is impracticable to do so.

It may be impracticable to determine the deemed cost retrospectively if, for example, the following circumstances exist:

- (a) Relevant data may not have been collected in the prior period and cannot be obtained by alternative means that allows for retrospective application.
- (b) The entity is required to make significant estimates and assumptions about conditions that existed at a point in time in the past and cannot do so objectively without using hind-sight.

1.3.7 Subsequent measurement

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

1.3.8 Heritage assets revaluation

Revaluations shall be made within every five years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. The entity make use of an accounting policy based on the revaluation model and shall apply the policy to an entire class of heritage assets. Increases or decreases resulting from revaluations and from impairment losses recognised or reversed directly in net assets in accordance with the Standards of GRAP on Impairment of Non-cash-generating assets.

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

1.3.9 Impairment

At each reporting date, the entity assesses whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

1.3.10 Transfers

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

(b) Transfers to heritage assets are made when, and only when, the particular asset meets the definition of a heritage asset.

1.3.11 De-recognition

The carrying amount of a heritage asset is de-recognised:

(a) on disposal, or

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

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

1.4 Inventory

Inventory is initially recorded at historical cost and is valued at the lower of cost or estimated net realisable value, using first-in, first-out method of valuation.

1.5 Cash and cash equivalents

Cash and cash equivalents with banks including money market are reflected at fair value.

1.6 Financial Instruments

Financial instruments are initially measured at amortized cost.

Subsequent to initial recognition these instruments are measured as set out below:

Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost less provision for doubtful debts. Receivables are written off when considered irrecoverable.

Trade and other payables

Trade and other payables are measured at amortized cost.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value

1.7 Revenue from non-exchange transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition. This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as a revenue, except to the extent that a liability is recognised for the same flow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as an amount equal to that reduction.

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

1.7.1 Grants

Revenue related to operational expenditure is recognised as revenue when it is probable that the transfer payment will be received and the amount can be estimated reliably, unless an obligation exists to use the transferred resources in a certain way or return the resources to the transferor. Where it is a requirement to only use the resources in a certain way with no corresponding requirement to return those resources, then no obligation exists and the revenue is recognised. Where an obligation exists, the resource is recognised as deferred revenue until the obligations are met and then recognised as revenue.

1.10 Revenue from Exchange Transactions

Revenue from Exchange Transactions is recognized when it is probable that future economic benefits will flow to the entity, and its benefits can be measured reliably. Revenue from the sale of goods and services is recognized when significant risks and rewards of ownership of the goods have been transferred to the purchaser.

Revenue from letting out of parking space and facilities is recognized when the service has taken place.

1.10.1 Gifts and Donations

Donations are recognised as income as and when the cash is received. Donations are disclosed at fair value.

Gifts and Donations, including goods in kind are recognized as Assets and Revenue when it is probable that the future economic benefits or service potential will flow to the Cultural Institution and the fair-value of these Assets can be measured reliably.

1.10.2 Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.11 Employee benefits

Employee are recognised where the institution has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount of an employee benefit is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

1.12 Retirement benefits

The Museum operates a defined benefit plan together with a defined contribution plan, the assets of which are generally held in separate trustee – administered funds. The plans are funded by payments from the entity and members. Payments to these retirement plans are charged to the statement of financial performance in the year to which they relate.

1.13 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Cultural Institution's accounting policies, which are described in note 1, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

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

1.14 Comparative figures

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

1.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in transit, deposits held on call with banks and investments in money markets instruments, all of which are available for use by the Cultural Institution unless otherwise stated.

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

1.16 Budget information

The approved budget is prepared on accrual basis and presented by economic classification linked to performance outcome. The approved budget covers the fiscal period from 01 April 2022 to 31 March 2023.

1.17 Contingencies

Contingent liabilities are disclosed if there is a possible or present obligation that may, but probably will not, require an outflow of resources. The entity discloses for each class of contingent at the reporting date, a brief description of the nature of the contingent liability.

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

Contingencies are disclosed in note 26.

1.18 Leases

Operating leases-lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. These leases relate to rental of two photocopiers.

2. Property, Plant and Equipment

	Library Books R	Equipment R	Computer Equipment R	Furniture & Fittings R	Motor Vehicles R	Total R
<b>Year ended 31 March 2023</b>						
Opening carrying amount	189,958	1,452,703	487,778	444,539	726,830	3,301,808
Gross carrying amount	659,126	5,303,725	1,198,717	1,799,242	1,798,497	10,759,306
Accumulated depreciation	(469,168)	(3,851,021)	(710,940)	(1,354,703)	(1,071,667)	(7,457,498)
Additions	0	472,695	99,785	139,896	0	712,376
Disposals	0	(24,715)	(2,512)	0	(5,102)	(32,329)
Depreciation	(26,351)	(183,760)	(58,127)	(140,290)	(148,306)	(556,834)
Closing carrying amount	<b>163,607</b>	<b>1,716,924</b>	<b>526,924</b>	<b>444,145</b>	<b>573,422</b>	<b>3,425,021</b>
Gross carrying amount	659,126	5,751,705	1,295,990	1,939,138	1,793,395	11,439,354
Accumulated depreciation	(495,519)	(4,034,781)	(769,067)	(1,494,993)	(1,219,973)	(8,014,333)

No assets have been pledged as security.

2.1 Repairs and Maintenance Expenditure

Repairs and maintenance comprises of general maintenance of R 1 474 679 (2022: R451 996) Included in the cost of repairs and maintenance were repairs relating to Equipment and fumigation of storage for library books, and collection.

	2023 R	2022 R
Repairs to Equipment	54,776	37,093
Fumigation of conservation centre and Library	37,502	28,402
	<b>92,278</b>	<b>65,495</b>

UMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

2. Property, Plant and Equipment (continued)

	Library Books R	Equipment R	Computer Equipment R	Furniture & Fittings R	Motor Vehicles R	Total R
Year ended 31 March 2022						
Opening carrying amount	222,554	1,336,392	506,769	481,319	471,669	3,018,703
Gross carrying amount	659,126	5,040,970	1,166,103	1,793,969	1,428,646	10,088,814
Accumulated depreciation	(436,572)	(3,704,578)	(659,334)	(1,312,650)	(956,977)	(7,070,111)
Additions	0	262,755	32,614	5,273	369,851	670,492
Accum dep (Reversal)	0	300	0	0	0	300
Depreciation	(32,596)	(146,743)	(51,606)	(42,053)	(114,690)	(387,687)
Closing carrying amount	189,958	1,452,703	487,778	444,539	726,830	3,301,808
Gross carrying amount	659,126	5,303,725	1,198,717	1,799,242	1,798,497	10,759,306
Accumulated depreciation	(469,168)	(3,851,021)	(710,940)	(1,354,703)	(1,071,667)	(7,457,498)

No assets have been pledged as security.

3. Intangible Assets

	2023 R	2022 R
Net carrying amount at the beginning of the year	31,984	48,803
Gross carrying amount	189,564	180,099
Accumulated amortisation	(157,581)	(131,296)
Amortisation	(33,027)	(26,285)
Additions	26,732	9,465
Net carrying amount at the end of the year	25,688	31,984
Gross carrying amount	216,296	189,564
Accumulated amortisation	(190,608)	(157,581)
The amortisation charge is included with the depreciation charge in Note 2 for disclosure purposes in the Statement of Financial Performance.		
Total depreciation and amortization	(589,861)	(413,972)
Intangible assets are not pledged as security		
4. Receivables from exchange transactions		
Account receivables and other	27,924	44,351
	<u>27,924</u>	<u>44,351</u>

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

	2023 R	2022 R
<b>5. Inventory</b>		
Comprised of goods for sale	97,202	92,608
	<u>97,202</u>	<u>92,608</u>
No inventory has been pledged as security.		
<b>6. Cash and cash equivalents</b>		
Nedbank Money Market - 0 notice period	438,241	424,223
ABSA Money market - 32 Day Notice	864,237	837,816
ABSA Call Account - 0 notice period	4,062,274	2,073,711
Petty Cash	4,000	3,500
ABSA Current Account	156,390	667,841
ABSA Savings Account	272	1,957
ABSA Liquidity Plus - 0 notice period	21,524,086	18,560,449
	<u>26,989,499</u>	<u>22,569,497</u>
There are no restrictions on the use of cash and cash equivalents.		
<b>7. Payables from exchange transactions.</b>		
Accounts payable	643,734	919,487
Advance deposits	20,200	128,630
	<u>663,934</u>	<u>1,048,117</u>
<b>8. Leave pay Provision</b>		
Balance at 01 April 2022	578,138	847,077
(Decrease) / Increase	3,813	(268,940)
Balance at 31 March 2023	<u>581,950</u>	<u>578,136</u>
<b>9. Bonus and performance awards accrual</b>		
Bonus Accrual		
Balance at 01 April 2022	352,033	380,119
(Decrease) / Increase	67,616	(28,086)
Balance at 31 March 2023	<u>419,649</u>	<u>352,033</u>
Performance awards accrual		
Balance at 01 April 2022	17,600	17,600
Increase / (Decrease)	0	0
Balance at 31 March 2023	<u>17,600</u>	<u>17,600</u>
Total bonus and performance awards accrual	<u>437,249</u>	<u>369,633</u>

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

10. Deferred income : Grants

Transformation grants

Year ended 31 March 2023

Balance at 01 April 2022  
Expended  
Unexpended at 31 March 2023

	Ncome R	Msunduzi R	Total R
Balance at 01 April 2022	1,147	-	1,147
Expended	-	-	-
Unexpended at 31 March 2023	<u>1,147</u>	<u>-</u>	<u>1,147</u>

Year ended 31 March 2022

Unexpended at the beginning of the year  
Expended  
Unexpended at 31 March 2022

Unexpended at the beginning of the year	1,147	-	1,147
Expended	-	-	-
Unexpended at 31 March 2022	<u>1,147</u>	<u>-</u>	<u>1,147</u>

National lottery grant

Year ended 31 March 2023

Balance at 01 April 2022  
National Lottery 1: Unexpended at beginning of the year  
National Lottery 2: Unexpended at beginning of the year  
National Lottery 1: Expended correction  
National Lottery 2: Expended

Balance at 01 April 2022	<u>111,248</u>	<u>785,518</u>	<u>896,766</u>
National Lottery 1: Unexpended at beginning of the year	111,248	241,176	350,322
National Lottery 2: Unexpended at beginning of the year	0	544,342	577,228
National Lottery 1: Expended correction	(1)	-	(1)
National Lottery 2: Expended	0	(58,222)	(58,222)

Balance at 31 March 2023

National Lottery 1  
National Lottery 2

Balance at 31 March 2023	<u>111,247</u>	<u>727,296</u>	<u>838,543</u>
National Lottery 1	111,247	241,176	352,423
National Lottery 2	-	486,120	486,120

Year ended 31 March 2022

Balance at 01 April 2021  
National Lottery 1: Unexpended at beginning of the year  
National Lottery 2: Unexpended at beginning of the year  
National Lottery 1: Expended  
National Lottery 2: Expended

Balance at 01 April 2021	<u>111,248</u>	<u>826,302</u>	<u>937,550</u>
National Lottery 1: Unexpended at beginning of the year	111,248	249,075	360,322
National Lottery 2: Unexpended at beginning of the year	0	577,228	577,228
National Lottery 1: Expended	0	(7,899)	(7,899)
National Lottery 2: Expended	0	(32,885)	(32,885)

Balance at 31 March 2022

National Lottery 1  
National Lottery 2

Balance at 31 March 2022	<u>111,248</u>	<u>785,518</u>	<u>896,766</u>
National Lottery 1	111,248	241,176	352,424
National Lottery 2	-	544,342	544,342

The first tranche of R 1 020 000 was received in the 2015/2016 financial year and the balance of R 680 000 will be received in the following financial years. The R 1 700 000 grant was approved by National Lottery Commission in 2015/2016.

Department of Sport, Arts & Culture: Capital works grant

Year ended 31 March 2023

Balance at 01 April 2022  
Received  
Expended  
Unexpended balance at 31 March 2023

Balance at 01 April 2022	-	14,859,762	14,859,762
Received	-	2,094,246	2,094,246
Expended	-	(179,460)	(179,460)
Unexpended balance at 31 March 2023	<u>-</u>	<u>16,774,548</u>	<u>16,774,548</u>

Year ended 31 March 2022

Balance at 01 April 2021  
Received  
Expended  
Unexpended balance at 31 March 2022

Balance at 01 April 2021	-	13,945,316	13,945,316
Received	-	1,055,000	1,055,000
Expended	-	(140,554)	(140,554)
Unexpended balance at 31 March 2022	<u>-</u>	<u>14,859,762</u>	<u>14,859,762</u>

R 10 000 000 was approved by the Departments of Arts and Culture for the upgrade and refurbishment of all buildings at uMsunduzi Museum for the 2015/16 financial year. The conditional grant relates to refurbishment of buildings and maintenance at Ncome Museum.

	2,023	2,022
	R	R
<b>Total deferred income</b>	<u>17,614,238</u>	<u>15,757,674</u>

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

	2023 R	2022 R
<b>11. Revenue from non-exchange transactions</b>		
Operating grant	23,409,000	22,544,000
National lottery grant funds expended	58,222	40,785
Department of Arts & Culture grant funds expended	179,460	140,554
	<u>23,646,682</u>	<u>22,725,339</u>

**12. Related Parties**

12.1 Gross remuneration for Council Members  
(Non-Executive Directors)

	2023			2022		
	Members Fees	Travel /other	Total	Members Fees	Travel	Total
Mr S Magaqa	46,670	1,200	47,870	55,744	0	55,744
Dr M Mchunu	52,128	1,200	53,328	92,796	4,051	96,847
Mr T Sithole	35,900	5,455	41,355	52,260	5,456	57,716
Mr BA Daniels	0	0	0	10,452	0	10,452
Mr TB Dube	43,080	1,200	44,280	55,744	0	55,744
Ms Z Dlamini	65,142	1,200	66,342	76,680	0	76,680
Ms C Fani	43,080	1,200	44,280	48,776	0	48,776
Mr K Govender	50,260	1,200	51,460	45,292	0	45,292
	<u>336,260</u>	<u>12,655</u>	<u>348,915</u>	<u>437,744</u>	<u>9,507</u>	<u>447,251</u>

12.2 Gross Remuneration for Audit Committee Members (External members)

	2023			2022		
	Members Fees	Travel /other	Total	Members Fees	Travel	Total
Mr MK Gwala (01 April 2021 - 31 May 2021)	0	0	0	8,634	0	8,634
Mr DE Sithole	5,396	1,500	6,896	10,476	0	10,476
Advocate Ralefatane	44,460	1,200	45,660	38,853	0	38,853
	<u>49,856</u>	<u>2,700</u>	<u>52,556</u>	<u>57,963</u>	<u>0</u>	<u>57,963</u>



UMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

12. Related parties (continued)

12.3 Directors' and Senior Managers' emoluments

**Dr Mlungisi Ngubane (Museum Director / CEO)**

	2023 R	2022 R
Basic salary	769,642	736,499
Housing subsidy	10,524	10,524
13th Cheque Annual Bonus	64,137	61,375
Long service award	0	1,500
Travel allowance	181,841	174,463
Group funeral cover	412	412
Pension	125,066	119,691
UIF	2,125	2,069
Medical Aid	19,200	18,000
	<b>1,172,947</b>	<b>1,124,523</b>

**Mr Robert Oslar Luyt (Deputy Director: Core functions)**  
(01 Apr 2021 – 30 Sept 2021)

Basic salary	0	250,443
Housing allowance	0	2,100
13th Cheque Annual Bonus	0	41,741
Leave pay	0	69,816
Travel allowance	0	34,052
Group funeral cover	0	206
Pension	0	40,697
UIF	0	1,006
Medical Aid	0	9,000
	<b>0</b>	<b>449,061</b>

**Mr Bhekamachunu Mchunu (Deputy Director: Ncome Museum Manager)**

Basic salary	492,312	471,524
Housing allowance	4,200	4,200
13th Cheque Annual Bonus	41,062	39,294
Travel allowance	134,932	111,346
Group funeral cover	412	412
Pension	69,001	76,622
UIF	2,125	2,069
Medical Aid	1,500	16,500
	<b>766,543</b>	<b>721,066</b>

**Mr Phumlani Sibusiso Mvubu (Finance Manager)**

Basic salary	502,171	480,546
Housing allowance	4,200	4,200
13th Cheque Annual Bonus	41,848	40,046
Group funeral cover	412	412
Pension	81,603	78,088
UIF	2,125	2,069
	<b>632,358</b>	<b>605,360</b>

**Ms Phumelise Ngubane (Deputy Director: Core functions)**  
(01 July 2022 – 31 Mar 2023), Acting (01 October 2021 - 30 June 2022)

Basic salary	522,485	240,273
Acting allowance	50,069	100,178
Housing allowance	4,200	2,100
13th Cheque Annual Bonus	44,105	0
Performance bonus	1,000	0
Long service award	2,500	0
Travel allowance	31,439	0
Group funeral cover	412	206
Pension	113,205	52,059
UIF	2,125	1,063
Medical Aid	19,200	9,000
	<b>790,758</b>	<b>404,879</b>

**Total**

**3,352,607**      **3,305,788**

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

12. Related parties (continued)

12.4 National Department of Sport, Arts & Culture

Operating grants received for the financial year ending 31 March 2023 amounted to R 23 409 000 (2022: R 22 544 000).

The baseline grant allocation for 2022/2023 will amount to R24 100 000, representing a 2.95% increase.

12.5 Department of Public Works and Infrastructure

The department is the legal owner of land and buildings occupied by the Museum through the National Department of Sport, Arts & Culture. The Museum is not leasing land and buildings.

The Department of Works is responsible for unplanned maintenance above R100 000.

The Municipal charges for the year amounted to R1 161 270 (2022: R1 477 457)

12.6 Council

The Council has been appointed by the Minister of Arts and Culture to oversee and ensure corporate governance. Council has four subcommittees, namely Risk & Audit, Human Resources, Finance and Core Functions Committees that guide and assist Management. The National Department of Sport, Arts and Culture is the controlling entity.

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

	2023 R	2022 R
<b>13. Employee related costs</b>		
Basic Salaries	9,844,648	9,262,819
13th Cheque bonuses	772,090	761,688
Housing Subsidy	74,679	57,273
Performance bonuses	4,000	0
Long service awards	6,000	12,500
Housing Allowance	135,800	142,100
Acting allowances	96,867	201,790
Travel allowance	348,211	319,860
Leave Pay	6,602	206,828
Group Funeral cover	16,327	16,464
Pension	1,708,499	1,627,909
UIF	76,139	74,467
Medical Aid	444,375	490,693
	<u>13,535,238</u>	<u>13,174,389</u>
Medical Aid (Pensioners)	24,000	27,000
	<u>13,559,238</u>	<u>13,201,389</u>
Salary recoveries (unpaid leave)	(1,340)	(46,187)
	<u>13,557,898</u>	<u>13,155,205</u>
Casual Wages	452,898	246,136
	<u>14,010,796</u>	<u>13,401,342</u>
Other Employee Related Costs		
Workmen compensation	20,487	18,792
Leave Expenditure	3,812	(268,940)
Bonus provision	67,616	(28,086)
	<u>91,915</u>	<u>(278,235)</u>
<b>Total Compensation of employees</b>	<u>14,102,712</u>	<u>13,123,108</u>
Number of employees	40	39

14. Financial instruments

14.1 Overview

The Cultural Institution has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

This note presents information about the Museum's exposure to each of the above risks, the Museum's objectives, policies and processes for measuring and managing risk, and the Cultural Institution's management of capital. Further quantitative disclosures are included throughout these financial statements.

In terms of Treasury Regulations 27.2.1, issued in terms of the PFMA, the accounting authority (Council) must ensure that a risk assessment is conducted regularly to identify emerging risks in the entity. The Council has established an Audit Committee which is responsible for monitoring the Museum's risk management policies.

The Museum's risk management policies are established to identify and analyse the risks faced by the Museum, to set appropriate risks limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Museum's activities.

The audit committee oversees how management monitors compliance with the Museum's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Museum.

The Audit Committee is assisted in its oversight role at operations level by Internal Audit.

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

14. Financial instruments (continued)

14.2 Credit risk

Credit risk is the risk of financial loss to the Museum if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Cultural Institution's receivables from customers.

14.2.1 Accounts receivables

The Museum has no significant exposure to credit risk. The credit risk applicable to the Museum at 31 March 2023 amounted to:R27 924 (2022:R44 351).

Other receivables relate to expenses paid in advance.

The Cultural Institution policy is to monitor its exposure to credit risk on a monthly basis.

At year end, the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

14.2.2 Cash and cash equivalents

The Museum limits its exposure to credit risk by investing only with approved banks.

14.3 Liquidity risk

Liquidity risk is the risk that the Museum will not be able to meet its financial obligations as they fall due. The Museum's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Museum reputation.

An assessment is made of the payments due in advance. Monies are transferred to the current account to meet the obligations. Any surpluses are invested on a Call Account.

It is the policy of the Museum not to borrow monies.

There are thus no credit facilities available.

The cash available at 31 March 2023 was R 26 989 499 (2022:R 22 569 497). The Museum does not have long term liabilities.

14.4 Market risk

Market risk is the risk that changes in market prices, such as the interest rates will affect the Museum's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

The Museum policy is to invest surplus cash. Optimal rates and policies are received from various institutions.

The Museum is not exposed to fluctuating market prices.

14.4.1 Currency risk

The Museum does not engage in foreign currency transactions and is thus not exposed to this risk.

14.4.2 Interest rate risk

It is the policy of The Museum not to borrow monies. There are thus no credit facilities available.

14.5 Fair values

The fair values of financial assets and liabilities are the same as the carrying values reflected in the statement of financial position.

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

15. Tax exemption

The Museum is exempt from taxation in terms Section 10 (1) (cA) (I) of the Income Tax Act (no 58 of 1962)

16. Lease agreements

16.1 Operating Lease - Museum as lessee  
At 31 March 2023 the total commitment was R 141 644 (2022 R 0.00).

Photocopier

	Not later than one year	Later than one year not later than five years	Total
2023			
Rental photocopier -uMsunduzi and Noome Museum	<u>67,989</u>	<u>73,655</u>	<u>141,644</u>
2022			
Rental photocopier - uMsunduzi and Noome Museum	<u>0</u>	<u>0</u>	<u>0</u>

17. Post retirement obligations

17.1 Pension fund

	No of employees	Employer's contribution	Employees contribution	Monetary Value R
2023				
Defined Benefits Scheme	9	20.0%	7.5%	435,965
Defined Contribution Scheme	31	15.0%	7.5%	1,273,534
Total	<u>40</u>			<u>1,709,499</u>
2022				
Defined Benefits Scheme	10	20.0%	7.5%	448,400
Defined Contribution Scheme	29	15.0%	7.5%	1,179,510
Total	<u>39</u>			<u>1,627,910</u>

The Museum falls under multi-employer plan both as defined and contribution plan.

The Actuary of the Museums Pension Fund calculates the applicable proportional share of liability of each participating employer per end of each financial year apart from a statutory valuation done in every three years and concluded that according to the March 2021 valuation report the fund was 100% funded. Under this plan it is difficult for entities to apply defined benefit accounting since the plan does not distinguish the liabilities and assets for each Institution participating in the plan.

If a deficit is recognised in a particular year for defined benefit plan, an applicable share of shortfall is shared by each participating employer to an extent that a proportional share is charged to the statement of financial performance with a corresponding credit to the statement of financial position. The Museum only recognises a liability for any unpaid contributions at year end and discloses the applicable contribution expense for the year.

The Museum's updated liability as at 31 March 2023 is R nil. (2022: R nil)

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

17. Post retirement obligation (continued)

17.2 Post retirements medical benefits

No written policy for post - retirement medical benefits exists, although the Museum is contributing 66 % of the total medical cost for each retired employee to a maximum of R1 000 per month effective from 01 April 2010, subject to review as it deems necessary. There is no contractual liability to pay these medical costs, hence a provision cannot be determined. Furthermore, the Council took a resolution that future retired staff members will not be subsidized with medical aid. The Current number of pensioners at 31 March 2023 was 2 (2022: 2). The total amount paid for medical aid towards pensioners at 31 March 2023 was R 24 000 (2022: R27 000) The other pensioner passed away during the year. The medical aid is paid out of goodwill, there are no contractual obligations.

18. Subsequent events

There are no subsequent events that have come to light that may have an impact on the Museum operations, other than staff rejecting cost living adjustments of 4.5%. They are demanding 6.5%. These events are non recognized and have no impact on the assets and liabilities of the Museum.

19. Bonuses and performance awards

Bonuses relate to 13th cheque payable on the birthday date of staff, however performance bonuses relate to performance of staff in executing their duties deemed to be competent and commendable.

Management calculates the nominal monetary amount is deemed to be appropriate.

20. Conditional grants

Government grants whose primary condition is that the Museum should purchase, construct, or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position.

When a related asset is recognised revenue equivalent to the amount of the asset is also recognised.

When a liability is required to be recognised it is measured in accordance with the requirements of para .55 of GRAP 23, and the amount of the increase in net assets, if any, is recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

These grants were given to the Museum to transform its identity, in as far as collection, exhibitions, training, etc. so that the Museum represents the cultural groups in KwaZulu-Natal. Refer to note 11.

The grant received from National Lottery and Distribution Trust Fund (NLDTF) is currently being expended. Refer to note 11. The second tranche and final payment for R1 206 952 was deposited in the financial year 2011/12. The total grant agreement amounted to R3 017 380. The National lottery grant was allocated to finance the Museum's Research, Exhibition and Educational projects.

21. Revenue from non-exchange transactions

Included in the 2022/2023 income is R237 682 (2022: R181 339) to reflect conditional grant revenue recognise and matched against expenses incurred and expended during the year.

Operating expenditure

	2023	2022
	R	R
	237,682	181,339
	<u>237,682</u>	<u>181,339</u>

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

22. Irregular expenditure

Irregular expenditure relates to the expenditure that was not incurred in the manner prescribed by legislation either by PFMA or treasury regulations and prescripts. There was no known irregular expenditure incurred by the Museum and such expenditure is disclosed in the period in which it relates.

23. Heritage assets

The Museum's heritage assets include amongst others photographs, textiles, artwork and ethnographic items. These assets have not been recorded in the asset register but they are recorded and controlled in a register which has been reconciled with the heritage assets on hand.

	2023		2022	
	Cost / Carrying Value	Valuation	Cost / Valuation	Carrying Value
Arts and artefacts	7,967,272	7,967,272	7,944,342	7,944,342
Audio and visual	28,192	28,192	26,742	26,742
Historical Papers	106,582	106,582	104,782	104,782
Library Books	1,174,435	1,174,435	1,174,435	1,174,435
Photographic	123,995	123,995	123,035	123,035
	<b>9,400,476</b>	<b>9,400,476</b>	<b>9,373,336</b>	<b>9,373,336</b>

Reconciliation of Heritage Assets - 2023

	Opening balance	Additions	Total
Arts and artefacts	7,944,342	22,930	7,967,272
Audio and visual	26,742	1,450	28,192
Historical Papers	104,782	1,800	106,582
Library Books	1,174,435	0	1,174,435
Photographic	123,035	960	123,995
	<b>9,373,336</b>	<b>27,140</b>	<b>9,400,476</b>

Reconciliation of Heritage Assets - 2022

	Opening balance	Additions	Total
Arts and artefacts	7,925,842	18,500	7,944,342
Audio and visual	26,642	100	26,742
Historical Papers	99,032	5,750	104,782
Library Books	1,174,435	-	1,174,435
Photographic	113,635	9,400	123,035
	<b>9,339,586</b>	<b>33,750</b>	<b>9,373,336</b>

The Museum is restricted from disposing of Heritage assets in accordance with the provisions of the the National Heritage Act and had no contractual commitments for the acquisition ,maintenance and No assets have been pledged as security.

Expenditure incurred to repair and maintain heritage assets in the current period amounted to nil (2022: Nil).

uMSUNDUZI MUSEUM

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
for the year ended 31 March 2023

24. Budget differences

Statement of Comparison of Actual and Budget amounts

Notes	Actual R	Original budget R	Adjustments R	Difference between Final budget and actual R	Final budget R	Variance %
<b>Revenue from exchange transactions</b>						
Curio shop sales	24.1 44,983	24,000	4,800	16,183	28,800	35.98%
Entrance fees	18,154	10,000	5,000	3,154	15,000	17.37%
Interest Income	24.2 1,359,199	99,000	140,000	1,120,199	239,000	82.42%
Internet income	1,028	4,000	2,921	51	1,079	-4.96%
Other income	2,241	10,000	5,000	2,759	5,000	-123.09%
Parking income	252,397	185,000	55,000	12,397	240,000	4.91%
Insurance Claims	19,274	0	50,000	30,726	50,000	-159.42%
Transfer from reserves	0	120,000	336,000	456,000	456,000	0.00%
Rent received	24.3 318,730	185,000	5,000	128,730	190,000	40.39%
<b>Revenue from Non-exchange transactions</b>						
Transfers received	23,646,682	23,409,000	-	237,682	23,409,000	1.01%
Donations received	24.4 28,218	600	-	27,618	600	97.87%
<b>Total Revenue</b>	25,690,907	24,046,600	587,879	1,056,428	24,634,479	4.11%
<b>Total Expenditure</b>						
Employee related costs	22,674,311	24,046,600	554,382	1,224,276	24,634,479	4.97%
Staff expenditure	13,557,898	14,454,936	-503,571	393,467	13,951,365	2.82%
Casual wages	452,898	385,000	111,000	43,102	496,000	8.69%
Provision for Performance awards	0	0	0	0	0	0.00%
Workmen compensation	20,487	25,500	0	5,013	25,500	19.66%
Leave pay provision	3,812	0	2,000	-1,812	2,000	0.00%
Bonus provision	67,616	0	0	-67,616	0	0.00%
	14,102,712	14,865,436	-390,571	372,153	14,474,865	31.17%
Repair and Maintenance						
General repair and maintenance	1,295,270	601,000	691,000	-3,270	1,292,000	-0.25%
Refurbishment of buildings Capital works	179,410	0	0	-179,410	0	0.00%
	1,474,680	601,000	691,000	182,680	1,292,000	-14.14%
Depreciation and amortisation	24.5 589,861	4,948	0	-584,913	4948	-11821.20%
	16,167,252	15,471,384	300,429	(395,439)	15,771,813	-2.51%
Gain / loss on sale of assets	7,330	0	0	0	0	0
Other General expenses	6,507,059	7,872,821	253,953	1,619,715	8,126,774	19.93%
<b>Total surplus / (Deficit) for the period</b>	3,009,266	0	33,497	-167,848	0	-5.58%



Other general expenses include the following	Actual	Original budget	Adjustments	Difference between Final budget and actual	Final budget	Variance	
Accounting fees	24.6	24,393	58,000	-12,000	21,608	46.97%	
Advertising and marketing		113,658	152,971	10,844	50,157	163,815	30.62%
Audit committee expenses	24.7	52,556	80,000	13,000	40,444	93,000	43.49%
Auditors remuneration		746,935	825,000	-20,000	58,065	805,000	7.21%
Bank charges		55,944	58,000	1,000	3,056	50,000	5.18%
Cleaning materials	24.8	81,115	125,000	7,000	50,885	132,000	38.55%
Computer expenses	24.9	96,392	164,000	-17,474	50,134	146,526	34.21%
Cost of sales		51,725	26,000	20,623	-5,102	46,623	-10.94%
Conferences		3,400	0	5,000	1,600	5,000	32.00%
Conference : courageous conversation		35,404	23,000	42,000	29,596	65,000	0.00%
Conservation and collection		21,898	11,000	0	-10,898	11,000	-99.07%
Education and outreach		176,736	187,000	0	10,264	187,000	5.49%
Entertainment / Refreshments		53,888	26,500	41,500	14,112	68,000	20.75%
Equipment expenses (less than capital threshold)		11,237	33,000	-6,000	15,763	27,000	58.38%
Exhibition openings	24.10	0	40,000	21,000	61,000	61,000	100.00%
Functions (Living Heritage)	24.11	122,110	65,000	0	-57,110	65,000	-87.86%
Furniture (less than capital threshold)		395	22,000	0	21,605	22,000	98.20%
Lecture		16,516	80,000	-34,000	29,484	46,000	0.00%
Honoraria		336,260	400,000	0	63,740	400,000	15.94%
Human resource fee		28,750	30,000	5,000	6,250	35,000	17.86%
Insurance		255,393	295,000	-28,000	11,607	267,000	4.35%
Interior décor and display	24.12	2,150	315,000	-7,000	305,850	308,000	99.30%
Internal audit function		151,200	210,000	0	58,800	210,000	28.00%
Legal expenses	24.13	1,600	24,000	5,000	27,400	29,000	94.48%
Library books		21,157	32,000	-9,000	1,843	23,000	8.01%
Library week / events		46,503	45,000	9,000	7,497	54,000	13.88%

	Actual	Original budget	Adjustments	Difference	Final budget		
Municipal charges	24.14	1,161,270	1,575,000	0	413,730	1,575,000	26.27%
National Lottery Fund:Activity 2-Phamphiets-VM		0	0	0	0	0	
National Lottery Fund: Mobile Van Rubbeization		58,222	0	0	-58,222	0	
Nicome Accessories (DAC sponsored projects)		0	0	0	0	0	
Nicome labour (DAC sponsored projects)		33,114	0	0	-33,114	0	
Nicome Cleaning Material (DAC sponsored projects)		0	0	0	0	0	
Blood river bridge maintenance Costs-DAC		356,417	329,000	0	-27,417	329,000	-8.33%
Penalties and Interest		0	0	0	0	0	
Photographic		720	2,000	0	1,280	2,000	64.00%
Photocopier rental		100,231	165,000	-11,000	53,769	154,000	34.92%
Postage		2,931	11,800	-2,000	6,870	9,800	70.10%
Printing and stationery		142,234	181,000	3,560	42,326	184,560	22.93%
Security		909,530	910,000	47,000	47,470	957,000	4.96%
Staff training	24.15	75,820	205,000	-12,000	117,180	193,000	60.72%
Subscriptions		49,451	90,000	-13,800	26,749	76,200	35.10%
Subsistence allowance		31,385	44,000	-5,300	7,315	38,700	18.90%
Sundries		5,308	11,000	1,000	6,692	12,000	55.77%
Tools		3,023	8,000	0	4,977	8,000	62.22%
Signage		82,068	135,000	0	52,933	135,000	39.21%
Telephone and fax (less recoveries)		161,808	225,000	-40,000	23,192	185,000	12.54%
Travel and accommodation (Council costs)		56,206	58,490	0	2,284	58,490	3.91%
Tools of trade(Council costs)		0	0	18,000	18,000	18,000	100.00%
Travel and motor vehicle expenses		683,883	497,560	211,000	24,677	708,560	3.48%
Translation costs		30,389	25,000	6,000	611	31,000	0.00%
Uniforms		46,048	47,500	4,000	5,452	51,500	10.59%
Valuation of asset costs		9,689	25,000	0	15,311	25,000	61.24%
		<b>6,507,059</b>	<b>7,872,821</b>	<b>253,953</b>	<b>1,619,715</b>	<b>8,126,774</b>	<b>19.93%</b>
<b>Assets Capitalized</b>							
Computer Equipment		80,071	140,000	10,000	69,929	150,000	46.62%
Office Equipment		379,785	347,395	43,500	11,110	390,895	2.84%
Software/ Intangibles		26,732	0	0	-26,732	0	0.00%
Furniture		139,896	70,000	10,000	-59,896	80,000	-74.87%
IT Upgrade	24.2	0	145,000	-30,000	115,000	115,000	0.00%
Vehicles	24.17	0	0	0	0	0	0.00%
<b>Total Assets Capitalized</b>		<b>626,484</b>	<b>702,395</b>	<b>33,500</b>	<b>109,411</b>	<b>735,895</b>	<b>14.87%</b>

#### Actual Operating Expenditure Versus Budget

Budget variance explanation

#### Revenue

#### Budget information notes

24.1. Curio shop sales

More purchases for the shop than anticipated due to higher visitors.

24.2. Interest income

Higher interest rates and immediate transfer of cash from the current account into call accounts.

24.3 Donation income

This relates to donation of heritage assets in kind (R27 1400), cash donation (R1 078). Donation of heritage in kind not anticipated.

24.4 Rent received

This relates to letting out of the facilities to the public, Rent received was on a positive growth due to relaxation of COVID19 regulations.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2023**

**Expenditure**

**Budget information notes continued**

**24.5 Depreciation and amortization**

Since this budget line item relates does not relate to cash outflow, a nominal figure is budgeted for which is compensated by the provision for capital expenditure.

**24.6 Accounting fees**

Less expenditure incurred than expected and curtailing on some other work.

**24.7 Audit committee expenses**

Fewer meetings than anticipated.

**24.8 Cleaning material**

Covid 19 eased off and no purchases for sanitizers and related expenses.

**24.9 Computer expenses**

Less incidents reported that required IT technician to address computer and internet problems.

**24.10 Exhibition openings**

The opening of an exhibition did not take place, due to delay in mounting an exhibition.

**24.11 Living heritage**

Due to relaxation of Covid 19 regulations and community demand for holding annual cultural groups performances, it was felt that a living heritage is held and funds would be taken from other budget line items.

**24.12 Interior décor and display**

Due to roof leaks where the exhibition was going to be mounted, it was felt appropriate to delay the exhibition to prevent damage to the exhibition.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 2023

Budget information notes continued

**24.13 Legal expenses**

No incidents occurred that required the services of the legal profession

**24.14 Municipal charges**

The Museum was billed far less than anticipated. The bill was less than the amount incurred in the prior year.

**24.15 Staff training**

Staff did not attend training and workshops than anticipated.

**24.16 Furniture**

Since there was a delay in savings in other purchases, it was thought prudent to prioritize purchase of furniture for staff, particularly chairs and office tables.

**24.17 IT Upgrade**

Due to delays in SCM processes, the project will kick start in the following financial year. This relates to installation of fibre for internet.

UMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

25. Contingent liabilities

The Museum is requested each financial year by National Treasury to make a motivation for retention of and reconciliation of surpluses at the end of each financial year. The Museum has therefore disclosed surpluses by way of a note, awaiting National Treasury approval at the end of the financial year. The accumulated surplus of the Museum at 31 March 2023 amounted to R 11 847 540 (2022: R8 838 283). Our experience due to past practices is that these accumulated surpluses have not been returned to the Revenue Fund, however National treasury will request a total of available cash and cash equivalents after deducting all liabilities and commitments after the audit has been concluded. The Museum will provide a motivation as to how these funds will be utilized.

26. Change in Accounting Estimate

At the end of the Financial Year under review, the Museum assessed the useful life of fully depreciated assets of certain assets. This resulted in a net increase of R0.00 (2022: R.300)

	2023	2022
	R	R
Net effect on Statement of financial performance		
Other Income	0	300

uMSUNDUZI MUSEUM

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2023

27. Public Contributions and Donations

The Museum received donations of heritage assets from numerous individuals and communities other than donations in cash from visitors. These Heritage assets donations are recorded as Donation Income.

Name of Organisation	Nature of Gifts, Donations or Sponsorships	2023 R	2022 R
<b>Received in cash</b>			
Tourist/visitors	Museum Operations	1,078	3,147
<b>kind</b>			
Communities/ Individuals	Artefacts/ Historical Papers	27,140	33,750
<b>Total</b>		<b>28,218</b>	<b>36,897</b>

Assets donated in kind in the current year amounted R27 140 (2022: R33 750).

28	Sale of Goods & Rendering of Services	2023 R	2022 R
	Parking income	252,397	196,753
	Entrance fees	18,154	5,192
	Curio Shop sale	44,983	24,824
	Other income	2,241	3,417
	Insurance claims	19,274	18,000
	Internet fees	1,028	1,695
		<b>338,077</b>	<b>249,881</b>
28.1	Curio shop sales	44,983	24,824
	Cost of sales	(51,725)	(16,801)
	Inventory at the beginning of the year	92,608	91,440
	Purchases	56,319	17,969
	Inventory at the end of the year	(97,202)	(92,608)
	Gross profit / (loss )	<b>(6,742)</b>	<b>8,023</b>
29	<b>Rental of Facilities and Equipment</b>		
	Rent received	318,730	107,230
		<b>318,730</b>	<b>107,230</b>
30	Interest Earned - banks		
	Interest received	1,359,199	687,384
		<b>1,359,199</b>	<b>687,384</b>

31 <b>General Expenses</b>	<b>6,507,059</b>	<b>7,464,912</b>
Included in General Expenses are the following:		
Accounting fees	24,393	20,201
Advertising and marketing	113,658	149,886
Audit committee expenses	52,556	57,963
Auditors remuneration	746,935	767,880
Bank charges	55,945	48,730
Cleaning materials	81,115	116,621
Computer expenses	96,392	117,390
Cost of sales	51,725	16,801
IT Upgrade	0	0
Conference	3,400	0
Conference : courageous conversation	35,404	8,800
Conservation and collection	21,898	1,846
Education and outreach	176,736	164,695
Entertainment / Refreshments	53,888	23,581
Equipment expenses (less than capital threshold)	11,237	47,154
Functions (Living Heritage)	122,110	32,371
Furniture (less than capital threshold)	395	9,553
Lecture	16,516	14,723
Remuneration of Council members	336,260	437,744
Human resource fee	28,750	0
Insurance	255,393	236,829
Interior décor and display	2,150	5,765
Internal audit function	151,200	184,050
Legal expenses	1,600	16,675
Library books	21,157	20,247
Library week /events	46,503	23,532
Municipal charges	1,161,270	1,477,457
National Lottery Fund:Activity 2-Phamphiets-VM	0	7,899
National Lottery Fund:Activity 4-	0	0
National Lottery Fund:Activity 3-	0	0
National Lottery Fund:Mobile Panel Van	58,222	32,885
Ncome Accessories (DAC sponsored projects)	33,114	3,993

	Income labour (DAC sponsored projects)	0	0
	Income Cleaning Material (DAC sponsored projects)	0	9,600
	Income Maintenance of facilities (DAC sponsored projects)	0	19,916
	Blood river bridge maintenance Costs-DAC	356,417	317,000
	Penalties and other interest	0	5,270
	Photographic material	720	0
	Photocopier rental	100,231	95,032
	Postage	2,931	2,880
	Printing and stationery	142,234	86,801
	Security	909,530	910,277
	Staff training	75,820	105,743
	Subscriptions	49,451	70,693
	Subsistence allowance	31,385	25,003
	Sundries	5,308	3,494
	Tools	3,023	1,602
	Signage	82,068	62,030
	Telephone and fax (less recoveries)	161,808	174,530
	Travel and accommodation (Council costs)	56,206	21,861
	Tools of trade(Council costs)	0	22,400
	Travel and motor vehicle expenses	683,883	321,004
	Translation costs	30,389	9,063
	Uniforms	46,048	33,125
	Valuation of asset costs	9,689	1,122,317
		<b>6,507,059</b>	<b>7,464,912</b>
<b>32</b>	<b>Repair and Maintenance</b>		
	Repair and Maintenance	<b>1,474,679</b>	<b>451,996</b>
<b>33</b>	<b>Gain or Losses on sale of asset</b>		
	Property Plant and Equipment	(7,330)	0
	Total gain or loss on sale of assets	<b>(7,330)</b>	<b>0</b>
<b>34</b>	<b>Accumulated Surpluses</b>		
	Accumulated surpluses are the result of the accumulation of annual operating income, less additions to capital projects and physical assets. Accumulated surpluses are used to fund capital projects and the Museum's programmes identified by Management. However an approval is always sought from National Treasury to retain accumulated surpluses supported by a motivation. Accumulated surplus for the year amounted to R11 847 549 (2022: R8 838 283)		
<b>35</b>	<b>Revaluation Reserve</b>		
	Revaluation reserve is a non cash reserve created to reflect the true value of Heritage assets when the market value of certain category of asset changes. Its purpose is to reflect the real and fair value of Heritage assets. Any increase or impairment loss on Heritage assets is reflected and adjusted in the Revaluation reserve. Revaluation reserve for the year amounted to R8 820 892 (2022: R8 820 892)		





**an agency of the**  
Department of Sport, Arts and Culture

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