

Msunduzi

MUSEUM • ISIGCINAMAGUGU

Incorporating the Voortrekker Complex

an agency of the
Department of Arts and Culture

A MUSEUM IN TRANSITION

ANNUAL REPORT OF THE MSUNDUZI MUSEUM INCORPORATING THE VOORTREKKER COMPLEX FOR THE YEAR ENDED 31 MARCH 2016



MSUNDUZI MUSEUM
INCORPORATING THE VOORTREKKER COMPLEX

ANNUAL REPORT
2015/2016 FINANCIAL YEAR

**Submission of the Annual Report to the Minister of Arts and Culture by the
Chairperson of the Museum Council**

In terms of the Public Finance Management Act, No.1 of 1999, I have the honour to submit
the Annual Report of the Msunduzi Museum Incorporating the Voortrekker Complex
for the financial year 2015/2016 to the Minister of Arts and Culture.

Chairperson:

Prof S.P. Lekgoathi

Council Members:

Ms C. Mngomezulu, Mr D. Mangena,
Ms L. Marais-Botes, Dr S. Kabanyane, Mr T Kubheka, Dr C.J. Buthelezi (Late), Dr M.P. Sithole

CONTENTS

PART A: GENERAL INFORMATION

1.	PUBLIC ENTITY'S GENERAL INFORMATION	5
2.	LIST OF ABBREVIATIONS/ACRONYMS	6
3.	FOREWORD BY THE CHAIRPERSON	7
4.	DIRECTOR'S OVERVIEW	8
5.	Statement of responsibility and confirmation of accuracy of the annual report	9
6.	STRATEGIC OVERVIEW	10
6.1.	Vision	10
6.2.	Mission	10
6.3.	Values	10
6.4.	Strategic outcome oriented goals	10
4.	LEGISLATIVE AND OTHER MANDATES	10
5.	ORGANISATIONAL STRUCTURE	11

PART B: PERFORMANCE INFORMATION

1.	AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	13
2.	SITUATIONAL ANALYSIS	13
2.1.	Service delivery environment	13
2.2.	Organisational environment	13
2.3.	Key policy developments and legislative changes	13
2.4.	Strategic outcome oriented goals	13
3.	PERFORMANCE INFORMATION BY PROGRAMME	15
3.1.	Programme 1: ADMINISTRATION	15
3.2.	Programme 2: BUSINESS DEVELOPMENT	17
3.3.	Programme 3: PUBLIC ENGAGEMENT	21
4.	SUMMARY OF FINANCIAL INFORMATION	27
4.1.	Revenue collection	27

PART C: GOVERNANCE

1.	INTRODUCTION	30
2.	PORTFOLIO COMMITTEES	30
3.	EXECUTIVE AUTHORITY	30
4.	THE ACCOUNTING AUTHORITY/COUNCIL	30
5.	RISK MANAGEMENT	33
6.	INTERNAL CONTROL UNIT	33
7.	INTERNAL AUDIT AND AUDIT COMMITTEES	33
8.	COMPLIANCE WITH LAWS AND REGULATIONS	34
9.	FRAUD AND CORRUPTION	34
10.	MINIMISING CONFLICT OF INTEREST	34
11.	CODE OF CONDUCT	35
12.	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	35
13.	SOCIAL RESPONSIBILITY	35
14.	AUDIT COMMITTEE REPORT	36

PART D: HUMAN RESOURCE MANAGEMENT

1.	INTRODUCTION	38
2.	HUMAN RESOURCE OVERSIGHT STATISTICS	39

PART E: FINANCIAL INFORMATION

1.	REPORT OF THE EXTERNAL AUDITOR	46
2.	ANNUAL FINANCIAL STATEMENTS	50

PART A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	:	Msunduzi Museum Incorporating the Voortrekker Complex
REGISTRATION NUMBER	:	N/A
PHYSICAL ADDRESS	:	351 Langalibalele Street Pietermaritzburg 3201
POSTAL ADDRESS	:	P.O. BOX 998 Pietermaritzburg 3201
TELEPHONE NUMBER	:	27 33 394 6834/5/6
FAX NUMBER	:	27 33 394 6797/033 342 4100
EMAIL ADDRESS	:	mngubane@msunduzimuseum.org.za
WEBSITE ADDRESS	:	www.msunduzimuseum.org.za www.ncomemuseum.org.za
EXTERNAL AUDITOR	:	Auditor General of South Africa
INTERNAL AUDITORS	:	Morar Incorporated
BANKERS	:	ABSA Bank
COUNCIL SECRETARY	:	Ms Lestelle Barnwell

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
AFRICOM	International Council for African Museums
COV	Church of the Vow
DAC	Department of Arts and Culture
MEC	Member of Executive Council
NDPW	National Department of Public Works
PFMA	Public Finance Management Act
p.a.	Per annum
SAPS	South African Police Service
SCM	Supply Chain Management
SMART	Specific, Measurable, Achievable, Realistic and Time bound

3. FOREWORD BY THE CHAIRPERSON



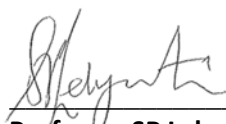
In terms of the Public Finance Management Act 1 of 1999 as amended, it gives me pleasure to submit the Annual Report of the Msunduzi Museum Incorporating the Voortrekker Complex for the financial year 2015/2016. The report is also reporting on the activities of the Ncome Museum which is an undeclared institution that is attached to the Msunduzi Museum Incorporating the Voortrekker Complex. The year under review has been a daunting one. There are matters though which bring comfort and restores one's sense of hope, that our cultural institutions in the reporting period continued to play a pivotal role in South African society by making a meaningful contribution to cultural and heritage preservation, restoration, promotion, research, education and collecting. The Museums worked hard and diligently to achieve and deliver against their key objectives as identified in the Strategic Plan.

During the reporting period, the cultural institutions ensured that priority is given to our core mandate of research, exhibitions and education by setting out numerous programmes which are aligned with the Government and the National Department of Arts and Culture's programmes, such as, the National Development Plan, and the White Paper on Arts, Culture and Heritage of 1996. Our activities are in line with the Department of Arts and Culture's Outcome 14 targets: "Nation Building and Social Cohesion" and the Medium Term Strategic Framework of the Department and Mzansi's Golden Economy Programme. Given the financial challenges that face the cultural institutions, great effort was made to ensure that significant achievements were realised. Two of the highlights during the reporting period were the Inaugural DCO Matiwane Lecture organised by the Msunduzi Museum and the "Courageous Conversations" Conference hosted at Ncome Museum.

Our cultural institutions recognise that arts, culture and heritage contribute immensely to economic growth and social development hence they will endeavour to strengthen relations and partnerships with various stakeholders which include heritage institutions, universities and different layers of government as well as the community structures.

As mentioned above, financial challenges did not deter cultural institutions in the reporting period of 2015/2016 financial year from hosting a number of activities in line with their core functions. However the financial position of the institution is extremely concerning.

On behalf of the Council I thank the Department of Arts and Culture for the support and guidance given to the two Museums. We also appreciate support of the Local Municipalities and the KwaZulu-Natal Department of Arts and Culture for carrying out some of the projects we had planned.

A handwritten signature in black ink, appearing to read 'SP Lekgoathi', written over a horizontal line.

Professor SP Lekgoathi

Chairperson: Msunduzi Museum Incorporating the Voortrekker Complex

31 July 2016

4. DIRECTOR'S OVERVIEW



It is a pleasure to report on the activities of the Msunduzi Museum Incorporating the Voortrekker Complex and the undeclared cultural institution of Ncome for the financial year which ended on 31 March 2016. This report will indicate that the cultural institution continued to deliver a number of activities using the objectives as set out in the Annual Performance Plan and the Strategic Plan. The latter was aligned to key objectives as set out by the Department of Arts and Culture (DAC) and Government's Programmes.

During the reporting period, the cultural institution had no major capital works. DAC has recently provided R10m for the refurbishment and upgrade of Msunduzi Museum and it is expected that work on the project will be undertaken during the forthcoming financial year.

The cultural institution successfully hosted a number of activities in line with their core functions. The most significant milestone achieved by the museum was the hosting of a two day conference "Courageous Conversations" Conference themed "Unity In Diversity?" Heritage Sites and Memorials – Reconciliation and Nation-Building from 5 – 6 November 2015 at Ncome Museum.

In partnership with the KwaZulu-Natal Museum the cultural institution organised the living heritage events to promote nation building and social cohesion which were successful and cost saving. The latter included the Mandela Day at a Crèche in France, Pietermaritzburg, Women's Day, Heritage Day, Wellness Day, Day of Reconciliation and a Human Right Days events.

The Cultural Institutions in collaboration with the Department of Arts and Culture, KZN Department of Arts and Culture, KwaZulu-Natal Museum and Municipalities, promoted arts and culture in the Province of KwaZulu-Natal. The Cultural Institutions hosted and funded a number of projects and programmes which were in line with the Museum's Strategic and Annual Performance plans. A number of outreach programmes have been conducted during the reporting period. The long term goals for the museums, is to continue to actively preserve and, promote the nation's cultural heritage to benefit nation building and social upliftment. Through their facilities the museums must be able to generate income for the long term sustainability.

We would like to thank the Department of Arts and Culture for the support and guidance given to the cultural institutions. We also appreciate the support the two museums received from the KwaZulu-Natal Department of Arts and Culture and Local Municipalities and the Lotto Distribution Fund who have provided funding for a mobile museum.

A stylized handwritten signature in black ink, consisting of a large, flowing 'M' and 'N' shape.

Dr Mlungisi Ngubane

Director: Msunduzi Museum Incorporating the Voortrekker Complex

31 July 2016

5. Statement of responsibility and confirmation of accuracy of the annual report

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

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

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

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

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control 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 the entity for the financial year ended 31 March 2016.

Yours faithfully



Chief Executive Officer

Dr MN Ngubane

27 July 2016



Chairperson of the Council

Professor SP Lekgoathi

27 July 2016

6. STRATEGIC OVERVIEW

6.1. Vision

The Msunduzi Museum Incorporating the Voortrekker Complex will deliver an excellent cultural experience.

6.2. Mission

The Msunduzi Museum Incorporating the Voortrekker Complex will actively preserve, promote and present our cultural heritage to benefit nation building and social upliftment.

6.3. Values

- Stakeholder orientation
- Batho Pele
- Accountability
- Integrity
- People
- Performance
- Service excellence

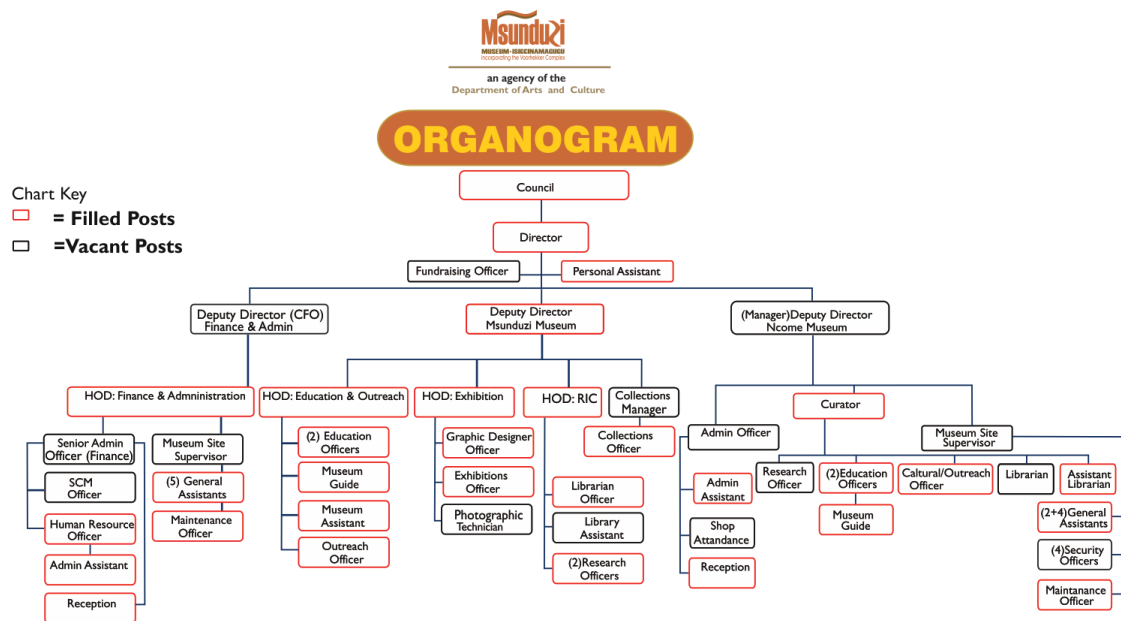
6.4. Strategic outcome orientated goals

- Collecting, conserving, documenting, researching, educating and exhibiting.
- Promoting multi-culturalism and intangible heritage.
- Improve accessibility to the rich and dynamic cultural heritage of South Africa.

7. LEGISLATIVE AND OTHER MANDATES

- The Public Entity falls under Schedule 3A in terms of the PFMA.
- Cultural Institutions Act 119 of 1998 as amended.
- Public Finance Management Act 1 of 1999 as amended.
- Treasury Regulations.
- South African Heritage Resources Act
- KwaZulu-Natal Heritage Act

8. ORGANISATIONAL STRUCTURE - high level organisational structure



PART B

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa performed the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to Management, with material findings being reported under the predetermined objectives heading in the report on other legal and regulatory requirements section of the auditor's report.

Refer to the Auditor's Report on pages 46 to 49, published as Part E: Financial Information of this report.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

The Museums in collaboration with the Department of Arts and Culture, provincial departments and Lotto Distribution Fund during the reporting period fulfilled their mandate to promote and preserve heritage and culture in South Africa. The Museums through their outreach programmes and cultural events were able to fund various projects. Skills development projects through workshops and a conference were conducted.

2.2. Organisational Environment

Due to the vacancy rate and the number of unfunded positions, the Museums experienced challenges during the reporting period. Service delivery and continuity in the Museums will be affected if this problem it is not addressed.

2.3 Key policy developments and legislative changes

There have been no changes in policies and legislation that affected the operations of the Museums during the reporting period.

2.4 Strategic Outcome Oriented Goals

The Museums have identified the following to guide their work.

Strategic Goal

Strategic Outcome Oriented Goal 1	Research, Information service and Collections: increase, preserve and develop collections as a lasting resource reflecting our national heritage and accessibility to information.
Goal Statement	To increase and broaden the collections, through research, increased knowledge and understanding about heritage, to manage the collections to set professional standards and provide accessibility to knowledge.
Goal Achievements	<p>The Museums maintained the collections by routine collection management activities and entered 105 items into the accession register. Research was completed on 2 themes. The library collections were increased with 50 materials being added (29 at Msunduzi Museum and 21 at Ncome Museum). Library week and book week events held. A functioning internet café is offered as an additional community resource.</p> <p>A "Courageous Conversations" Conference was held at Ncome Museum and the DCO Matiwane Inaugural Lecture was held at Msunduzi Museum. A Women's Day lecture was held at Msunduzi Museum and a Women's Day event was held at Ncome Museum.</p>

Strategic Goal	
Strategic Outcome Oriented Goal 2	Exhibitions: promote and increase the understanding and enjoyment of heritage collections and information/knowledge.
Goal Statement	To increase access to, comprehension and knowledge of museum collections through interesting and engaging exhibitions.
Goal Achievements	One exhibition Phase Two of the “Road to Democracy” exhibition was completed and opened. Installation of the Audio Visual Elements in the Church of the Vow was completed. 3 temporary exhibitions were held. The Annual Report, Annual Performance Plan, Conference Programme and various other publications including newsletters, invitations and posters were produced.
Strategic Goal	
Strategic Outcome Oriented Goal 3	Enhanced education and public programmes.
Goal Statement	To promote an understanding, insight, awareness and enjoyment of South Africa’s heritage and culture that will contribute to nation building and social upliftment through education programmes, public events and training (skills development).
Goal Achievements	A total of 203 schools were visited to market educational programmes at the museums. A total of 143 presentations were given to schools. A total of 17 national and special day community events were held. A total of 16 craft/skills workshops and herbal workshops were held. Exactly 706 brochures were distributed. A total of 20616 visitors engaged with exhibitions and events. 9 contacts were made with other heritage institutions. 2 educator’s workshops were held. 3 programmes and 1 worksheet were revised, 1 new programme and worksheet was developed
Strategic Goal	
Strategic Outcome Oriented Goal 2 and 3	Administration and Support
Goal statement	<p>To provide support for line functions of the Museums.</p> <p>To implement financial and risk management policies.</p> <p>To implement HR policies.</p> <p>To plan, design and implement security measures to ensure safety of the Museum premises, staff and visitors.</p>
Goal achievement	<p>The Museums continued to support line functions and, Council, as well as to provide reports required by the Department, National Treasury and other stakeholders.</p> <p>The Museum complies with financial and risks management and supply chain management policies.</p> <p>Efficient human resources policies, procedures and systems.</p> <p>General safety of staff, visitors and Museum resources.</p> <p>A policy workshop on policies was held. A Customer Care Workshop was presented for Msunduzi and Ncome Museums staff by Dr Kabanyane and various other training courses were attended by staff.</p> <p>Quarterly strategic plan reports were produced and submitted timeously.</p>

The Msunduzi Museum Incorporating the Voortrekker Complex in collaboration with the Department of Arts and Culture, KZN Department of Arts and Culture and Municipalities, promoted arts and culture in the Province of KwaZulu-Natal. The Museum hosted and funded a number of projects and programmes which were in line with the Museum's Strategic and Annual Performance plans. A number of outreach programmes have been conducted during the reporting period.

3. PERFORMANCE INFORMATION BY PROGRAMME

Strategic objectives, performance indicators, planned targets and actual achievements

3.1 PROGRAMME 1: ADMINISTRATION

Performance indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation From Planned Target To Actual Achievement For 2015/2016	Comment On Deviations
Programme Strategic Objective: To provide effective and efficient financial administration and corporate governance.					
Ensure full compliance with legislation and efficient resource utilization	Continued provision of efficient use of resources	4 Quarterly Reports and 1 Annual Report	4 Quarterly Reports and 1 Annual Report	N/A	N/A
Programme Strategic Objective: To maintain the Museum's information and computer systems and implement and monitor Risk Management processes and controls.					
To review and monitor IT Management and Risk Management processes and systems	<p>Risk Management assessments done and drafted a Framework and Policy.</p> <p>One review of IT policy done and drafted a Policy. External service provider checked the functionality of the server.</p> <p>No system failure reported</p>	4 Audit Committee minutes and 4 IT audit reports	4 Audit Committee Meetings and 1 Internal Audit Report	One internal Audit Report and not 4 IT Audit Reports were prepared	The IT audit report was incorrectly stated but the objective was achieved

Programme Strategic Objective: To promote safety within the Museums premises.					
To design and implement security measures and controls in order to ensure the safety of the Museum's premises, staff and visitors	Continued to ensure safety, however three incidents of theft reported.	8 Quarterly Meetings	7 Quarterly Meetings held	1 meeting not held	New contractors were being appointed
Programme Strategic Objective: To develop an efficient Human Resources Operational Plan					
To provide skills training that will ensure a highly skilled workforce		100% staff trained according to HR Operational Plan	100% staff trained according to HR Operational Plan	N/A	N/A
To assist Museum departments in executing performance management plans		1 Performance Management Workshop and 2 Performance Reviews	1 Performance Management Workshop and 2 Performance Reviews	N/A	N/A

3.2 PROGRAMME 2: BUSINESS DEVELOPMENT

Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015 / 2016	Actual Achievement 2015/2016	Deviation From Planned Target To Actual Achievement For 2015/2016	Comment On Deviations
Programme Strategic Objective: To develop and preserve the Museum collections that reflects the nation's diversity					
To Collect and document items collected according to International Museum Standards	Project was completed on target. Target of 2 trips exceeded	Carry out 2 collection trips / events	3 done (Jabulani and wire basket and beer pot)	One more trip was done	The collecting opportunity was identified and the target exceeded
To Collect and document items collected according to International Museum Standards	<p>Total Items inspected / cleaned Msunduzi: 637, Ncome:258. Reported monthly. Collection centre cleaned as per roster</p> <p>Security maintained, light, humidity & temperature controlled</p> <p>Fumigation was done for all 4 quarters. 2 additional fumigation of items undertaken</p> <p>2 checks were carried out by the SAPS</p> <p>13 forms were completed (ref label shelves, boxes and cup-boards)</p> <p>Attended in-house policy workshop and SAMA regional conference</p>	Inspect and treat items in storage and on exhibition (240: Msunduzi Museum, 220: Ncome Museum)	Items inspected/ cleaned/treated Msunduzi: 291 Ncome:283	114 more items were inspected / cleaned/ treated	Extra items required attention resulting in the target being exceeded

To Collect and document items collected according to International Museum Standards	Items accessioned and documented : Msunduzi: 81, Ncome: 4 TOTAL 85	Enter 48 new acquisitions into accession register, computer database, take digital images and add to storage lists	Msunduzi : 11 Ncome: 94 TOTAL:105 entered	57 extra acquisitions were entered	Staff were able to attend to more acquisitions than expected and the target was exceeded
To Collect and document items collected according to International Museum Standards	7 new loan agreements, 24 updated or returned loans	Enter into new loan agreements (in and outgoing) with other institutions and update existing loans (4 per annum)	5 loans updated 3 new loan agreements	4 more were done	The target was exceeded as more loans were returned
To Collect and document items collected according to International Museum Standards	30 requirements attended to	List, prepare and packing of items for exhibition/research 2 requirements per annum	6	4 more requirements were done	Additional requests were made and the target was exceeded
To Collect and document items collected according to International Museum Standards	Achieved. 5793 items were checked	Museum item stock take spot check carried out (50 items on exhibition and 50 items in storage). 1 report produced.	100 items checked, 1 report produced	N/A	N/A
Programme Strategic Objective: To promote social cohesion and nation building					
Organise public engagements in the form of conferences and talks.	Conference was held on 1 September 2014 Project completed : 1 library seminar/lecture was held Completed: Lecture held on 28 July 2014	Organise and host 1 conference at Ncome Museum Organise and host 3 talks	1 Conference held at Ncome Museum 2 lectures held: DCO Matiwane and Jabu Ndlovu A talk was presented at Library Week Event.	N/A	N/A

Programme Strategic Objective: Improve access to information					
Produce research material for publication or exhibitions	1 Publication (Pietermaritzburg Zulu sites) compiled with illustrations edited and approved	Research Umzinyathi district and its political history for 1 publication.	Text completed	N/A	N/A
	1 Publication compiled with illustrations edited and approved (Pietermaritzburg Freedom Route)	Research healing, song, dance and worship in the African Zionist Christian Churches (The Amabidiya Church, ZCC) for 1 exhibition.	Text completed		
Produce research material for publication or exhibitions	Material for the journal was collected, edited and half of the journal prepared. Project was completed on target (World Wars 1 & 2 research, text) Project (Learning from Leaders) was completed on target	Produce 1 Journal	Journal vol 5 compiled. Journal vol 6 compiled.	The text of one additional journal was compiled	The target was achieved with the two journals being compiled and edited as the review process was longer than expected
Produce research material for publication or exhibitions	Content for museum publication vol 2 was compiled	Produce 1 Museum Publication	Publication edited and finalized and handed over for design	Content for vol 2 and vol 3 have been combined and will be printed as one volume	To improve quality of publication
Provide library services during the week	86 items (36 books purchased, 19 donated, 2 DVD's donated, 1 DVD purchased, 3 CD's purchased, Grey literature donated: 25) 60 books and CD's catalogued	Purchase , catalogue and digitize 20 library materials	Purchased : 23, Donated :6 (Msunduzi). Purchased : 16, Donated:5 (Ncome) 29 materials catalogued (Msunduzi) 21 materials catalogued (Ncome)	11 Additional materials were donated 19 extra were purchased 30 additional items were catalogued	Donations were not anticipated Additional materials were required Additional items needed to be catalogued therefore the target was exceeded

Provide library services during the week	111 Newspaper cuttings filed in total for 2014/2015	Do newspaper cuttings of appropriate articles and file according to subject (88 per annum)	111 75 (Msunduzi) 36 (Ncome)	23 more cuttings were done	More relevant articles were identified therefore the target was exceeded
Provide library services during the week	4 fumigations, 1 stocktake was done. Cleaning was done weekly. 3 books repaired. 142 entries were made into the database – last database number: 4629 20 years of Democracy conference and seminar, Alan Paton Center lecture. Customer Care Workshop, In house policy workshop, Msunduzi Museum Library Lecture attended	Stock taking of library holdings – 1 annually. 1 Report produced	Stock check completed for Msunduzi and Ncome. 1 Report produced	N/A	N/A
Provide library services during the week	Msunduzi Assistance was provided to 428 non-staff users of the library of which 127 are internet café users Library users: Colleagues 159, Learners, Students & Adults 428. Returns and renewals 152, Videos 59. New acquisition circulars to staff: 9	Provide information to 400 visitors/learners/educators	889 (Msunduzi : 736; Ncome: 153 (including at Library events))	489 more visitors	Library events and the internet café attracted more visitors therefore the target was exceeded

Provide library services during the week		Celebrate Library Week and National Book Week	Library Week events were held at both Msunduzi and Ncome Museums Book Review Competition held for National Book week at Msunduzi	N/A	N/A
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3.3 PROGRAMME 3: PUBLIC ENGAGEMENT

SUB-PROGRAMME 1 : EXHIBITIONS					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015 / 2016	Actual Achievement 2015/2016	Deviation From Planned Target To Actual Achievement For 2015/2016	Comment On Deviations
Programme Strategic Objective: Present engaging exhibitions by interpreting and presenting the museums' collections to the benefit of visitors					
Design and install exhibitions based on research projects	Posters were printed and exhibition held (WW2)	Produce 1 exhibition	Completed and opened "Road to Democracy" exhibition : Phase 2 Design of exhibition panel completed	One additional exhibition component designed	A completely new exhibition could not be produced due to insufficient funding for new exhibitions
Programme Strategic Objective: Introduce the use of appropriate technology in museum exhibitions.					
To plan and have interactive elements installed in exhibitions		Plan and install audio-visual elements in the Church of the Vow	Installation of audio-visual elements completed	N/A	N/A
Programme Strategic Objective: Mount temporary exhibitions					
Plan and set up temporary exhibitions	Small temporary exhibition in museum foyer ("Learning from Leaders")	Mount 2 temporary exhibitions by 31 March 2016	Quilt exhibition Display at Bisley School Cartoon exhibition (PACSA)	One additional exhibition was held	The museum hosted the Cartoon exhibition presented by PACSA therefore the target was exceeded

Programme Strategic Objective: Develop marketing materials					
Design and have marketing materials printed	Marketing material produced for Ncome teacher's workshop, Women's Day, December 16 and Conference. Conference lanyards printed International Museums Day, Youth Day & Day of Reconciliation Human Rights Day and Conference programmes done.	Design and print 4 newsletters	2 x Newsletters designed, printed and distributed electronically 1 x Newsletter designed	1 Newsletter was not produced and 1 Newsletter was not distributed in March but was distributed in April 2016	Due to technical and design issues
Programme Strategic Objective: Make information and knowledge accessible					
Design and have publications printed	Publication designed (Zulu Sites) Brochure designed and printed for Ncome Prepared for printing and printed (Strategic Plan and Annual Performance Plan) Designed and printed (Annual Report) Publication designed	5 publications designed and printed	Library week: Poster, invitation & programme Library week competition pamphlet Human Rights Day invitation & programme Education Brochure Ncome Conference Programme, Posters, Invitation & Folder Annual Report Annual Performance Plan DCO Matiwane Invitation & programme Jabu Ndlovu Women's Day Invitation & programme Certificates for quilters and crafters December 16 th Poster	13 additional items were produced	Extra items were required for various events therefore the target was exceeded

PROGRAMME 3: PUBLIC ENGAGEMENT (CONTINUED)

SUB-PROGRAMME 2 : EDUCATION					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015 / 2016	Actual Achievement 2015/2016	Deviation From Planned Target To Actual Achievement For 2015/2016	Comment On Deviations
Programme Strategic Objective: To provide learner and teacher enrichment through educational service					
Revise and develop educational programmes and worksheets	Msunduzi 14 programmes and worksheets were revised Ncome 3 programmes and worksheets revised	Revise 3 educational programmes and 1 worksheet Develop 1 new educational programme and 1 worksheet	3 programmes and 1 worksheet revised (2 programmes Ncome, 1 programme and 1 worksheet Msunduzi) 1 programme and worksheet Ncome	N/A	N/A
Schools to be contacted / visited and educational programmes presented.	Msunduzi 112 presentations were done to visiting schools. Ncome 13 presentations were done Msunduzi: 84 schools visited Ncome : 108 schools visited Msunduzi 2 Holiday programmes held	Present 120 educational programmes. 150 schools to be contacted/visited 3 Holiday programmes to be offered	143 presented (33 Ncome; 92 Msunduzi) 203 contacted/visited (103 Ncome; 100 Msunduzi) 5 offered (2 Ncome; 3 Msunduzi)	23 extra presentations were made 53 extra contacts / visits were made 2 additional programmes offered	Extra schools booked therefore the target was exceeded Staff promoted the Passport Competition therefore the target was exceeded Community requested extra programmes therefore the target was exceeded

Educational Brochures to be distributed	Brochure was compiled and printed and 995 copies were distributed	180 Educational Brochures to be distributed	706 distributed (190 Msunduzi; 516 Ncome)	536 extra brochures were distributed	More brochures required for distribution during partnership events therefore the target was exceeded
Educational / Heritage institutions to be contacted	15 contacts were made in connection with various projects including International Museums Day and the Passport Competition	2 Contacts to be made with Educational / Heritage institutions and two teacher's workshops to be held in conjunction with DBE.	9 Contacts (6 Ncome; 3 Msunduzi) and 2 teachers workshops (1 Ncome; 1 Msunduzi)	7 additional contacts made	Events were more inclusive therefore the target was exceeded
Programme Strategic Objective: To conduct outreach programmes					
Facilitate skills development workshops	Msunduzi: 9 craft and 6 herbal workshops were held.	6 craft and 6 herbal workshops (Msunduzi Museum)	6 craft , 6 herbal workshops (Msunduzi Museum)	N/A	N/A
	Ncome: 4 craft workshops held (inclusive of bead workshop and grass mat workshop)	4 skills development workshops (Ncome Museum)	4 skills workshops (Ncome Museum)	N/A	N/A
Programme Strategic Objective: To commemorate National and International days to promote nation building and social cohesion through events					
Plan and organise the celebration of National and International Days	Msunduzi (9 events held) International Museums Day and Youth Day, Mandela Day, Women's Day and Heritage Day, Wellness Day, World Aids Day, Human Rights Day, Quilters Day	13 National and 1 International Day to be commemorated and 2 events.	13 National Days, 2 International Days, 2 Events (Msunduzi: 8) Human Rights Day; Quilters Day; Wellness Day; International Mandela Day; Women's Day; Heritage Day; International Museums Day; Youth Day	One additional day was commemorated	Staff initiative resulted in an additional commemorative day being held and therefore the target was exceeded

	Ncome (8 events held) Mandela Day, Mini comrades, schools debate, Kusinwa Kudedelwane, Reconciliation Day, Human Rights Day, Museum Talk Women's day		(Ncome: 7) Human Rights Day; International Mandela Day; Women's Day; Heritage Day; International Museums Day; Youth Day; Reconciliation Day 2 Events at Ncome: School Debate; Youth Parliament	N/A	N/A
Programme Strategic Objective: To Record, compile and report on visitor statistics for museum visits, projects and events					
Compile and produce reports on visitor statistics	Total visitors: <u>16922</u> Msunduzi Visitors : 6476 Events: 2621 Ncome Visitors: 2575 Events: 5250	18613	Total visitors: 20616 Msunduzi 11707 Ncome: 8909	2003 additional visitors	More people attended the museum events therefore the target was exceeded

Strategy to overcome areas of under-performance

In instances where targets have not been fully achieved, it was due to circumstances beyond the Museum's control. The circumstances are of a non-repetitive nature. As a result there is no need to make structural adjustments.

Changes to planned targets

No changes to planned targets were made.

Linking performance with budgets

	2015/2016			2014/2015		
Sub- Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Administration	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	4,181	4,169	12	3,791	3,828	-37
Goods and services	3,514	5,076	-1,562	3,704	3,510	194
Total	7,695	9,245	-1,550	7,495	7,338	157

	2015/2016			2014/2015		
Sub-Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Public Engagement	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	2,132	3,177	-1,045	3,086	3,116	-30
Goods and services	381	405	-24	357	338	19
Total	2,513	3,582	-1,069	3,443	3,454	-11

	2015/2016			2014/2015		
Sub- Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Business development	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	3,755	2,581	1,174	1,939	1,958	-19
Goods and services	204	252	-48	87	82	5
Total	3,959	2,833	1,126	2,026	2,040	-14

	2015/2016			2014/2015		
Sub- Programme	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
Total by Expense Items	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	10,068	9,927	141	8,816	8,902	-86
Goods and services	4,099	5,733	-1,634	4,148	3,930	218
Total	14,167	15,660	-1,493	12,964	12,832	132

4. SUMMARY OF FINANCIAL INFORMATION

4.1 Revenue Collection

	2015/2016			2014/2015		
Sources of revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Entrance fees	17	15	-2	16	15	-1
Rent	186	179	-7	117	128	11
Curio shop	48	36	-12	46	47	1
Parking fees	136	124	-12	120	121	1
Investment income	560	139	-421	471	805	334
Other income	21	24	-3	13	6	-7
Grant subsidy	12,484	12,484	0	11,935	11,935	0
Deferred income	116	116	0	1,295	1,295	0
Other grants (Municipal charges)	706	706	-	0	0	0
Reserves	715	-	-	0	0	0
Sale of assets	-	-	-	0	1	1
Insurance claims	0	27	27	0	18	18
Relocation Cost Recoveries	0	41	41	-	-	-
Total	14,989	13,891	-1,098	14,013	14,371	358

The Msunduzi and Ncome Museums collected **R378 000** through the sale of goods and services other than capital assets and interest earned. This is against a background that the baseline allocation is inadequate to support the Museum's operations. The current reserves are dwindling at a fast pace.

Summary of payments by sub-programme

	2015/2016			2014/2015		
Sub-Programmes	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	7,695	9,245	-1,550	7,495	7,338	157
Public Engagement	2,513	3,582	-1,069	3,443	3,454	-11
Business development	3,959	2,833	1,126	2,026	2,040	-14
Total	14,167	15,660	-1,493	12,964	12,832	132

Disposals

There were no disposals during the year.

Asset Register (Movable Assets)

The Cultural Institutions have continuously maintained their Asset Registers and added new acquisitions as and when a need arises. It is our view that the closing carrying values fairly reflect the prevailing market values.

Maintenance of Immovable Assets

Since the Immovable assets are under the care and maintenance of the Department of Public Works, it remains a challenge to regularly service these buildings as they are old.

PART C

GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, 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. PORTFOLIO COMMITTEES

- The Portfolio Committee on Arts and Culture together with the Portfolio Committee on Tourism toured the Ncome site as part of their touring of the province. During their visit the issue of the closure of the Reconciliation Bridge and the poor quality of the road were discussed.
- The Portfolio Committee on Arts and Culture invited the Museum Council and Management to Parliament in February 2016 for a discussion around the closure of the Reconciliation Bridge. The Department and the Entity were advised by the Portfolio Committee to set up a Steering Committee that was going to provide progress reports to Parliament.

3. EXECUTIVE AUTHORITY

Four Quarterly reports and the Annual Performance Plan and the Strategic Plan were submitted to the DAC. Adjustments had to be made on the targets to make them SMART.

4. THE ACCOUNTING AUTHORITY/COUNCIL

Introduction

The Council is appointed in terms of the Cultural Institutions Act, and provides an oversight supervision of the institution.

The role of the Council is as follows:

- 1.1.1 To formulate policies.
- 1.1.2 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.
- 1.1.3 To receive, hold, preserve and safeguard all specimens, collections or other movable property placed under its care and management under section 10(1).
- 1.1.4 To raise funds for the institution;
- 1.1.5 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
- 1.1.6 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.
- 1.1.7 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.

COMPOSITION OF THE COUNCIL

Name	Designation (in terms of the Public Entity – Board structures	Date appointed	Date of termin- ation of council members hip	Qualific- ations	Area of expertise	Board Director -ship (list entities)	Other Committees	No of meetings scheduled	No of meet- ings attend- ed
Prof S P Lekgoathi	Chairperson	01/12/2014	N/A	PhD	History	None	Audit Committee, Human Resource Committee, & Core Functions Committee	4	3
								3	2
								1	1
Ms C Mngomezulu	Deputy Chairperson	01/12/ 2014	N/A		Managem ent and marketing	None	Human Resource Committee	3	1
Mr D Mangena	Member	01/12/2014	N/A	LLB	Law	None	Audit Committee	4	2
Ms L Marais- Botes	Member	01/12/2014	N/A		Heritage	None	Human Resource Committee	3	3
Dr S Kabanyane	Member	01/12/2014	N/A	PhD	Science and Managem ent	None	Audit and Human Resource Committees	4	2
								3	2
Dr CJ Buthelezi	Member	01/12/2014	Dec 2015	PhD	History	None	Core Functions Committee	4	1
Dr M P Sithole	Member	01/12/2014	N/A	PhD	Anthropol- ogy	None	Core Functions Committee	4	1
Mr T Kubheka	Member	28/08/2015	N/A	N. Dip Acc	Account- ing	None	Audit Committee	4	2

COMMITTEES: HUMAN RESOURCES

Committee	No of meetings scheduled	No of meetings attended	No of members	Names of members
Human Resource Committee	3	1	4	Ms China Mngomezulu
		2		Dr S Kabanyane
		3		Ms L Marais-Botes
		2		Prof SP Lekgoathi (Ex-officio)
Total	3	8	4	

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 C2 of the said directive. Council remuneration per each attendance was as follows:

Chairperson's meeting fee for the year ended 31 March 2015 was R2, 016

Vice Chairperson's meeting fee for the year ended 31 March 2015 was R1, 216

Member's meeting fee for the year ended 31 March 2015 was R1, 080

Name	Remuneration (meeting fee) R' 000	Other allowances R'000	Other re- imbursements R'000	Total R' 000
Prof SP Lekgoathi	15	-	1	16
Ms C Mngomezulu	3	-	-	3
Dr S Kabanyane	-	-	-	-
Prof P Sithole	9	-	14	23
Dr CJ Buthelezi	-	-	-	-
Ms L Marais-Botes	8	-	3	11
Mr D Mangena	4	-	-	4
New Council members 2015				
Mr T Kubheka	8	-	2	10
Total	48	-	20	67

5. RISK MANAGEMENT

Risks are grouped into categories, namely:

- a) Building
- b) Security
- c) Information technology
- d) Collection
- e) Procurement
- f) Financial
- g) Payroll

We have developed a new risk management register to effectively manage risks.

6. 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, which its tasks will be explained in the following heading. However the administration unit continues to install relevant internal controls and continuous assessment of accounting and relevant internal controls is done by this unit.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

- Key activities and objectives of the Internal Audit firm is to assess the effectiveness of the areas listed below:
 - i) Acquisitions and Procurement policy
 - ii) Payroll
 - iii) Bank, creditors and payroll reconciliations
 - iv) Subsistence and travel allowances
 - v) Investment register
 - vi) Strategic plans
 - vii) Accuracy of the financial information submitted to the DAC and to Council.
- Key activities and objectives of the Audit committee are:
 - i) To provide assurance that the Museums comply with relevant laws and regulations.
 - ii) To provide assurance on the effective delivery of quality service in an efficient, transparent and economical manner.
 - iii) To review the work performed by the Internal Audit firm.
 - iv) To recommend and review accounting policies.
 - v) To provide assurance on the accuracy of financial information submitted to Council.
 - vi) To advise Council on the current status of the finances and make recommendations, where necessary.
 - vii) To review the AFS submitted to the Auditor-General for statutory audit.

The table below discloses relevant information on the audit committee members:

Name	Qualification	Internal or External	If internal, position in the public entity	Date appointed	Date resigned	No of meetings scheduled	No of meetings attended
Prof B Stobie	M.Acc , CA(SA)	External	N/A	2008-05-29	N/A	4	3
Mr A Jordaan	MBA	External	N/A	2010-02-19	N/A	4	3
Dr P Green	PhD	External	N/A	2010-02-19	N/A	4	3
Mr T Kubheka	N. Dip Acc	Internal	Council member	2015-08-28	N/A	4	2
Mr D Mangena	LLB	Internal	Council member	2011-05-01	N/A	4	2
Prof SP Lekgoathi	PhD	Internal	Council member	01/12/2014	N/A	4	2
Dr S Kabanyane	PhD	Internal	Council member	01/12/2014	N/A	4	2

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Museums have tried to comply with National Treasury prescripts and regulations with specific reference to supply chain management and annual financial statements specimen. Their officials have attended some of the conferences organised by the DAC and National Treasury.

9. FRAUD AND CORRUPTION

Every year staff is work-shopped on this policy and the importance to report untoward, fraudulent and corrupt activities to relevant officials and to the fraud hotline number.

10. 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.

11. CODE OF CONDUCT

The Museums developed and implemented the Code of Conduct policy which enforces good behavioural attributes of staff.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

There were no significant incidents during the year.

13. SOCIAL RESPONSIBILITY

The Museums have contributed in a variety of ways:

- National days have been commemorated and on those occasions community participation has been encouraged.
- To grow heritage awareness and increase traditional craft and other skills the Museums offers a variety of skills workshops throughout the year.
- To contribute to the development of the youth, relevant educational programmes are offered to learners.

14. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

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

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

- i) Review of Policies (SCM, Fixed Asset, Investment, IT, Risk, Performance Information, Collections, Audit Committee Charter)
- ii) Payroll
- iii) Bank, creditors and payroll reconciliations
- iv) Investment register
- v) Review of Risk Management Plan
- vi) Review of Audit Implementation Plan
- vii) Accuracy of the financial information submitted to the DAC and to Council.

The following were areas of concern:

- Decline in the entities reserves due to insufficient funding.

In-Year Management and Monthly/Quarterly Report

The public entities have been reporting monthly and quarterly to the Treasury as is required by the PFMA.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the public entities.

Members

Information on the members of the Audit Committee appears on page 34 of the Annual Report.

Auditor's Report

We have reviewed the entities implementation plans for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

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



Professor Bruce Stobie
Chairperson of the Audit Committee
Msunduzi Museum Incorporation the Voortrekker Complex
18 July 2016

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Overview of HR matters at the Museum

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

1. Formal workshops and training attended:

Workshops/training attended	Managers	Staff
Wood & Furniture conservation		1
Wood & Beadwork	1	1
Advanced Certificate in Teaching	1	
Bachelor of Education Degree		1
Barcoding	1	3
Cultural Site Guide		3
Computer Software	1	1
First Aid Course		7

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

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

During the reporting period, the entities had a comprehensive report dealing with the development of an effective and efficient organisational structure. Job evaluation and Salary benchmarking was conducted on the following posts:-

- General Assistants
- Outreach Officer
- Receptionist

Due to shortage of funds, no adjustments were made as indicated in the report.

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

The museum has over the last reporting period experienced a number of resignations by skilled and professional staff. Findings concluded that it was due to salary package that the entity is providing. It is not able to attract and retain skilled staff.

Employee performance management framework

During the reporting period, staff of the entities had performance reviews. After moderations, no staff members were awarded for outstanding performance as indicated in the performance management system and policy of the entity.

Employee wellness programmes

In collaboration with the health institutions the entity organised a wellness day. Community members supported this initiative and came in numbers.

Policy development

The entity reviewed/developed the following policies which were approved by the Council for implementation:

- SCM Policy
- Fixed Asset Policy
- Investment Policy
- IT Policy
- Performance information Policy
- Risk Management Policy
- Collection Policy

Challenges faced by the Museums

During the reporting the entities were faced with financial constraints and high staff turnover rate which affected their human capital resources.

Future HR plans / goals

Plan for the entity is to benchmark all posts, develop a leave policy and review policies that are due for review and give to Council to approve.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by programme: permanent staff

Programme	Total Expenditure for the Museum (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	15,660	4,169	26,62%	21	199
Public Engagement		3,177	20,29%	13	244
Business development		2,581	16,48%	7	367
Total	15,660	9,927	63,39%	41	242

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 exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	15,660	107	0.68%	20	5
Public Engagement		47	0.30%	3	16
Business development		13	0.08%	3	4
Total	15,660	167	1.07%	26	6

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	9,927	17.345%	3	574
Senior Management		20.27%	5	203
Professional qualified		9.12%	2	453
Skilled		40.73%	20	202
Semi-skilled		11.66%	11	105
Total	9,927		41	242

Performance rewards

Programme	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Total	0	0	0

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 per employee
Administration	9,927	45	0.45%	2	1
Public Engagement				5	4
Business Development				4	1
Total	9,927			11	3

Employment and vacancies

Programme	2013/2014 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of vacancies
Administration	22	30	20	10	33%
Public Engagement	8	16	13	3	18.75%
Business development	10	14	7	7	50%
Total	40	60	40	20	33.33%

Employment and vacancies

Programme	2012/2014 No. of Employees	2014/2015 Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies	% of vacancies
Top Management	3	4	2	2	50%
Senior Management	4	6	5	1	16.66%
Professional qualified	3	5	2	1	20%
Skilled	17	30	18	9	30%
Semi-skilled	13	15	13	7	46.67%
Total	40	60	40	20	33.33%

Employment changes

Provide information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile of the public entity.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	2	1	2
Senior Management	4	1	0	5
Professional qualified	3	0	1	2
Skilled	17	2	1	18
Semi-skilled	13	0	0	13
Total	40	5	2	40

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	2	100%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	2	100%

- Staff left because they have found better paying jobs elsewhere.
- The museum advertised the posts while placing staff members in acting positions.
- The museum hired casual staff on a contract basis.
- The museum has also hired interns on a contract basis to address workload capacity.

Labour relations: misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	2
Written Warning	0
Final Written warning	0
Dismissal	0
Total	2

Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	1	1
Senior Management	0	0	0	0	0	0	1	1
Professional qualified	1	1	0	0	0	0	0	0
Skilled	9	9	0	0	1	1	0	0
Semi-skilled	7	7	0	0	1	1	0	0
Total	18	18	0	0	2	2	2	2

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	3	3	0	0	0	0	1	1
Professional qualified	1	1	0	0	0	0	0	0
Skilled	5	5	2	2	0	0	1	1
Semi-skilled	6	6	0	0	0	0	0	0
Total	15	15	2	2	0	0	2	2

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	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
Total	0	0	0	0

Other Human Resource Statistics

Job Evaluation

Number of Posts evaluated	Outcomes	Narrative
4	The outcome of evaluation and benchmarking was unchanged due to financial constraints and therefore the jobs remained in the same levels which were level 6.	Evaluation and benchmarking was done from information collected from the Job Descriptions or Job Information Summary, the job holders as well as institutions of similar nature.

Promotions and Injury on Duty

One staff member was promoted.

Utilization of Leave

The Cultural Institution follows a practice of forfeiting leave in the event it is not used after eighteen months of the new cycle. The table below summarizes the number of staff due to take leave before 30 June 2015 otherwise leave accumulated is forfeited.

ITEM	NUMBER OF STAFF	PERCENTAGE
Number of staff less than 5 days to take leave	4	10%
Number of staff more than 5 days to take leave	24	60%
Number of staff not eligible to take accrued leave	12	30%
Total	40	100%

PART E

FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON MSUNDUZI MUSEUM (INCORPORATING THE VOORTREKKER COMPLEX)

Report of the auditor-general to Parliament on Msunduzi Museum (Incorporating the Voortrekker Complex)

Report on the financial statements

Introduction

1. I have audited the consolidated and separate financial statements of the Msunduzi Museum (Incorporating the Voortrekker Complex) set out on pages 50 to 78, which comprise the consolidated and separate statement of financial position as at 31 March 2016, the consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

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

Basis for qualified opinion

Heritage Assets

6. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for heritage assets in the current year, due to the valuation of heritage assets not being conducted. I was unable to confirm the heritage assets by alternative means. Consequently, I was unable to determine whether any adjustment to the financial statements was necessary.

Qualified opinion

7. In my opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Msunduzi Museum (Incorporating the Voortrekker Complex) as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

8. I draw attention to the matter below.

Restatement of corresponding figures

9. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the financial statements of the Msunduzi Museum (Incorporating the Voortrekker Complex) at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for programme 1 – administration on pages 15 to 16, programme 2 – business development on pages 17 to 21 and programme 3 – public engagement on pages 21 to 25 presented in the annual performance report of the entity for the year ended 31 March 2016:
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance

information for the selected programmes.

Additional matters

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

16. Refer to the annual performance report on pages 13 to 25 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of administration, business development and public engagement. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements

19. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and, but the supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure Management

20. Effective steps were not taken to prevent irregular expenditure, amounting to R194 129 as disclosed in note 25 of the AFS, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation (TR) 9.1.1.

Procurement and contract management

21. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by TR 16A6.1.

Internal control

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

Leadership

23. Notwithstanding the accounting authority's oversight and monitoring, there were still inadequacies that resulted in a qualified opinion on heritage assets and non-compliance with laws and regulations relating to expenditure management, procurement and contract management and annual financial statements.

Financial and performance management

24. Systems and controls were not adequately designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the accounting authority did not ensure that regular, accurate and complete financial and performance reports were prepared, which were supported and evidenced by reliable information. This resulted to the material corrections in financial statements and annual performance report.

Auditor-General

Pietermaritzburg

29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

**Msunduzi Museum
Incorporating the Voortrekker Complex**

**Consolidated Annual Financial Statements
*for the year ended 31 March 2016***

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
31 March 2016

CONTENTS	PAGE
Approval of the annual financial statements	51
Council members	52
Statement of financial position	53
Statement of financial performance	54 - 56
Statement of changes in net assets	57
Cash flow statement	58
Notes to the cash flow statement	59
Notes to the annual financial statements	60 - 78

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2016, set out on pages 50 to 78 were approved by the Council and are signed on its behalf by:



Professor SP Lekgoathi
Chairperson

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
31 March 2016

Director for the period

Dr M Ngubane

Council Members for the period

Prof SP Lekgoathi (Chairperson)
Ms N Mngomezulu (Deputy chairperson)
Dr J Buthelezi (Late)
Mr D Mangena
Dr S Kabanyane
Mr T Kubheka
Ms L Marais-Botes
Prof MP Sithole

Audit committee

Prof B Stobie (Chairperson)
Dr P Green
Mr A Jordan
Prof SP Lekgoathi
Mr D Mangena
Dr S Kabanyane
Mr T Kubheka

Bankers

ABSA Bank

Auditors

Auditor General

Registered office

P O Box 998, Pietermaritzburg, 3200
Msunduzi Museum Building
351 Langalibalele Street, Pietermaritzburg, 3201

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

		2016	Restated
	Notes	R	2015
			R
ASSETS			
<i>Non-current assets</i>		3 252 006	3 964 338
Plant and equipment	2	3 238 001	3 951 658
Intangibles	3	14 005	12 680
<i>Current assets</i>		14 197 494	3 706 081
Accounts receivable and prepaid expenses	4	87 087	57 043
Inventory	5	90 123	74 092
Investments	6	2 503 861	2 436 334
Cash and cash equivalents	7	11 516 423	1 138 612
<i>Total assets</i>		<u>17 449 500</u>	<u>7 670 419</u>
FUNDS AND LIABILITIES			
<i>Funds</i>			
Accumulated surplus		4 287 087	6 056 776
<i>Current liabilities</i>		13 162 413	1 613 643
Accounts payable and advance deposits	8	802 923	261 646
Leave pay accrual	9	440 998	361 190
Bonus and performance awards accrual	10	317 658	293 589
Deferred income	11	11 600 834	697 218
<i>Total funds and liabilities</i>		<u>17 449 500</u>	<u>7 670 419</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2016

		2016	2015	2016
	Notes	R	R	Budget
				R
CURIO SHOP SALES	12	36 323	47 422	48 945
OTHER INCOME		13 854 354	14 322 166	14 118 464
Donations received		3 372	1 809	1 607
Entrance fees		15 397	15 063	16 500
Income from investments		139 092	183 965	159 954
Increase in the market value of investments		-	620 982	399 713
Insurance claims		26 550	18 000	-
Internet income		2 040	2 648	5 000
Other income		18 234	1 261	14 636
Parking income		123 530	120 992	136 100
Re-location recoveries		41 048	-	-
Rent received		179 200	127 800	185 700
Revenue from Non-exchange transactions	13	13 305 891	13 229 646	13 199 254
TOTAL INCOME		13 890 677	14 369 588	14 167 409
EXPENDITURE		(15 660 366)	(13 603 067)	(14 167 409)
Bonus	10	24 069	51 179	-
Cost of sales	12	21 325	32 334	37 500
Decrease in the market value of investments		19 445	-	-
Depreciation and amortisation	2/3	932 218	641 933	-
Leave pay	9	79 808	13 456	76 802
Loss on property, plant and equipment written off		-	31 505	-
Operating expenditure (refer pages 56)		14 583 501	12 832 660	14 036 707
Provision for Performance awards		-	-	16 400
(DEFICIT)/ SURPLUS FOR THE YEAR		(1 769 689)	766 521	-

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)
for the year ended 31 March 2016

	Notes	2016	2015	2016
		R	R	Budget
				R
OPERATING EXPENDITURE				
Accounting fees		182 453	184 268	185 000
Advertising and marketing		125 437	167 102	102 000
Advisory and administration fees		20 847	9 632	20 844
Audit committee expenses	14.1	38 436	32 412	36 780
Audit remuneration		552 586	478 449	514 707
Bank charges		37 999	41 276	40 000
Cleaning materials		51 929	45 955	52 000
Computer expenses		73 444	71 900	89 400
Casual labour		167 394	250 733	229 229
Conferences		16 016	16 715	16 016
Conference : courageous conversation		189 000	15 494	189 000
Conservation and collection		3 257	7 879	7 500
Education and outreach		196 323	190 187	206 856
Entertainment		33 207	42 048	23 000
Equipment expenses (less than capital threshold)		244	32 639	113 200
Exhibition openings		12 243	27	12 243
Functions (Living Heritage)		132 184	149 132	144 200
Furniture (less than capital threshold)		4 817	15 143	10 000
Honoraria	14.2	61 076	55 835	72 807
Insurance		156 788	131 304	162 000
Interior décor and display		543	11 874	543
Internal audit function		97 973	144 649	107 832
Job evaluation		7 525	3 800	8 000
Legal expenses		-	24 142	10 000
Library books		6 258	7 540	7 900
Lights and water		36 476	20 548	27 000
Municipal charges		705 508	-	-
National Lottery Projects		8 665	48 315	-
Photocopier rental		62 982	95 692	90 000
Postage		6 291	6 507	6 306
Printing and stationery		100 070	99 672	100 500
Repairs and maintenance		165 384	192 127	148 000
Repairs and maintenance (sponsored projects)		-	68 650	-
SARS interest and penalties		79	-	-
Security		350 312	344 920	366 556
Staff expenditure	15	9 926 711	8 902 260	9 966 510
Staff training		45 338	47 571	55 000
Subscriptions		31 544	33 034	32 350
Subsistence allowance		18 334	18 371	19 585
Sundries		7 679	13 889	8 110
Signage		4 734	7 547	7 000
Telephone and fax (less recoveries)		226 116	184 888	226 438
Travel and accommodation (Council costs)		147 345	158 497	143 057
Travel and motor vehicle expenses		497 970	424 365	445 238

Uniforms	24 661	22 107	25 000
Valuation costs	28 420	-	-
Workmen's Compensation	20 903	13 565	9 000
TOTAL OPERATING EXPENDITURE (see page 54)	14 583 501	-	14 036 707

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2016

	ACCUMULATED SURPLUS R	TOTAL R
Balance at 01 April 2014	4 878 654	4 878 654
Surplus for the year	766 521	766 521
Balance at 31 March 2015	<hr/> 5 645 175	<hr/> 5 645 175
Correction of error (Note 29)	411 601	411 601
Restated balance at 31 March 2015	<hr/> 6 056 776	<hr/> 6 056 776
Deficit for the year	(1 769 689)	(1 769 689)
Balance at 31 March 2016	<hr/> <hr/> 4 287 087	<hr/> <hr/> 4 287 087

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2016

	Note	2016	2015
		R	R
Net cash retained in/(utilised by)/ operating activities			
Receipts			
Transfers and subsidies		24 209 508	11 935 000
Sale of goods and services		<u>701 169</u>	<u>334 995</u>
		24 910 677	12 269 995
Payments			
Cash paid to suppliers and employees		(14 384 545)	(12 171 565)
Cash generated by operating activities	A	<u>10 526 132</u>	<u>98 430</u>
Interest received		139 092	183 965
		<u>10 665 224</u>	<u>282 395</u>
Cash flow from investing activities			
Additions to property, plant, equipment and intangibles		(219 886)	(1 432 631)
Increase in investments		(67 527)	(704 962)
		<u>(287 413)</u>	<u>(2 137 593)</u>
Net increase / (decrease) in cash and cash equivalents		10 377 812	(1 855 198)
Cash and cash equivalents at the beginning of the year		1 138 612	2 993 810
Cash and cash equivalents at the end of the year	B	<u><u>11 516 424</u></u>	<u><u>1 138 612</u></u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 March 2016

	2016	2015
	R	R
Note A		
Reconciliation of surplus to cash flows from operations		
Surplus / (Deficit) for the year	(1 769 689)	766 521
Adjustments for :		
Depreciation	932 218	641 933
Interest received	(139 092)	(183 965)
Loss on sale of assets	-	31 505
Increase in leave pay accrual	79 808	13 456
Increase in bonus accrual	24 069	51 179
Operating surplus / (deficit) before working capital changes	(872 686)	1 320 629
Working capital changes		
(Increase) in trade and other receivables	(30 044)	(37 862)
(Increase) in inventory	(16 031)	(8 059)
(Decrease)/Increase in deferred income	10 903 616	(1 294 646)
Increase in trade and other payables	541 277	118 368
Cash generated from operations	<u>10 526 132</u>	<u>98 430</u>

Note B
Cash and cash equivalents

Nedbank Money Market	351 910	339 656
ABSA 32 Day Notice	78 128	188 026
ABSA Call Account	68 610	225 644
Cash on hand	312	98
ABSA Current Account	11 014 058	378 966
ABSA Savings Account	443	1 597
ABSA Heritage Trust Current Account	2 962	4 625
	<u>11 516 423</u>	<u>1 138 612</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

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) 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, except for financial instruments that have been measured at fair value. Standards of GRAP approved by the Accounting Standards Board and applicable to the Cultural Institution.

GRAP 1 Presentation of financial statements
GRAP 2 Cash flow statements
GRAP 3 Accounting policies, changes in accounting estimates and errors
GRAP 6 Consolidated financial statements and accounting for controlled entities
GRAP 9 Revenue from exchange transactions
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events after the reporting date
GRAP 17 Property, plant and equipment
GRAP 19 Provisions, contingent liabilities and contingent assets
GRAP 23 Revenue from Non-exchange Transactions
GRAP 24 Presentation of Budget Information
GRAP 25 Employee Benefits
GRAP 31 Intangible Assets
GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
GRAP 103 Heritage Assets (See Note 26)
GRAP 104 Financial Instruments
GRAP 105 Transfer of Functions Between Entities Under Common Control

GRAP standards approved but not yet effective:

GRAP 20 Related Party Disclosures
GRAP 32 Service Concession Arrangements: Grantor
GRAP 108 Statutory Receivables
GRAP 109 Accounting by Principals and Agents

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.1 Basis of preparation (continued)

The following statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board are issued but not applicable to the Cultural Institution:

GRAP 4 The effects of changes in foreign exchange rates
GRAP 5 Borrowings
GRAP 7 Accounting for investment in associates
GRAP 8 Financial reporting of interests in joint ventures
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 16 Investment Property
GRAP 27 Agriculture
GRAP 21 Impairment of Non-cash-generating Assets
GRAP 18 Segment Reporting
GRAP 106 Transfer of Functions between Entities Not Under Common Control
GRAP 107 Mergers

1.2 Property, plant and equipment and intangibles

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is written off on a straight-line method using rates deemed to be suitable for writing off the property, plant and equipment over their expected economic life. 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 should be componentised and depreciated separately if parts of an asset have significantly different estimated useful lives.

Depreciation

Assets are depreciated over the following periods, according to the straight line method:

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

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.2 Property, plant and equipment and intangibles (continued)

Intangible Assets

Intangible assets are shown at cost less accumulated depreciation and impairment losses. The management of the Cultural Institution assesses the carrying value of each intangible asset annually and revisions are made when it is considered necessary. Intangible assets relates to licences to software to be used by the Cultural Institution 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. The amortization is calculated on the straight line method to write-off the cost of intangible assets over their estimated useful lives as follows:

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

1.3 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.

1.4 Investments

Investments with banks and institutions including money market are reflected at cost including interest capitalised to the investment.

In the case of the investment in Collective Investments, the book value of the investment at 31 March 2016 represents the market value of the investment as at that date.

1.5 Financial Instruments

Financial instruments are initially measured at cost, which includes transaction costs.

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

Trade and other receivables

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

Trade and other payables

Trade and other payables are measured at cost

Cash and cash equivalents

Cash and cash equivalents are measured at fair value

Listed Investments

Listed investments are accounted for as available-for-sale financial instruments, recorded at fair value with any gains or losses arising from a change in the fair value of a financial asset measured at fair value being recognised in surplus or deficit.

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 Revenue

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.

1.8 Revenue Recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

1.9 Interest

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.

1.10 Irregular and fruitless and wasteful expenditure

Irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.11 Provisions

Provisions 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.

1.12 Retirement Benefits

The Cultural Institution 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.

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

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.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of plant, furniture and equipment and intangibles

The Cultural Institution reviews the estimated useful lives of property, plant and equipment and intangibles at the end of each annual reporting period.

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.

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 2015 to 31 March 2016. The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of financial performance.

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.17 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the control of the Minister of Arts and Culture are considered to be related parties.

Management are those responsible for planning, directing and controlling the activities of the entity, including those charged with governance of the entity in accordance with the legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. The entity applies IPSAS20 for related parties in the absence of an effective GRAP standard.

2. Plant and equipment

	Equipment	Computer	Furniture &	Motor	Total
	R	Equipment	Fittings	Vehicles	R
	R	R	R	R	
Year ended 31 March 2016					
Opening carrying amount	2 213 667	213 706	1 244 286	279 999	3 951 658
Gross carrying amount	4 432 091	603 334	1 772 435	651 892	7 459 752
Accumulated depreciation	(2 218 424)	(389 628)	(528 149)	(371 893)	(3 508 094)
Additions	55 955	160 876	3 055	-	219 886
Depreciation	(488 345)	(104 834)	(255 988)	(70 000)	(919 168)
Reclassification	-	(14 376)	-	-	(14 376)
Closing carrying amount	1 781 277	255 372	991 353	209 999	3 238 001
Gross carrying amount	4 488 046	712 098	1 775 490	651 892	7 627 526
Accumulated depreciation	(2 706 769)	(456 726)	(784 137)	(441 893)	(4 389 525)

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

2. Plant and equipment (continued)

	Equipment R	Computer Equipment R	Furniture & Fittings R	Motor Vehicles R	Total R
Year ended 31 March 2015					
Opening carrying amount	1 682 158	178 510	440 245	488 076	2 788 989
Gross carrying amount	1 709 373	305 661	447 152	488 076	2 950 262
Accumulated depreciation	(27 215)	(127 151)	(6 907)	-	(161 273)
Additions	427 633	28 401	969 664	-	1 425 698
Disposals	(44 809)	(137 751)	(10 218)	-	(192 778)
Depreciation	(342 893)	(61 538)	(136 308)	(97 615)	(638 354)
Accumulated depreciation written-off	27 215	127 151	6 907	-	161 273
Correction of error (Note 29)					
Cost re-stated	2 339 894	407 023	365 837	163 816	3 276 570
Accumulated depreciation re-stated	(1 875 531)	(328 090)	(391 841)	(274 278)	(2 869 740)
Closing carrying amount	2 213 667	213 706	1 244 286	279 999	3 951 658
Gross carrying amount	4 432 091	603 334	1 772 435	651 892	7 459 752
Accumulated depreciation	(2 218 424)	(389 628)	(528 149)	(371 893)	(3 508 094)

No assets have been pledged as security.

	2016 R	2015 R
3. Intangibles		
Net carrying amount at the beginning of the year	12 680	4 555
Gross carrying amount	55 917	4 555
Accumulated amortisation	(43 237)	-
Additions	-	6 933
Amortisation	(13 051)	(3 579)
Correction of error (Note 29)		
Cost re-stated	-	44 429
Accumulated depreciation re-stated	-	(39 658)
Correction of error (Note 29)		
Reclassification	14 376	-
Net carrying amount at the end of the year	14 005	12 680
Gross carrying amount	108 029	55 917
Accumulated amortisation	(94 024)	(43 237)

The amortisation charge is included with the depreciation charge in Note 2 for disclosure purposes in the Statement of Financial Performance.

4. Accounts receivable and prepaid expenses

Sundry debtors	87 087	56 184
Prepaid expenses	-	859
	<u>87 087</u>	<u>57 043</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016 R	2015 R
5. Inventory		
Comprised of goods for sale	<u>90 123</u>	<u>74 092</u>
6. Collective investments		
Standard Bank Property Income Fund	<u>2 503 861</u>	<u>2 436 334</u>
7. Cash and cash equivalents		
Nedbank Money Market	351 910	339 656
ABSA 32 Day Notice	78 128	188 026
ABSA Call Account	68 610	225 644
Cash on hand	312	98
ABSA Current Account	11 014 058	378 966
ABSA Savings Account	443	1 597
ABSA Heritage Trust Current Account	2 962	4 625
	<u>11 516 423</u>	<u>1 138 612</u>
8. Accounts payable and advance deposits		
Accounts payable	754 023	235 146
Advance deposits	48 900	26 500
	<u>802 923</u>	<u>261 646</u>
9. Leave pay accrual		
Balance at the beginning of the year	361 190	347 734
Increase	79 808	13 456
Balance at the end of the year	<u>440 998</u>	<u>361 190</u>
10. Bonus and performance awards accrual		
Bonus Accrual		
Balance at the beginning of the year	277 589	226 410
Increase	<u>24 069</u>	<u>51 179</u>
Balance at the end of the year	301 658	277 589
Performance awards accrual		
Balance at the beginning of the year	16 000	16 000
Balance at the end of the year	<u>16 000</u>	<u>16 000</u>
Total bonus and performance awards accrual	<u>317 658</u>	<u>293 589</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

11. Deferred income : Grants

	Ncome R	Msunduzi R	Total R
Transformation grants			
Year ended 31 March 2016			
Unexpended at the beginning of the year	33 121	-	33 121
Expended	-	-	-
Unexpended at the end of the year	<u>33 121</u>	<u>-</u>	<u>33 121</u>

Year ended 31 March 2015			
Unexpended at the beginning of the year	33 121	-	33 121
Expended	-	-	-
Unexpended at the end of the year	<u>33 121</u>	<u>-</u>	<u>33 121</u>

National lottery grant

Year ended 31 March 2016			
Unexpended at beginning of the year	196 506	295 875	492 381
Further funding received	1 020 000	-	1 020 000
Expended	-	(8 666)	(8 666)
Unexpended at end of the year	<u>1 216 506</u>	<u>287 209</u>	<u>1 503 715</u>

Year ended 31 March 2015			
Unexpended at beginning of the year	201 939	601 458	803 397
Expended	(5 433)	(305 583)	(311 016)
Unexpended at end of the year	<u>196 506</u>	<u>295 875</u>	<u>492 381</u>

A total of R 1 700 000 was in lieu of mobile museums. The first tranche of R 1 020 000 was received in the current financial year and the balance of R 680 000 will be received in the following financial year.

Department of Arts & Culture grant

Year ended 31 March 2016			
Unexpended at beginning of the year	-	171 716	171 716
Expended	-	(107 718)	(107 718)
Further funding received	-	10 000 000	10 000 000
Unexpended at end of the year	<u>-</u>	<u>10 063 998</u>	<u>10 063 998</u>

Year ended 31 March 2015			
Unexpended at beginning of the year	-	-	-
Correction of error	-	1 155 346	1 155 346
Restated unexpended at beginning of the year	-	1 155 346	1 155 346
Expended	-	(983 630)	(983 630)
Unexpended at end of the year	<u>-</u>	<u>171 716</u>	<u>171 716</u>

R 10 000 000 was approved by the Departments of Arts and Culture for the upgrade and refurbishment of all buildings at Msunduzi Museum for the 2015/16 financial year.

Total deferred income			<u><u>11 600 834</u></u>
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MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016 R	2015 R
12. Curio Shop		
Sales	36 323	47 422
Cost of sales	(21 325)	(32 334)
Inventory at the beginning of the year	74 092	66 033
Purchases	37 356	40 393
Inventory at the end of the year	(90 123)	(74 092)
Trading profit	<u>14 998</u>	<u>15 088</u>
13. Revenue from non-exchange transactions		
Operating grant	13 189 508	11 935 000
National lottery grant funds expended	8 665	311 016
Department of Arts & Culture grant funds expended	107 718	983 630
	<u>13 305 891</u>	<u>13 229 646</u>
14. Audit Committee, Council, Directors and Senior Management remuneration		
14.1 Gross remuneration for Audit Committee members		
Professor B Stobie	19 280	15 836
Mr A Jordan	8 944	8 704
Dr P Green	10 212	6 528
Professor Z Khumalo	-	1 344
	<u>38 436</u>	<u>32 412</u>
14.2 Gross remuneration for Council Members (Non-Executive Directors)		
Prof ZLM Khumalo	-	14 784
Mr J Buthelezi (Late)	4 320	1 485
Dr S Kabanyane	9 832	3 190
Prof SP Lekgoathi	15 216	3 528
Prof MP Sithole	8 864	405
Prof S Vawda	-	2 160
Prof P Ngulube	-	2 160
Mr M Mondli	-	4 320
Ms N Mngomezulu	2 560	4 408
Mr P Nel	-	7 560
Mr D Mangena	4 320	2 565
Mr B Hopwood	-	3 240
Mr A Van Jaarsveld	-	2 160
Ms L Marais-Botes	7 728	3 870
Mr Kubheka	8 236	-
	<u>61 076</u>	<u>55 835</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016	2015
	R	R
14. Related parties (continued)		
14.3 Directors' and Senior Managers' emoluments		
Mr Mlungisi Ngubane (Director)		
(01 April 2014 – present)		
Basic salary	575 463	539 647
Car allowance	136 317	127 329
Death cover scheme	302	302
Housing subsidy	10 524	10 524
Medical aid	18 000	18 000
Pension	93 512	87 692
Service bonus	48 687	45 759
UIF	1 785	1 785
	<u>884 590</u>	<u>831 038</u>
Mr Dalifa Ngobese (Ncome Museum Manager)		
(01 April 2014 – 30 September 2014)		
Basic salary	-	180 346
Death cover scheme	-	151
Housing subsidy	-	5 262
Medical aid	-	9 000
Pension	-	39 075
Service bonus	-	21 003
Telephone Allowance	-	2 100
UIF	-	892
	<u>-</u>	<u>257 829</u>
Mr Phumlani Mvubu (Chief Financial Officer)		
(01 April 2013 – 30 November 2014)		
Basic salary	-	222 799
Death cover scheme	-	202
Housing subsidy	-	2 800
Medical aid	-	12 000
Pension	-	48 273
Service bonus	-	30 971
UIF	-	1 190
	<u>-</u>	<u>318 235</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016	2015
	R	R
14. Related parties (continued)		
14.3 Directors' and Senior Managers' emoluments (continued)		
Mr Robert Osler Luyt (Deputy Director)		
(01 June 2015 – present)		
Basic salary	310 498	-
Car allowance	42 065	-
Death cover scheme	252	-
Housing allowance	3 500	-
Medical aid	13 500	-
Pension	50 456	-
Service bonus	10 413	-
UIF	1 487	-
	<u>432 171</u>	<u>-</u>
Mr Thabo Mosheledi (Chief Financial Officer)		
(01 January 2015 – 30 September 2015)		
Basic salary	237 503	115 069
Car allowance	37 152	18 000
Death cover scheme	151	76
Housing subsidy	5 262	2 631
Leave pay	40 356	-
Medical aid	9 000	3 000
Pension	38 594	18 699
Service bonus	35 396	-
UIF	892	446
	<u>404 306</u>	<u>157 921</u>
Total Directors' and Senior Managers' emoluments	<u>1 721 067</u>	<u>1 565 023</u>

14.4 National Department of Arts & Culture

Operating grants received for the financial year amounted to R13 198 508 (2015 : R11 935 000).

The 2016/17 grant will amount to R 13 146 000.

14.5 Department of Public Works

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

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

Amounts greater than R100 000 are spent in situations of extreme urgency.

14.6 Council

The Council has been appointed by the Minister of Arts and Culture to oversee and ensure corporate governance. Council has two subcommittees, namely Audit and Human Resources Committees that guide and assist Management.

14.7 Heritage Trust

The Cultural Institution has a Heritage Trust which was established to raise funds with a view to finance research, exhibition and educational projects of the Institution, however, the Trust has been dormant for a number of years and is shortly to be wound up.

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016 R	2015 R
15. Employee related costs		
13th cheque bonuses	581 281	487 325
Acting Allowances	87 856	106 059
Funeral cover scheme	11 970	11 090
Housing Allowance	133 000	121 100
Housing Subsidy	80 075	79 198
Leave pay	56 369	106 306
Long-service bonus	4 500	-
Medical (pensioners)	39 314	68 969
Medical aid	473 038	462 936
Pension	1 220 890	1 113 457
Performance bonuses	-	3 000
Salaries	6 964 836	6 142 690
Telephone Allowance	-	1 750
Travel allowance	215 533	145 329
UIF	58 049	53 051
	<hr/> 9 926 711	<hr/> 8 902 260
Casual wages	167 394	250 733
Workmen's compensation	20 903	13 565
Staff training	45 338	47 571
Job evaluation	7 525	3 800
	<hr/> <hr/> 10 167 871	<hr/> <hr/> 9 217 929

16. Financial instruments

16.1 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 Cultural Institution's exposure to each of the above risks, the Cultural Institution'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 Cultural Institution's risk management policies.

The Cultural Institution's risk management policies are established to identify and analyse the risks faced by the Cultural Institution, 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 Cultural Institution's activities.

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

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

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

16. Financial instruments (continued)

16.2 Credit risk

Credit risk is the risk of financial loss to the Cultural Institution 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.

16.2.1 Trade and other receivables

The Cultural Institution has no significant exposure to credit risk. The credit risk applicable to the Cultural Institution at 31 March 2016 amounted to: R 87 087 (2015: R 57 043).

Other receivables relates 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.

16.2.2 Investments

The Cultural Institution limits its exposure to credit risk by investing only in liquid securities and only with approved banks and financial institutions.

16.3 Liquidity risk

Liquidity risk is the risk that the Cultural Institution will not be able to meet its financial obligations as they fall due. The Cultural Institution's approach to managing liquidity is to ensure, as far as possible, 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 Cultural Institution's reputation.

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

It is the policy of the Cultural Institution not to borrow monies.

There are thus no credit facilities available.

The cash available at 31 March 2016 was R 11 516 423 (2015: R 1 138 612)

16.4 Market risk

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

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

The Cultural Institution is exposed to fluctuating market prices inherent in the trading of listed investments. The fair value of traded instruments is based on the market prices of those instruments.

The exposure of the Cultural Institution to these investments at 31 March 2016 amounted to R 2 503 861 (2015: R 2 436 334).

16.4.1 Currency risk

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

16.4.2 Interest rate risk

It is the policy of The Cultural Institution not to borrow monies. There are thus no credit facilities available. There is therefore no risk relating to changes in the interest rate.

16.5 Fair values

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

16.6 Trade and other payables and advance deposits

Trade and other payables and advance deposits are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

17. Tax exemption

The Public Cultural Institution is exempt from taxation in terms Section 10 (1) (cA) (I) of the Income Tax Act.

18. Operating lease agreements

Museum as lessee

At the reporting date the Cultural Institution had two outstanding commitments under non-cancellable operating leases relating to photocopiers.

At 31 March 2016 the total commitment was R 77 298 (2015: R 127 537).

2016	Not later than one year	Later than one year not later than five years	Total
Rental photocopier - Msunduzi	<u>56 394</u>	<u>20 904</u>	<u>77 298</u>
2015	Not later than one year	Later than one year not later than five years	Total
Rental photocopier - Msunduzi	<u>56 683</u>	<u>70 854</u>	<u>127 537</u>

19. Post retirement obligations

19.1 Pension fund

	No of employee s	Employer's contribution	Employees contribution	Monetary Value R
2016				
Defined Benefits Scheme	12	20.0%	7.5%	365 711
Defined Contribution Scheme	28	15.0%	7.5%	855 179
Total	<u>40</u>			<u>1 220 890</u>
2015				
Defined Benefits Scheme	13	20.0%	7.5%	848 540
Defined Contribution Scheme	27	15.0%	7.5%	768 575
Defined contribution (Temporary staff)	1	15.0%	7.5%	5 470
Total	<u>41</u>			<u>1 622 585</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

19. Post retirement obligation (continued)

The Cultural Institution falls under multi-employer plan both as defined and contribution plan. The Actuary of the Museums Pension Fund calculates the applicable proportion 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 April 2016 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 Cultural Institution only recognises a liability for any unpaid contributions at year end and discloses the applicable contribution expense for the year. The Cultural Institution's updated liability as at 01 April 2016 is R nil. (2015: R nil)

19.2 Post retirements medical benefits

No written policy for post - retirement medical benefits exists, although the Cultural Institution 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 medical aid to six pensioners is paid out of goodwill.

20. Subsequent events

No events having financial implications requiring disclosure occurred subsequent to 31 March 2016.

21. 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.

22. Capital expenditure commitments

	2016 R	2015 R
Contracted	-	-

23. Conditional grants

Government grants whose primary condition is that the Cultural Institution 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. Where 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 Cultural Institution to transform its identity, in as far as collection, exhibitions, training, etc. so that the Cultural Institution 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. An amount of R 1 020 000 was received on the 17 December 2015 from the National Lottery and Distribution Fund for the purposes of Mobile Museum. The National lottery grant was allocated to finance the Cultural Institution's Research, Exhibition and Educational projects.

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

24. Revenue from non-exchange transactions

Included in the 2016 income is R 116 383 (2015: R 1 294 646) to compensate for grant funds expended during the year

The 2016 income is to compensate the following expenditure during the year:	R
Capital expenditure	106 464
Operating expenditure	9 919
	<u>116 383</u>

25. Irregular expenditure

	2016	2015
	R	R
Opening balance*	2 598 385	1 496 660
Irregular expenditure current year	194 129	906 916
Irregular expenditure for prior year identified in current year	-	194 809
Condoned by relevant authority	-	-
	<u>2 792 514</u>	<u>2 598 385</u>
Irregular expenditure awaiting condonement by National Treasury		

*: The amount has been condoned by Council, however the entity is awaiting condonation from National Treasury.

Incidents		
Declaration of interest not provided by service providers	849 622	849 622
Expired contracts still in use	849 747	849 747
SCM policy not in line with Treasury regulations	889 936	889 936
SCM policy not adhered to	9 080	9 080
Quotations not obtained	194 129	-
	<u>2 792 514</u>	<u>2 598 385</u>

26. Heritage assets

The Cultural Institution'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.

It has not been possible to value these assets.

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

27. Budget differences

Operating income

The 2016 operating income is R 276 732, or 1.95 % less than the amended budget, and the main reasons are:

	2016 Budget	2016 Actual
Income incorrectly budgeted for:		
Increase in the market value of investments	399 713	(19 445)
Revenue from Non-exchange transactions	13 199 254	13 305 891
	<u>13 598 967</u>	<u>13 286 446</u>

Operating Expenditure

The 2016 operating expenditure is R 546 794 or 3.90 % more than the amended budget, and the main reasons are:

Casual labour	Hiring is on a need-basis, so approximated	229 229	167 394
Equipment expenses	Budgeted for expensed and capitalised items	113 200	244
Municipal charges	Department of Arts and Culture's funds paid on behalf of Museum in lieu of municipal charges	705 508	-
		<u>1 047 937</u>	<u>167 638</u>

MSUNDUZI MUSEUM
(Incorporating the Voortrekker Complex)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

28. Contingent liabilities

The Cultural Institution 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 Cultural Institution has therefore disclosed accumulated surpluses by way of a note, awaiting National Treasury approval at the end of the financial year. The accumulated surplus of the Cultural Institution at 31 March 2016 amounted to R 4 287 088 (2015 Restated :R 6 056 776).

	2016	2015
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29. Correction of errors

In 2016, the Museum corrected processing errors that resulted in a fair value adjustment to plant and equipment and intangibles. The correction of the error is accounted for retrospectively, and the comparatives have been restated to the original cost as per the Museum's accounting policy. The effect of the change is as follows:

The comparatives for 2014/2015 have been restated in respect of the following errors:

29.1 Errors in accounting for Plant and Equipment (Note 2)

Plant and equipment as previously reported	3 544 828	
Adjustments as per restated Note 2 - 2015	406 830	
Restated balance at 31 March 2015		3 951 658

29.2 Errors in accounting for Intangibles (Note 3)

Intangibles as previously reported	7 909	
Adjustments as per restated Note 3 - 2015	4 771	
Restated balance at 31 March 2015		12 680

As a result of 29.1 and 29.2 above:

Accumulated surplus as previously reported	5 645 175	
Adjustments as per restated Note 2 - 2015	406 830	
Adjustments as per restated Note 3 - 2015	4 771	
Restated balance at 31 March 2015		6 056 776

2016

29.3 Reclassification

Website costs were previously incorrectly allocated as plant and equipment instead of intangibles. The effect of the reclassification is as follows:

Increase in intangible assets Note 2 - 2016	14 376	
Decrease in plant and equipment Note 3 - 2016	(14 376)	



RP187/2016
ISBN: 978-0-621-44663-0



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