



Chief Albert Luthuli

LUTHULI MUSEUM 2020/21 ANNUAL REPORT



Mrs Nokukhanya Luthuli



an agency of the
Department of Sport, Arts and Culture

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On 13 March 2020 the Luthuli Museum Chess Club conducted a virtual Chess Training session that was attended by the KwaDukuza Chess Teams officials seen in the picture.



On 13 March 2020 the Luthuli Museum Chess Club conducted a virtual Chess Training session underway.



On 22 November 2020, Nkobongo United were the winners of the Chief Albert Luthuli Soccer Tournament held at the Stanger Sports Ground.



On 22 November 2020, the Chief Albert Luthuli Soccer Tournament held at the Stanger Sports Ground.

1. PART A: GENERAL INFORMATION

1.1 LUTHULI MUSEUM'S GENERAL INFORMATION

| | |
|---------------------------|--|
| Entity's Registered Name | LUTHULI MUSEUM |
| Physical Address | 3233 Nokukhanya Luthuli Street Groutville, KWADUKUZA, 4450 |
| Postal Address | PO Box 1869, KWADUKUZA, 4450 |
| Contact Telephone Numbers | +27 32 559 6822 / 23 / 24 |
| Email Address | luthulimuseum@luthulimuseum.org.za |
| Website Address | www.luthulimuseum.org.za |
| Internal Auditors | HTB Consulting |
| External Auditors | Auditor General South Africa |
| Bankers Information | First National Bank |



1.2 LIST OF ABBREVIATIONS

| | |
|----------------|--|
| AA | Accounting Authority |
| ARC | Audit and Risk Committee |
| AO | Accounting Officer |
| APP | Annual Performance Plan |
| AR | Annual Report |
| APR | Annual Performance Report |
| AFS | Annual Financial Statements |
| AGSA | Auditor General South Africa |
| DAC | Department of Arts and Culture |
| EA | Executive Authority |
| FINCOM | Finance Committee |
| GRAP | Generally Recognized Accounting Practice |
| HRREMCO | Human Resources and Remuneration Committee |
| IA | Internal Auditors |
| MTEF | Medium Term Expenditure Framework |
| MRCOM | Marketing and Research Committee |
| SP | Strategic Plan |

1.3 FOREWORD BY THE MUSEUM COUNCIL CHAIRPERSON



Mr Important Mkhize

of 2020/2021 it is important to mention that we maintained an unqualified audit; delivered the Chief Albert Luthuli Annual Memorial Lecture virtually, which was addressed by the UN Executive Director for Women, Dr Phumzile Mlambo-Ngcuka; there was a changeover to a new Museum Council as the previous one's term ended on 30 November 2021; the Chief Albert Luthuli Research Chair was appointed in partnership with the University of South Africa (UNISA).

Despite the challenges that were faced during this reporting year, the Luthuli Museum Council remained stable and able to discharge its oversight responsibilities. This was with help and guidance from the Shareholder and commitment from members to serve. The Museum managed to absorb the in year budget reduction due to COVID-19 and government's national debt stability imperatives. Our COVID-19 Recovery Plan was implemented fairly well by Museum management thus minimizing unforeseen operational risks brought upon by the advent of the pandemic.

Continuity was maintained by the Shareholder as at least five (5) members of the previous Museum Council were reappointed to serve again for the next three (3) years. Three new able and willing members were appointed to our new Council by the Minister of Sport, Arts and Culture. It is appropriate to express my appreciation for the good work done by the previous Council and the three (3) members that exited. I thank management also for remaining steadfast in their good work and commitment to the Museum's mandate to protect and promote the legacy of Chief Albert Luthuli in service delivery.

In conclusion, it should be mentioned that it was not all doom and gloom with the pandemic. We learnt other new and effective ways of doing things; and above all, the appreciation of life and work for every human being on this globe.

I look forward to working with our new Council as we navigate the continuing challenges of life; family; work and COVID-19. It is my pleasure to present to all the 2020/2021 Luthuli Museum Annual Report.

'Let the Spirit of Luthuli Speak to All'


IMPORTANT MKHIZE
CHAIRPERSON: LUTHULI MUSEUM COUNCIL



1.4 DIRECTOR'S OVERVIEW



Mr Brian Xaba

This financial reporting year the Museum operated under unusual circumstances whereby the approved APP had to be revised and retabled in Parliament. Furthermore there was a reduction or an adjustment down of the Museum allocated annual budget for 2020/2021. Museum staff had to work from home for a significant period of this reporting financial year. Museum visitors were barred from visiting and also operations had to be shut down on two occasions as a precautionary measure after some members of staff fell ill, The annual children school holiday programmes; the Luthuli Legacy Walk; outreach and capacity building programmes; planned workshops and training were cancelled.

The Annual Chief Albert Luthuli Memorial Lecture, an annual flagship event for the Museum, had to take place virtually, without its audience physically within the expected lively auditorium environment. Planned management; staff and Council oversight meetings had to take place virtually as most people worked from home as a precautionary measure. All these shifts; changes and cancellations came into being because of the advent of the COVID – 19 pandemic.

As directed by the Department of Sports, Arts and Culture, the Luthuli Museum, like many other entities, had to develop applicable Recovery Plans outlining the extent of the impact of the pandemic on Museum business (financial; operational and social) and planning to be put in place regarding the resumption of operations. The mandatory social distancing and restrictions on public gathering introduced a new spending trend on Information Communication Technology (ICT) with the need to register on virtual platforms like ZOOM; MS Teams; WEBEX and providing for the accompanying data costs to operate on the platforms. The Museum had to concede that the purchase of laptops, especially for identified critical services staff, has become a necessity to enable them to work from home. Social media campaigns have become more important under the circumstances to sustain Museum reach and public access to the legacy of Chief Albert Luthuli.

This reporting year the Museum finally filled the position of Marketing and Communications Manager with the incumbent assuming duty on 1 May 2020. The incumbent assumed duty during a difficult period of the pandemic and this presented challenges in terms of the induction to the Museum and expected deliverables.

On the subject matter of heritage assets, the Museum valued and added new items to the Heritage Assets Register to the value of R91 154, 00. This included a collection of books; photographs and an original 1960 personal letter from President Julius Nyerere of Tanzania. It is commendable that the Museum did not have findings on heritage assets during this reporting year.

The Museum continues with the project and efforts to improve on human resource capacity and efficiency in service delivery. The exercise of reviewing the organogram will be concluded in the new financial year as the Museum sources external human resource management expertise. Our organisation recognises that the advent of the pandemic has brought forth economic challenges for the country. Therefore any increase of new positions will require a strong motivation justifying the added cost to the compensation budget.

A new Museum Council was appointed by the Minister of Sports, Arts and Culture to provide the necessary oversight for the next three (3) years from 1 December 2020. Management at the Museum looks forward to working together with the new Council as it guides the organisation to new heights during this difficult period of the pandemic.

Museum management and staff must be commended for the good work and efforts to ensure that the work continues and obligations to the organization's mandate is maintained.

I look forward to the next MTEF as the Museum jointly with the Shareholder; the local community at large; our partners (old and new); stakeholders and interested parties chart the way forward and thus ensure that the Spirit of Luthuli continues to speak to all.

May God bless and protect South Africa and its people!



BRIAN XABA

DIRECTOR: LUTHULI MUSEUM

▪ **Income and staff costs**

| | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 |
|--------------------|--------------|---------------|---------------|----------------|
| STATE GRANT | R13,113, 000 | R14, 829, 000 | R15 ,562, 000 | R 14, 915 ,000 |

▪ **Annual Visitors stats**

| YEAR | 2017/ 2018 | 2018/2019 | 2019/2020 | 2020/2021 |
|-----------------|------------|-----------|-----------|-----------|
| VISITORS | 35, 726 | 32,736 | 36, 585 | 15 305 |



On 21 July 2020, due to the Covid-19 pandemic. The Luthuli Museum team embarked on the Chief Albert Luthuli Walk in memory of Chief Albert Luthuli and placed flowers the memorial site.



On 21 July 2020, Luthuli Museum Marketing Manager Ms. Mthembu, Heritage Educator Mr. Thulani Thusi, Collections Officer Ms. Bodoza, Curator, Ms. Gumede and Graphic Designer, Mr. Njabulo Luthuli paying tribute to Chief Albert Luthuli



On 18 November 2020, Luthuli Museum in partnership with the Department of Sports and Recreation, Ilembe District, Department of Health and KwaDukuza Municipality at the launch of the Chief Albert Luthuli Soccer Tournament.



On 21 July 2020, the Luthuli Museum Council Member, Dr. Albertinah Luthuli and the council Chairperson Mr. Important Mkhize had a dialogue session at the 1KZN TV studios. Seen in the picture with them is the Presenter, Ms. Samke Shezi.

1.5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

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

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

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

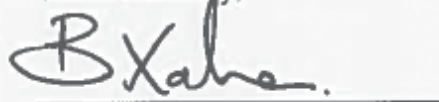
The annual financial statements (Part E) have been prepared in accordance with the GRAP standards applicable to the entity. The accounting authority is responsible for the preparation of the annual financial statements and the judgement made in this information.

The accounting officer is responsible for establishing and establishing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource 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, performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

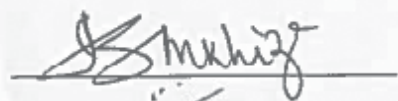
Yours faithfully,



Mr Brian Xaba

Director: Luthuli Museum

Date: 31/08/2021



Mr Important Mkhize

Chairperson: Luthuli Museum Council

Date: 31/08/2021



1.6 STRATEGIC OVERVIEW

1.6.1 Vision

“A Transformed Society inspired by the values and ideals of Chief Albert Luthuli”

1.6.2 Mission

In delivering its mandate as reflected above, the Museum aims to:

‘Preserve; Educate; Promote; Grow and Sustain the Legacy of Chief Albert Luthuli’

To bring about its Mission into practice, the Luthuli Museum commits itself to the following offerings:

- Museum conservation; research and collection for the beneficiation of present and future generations;
- Production; documentation and enabled access to the knowledge about the legacy of Chief Albert Luthuli and the concept of a Museum and its value; and
- Create an awareness and appreciation about the legacy of Chief Albert Luthuli.

1.6.3 Values

In recognition of the ethos and philosophy of Chief Albert Luthuli, the Museum commits to deliver its value proposition; core products and services informed by the following values:

- Selflessness
- Transparency
- Integrity
- Inclusivity
- Respect
- Responsiveness
- Batho Pele
- Accountability
- Excellence in Leadership



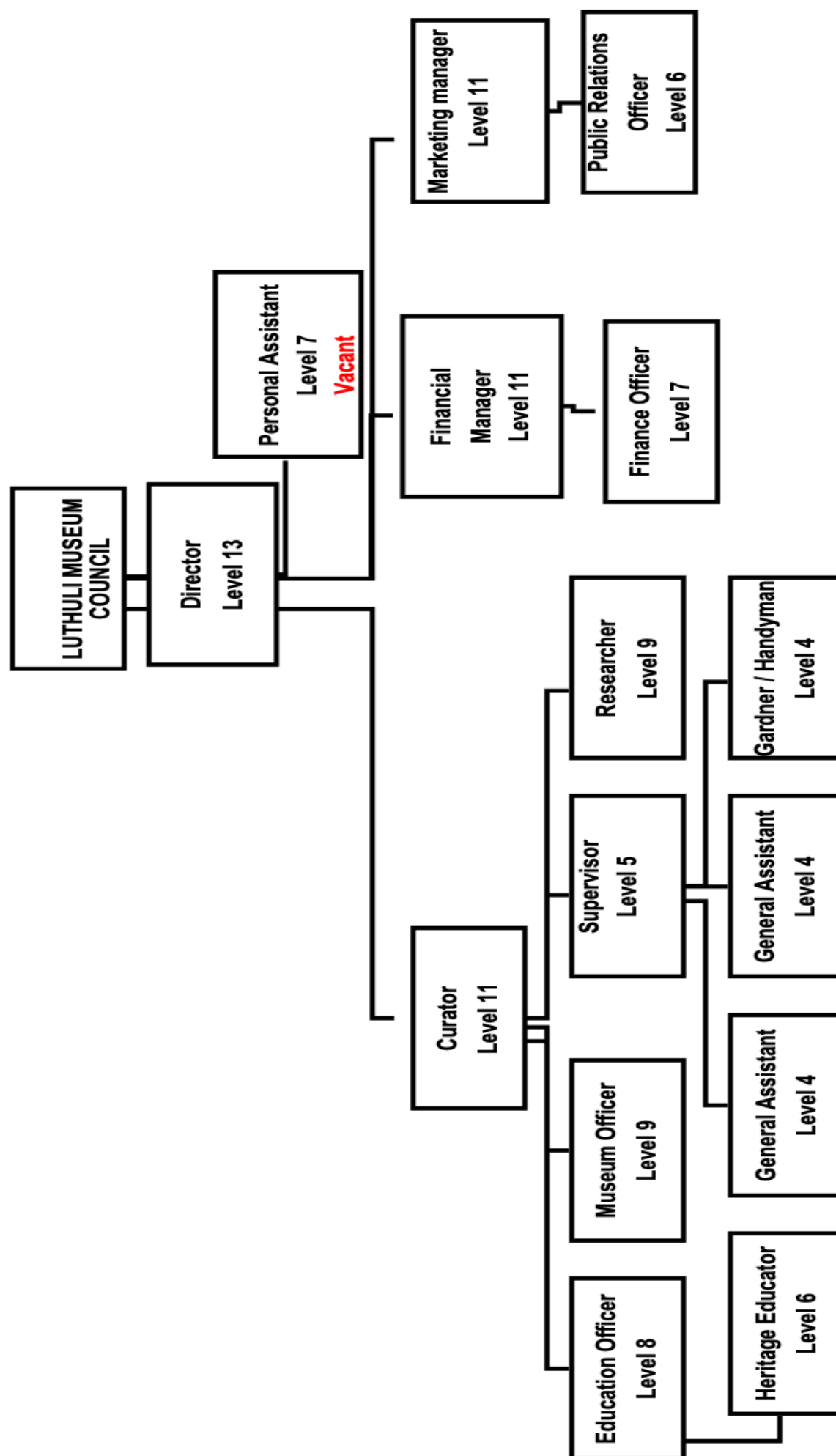
1.7 LEGISLATIVE AND OTHER MANDATES

The following legislations and other mandates are applicable to the Luthuli Museum.

- 1.7.1 Specifically, the sections of the Constitution of the Republic of South Africa have a direct bearing on the Luthuli Museum's mandate are; Section 16(1): Freedom of expression (freedom of artistic creativity; freedom to receive or impart information or ideas, academic freedom and freedom of scientific research); Section 30: Language and Culture; Section 32(1): Access to information; Section 9(3): Equality; Section 10: Human dignity and Section 31 of the Constitution affirms that the right of persons belonging to a cultural, religious or linguistic community is applicable to museums.
- 1.7.2 Sector specific Legislative Framework and Regulations include; Cultural Institutions Act (Act No. 119 of 1999) as amended; *South African Heritage Resources Act*, 1999 (Act 25 of 1999), as amended; *Government Immovable Asset Management Act*, 2007 (Act 19 of 2007), as amended; *Intellectual Property Rights Act* (2008); *Tourism Act* 3 of 2014, as amended; the *Patents Act* 57 of 1978; the *Copyright Act* 98 of 1978 and the *Trademarks Act* 194 of 1993.
- 1.7.3 Broad Governance and regulations inter alia include; the *Public Finance Management Act* (Act No. 1 of 1999) as amended; *National Treasury Regulations and Guidelines* (as published); *Preferential Procurement Policy Framework Act* (Act No. 5 of 2000); the *Public Administration Management Act* (Act 11 of 2014); *National Development Plan Vision 2030*; Revised *White Paper on Arts, Culture and Heritage*; *African Union Agenda 2063*; the *Intergovernmental Relations Framework Act* (2005); the *Occupational Health and Safety Act*, 1993; *Labour Relations Act*, 1995; *National Archives Act*, 1996; the *Basic Conditions of Employment Act*, 1997; the *Promotion of Access to Information Act*, 2000; *Employment Equity Act*, 1998; the *Prevention and Combating of Corrupt Activities Act*, 2004; the *Preferential Procurement Policy Framework Act*, 2000; *Promotion of Administrative Justice Act*, 2000; *White Paper on Transforming Public Service Delivery* (Batho-Pele White Paper), 1997 and the *National Youth Policy* (2015-2020).



1.8 ORGANIZATIONAL STRUCTURE



2. PART B: PERFORMANCE INFORMATION

2.1 SITUATIONAL ANALYSIS

2.1.1 SERVICE DELIVERY ENVIROMENT

Overall, within the Heritage Sector and within the country, the emerging COVID - 19 pandemic has placed challenges to many organisations in as far as adapting to the 'new normal'. Such challenges require heritage public entities such as the Luthuli Museum to maintain their relevance to society and their stakeholders.

During the reporting year the Luthuli Museum embarked on the 'new frontier of service delivery' whereby its programmes had to be implemented virtually to ensure continued public access to the legacy of Chief Albert Luthuli.

This required resources allocation by the organisation towards Information Communications Technology (ICT) and social media. This meant that with the newly found audience now on social media platforms, the organisation had to find new smart ways of servicing this new audience and maintaining a following on all social media and online platforms.

While venturing into the virtual space the Museum had to be mindful of the pitfalls within this space as well as opportunities it presents. Notwithstanding that, it should be accepted that there is not turning back – virtual is the future.

2.1.2 ORGANISATIONAL ENVIROMENT:

The issue of COVID -19 has brought upon a sense of anxiety amongst staff as the work environment seemingly becoming a risk due to the pandemic. It is therefore important that the workspace remains compliant to all new rules and regulations that have been put in place. Staff health and safety; ensuring a conducive working environment has taken a life and death situation during the COVID-19 pandemic. The newly appointed Museum COVID -19 Task Team has during this reporting year performed exceptionally well to maintain Museum compliance with applicable regulations and directives. Through all measures put in place, we can assure that the Luthuli Museum will rise up to the new challenge of protecting staff and visitors to the home of Chief Albert Luthuli.

2.1.3 KEY POLICY DEVELOPMENT

Apart from the fact that the Museum 2020/2021 Annual Performance Plan (APP) had to be revised and retabled due to COVID -19 pandemic, there have been no other key policy developments and legislative changes for mentioning during this reporting year.



2.2. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/OBJECTIVE

2.2.1 DESCRIPTION OF EACH PROGRAMME/ACTIVITY/OBJECTIVE

A. PROGRAMME 1: ADMINISTRATION

I. Subprogramme (A): Governance

Description: Responsible for governance; management and accountability for overall Museum operations and resources in compliance with the PFMA; Cultural Institutions Act and other compliance legislation. The office is supported by a Personal Assistant to the Accounting Officer.

Purpose: Ensure that the organization is compliant with applicable legislative prescripts and Accounting Authority (Council) oversight responsibility with respect to the organization's mandate and strategic objectives.

II. Subprogramme (B): Support Services

Description: This subprogramme includes all organizational support services that have cross cutting implications in terms of organizational efficiency and effective implementation of its mandate. This subprogramme includes; Financial Management (FM); Supply Chain Management (SCM); Human Resources Management (HRM).

Purpose: Provide the necessary administrative support services for the organization in terms of procurement of goods and services; financial processes and reporting; human resources management; compliance with ICT governance framework; performance of service level agreements; security reporting and design input for displays and marketing collateral.



B. PROGRAMME 2: BUSINESS DEVELOPMENT

I. Subprogramme: Collections Management

Description: The sub-programme is concerned with the maintenance of museum collections or heritage assets in line with international standards of best practice and compliance with GRAP 103.

Purpose: To ensure that the collection is accessioned and catalogued; digitized for ease of access; implemented conservation standards; verified accordingly for auditing purposes as per GRAP 103 prescripts.

II. Subprogramme: Research

Description: The subprogramme focus is on research areas mapping and development of new knowledge on the life and times of Chief Albert Luthuli to inform; educate and enhance visitor experience through exhibitions

Purpose: Conduct research to support organization mandate with respect to the development and production of exhibitions; publications; research papers; collections development; academic study and public inquiry.

III. Subprogramme: Exhibitions

Description: The subprogramme focuses on the visual presentation of museum research produced in order to achieve creating access to knowledge on Chief Albert Luthuli.

Purpose: To provide visitor experience through creative visual interpretations of the legacy of Chief Albert Luthuli. Create interactive exhibitions to enhance and prompt involvement and participation. Create temporary, travelling and permanent exhibitions to provide wider access.



C. PROGRAMME 3: PUBLIC ENGAGEMENT

I. Subprogramme: Marketing

Description: The programme primary responsibility is to promote and profile the Museum by applying media and marketing principles and techniques.

Purpose: Develop; implement and manage Museum marketing programmes and campaigns with the aim to promote and profile the organization and by so doing create wider public awareness and increase visitor numbers.

II. Subprogramme: Social Media

Description: Increased and sustained museum social media presence; impact and monitoring.

Purpose: Ensure that that organization's public programmes; events; campaigns and all other activities are featured on all social media platforms supported by approved monitoring and reporting systems.

III. Subprogramme: Education and Tours

Description: Organized museum learner education programmes; visitor tours and public programmes.

Purpose: Develop and manage innovative and interesting education programmes for learners; public and enhance visitor experience through informative and exciting tours.

IV. Subprogramme: Public Relations

Description: Public relations and stakeholder relations management

Purpose: Develop and implement a public relations programme and campaigns intended to communicate and build positive relationships with stakeholders; media and the public.

V. Subprogramme: Public Programmes

Description: Management of Museum public relations and public programmes

Purpose: Develop and implement community outreach programmes that assist in the promotion of the museum; building a diverse audience and maintaining public relations and programmes in conjunction with the Marketing Manager & Education officer



2.2.2 STRATEGIC OBJECTIVES/PERFORMANCE INDICATORS/PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

2.2.2.1 PERFORMANCE AGAINST STRATEGIC OBJECTIVES

PROGRAMME 1: ADMINISTRATION

| SUB PROGRAMME 1 (A) | | | | | | |
|--------------------------------------|---|---|---|--|---|---|
| GOVERNANCE | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | COMMENT ON DEVIATIONS |
| Effective and Efficient Organisation | Mandatory number of quarterly Council meetings conducted. | 5 x Council Meetings Achieved 1. 29 May 2019 2. 19 October 2019 3. 14 December 2019 4. 15 February & 29 February 2020 | 4 x Council quarterly Meetings conducted | 5 x Council quarterly Meetings conducted 1. 29/04/2020 2. 28/08/2020 3. 25/11/2020 4. 20/01/2021 5. 27/02/2021 | Over Achievement, Deviation | The Luthuli Museum Council held a special Council meeting in the fourth quarter of the financial year. This led to the over achievement of this target as two council meetings were held in quarter four. |
| | Number of policies reviewed and approved | 10 x policies reviewed and approved by Council 1. Performance Information Policy 2. Workplace Smoking Policy 3. Telephone, Fax and Assets Policy 4. Gifts and Benefits Policy 5. Education Assist Policy 6. Employment Policy 7. Picketing Policy 8. Racial Harassment Policy 9. Safety Policy 10. Life Threatening | 5 x Policies reviewed and approved by Council | 4 x Policies reviewed and approved by Council 1. Heritage Assets Policy 2. Social media Policy 3. Standard Operating Procedures for events (Internal & External) 4. Fundraising Policy | Deviation | The review process for the following policies took place on 31 March 2021. The reviewed policies could not be submitted to council for approval in the financial year under review. The policies listed will be submitted for approval to council in July of 2021. 1. Performance Management Policy. 2. Leave Policy, Safety Policy 3. telephone and fax policy 4. Communication and Email policy 5. S&T Policy However, council did approve 3 Marketing Department policies and 1 Curatorial Department Policy |

| | | | | | | | | | |
|--|---|---|---|--|-------------------------------|--|--|--|--|
| | | and Noticeable Diseases Policy | | | | | | | |
| | Number of Internal Audits conducted | 4 x Audit and Risk Committee Meetings Achieved 1. 24 May 2020 2. 10 December 2019 3. 11 October 2019 4. 08 February 2020 | 4 x Internal Audits conducted | 4 x Internal Audits conducted 1. Heritage Assets 2. Annual Performance Report 3. Performance Information (Quarter 1 – 2020/2021) 4. Supply Chain Management | Achieved, No Deviation | — | | | |
| | 100% compliance with mandatory reporting deadlines | — | 25 x Key Reporting Deadlines Implemented | 11 x Key Reporting Deadlines Implemented | Deviation | Due to the late start in the financial year the Museum could not achieve some of the key deadlines as their submission dates had passed as per the DSAC schedule while on level 4 and 5 of the lockdown alert levels | | | |

| SUB PROGRAMME 1 (B) | | | | | | |
|--------------------------------------|---|---|---|---|---|---|
| SUPPORT SERVICES | | | | | | |
| FINANCIAL MANAGEMENT | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR | COMMENT ON DEVIATIONS |
| | | 2019/2020 | 2020/2021 | 2020/2021 | 2020 / 2021 | |
| Effective and Efficient Organisation | Number of Financial Performance Reviews and reports | — | 5 x Financial Performance Reviews and Report | 5 x Financial Performance Reviews and Report achieved 1. 4 x Quarterly Financial Performance Reports 2. 1 x Annual Financial Statement Review | Achieved, No Deviation | — |
| | Number of PPE and Heritage Assets reports produced | — | 4 x PPE and Heritage Assets reports produced | 0 x PPE and Heritage Assets reports produced | Deviation | The Museum did not perform PPE or Heritage Assets reports, however the reconciliations for assets were performed on a monthly basis. The reconciliation will be used to compile the reports required and Museum management will ensure that asset reconciliation is accompanied by a report each quarter. |
| | Number of Quarterly Performance Information reports Submitted | 3 x Quarterly reports submitted to DAC 1. 30 July 2019 2. 31 October 2019 3. 30 January 2020 | 4 x Quarterly Performance Information Reports Submitted | 4 x Quarterly Performance Information Reports Submitted to DSAC | Achieved, No Deviation | — |
| | 100% Developed and Implemented audit improvement plans | 1 x Audit action plan implemented 31 October 2019 | 100% Developed and Implemented audit improvement plans | 63% Findings on Audit Improvement Plan completed 2019/2020 Audit improvement Plan status report. | Deviation | The museum external audit concluded in November 2020 and there was insufficient time to plan and address all the findings. This impacted on the implementation and developing of the audit action plan. The low implementation is due to the late development of the audit action plan. Findings not addressed will be addressed continuously in the next financial year. |



| SUB PROGRAMME 1 (B) | | | | | | |
|--------------------------------------|---|--|--|--|---|---|
| SUPPORT SERVICES | | | | | | |
| HUMAN RESOURCES MANAGEMENT | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | COMMENT ON DEVIATIONS |
| Effective and Efficient Organisation | Number of performance assessments conducted for all staff | 2019/2020 1 x performance assessment for staff | 2020/2021 2 x performance assessments conducted for all staff | 2020/2021 Performance Assessments were conducted for only 2 staff members. | Deviation | The Museum currently does not have an HR Practitioner, or service provider to assist with HR related work. The Museum has made provision for an HR practitioner in the organogram as this is a new position in the institution. The Museum is currently in the process of securing a service provider who will assist the Museum with the backlog of performance assessments. |
| | Number of training opportunities provided to staff | 2019/2020 3 x training of staff members 1. First Aid Training 2. Registry Training 3. SCM Training | 2020/2021 6 x training of staff members | 2020/2021 3 x training of staff members 1. Inventorying the Collection 2. Museum Education 3. Luthuli Museum Operational Plan Workshop | Deviation | The Museum identified the three virtual training as per the training schedule. Focus was also redirected to staff reviewing policies as a form of information sharing and learning about Museum policies. The revised training schedule will be implemented in the new financial year. |

| SUB PROGRAMME 1 (B) | | | | | | |
|--------------------------------------|---|--|--|--|---|--|
| SUPPORT SERVICES | | | | | | |
| SUPPLY CHAIN MANAGEMENT | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR | COMMENT ON DEVIATIONS |
| | | 2019/2020 | 2020/2021 | 2020/2021 | 2020 / 2021 | |
| Effective and Efficient Organisation | Number of Monthly SCM compliance reports produced | 4 x Reports on compliance with SCM policies produced | 12 x Monthly SCM compliance reports produced | 10 x Monthly SCM compliance reports produced | Deviation | The Museum was closed from 27 March 2020 due to the COVID-19 pandemic outbreak, globally. The travel restrictions affected performance in this regard as essential officials were only granted permits in June 2020 to be able to travel to work but with limited working hours. |

PROGRAMME 2: BUSINESS DEVELOPMENT

| SUB PROGRAMME 2 (A) | | | | | | | |
|--|-------------------------------------|---|--------------------------------|--------------------------------|--|---|--|
| COLLECTIONS MANAGEMENT | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | |
| Increased access to information about the Luthuli Museum | Number of museum artefacts acquired | 22 x artefacts /documents collected 1. April 26, 2019 - China Mikhal's Gas Whizz 2. April 24, 2019 - Jazz Proby 24, 2019 - Grouville 3. April 26, 2019 - Stanger Hospital Renaming event 4. May 1, 2019 - A1 Jama-ah Election Manifesto 5. April 26, 2019 - Big, new clinic for Grouville 6. May 10, 2019 - Chess is helping kids soar in the classroom 7. Zulu Society Papers 8. "In Loving Memory of: Nomusa Seipati" Ngakane" Memorial Service and Tombstone Unveiling Programme 9. Chief Albert Luthuli Walk and Fun Run T-Shirt 10. July 3, 2019 - Sol Masekela graces Kwabulaza (Newspaper article) 11. 26 July 2019 - "In Luthuli's footsteps" (Newspaper Article) 12. July 5 2019 - Luthuli walk and Fun Run poster advert 13. Prince Mangosuthu Buthe's interview 14. Chief Albert Luthuli Memorial lecture recording 15. Chief Albert Luthuli Memorial Lecture Publication 16. Lecture T-Shirt 17. Luthuli Walk Medal x 2 18. Speech delivered on behalf of KZN Education MEC Mr. Khwezi Mshengu, During the Valued Citizens Exhibition Programme. (Signed scanned Copy) 19. Book, "Politics is a Dirty Game" The | 30 x Museum artefacts acquired | 10 x Museum artefacts acquired | 31 x Museum artefacts acquired 1 x Photograph of Youth League 1 x Photograph (signed) of Boys Choir at Nobel Prize Ceremony 1 x Letter (original) from Julius Nyerere 2 x Photographs at Solusi Zimbabwe 23 x New Agenda Magazines 1 x Book: Beyond the Miracle by Ben Turok 1 x Book: Nothing but The Truth, by Ben Turok 1 x Book: Violence and Solace by Mxolisi Mchunu | Over Achievement Deviation | There was an over achievement in quarter 3 on this target due to the donation made by Ben Turok's secretary. The donation came after the passing of Mr. Turok which included journal magazines and two books. From the 23 magazines donated only two were classified as heritage assets and the remainder forms part of the Museum's reference collection. |

| SUB PROGRAMME 2 (B) | | | | | | | |
|--|---|---|---|---|---|---|--|
| RESEARCH | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | COMMENT ON DEVIATIONS |
| Increased access to information about the Luthuli Museum | Number of research documents produced for exhibitions | 2019/2020 | 3 x Research documents produced for exhibitions | 2 x Research documents produced for exhibitions | 2020/2021 | Achieved No Deviation | — |
| | Number of documents produced for Museum publications | Publication on Chief Albert Luthuli not finalised | 3 x Documents produced for Museum publications | 1 x Documents produced for Museum publications | 2 x Research documents produced for exhibitions 1. Invoking the Spirit of Mama Nokukhanya 2. ANC Presidents Exhibition | Achieved No Deviation | — |
| | Number of conference paper or newspaper opinion produced for public dissemination | 3 x conference / seminar papers presented 1. Chief Albert Luthuli Research Choir 2. Paper presented by Ms Samia Nkrumah during the Chief Albert Luthuli Memorial Lecture. 3. Paper presented by Mr. Nduli during the Luthuli Detachment Dialogue | 2 x Conference paper or newspaper opinion produced for public dissemination | 1 x Conference paper or newspaper opinion produced for public dissemination | 5 x Conference paper or newspaper opinion produced for public dissemination 1. PPE Scandal 2020 2. Paper presentation by Prof. Molestane 3. Keynote address by Dr. Mlambo-Ncuka 4. Paper presentation by MEC of Finance Hon Nomumusa Dube-Ncube 5. Paper presentation by Ms Nise Malanga | Over Achievement Deviation | The 2020 Chief Albert Luthuli Memorial lecture had not only the key speaker preparing and presenting her paper, the panellists also presented papers in response to the lecture theme. |

| SUB PROGRAMME 2 (C) | | | | | | | |
|--|---|--|---|-------------------------------|--|---|--|
| EXHIBITIONS | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | COMMENT ON DEVIATIONS |
| Increased access to information about the Luthuli Museum | Number of Permanent Museum Exhibitions upgraded | — | 1 x Permanent Museum Exhibitions upgraded | — | Permanent Museum Exhibition upgrade not finalised | Deviation | The planned upgrade was for the ANC permanent exhibition located in the Museum House. The damage caused by the heavy rains resulted in water coming into the Museum house and compromising the floorboards as they have cracked and evidence of leaks in various rooms. Due to restorative work required in the Museum House, all exhibitions in the house were dismantled and Museum House closed for maintenance and restorative work. The dismantled exhibitions were reinstalled in the Museum Gallery and boardroom. The ANC exhibition will be digitised and uploaded onto the Museum's website. |
| | Number of Museum exhibition staged | 2x temporary exhibition designed & installed 1. Know Your Africa 2. Valued citizens - Soudela Exhibition | 2 x Museum exhibitions staged | 1 x Museum exhibitions staged | 1 x Museum virtual exhibition staged 1. Black History Month Online Exhibition | Achieved No Deviation | — |

PROGRAMME 3: PUBLIC ENGAGEMENT

| SUB PROGRAMME 3 (A) | | | | | | | |
|--|---|--|--|--|---|---|---|
| MARKETING | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | COMMENT ON DEVIATIONS |
| Increased awareness about the Luthuli Museum | Number of Marketing Campaigns implemented | 4x marketing & promotions campaigns reports achieved. 1. Africa Tourism Indaba 2. Travelling Marketing Experts Workshop 3. Luthuli Legacy Walk and Fun Run Media Launch 4. Luthuli Walk and Fun Run (Event) 5. "Violence is not My Heritage" campaign 6. Social Media Chief Albert Luthuli memorial lecture campaign | 4 x Marketing campaigns achieved implemented | 3 x Marketing campaigns achieved implemented | 2 x Marketing campaigns achieved implemented 1. Chief Albert Luthuli Soccer Tournament 2. Virtual Human Rights Campaign | Deviation | The Museum's Marketing Manager was appointed during the lockdown level 5 and therefore could not conceptualise, plan and execute a campaign as the lockdown restrictions also presented challenges in initiating her induction. |
| | Number of Museum visitors per annum | 36585 Museum visitors were received | 40000 x Visitors per Annum | 200 x Visitors per Annum | 15305 Museum visitors received | Over Achievement Deviation | The Museum hosts a variety of activities, programmes, events and provides services to the public. The Museum visitor numbers are comprised of people who come to the Museum to utilise our services, part-take in our programmes and events hosted by the Museum. |
| | Number of Monthly | | 4 x Monthly reconciled sales | 4 x Monthly reconciled sales | | Over Achievement Deviation | The over achievement is due to 8 monthly reconciliations that were |

| | | | | | | | |
|--|---|---|--|--|---|--|--|
| | reconciled sales Reports compiled on promotional items | 12 x shop sales recon report achieved | Reports compiled on promotional items | Reports compiled on promotional items | 12 x Monthly reconciled sales Reports compiled on promotional items | | performed during the year. The annual target on the Annual Performance Plan was also incorrectly captured as 4 monthly reports were targeted instead of 12. |
|--|---|---|--|--|---|--|--|

| SUB PROGRAMME 3 (B) | | | | | | | |
|--|---|---------------------------|--|---------------------------|--|--|---|
| SOCIAL MEDIA | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR | COMMENT ON DEVIATIONS |
| | | 2019/2020 | 2020/2021 | 2020/2021 | 2020/2021 | 2020 / 2021 | |
| Increased awareness about the Luthuli Museum | Number of posts by the Museum on Website; Facebook; Tweeter; Instagram | 120 x Facebook uploads | 1000 x posts by the Museum on Website; Facebook; Tweeter; Instagram | Not amended | 424 x posts by the Museum 12 x Website updates; 166 x Facebook uploads; 126 x Tweeter uploads; 120 x Instagram uploads | Deviation | The Museum had anticipated that it would be able to host all its events as had planned initially in 2019/2020 financial year. These programmes are also covered on our social media platforms which increases the number of uploads/ posts. Due to the reduced number of targets and programmes it has been challenging to achieve this target. |

| SUB PROGRAMME 3 (C) | | | | | | | |
|-------------------------------------|---|---|--|---|---|---|---|
| EDUCATION AND TOURS | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | COMMENT ON DEVIATIONS |
| Inclusive and empowered communities | Number of Museum Education Programmes implemented | 19 x educational programmes and commemorative days 1. Poetry Memory, 27 April 2019 2. CC Art School Programme 09 - 31 March 3. Africa Month Dialogue - 27 May June 2019 4. World Environment Day - 05 June 2019 5. Luthuli Museum Spelling Bee workshop - 12 June 2019 6. Luthuli Museum Celebrating Literature - 28 June 2019 7. CC Art School Programme - 08 - 30 July 19 and 01 - 30 August 2019 8. Luthuli Museum Creative Group A & B - 15 & 16 Aug 19 9. Museum in a box - 06 Sep 19 10. International Day of the Girl - 12 Sept 19 11. Music Bunch workshops 12, 19, 26 Oct 19 12. Centre for Creative Arts School Programme Prize Giving - 04 Dec 19 13. KZN Film Festival Workshop 04 Dec 19 | 5 x Museum Education Programmes implemented | 2 x Museum Education Programmes implemented | 2 x Museum Education Programmes implemented 1. Writers Guild 2. Time of the Writer Festival (Virtual) | Achieved No Deviation | — |
| | Number of Outreach Programmes implemented | 15x Community and youth outreach programmes 1. CALCC School Chess Programme 02 - 30 April 2019 2. CALCC School Chess Programme 02 - 30 May 2019 3. Chess Master Training 03 - 05 May 2019 4. CALCC School Chess Programme 02 - 30 June 2019 5. Luthuli & Kennedy Chess Workshop 02 June 2019 6. KwaZulu Chess - Miss Konde Kwazulu 22 June 2019 7. CALCC School Chess Programme - 09 - 24 July 2019 8. CALCC School Chess Programme - 05 - 31 Aug 19 9. JHEC Young Gambit Music Chess - 05 Aug 19 10. Nkukani Luthuli Rated Chess Tournament - 31 Aug 19 11. CALCC School Chess Programme - 02 - 25 Sep 19 12. JHEC Music Chess Session - 28 Sep 19 | 12 x Education Outreach Programmes implemented | TARGET REMOVED | — | — | This target required the education department officials to travel to schools in the Ilembe District to promote the Museum's education programmes and offer supplementary assistance to the school curriculum. The different lockdown levels restricted the movement of people and schools were operating on a rotational basis to minimise the risk of children contracting and spreading the COVID-19 virus. Due to the risk associated with contracting and spreading the COVID-19 virus, all outreach activities were cancelled by the Museum. |

| | | | | | | | |
|---|---|---|---|------------------------------|---|--------------------------|---|
| | | 13. Nobel Peace Prize Chess Tournament – 14 March 20 14. Nkululanya Luthuli Commemoration Chess Tournament – 07 March 20 15. Nirvana Hip Hop Club Documentary Screening – 14 March 20 | 1000 x Guided Tours conducted | 200 x Guided Tours conducted | 82 x Guided Tours conducted | Deviation | The Museum can only conduct tours when there are visitors who would like to view the Museum's offerings. The COVID-19 pandemic has had a negative effect on the tourism industry with tourist destinations such as museums closing hence the decline in visitor numbers and tours conducted. The Museum is outsourcing the services of creating virtual tours. This will allow the visitors at any location to take a virtual tour of the Museum. These hits/virtual visits will be calculated with physical visitors who are taken on tours. |
| Number of guided tours conducted | | — | 1000 x Guided Tours conducted | 200 x Guided Tours conducted | 82 x Guided Tours conducted | Deviation | The Museum can only conduct tours when there are visitors who would like to view the Museum's offerings. The COVID-19 pandemic has had a negative effect on the tourism industry with tourist destinations such as museums closing hence the decline in visitor numbers and tours conducted. The Museum is outsourcing the services of creating virtual tours. This will allow the visitors at any location to take a virtual tour of the Museum. These hits/virtual visits will be calculated with physical visitors who are taken on tours. |
| Number of Children Holiday Programmes Implemented | 5x children holiday programmes implemented | 1. Luthuli Museum Easter Holiday Programme – 01 April 2019 2. Luthuli Museum Winter Programme 26 - 28 June 2019 3. Luthuli Museum Winter Holiday Programme – 01 – 08 July 19 4. LM Spring Holiday Programme – 23 – 30 Sept 19 5. 1x children Christmas holiday programmes implemented | 6 x Children Holiday Programmes Implemented | Not amended | No Children Holiday Programmes Implemented in this financial year | Deviation | The Museum had anticipated that the lockdown levels in the third and fourth quarters would be completely lifted. The national lockdown level alerts have continued therefore restricting capacity intake. Due to the risk with hosting minors during a pandemic, the museum opted for the safety of children and staff by not hosting the Children's holiday programmes. |
| Number of National Special Days commemorated | 4 x educational programmes and commemorative days | 1. Africa Month Dialogue - 27 May 2019 | 9 x National Special Days commemorated | No amended | 9 x National Special Days commemorated 1. International Museum's Day 2. World Environment Day | Achieved No Deviation | — |

[illegible]

| SUB PROGRAMME 3 (D) | | | | | | | |
|--|--|--|--|--|--|---|--|
| PUBLIC RELATIONS | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2020 / 2021 | COMMENT ON DEVIATIONS |
| Increased awareness about the Luthuli Museum | Number of quarterly Museum newsletter produced and distributed to the public | 4 x quarterly newsletter printed and distributed | 4 x Quarterly Museum newsletter produced and distributed to the public | Not amended | No quarterly Museum newsletter produced and distributed to the public by the Museum | Deviation | The Luthuli Museum newsletter could not be finalised due to lack of content development for the newsletter. The format and content of the newsletter is being reconceptualised for the new financial year. |
| | Number of promotional fair or event attended | 2 x participation in promotional fairs / tourism events / festivals attended 1. Tourism Indaba 02 - 04 May 2019 2. "Know Your Government" Career Day July 2019 | 8 x Promotional fair or events attended | TARGET REMOVED | — | — | This target was removed as activations formed part of public gatherings. |
| | Number of promotional Interviews conducted on radio and online | — | 4 x promotional Interviews conducted on radio and online | 3 x promotional Interviews conducted on radio and online | 6 x promotional Interviews conducted on VUMA FM radio | Over Achievement Deviation | The over achievement of interviews was due to a package deal received from VUMA FM for the Chief Albert Luthuli Lecture |
| | Number of Press Releases distributed | 10x media releases promoting public programmes & profiling events | 20 x Press Releases distributed | 10 x Press Releases distributed | 3 x Press Releases distributed to media houses (Chief Albert Luthuli Memorial Lecture, Chief Albert Luthuli Soccer Tournament) | Deviation | The Museum only had two major events in this financial year. This affected the number of press releases that could be dispatched. A re-alignment schedule for the new financial year will be developed. |

| | | | | | | | |
|--|---|---|--|----------------|---|---|--|
| | Number of promotional Brochures & Newsletters distributed to the public | — | 4000 x Promotional Brochures & Newsletters distributed to the public | TARGET REMOVED | — | — | This target was removed as it would require staff to travel to different areas of the district and other in order to deliver the brochures and newsletters. Due to the risk that was associated with spreading and contracting the COVID- 19 virus, the Museum opted to remove this target |
|--|---|---|--|----------------|---|---|--|

| SUB PROGRAMME 3 (E) | | | | | | | |
|-------------------------------------|--|--|--|--|--|---|---|
| PUBLIC PROGRAMMES | | | | | | | |
| OUTCOME | OUTPUT INDICATORS | ACTUAL ACHIEVEMENT | PLANNED TARGET | AMENDED PLANNED TARGET | ACTUAL ACHIEVEMENT | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR | COMMENT ON DEVIATIONS |
| Inclusive and empowered communities | Number of community capacity building programmes implemented | 2019/2020 15x Community and youth outreach programmes 1. CALCC School Chess Programme 02 - 30 April 2019 2. CALCC School Chess Programme 02 - 30 May 2019 3. Arbitrator Training 03 - 05 May 2019 4. CALCC School Chess Programme 02 - 30 June 2019 5. Luthuli & Kennedy Chess Tournament 08 June 2019 6. Kumelekwaizwe - Miss Knelele Kwaziwe 22 June 2019 7. CALCC School Chess Programme - 09 - 24 July 19. 8. CALCC School Chess Programme - 05 - 31 Aug 19. 9. NHHC Young Carnival Music Tour - 17 Aug 19 10. Nokukhanya Luthuli Rated Chess Tournament - 31 Aug 19. 11. CALCC School Chess Programme - 02 - 25 Sept 19. 12. NHHC Music Dialogue Session - 28 Sept 19. 13. Nobel Peace Prize Chess Tournament - 01 Feb 20 14. Nokukhanya Luthuli Commemoration Chess Tournament - 07 March 20 15. Nirvana Hip Hop | 2020/2021 24 x community capacity building programmes implemented | 2020/2021 Not amended | 2020/2021 10 x community capacity building programmes Implemented 1. Garden project for people living with Disabilities x 1 2. Rites of Passage Nokukhanya Flowers 3. Virtual Jazz Concerts x 5 4. Chief Albert Luthuli Chess Club Online Tutorials 6. Nelson Mandela International Youth Camp 7. Uhuru Arts Festival | 2020 / 2021 Deviation | The Museum under achieved by 14 programmes. This is due to the disruptions relating to Museum Closure due to the COVID-19 pandemic. |

| | | | | | | | |
|---|--|--|--------------------|---|----------------------------------|--|---|
| | Club Documentary Screening – 14 March 2 | | | | | | |
| Number of Partnerships established | 2 x partnerships established 7. DBE (Mzinyathi School) 10. Valued Citizens (Exhibition) | 10 x Partnerships established | Not amended | 10 x Partnerships established 1. Concert SA - Virtual Concerts; 2. KZN Film Commission - NQF Level 4 Learnership; 3. Nelson Mandela Museum-International Youth Camp 4. KwaDukuza Municipality 5. KZN Department of Sports and Recreation (iLembe District) 6. iLembe District Municipality 7. Department of Health - iLembe District 8. Afrikology 9. VUMA FM 10. KZN Department of Arts and Culture | Achieved No deviation | | — |
| Number of dialogues offered | 3x themed public seminar / colloquium / dialogue organised 1. Chief Albert Luthuli Research Chair Founders Lecture 2. Luthuli Detachment Dialogue 3. Chief Albert Luthuli Memorial Lecture | 4 x Dialogues or seminars offered | Not amended | 4 x Dialogues or seminars offered 1. Dialogue conducted VUMA FM Round Table 2. Mama Nokukhanya Dialogue 3. Chief Albert Luthuli Memorial Lecture with UKZN 4. Chief Albert Luthuli Founders Lecture with UNISA | Achieved No Deviation | | — |

2.2.2.2 STRATEGY TO ADDRESS AREAS OF UNDER PERFORMANCE

The COVID-19 pandemic and the restrictions during the national lockdown levels had restricted and affected many institutions. During this reporting year, underperformance has largely been in planned activities across the three (3) Museum Programmes. Most of the underachieved targets are those that relate to engaging with people and other institutions.

Governance and Support Services

Underperformance in this area requires the Museum to capacitate the Human Resource unit. The Museum has made provision for an HR Practitioner in the organogram as this is a new position in the institution and will assist with the monitoring of Humana Resource related functions.

The Museum has appointed an Executive Administration Assistant who will assist with the monitoring of Governance related targets.

Public Engagements and Exhibitions

Limited human engagement/ contact due to COVID-19 restrictions has prompted the Museum to adapt to different ways of executing targets and performing its operations. The Museum has invested in equipping staff with tools of trade that will allow them to work from home. The Museum has also invested in software that will allow for virtual engagements and hosting of virtual programmes. Public programmes have been redesigned to suit both physical and virtual implementation. The Museum has adopted and will be investing in creating virtual products in order to create access to a wider audience. Virtual exhibitions, campaigns and newsletters form part of the redesigned programmes that the Museum will implement to address underperformance in these areas.

2.2.2.3 CHANGES TO PLANNED TARGETS

This Annual Performance Plan (APP) for the 2020/2021 financial year is conceived within the context of the newly adopted Strategic Plan of the new 5 Year Term. The APP 2020/2021 was tabled in Parliament during the month of March 2020. The advent of the pandemic and the subsequent national lockdown affected the operations of the Museum as it closed like many other businesses and organisations. The Department of Monitoring and Evaluation Circular No. 2 of 2020 directed public entities to revise the approved 2020/2021 Annual Performance Plans and cautioned that the revised and re-tabled plans are subject to auditing by the Auditor General and public oversight institutions, i.e. Parliament and Provincial Legislatures. Public entities' subsequent engagement with the Shareholder indicated that entities could remove indicators that they will not be able to achieve in the APP. However, the removal of the indicators must be provided or explained in the Annual Report. If the changes to the APP and the Strategic Plan (SP) are minimal and only affect the situational analysis, outputs, output indicators and targets, institutions can re-table an addendum instead of a full Annual Performance Plan or Strategic Plan.

The Luthuli Museum submitted an addendum to the original Annual Performance Plan as the changes proposed are minimal. They will only affect the current financial year performance targets and not the indicators. The addendum outlined the performance targets that the Museum could not implement in consideration of the current compliance regulations with the COVID-19 pandemic.



REVISED PERFORMANCE TARGETS

The revised performance targets relate to Programme 2 and Programme 3. Due to the impact of the COVID-19 pandemic, the performance targets have been reduced.

▪ **PROGRAMME 2: BUSINESS DEVELOPMENT**

Subprogramme A: Collections Management

Subprogramme B: Research

Subprogramme C: Exhibitions

▪ **PROGRAMME 3: PUBLIC ENGAGEMENT**

Subprogramme A: Marketing

Subprogramme C: Education and Tours

Subprogramme D: Public Relations

| PROGRAMME 2: BUSINESS DEVELOPMENT | | |
|---|---|---|
| Indicator name | Planned Target | Amended Target |
| Subprogramme A: Collections Management | | |
| Number of museum artefacts acquired | 30 x Museum artefacts acquired | 10 x Museum artefacts acquired |
| Number of field trips conducted for collection development | 2 x field trips conducted for collection development | 1 x field trips conducted for collection development |
| Subprogramme B: Research | | |
| Number of research documents produced for exhibitions | 3 x Research documents produced for exhibitions | 2 x Research documents produced for exhibitions |
| Number of documents produced for Museum publications | 3 x Documents produced for Museum publications | 1 x Documents produced for Museum publications |
| Number of conference paper or newspaper opinion produced for public dissemination | 2 x Conference paper or newspaper opinion produced for public dissemination | 1 x Conference paper or newspaper opinion produced for public dissemination |
| Subprogramme C: Exhibitions | | |
| Number of Museum exhibition staged | 2 x Museum exhibitions staged | 1 x Museum exhibitions staged |

| PROGRAMME 3: PUBLIC ENGAGEMENT | | |
|---|-------------------------------------|-------------------------------------|
| Indicator name | Planned Target | Amended Target |
| Subprogramme A: Marketing | | |
| Number of Marketing Campaigns implemented | 4 x Marketing Campaigns implemented | 3 x Marketing Campaigns implemented |
| Number of Museum visitors per annum | 40 000 x Museum Visitors per Annum | 200 x Museum Visitors per Annum |

| | | |
|--|---|---|
| Number of monthly reconciled Sales Reports compiled on promotional items | 4x Monthly Reconciled Sales Reports compiled on promotional items | 2x Monthly Reconciled Sales Reports compiled on promotional items |
| Subprogramme C: Education and Tours | | |
| Number of Museum Education Programmes Implemented | 5x Education Programmes implemented | 2x Education Programmes Implemented |
| Number of Museum Outreach Programmes implemented | 12x Education Outreach Programmes implemented | This target removed for 2020/21. This was targeted for the Museum education department to travel to schools and promote our education programmes. |
| Number of guided tours conducted | 1 000x Guided Tours conducted | 200x Guided Tours conducted |
| Subprogramme D: Public Relations | | |
| Number of promotional fair or events attended | 8 x number of promotional fair or events attended | Target removed as activations are classified under public gatherings. |
| Number of promotional Interviews Conducted (Radio/Online) | 4 x promotional Interviews conducted (Radio/Online) | 3 x promotional Interviews conducted (Radio/Online) |
| Number of Press Releases distributed | 20 x Press Releases distributed | 10 x Press Releases distributed |
| Number of promotional Brochures & Newsletters distributed to the public | 4 000 x promotional Brochures & Newsletters distributed to the public | This target is removed. The Newsletter and Brochure will be made available on the Museum digital platforms. |



2.2.2.4 Linking performance with budgets

2.2.2.4.1 Financial Disclosure

| Programme / Activity / Objective | 2019 / 2020 | | | 2020/2021 | | |
|----------------------------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Compensation | 7 427 | 6 746 | 663 | 8 717 | 7 922 | 795 |
| Depreciation | 645 | 210 | 435 | 664 | 222 | 442 |
| Programme 1 | 6 518 | 7 258 | -740 | 5 048 | 4 732 | 316 |
| Programme 2 | 80 | 97 | -17 | 412 | 140 | 272 |
| Programme 3 | 1 535 | 2 223 | -688 | 1 775 | 452 | 1 313 |
| | | | | | | |
| TOTAL | 16 205 | 16 552 | -347 | 16 616 | 13 468 | 3 138 |

2.2.2.4.2 Narrative Report

- Staff compensation balance is favourable because the Executive Admin and Personal Assistant to The Director positions are still vacant.
- Depreciation charged is less because the depreciation rates were revised and reduced at the end of 2020 financial year.
- Programme 1,2and 3 resulted to the favourable balances because the museum was unable to perform all the planned events for the year due to the Covid-19 pandemic.

2.2.2.6 Capital Investment

Capital investment, maintenance and asset management plan

2.2.2.6.1 Financial Disclosure

| | 2019/ 2020 | | | 2020/2021 | | |
|------------------------------|------------|--------------------|--------------------------|-----------|--------------------|--------------------------|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Resource Centre Building | 267 | 118 | 149 | 0 | 2 | -2 |
| Asbestos Roofing Replacement | 25 | 34 | -9 | 0 | 0 | 0 |
| Albert Luthuli Memorial Site | 367 | 208 | 159 | 0 | 0 | 0 |
| TOTAL | 659 | 360 | 299 | 0 | 2 | -2 |

2.2.2.6.2 Narrative Report

- No material movements in 2021 financial year.

2.2.2.6.1 Financial Disclosure

| | 2019/ 2020 | | | 2020/2021 | | |
|------------------------------|------------|--------------------|--------------------------|-----------|--------------------|--------------------------|
| | Budget | Actual Expenditure | (Over)/Under Expenditure | Budget | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Resource Centre Building | 267 | 118 | 149 | 0 | 2 | -2 |
| Asbestos Roofing Replacement | 25 | 34 | -9 | 0 | 0 | 0 |
| Albert Luthuli Memorial Site | 367 | 208 | 159 | 0 | 0 | 0 |
| TOTAL | 659 | 360 | 299 | 0 | 2 | -2 |

2.2.2.6.2 Narrative Report

- No material movements in 2021 financial year.

3. PART C: GOVERNANCE

- 3.1.** 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.

3.1.2 Council Charter

The Luthuli Museum Council's role and responsibilities are set out in the Council Charter as adopted. The Charter outlines; the Mission of Council members; Fiduciary responsibility; Leadership of Council; Orientation of new Council members; Conflicts of interest; Segregation of roles with respect to the establishment of Committees; Evaluation of Council members; Council relationship to staff and external advisors; Succession and emergency planning; Council meetings and secretarial role; Risk management and internal controls; Monitoring and operational performance; Public communication; Integrated sustainability reporting; Code of Ethics; Quorum; Amendments to the Charter and Council Code of Conduct.

3.1.3 Composition of Museum Council

Members of Council are appointed by the Minister of Sports, Arts and Culture through public nomination for a three (3) year term of office. The Luthuli Museum currently has eight (8) Council members as appointed by the Minister. The members attend Council meetings and are remunerated in accordance with National Treasury prescripts application to the entity's classification.

3.2. Council Information Disclosure

3.2.1 Council Term: 1 December 2018 – 30 November 2020

| Member Name | Designation | Date Appointed | Date Resigned | Qualifications | Board Directorship (other entities) | Other Committees or Task Teams |
|-------------------|-------------|----------------|---------------|---|-------------------------------------|--------------------------------|
| Mr I Mkhize | Chairperson | 1 /09 /2018 | N/A | <i>B. Degree: Technology Management</i> | None | None |
| Dr M Mchunu | Deputy | 1 /12 /2017 | N/A | <i>B. Degree (Ph.D.)</i> | None | MRCOMM |
| Mr T Tsemetse | Member | 1/09 /2018 | N/A | <i>B. Degree Public Administration (Honours)</i> | None | ARC / MRCOMM |
| Mr M Luthuli | Member | 1 /12 /2017 | N/A | <i>BSc. Degree: Engineering</i> | None | HRRESCO / ARC |
| Mr Z Gumede | Member | 1 /12 /2017 | N/A | <i>B. Comm. (Law) & (Hons. B&A)</i> | None | MRCOMM / FINCOM |
| Ms S Mabilane | Member | 1 /12 /2017 | N/A | <i>B. Degree Cost & Management Accounting</i> | None | FINCOM / HRRESCO |
| Adv. J Ralefatane | Member | 1 /12 /2017 | N/A | <i>B. Proc. Degree (LLB) Admitted Adv.</i> | None | HRRESCO / ARC |
| Dr. A Luthuli | Member | 1 /12 /2017 | N/A | <i>Degree M.D.</i> | None | MRCOMM |

3.2.2 Council Term: 1 December 2020 – 8 December 2023

| Member Name | Designation | Date Appointed | Date Resigned | Qualifications | Board Directorship (other entities) | Other Committees or Task Teams |
|---------------|-------------|----------------|---------------|---|-------------------------------------|--------------------------------|
| Mr I Mkhize | Chairperson | 9/12/2020 | N/A | B. Degree: Technology Management | None | None |
| Dr M Mchunu | Deputy | 9/12/2020 | N/A | B. Degree (Ph.D.) | None | MRCOMM |
| Mr T Tsemetse | Member | 9/12/2020 | N/A | B. Degree Public Administration (Honours) | None | ARC / MRCOMM |
| Ms S Mabilane | Member | 9/12/2020 | N/A | B. Degree Cost & Management Accounting | None | HRREMO / ARC |
| Dr A Luthuli | Member | 9/12/2020 | N/A | Degree M.D. | None | MRCOMM / FINCOM |
| Ms S Mthembu | Member | 9/12/2020 | N/A | LLB Degree Post Graduate Certificate (Labour Law) LLM (Human Rights Law) | None | FINCOM / HRREMO |
| Mr. J Matlou | Member | 9/12/2020 | N/A | B.A Communications BA (Honours) Communications M.A International Communications | None | HRREMO / ARC |
| Mr. S Dlamini | Member | 9/12/2020 | N/A | National Diploma: Public Management (Current) | None | MRCOMM |

3.3 Council Committees

Since a Council / Board cannot attend to all the matters effectively the following Committees are established:

- Audit and Risk Committee
- Finance Committee
- Human Resources and Remuneration Committee
- Marketing and Research Committee

3.3.1 Disclosure of Committees Information

| Committee | Number of Meetings held | Number of Members | Name of Members |
|-----------|-------------------------|-------------------|--|
| ARC | 5 | 5 | Ms B Chiliza; Mr M Luthuli; Mr B Mbanjwa; Adv. J Ralefatane; Mr T Tsematse |
| FINCOM | 4 | 3 | Ms S Mabilane ; Adv. J Ralefatane ; Mr Z Gumede |
| HRREMMCO | 4 | 3 | Adv. J Ralefatane ; Ms S Mabilane ; Mr M Luthuli |
| MRCOMM | 4 | 4 | Mr Z Gumede ; Mr T Tsematse ; Dr A Luthuli; Dr M Mchunu |

3.3.2 Remuneration of Museum Council Members

The Council Members are remunerated in accordance with National Treasury prescripts applicable to Schedule 3A entities. The Chairperson of Council remuneration amount is R 2,109.00; the Deputy Chairperson is R1, 917.00 and ordinary member is R 1,742.00. The Museum provides for member's subsistence and travel including, flights; vehicle hire or shuttles and accommodation. Other provision for members includes monthly 5 gigabytes of data per month and reimbursement of claims for use of personal vehicle during Museum business.

3.3.3 Disclosure of remuneration information for Council members

1.3.3.1 Financial year ended on 31st March 2019/20

| Name | Remuneration | Other Allowance | Other Reimbursements | Total |
|-------------------|--------------|-----------------|----------------------|--------------|
| Mr I Mkhize | 245 | 0 | 0 | 245 |
| Dr M Mchunu | 203 | 0 | 0 | 203 |
| Mr T Tsematse | 134 | 0 | 0 | 134 |
| Mr M Luthuli | 18 | 0 | 0 | 18 |
| Mr Z Gumede | 139 | 0 | 0 | 139 |
| Ms S Mabilane | 153 | 0 | 0 | 153 |
| Adv. J Ralefatane | 291 | 0 | 0 | 291 |
| Dr A Luthuli | 68 | 0 | 0 | 68 |
| Ms B Chiliza | 86 | 0 | 0 | 86 |
| Mr B Mbanjwa | 15 | 0 | 0 | 15 |
| Pako Consulting | 21 | 0 | 0 | 21 |
| | | | | |
| TOTAL | 1 373 | 0 | 0 | 1 373 |

3.3.3.2 Financial Year ended on 31st March 2020/21

| Name | Remuneration | Other Allowance | Other Reimbursements | Total |
|-------------------|--------------|-----------------|----------------------|--------------|
| Mr I Mkhize | 173 | 0 | 0 | 173 |
| Dr M Mchunu | 171 | 0 | 0 | 171 |
| Mr T Tsematse | 104 | 0 | 0 | 104 |
| Ms S Mabilane | 110 | 0 | 0 | 110 |
| Dr A Luthuli | 89 | 0 | 0 | 89 |
| Ms S Mthembu | 18 | 0 | 0 | 18 |
| Mr J Matlou | 17 | 0 | 0 | 17 |
| Mr S Dlamini | 14 | 0 | 0 | 14 |
| Mr M Luthuli | 29 | 0 | 0 | 29 |
| Mr Z Gumede | 30 | 0 | 0 | 30 |
| Adv. J Ralefatane | 162 | 0 | 0 | 162 |
| Ms B Chiliza | 91 | 0 | 0 | 91 |
| Mr B Mbanjwa | 13 | 0 | 0 | 13 |
| Dr L Konar | 33 | 0 | 0 | 33 |
| Sanda | 5 | 0 | 0 | 5 |
| TOTAL | 1 059 | 0 | 0 | 1 059 |

3.3.4 Risk Management

Risk Management oversight at the Museum is by the Audit and Risk Committee assisted and supported the Internal Audit. In the reporting year the Museum conducted a risk assessment exercise to identify new and emerging risks. The risk assessment addressed itself to identification and mitigation of risk with respect to the following areas of operations:

- Technology and systems;
- Process and operational;
- Strategy and service delivery;
- Financial;
- Governance and compliance;
- Regulatory and reputational; and
- Human Resource Management.

A Risk Register was developed to assist with monitoring the effectiveness of risk management within the Museum and the mitigation thereof. The Museum has not made much progress in addressing the identified risks to ensure the effectiveness of risk management.

3.3.5 Internal Audit

The Museum Internal Audit function is an outsourced service and these services are provided by the audit firm HTB Consulting on a three (3) term contract. The contract term is from 1 November 2018 and terminates on 31 October 2021. The auditing firm is entrusted with the responsibility to appraise Museum policies; procedures; risks and controls.

The Internal Auditors advise the Accounting Officer and the Audit and Risk Committee on the following matters:

- Review of the Museum Risk Management Plan;
- Development of a 3 Year Internal Audit Strategic Plan;
- Development and execution of an internal audit plan based on risk assessment;
- Conducting internal financial and operational audits;
- Monitoring and identification of financial and financial risks;
- Enabling reliable and accurate financial and management reporting;
- Monitoring compliance with relevant legislation and regulations;
- Providing support to the external audit processes in so far as the internal audit work performed for the museum;
- Reporting to the Luthuli Museum management and Audit Committee; and
- Identification and reporting, to appropriate levels of any fraud, irregularities, wasteful and fruitless expenditure including reviewing processes put in place to report suspected fraud; Compliance with PFMA and Treasury Regulations, Division of Revenue Act and any other applicable reporting requirements

3.3.6 Audit and Risk Committee

The oversight work of the Audit and Risk Committee is guided by the Audit Committee Charter which outlines its oversight role and responsibilities with respect to corporate governance; financial reporting and internal controls.

In executing its oversight responsibilities, the Audit and Risk Committee addresses itself to the following matters:

- (a) Advise the Museum Council, the Accounting Officer and the Management staff on matters relating to:
- Internal financial control and internal audits.
 - Risk management.
 - Accounting policies;
 - The adequacy, reliability and accuracy of financial reporting and information;
 - Performance Management;
 - Effective Governance;
 - Compliance with the Public Finance Management Act and any other applicable legislation;
 - Performance evaluation; and
 - Any other issues referred to it by the Museum;
- (b) Review the annual financial statements to provide the Council of the Museum with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the Public Finance Management Act and any other applicable legislation;
- (c) Respond to the Council on any issues raised by the Auditor-General in the Audit report.
- (d) Carry out such investigations into the financial affairs of the Museum as the Council may request; and
- (e) Perform such other functions as may be prescribed.

In performing its duties, the committee will maintain effective working relationships with the Council, Management, and the internal and external auditors. To perform their work effectively, each committee member will obtain an understanding of the detailed responsibilities of committee membership as well as the Museum's business, operations and risks.

3.3.7 Disclosure information on Audit and Risk Committee members

| Member Name | Qualifications | Designation | Date Appointed | Date Resigned | Number of Meetings Attended |
|-------------------|--|-------------|----------------|---------------|-----------------------------|
| Ms B Chiliza | (1) Bachelor of Commerce in Accounting (2) Honours Bachelor of Commerce in Accounting (3) Chartered Accountancy: SAICA | Chairperson | 1/11/2018 | N/A | 5 |
| Mr B Mbanjwa | (1) Bachelor of Science in Management Studies (2) National Diploma: Accounting | Member | 1/11/ 2018 | N/A | 3 |
| Mr M Luthuli | (1) Bachelor of Science Degree: Engineering | Member | 1/12/ 2018 | N/A | 3 |
| Mr T Tsematse | (1) Bachelor of Administration (Honours) (2) Diploma in Management Studies (3) Post Graduate Certificate in Management Studies | Member | 1/12/2018 | N/A | 5 |
| Adv. J Ralefatane | (1) B. Proc. Degree (2) LLB Degree (3) Bookkeeping Diploma (4) Admitted Advocate of the Supreme Court of South Africa | Member | 1/12/2018 | N/A | 5 |

3.3.8 Compliance with laws and regulations

Quarterly internal audits ensure that the Luthuli Museum maintains compliance with application laws and regulations. The organisation has in place systems; procedures and processes in place to ensure that there is segregation of responsibilities; payment requisition documentation and forms are available to maintain the value chain of accountability; a delegations of authority procedures document is available to guide management in executing its responsibilities.

3.3.9 Fraud and Corruption

The Museum has a Fraud Prevention Plan in place that outlines all the steps and procedures in preventing fraud. Through segregation of duties and responsibilities the organisation ensures that the checks and balances are in place to prevent fraud. Compliance with internal control processes and procedures also assists in preventing fraud.

3.3.10 Minimising Conflict of Interest

All Museum staff signs declarations every year regarding protection of information; business interest and usage of online / computer systems.

3.3.11 Code of Conduct

Employee code of conduct is through policies and procedures that are in place. A workshop is conducted annually with staff on policies and procedures emphasizing the importance of complying with the Museum's code of conduct. Noncompliance is addressed through the organisation's disciplinary procedures.

3.3.12 Health, Safety and Environmental Issues

The Museum does not have health and environmental issues of concern.

3.3.13 Social Responsibility

Social responsibility activities at the Museum include; a food gardening project for people with disability and the children holiday programmes which keeps children occupied and off the streets during school holidays. Such programmes involve physical activities; the visual arts; craft; chess games and watching educational and fun films at the Museum.

LUTHULI MUSEUM

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

This report is provided by the Audit Committee in respect to the 2020/21 financial year of the Luthuli Museum, as required by section 76 of the Public Finance Management Act No. 1 of 1999, as amended (PFMA) read with the Treasury Regulations 3.1.9 and 27.1 issued in terms of the PFMA.

(1) Audit Committee Members and Attendance

In terms of section 27.1.1 of the Treasury Regulations, the Accounting Authority of a Public Entity must establish an Audit & Risk Committee as a sub-committee of the Accounting Authority.

The Audit Committee was established on 13 December 2018, and is responsible for the Audit Committee functions of Luthuli Museum in line with the Audit Committee Charter, the PFMA and King IV Principles of Corporate Governance.

The Audit Committee Charter requires that the committee comprise of not less than three (3) members who are not in the employ of the Museum. The Audit Committee comprises of five (5) members, including the Chairperson.

In terms of section 77(b) of the PFMA, the Audit Committee must meet at least twice a year. During the 2020/21 financial year, the Audit Committee met four (4) times as reflected in the table below:

| Member | Gender | Meeting Date | | | |
|--|--------|--------------|-----------|-----------|-----------|
| | | 26-May-20 | 24-Aug-20 | 23-Nov-20 | 26-Feb-21 |
| Ms B Chiliza* | F | ✓ | ✓ | ✓ | ✓ |
| Mr B Mbanjwa | M | ✓ | ✓ | ✓ | ✓ |
| Mr M Luthuli | M | ✓ | ⊙ | ⊙ | ⊙ |
| Mr T Tsematse | M | ✓ | ✓ | ✓ | ✓ |
| Adv J Ralefatane | F | ✓ | ✓ | ✓ | ✦ |
| Mr J Matlou | M | ✕ | ✕ | ✕ | ✓ |
| <p>* Chairperson ✓ Denotes attendance ⊙ Denotes absence with apology ✦ Member's term terminated on 30 November 2020 ✕ Member was appointed on 13 December 2020</p> | | | | | |

(2) Audit Committee Responsibility

The Audit Committee has complied with its responsibilities arising from section 51(1)(ii) and 77 of the PFMA read with Treasury Regulation 3.1.10, 27.1.7 and 27.1.8 and reports that it has operated in terms of the Audit Committee Charter.

(3) Efficiency and Effectiveness of the Internal Controls

The system of internal controls for financial and risk management employed by Luthuli Museum is partially effective, efficient and in line with the PFMA and the principles of the King IV Report on Corporate Governance.

Internal Audit provides the Audit Committee with assurance that the internal controls are appropriate and effective.

From various Internal Audit Reports, the Auditor General Audit Report and Management Report, it was noted that certain matters were reported indicating deficiencies in the system of internal controls. Management has committed to implement corrective actions, which will be closely monitored by the Audit Committee in the year ahead.

Among other things in this financial year, Council has engaged an independent service provider to perform a full review and investigation of irregular expenditure that was incurred during the current financial year. On finalisation of the investigation, the Council is committed to fully implement the recommendations and consequence management emanating therefrom. This reflects a bold step to inculcate a culture of compliance

with the required legislation, policies and procedures. This proves the improving internal control culture within the entity.

Luthuli Museum has anti-corruption measures that curb the frequency and magnitude of fraud and corruption. The Audit Committee is satisfied that the museum maintains adequate prevention of fraud controls and this risk is continually monitored.

The entity's fraud prevention and ethics programme includes prevention, detection, investigation and resolution implemented through the Internal Audit Function. Effective implementation of the recommendations and outcomes emanating from the investigations is monitored and reported to Management and the Audit & Risk Committee.

The Internal Audit function provides a written assessment on the effectiveness of internal controls to the Audit & Risk Committee.

The Audit Committee is aware of the risks surrounding the Information and Communication Technology (ICT) and the effectiveness of the ICT governance structure. Management has provided assurance that the strengthening of controls over ICT is currently underway. The Audit Committee will monitor progress in the year ahead.

(4) Internal Audit Function

The Audit Committee reviewed and approved the Internal Audit Charter and the Internal Audit Plan. The Audit Committee considers the Internal Audit Function to be optimally resourced. During the financial year under review, the Internal Audit function is performed by an external service provider, HTB Consulting.

The Audit Committee assessed the internal audit function to be efficient, responsive to external audit findings and other emerging risks and provides reports of a high quality to Management and Audit Committee in a timely manner.

The Audit Committee supports the direction that the current Internal Auditors have adopted in providing the necessary skills and agility required for the function to respond efficiently and effectively to strengthen controls within the museum.

(5) External Audit Function

In terms of PFMA, the Auditor General of South Africa (AGSA) is the appointed external auditor. During the 2020/21 financial year, the AGSA has performed the external audit through the use of an external service provider, whilst maintaining responsibility for the audit.

The Audit Committee is satisfied that the external auditor is independent of the museum and can confirm that the External Auditor did not provide any non-audit services.

The AGSA is mandated by the Public Audit Act No. 25 of 2004 to conduct audits in accordance with the International Standards on Auditing.

The AGSA adopted the International Federation of Accountants' Code of Ethics and International Organisation of Supreme Audit Institutions' Code of Ethics to ensure that the audits are conducted in an ethical manner and in accordance with the code. These codes require the AGSA to identify threats to independence and put mitigating measures in place.

The Audit Committee among other matters:

- a) Recommended the approval of the external audit engagement letter, the audit plan and the budgeted audit fees payable to the AGSA; and
- b) Considered whether any reportable irregularities were identified and reported by the External Auditors in terms of the Auditing Profession Act.

The Audit Committee has met with the External Auditors to ensure there are no unresolved issues.

(6) Risk Management

The Audit Committee is responsible for the oversight of the Risk Management Function. The Council has resolved to review the Risk Function of the Luthuli Museum at the recommendation of the Audit Committee. During the 2020/21 financial year, management embarked on a task of identifying emerging risks, updating the risk registers and implementing mitigating controls.



(7) Evaluation of the Finance Function

The Finance Function has been unable to deliver quality financial reports in a timely manner to enable the Audit Committee to have effective oversight over the financial and governance structures.

Management has assured the committee that the Finance Function will be enhanced further through the appointment of additional relevant skills and on-the-job training. The Finance Function is expected to improve going forward.

The Audit Committee will continue to monitor the quality of financial reporting and recommend improvements where necessary.

(8) Performance Management

As part of the responsibility of the Audit Committee includes the review of performance management. The Audit Committee has:

- a) Reviewed and commented on the compliance with statutory requirements and performance management best practices and standards;
- b) Reviewed and commented on the relevance of indicators and recommended enhancements to ensure they are measurable; and
- c) Reviewed the quarterly performance reports submitted by Management, having been reviewed by Internal Audit.

The Audit Committee is satisfied that the performance report has been prepared in terms of PFMA and other related regulations.

(9) Evaluation of the Annual Financial Statements

The Audit Committee has reviewed the Annual Financial Statements (AFS) and focused on the following:

- a) Confirmed the going concern as a basis of preparation of the AFS;
- b) Reviewed significant financial reporting judgements and estimates contained in the AFS;
- c) Reviewed and discussed with the AGSA the audited AFS;
- d) Reviewed the AGSA's Management and Audit Reports;
- e) Reviewed significant adjustments resulting from the audit;

Except for matters identified by the External Auditors in the Auditor's Report, the Audit Committee is of the view that in all material respects, the AFS comply with the relevant legislature, the Standards of Generally Recognised Accounting Practices, and fairly present the financial position at that date and the results of operations and cash flows for the year ended 31 March 2021.

(10) External Audit Report

The report of the Auditor General on the Annual Financial Statements is welcomed with appreciation. Whilst the entity received an unqualified audit opinion, the Audit Committee is concerned about the matters raised in the Management Letter. The Audit Committee will oversee Management's development of action plans to address all reported matters and monitor its implementation.

(11) Going Concern

The going concern assumption is a fundamental principle in the preparing of Annual Financial Statements. The Luthuli Museum has applied and complies with the applicable accounting principles which assume that, the museum will continue to exist to carry out its objectives and commitments into the foreseeable future.

On behalf of the Audit Committee



Babongile Chiliza

Chairperson: Audit Committee
26 August 2021

3.3.15 B-BBEE Compliance Performance Information

| Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following: | | | |
|--|----------|----|---|
| Criteria | Response | | Discussion (include a discussion on your response and indicate what measures have been taken to comply) |
| | Yes | No | |
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | | X | The criterion is not applicable to the entity. |
| Developing and implementing a preferential procurement policy? | | X | The entity complies with the policy with respect to the procurement of goods and services. |
| Determining qualification criteria for the sale of state-owned enterprises? | | X | The criterion is not applicable to the entity |
| Developing criteria for entering into partnerships with the private sector? | | X | This will be developed in the new financial year within the applicable legislated framework and guidelines. |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment? | | X | The criterion is not applicable to the entity |





On 26 March 2021, Rise and shine! The International Youth Camp participants which included the Luthuli Museum participant Mpendulo Shusha (far right).



On 26 March 2021, Mpendulo Shusha of the Luthuli Museum and other participants of the International Youth Camp on a tour of the Nelson Mandela Museum.



25 September 2020, the Msunduzi Tourism delegation visited the Luthuli Museum sites.



On 25 September 2020, the Msunduzi Tourism delegation while at the United Congregational Church of Southern Africa where Chief Albert Luthuli was laid to rest.



On 25 February 2021, the descendants of the Luthuli family and the Ndungane family visited the Luthuli Museum.



On 28 August 2020, Luthuli Museum celebrated Mrs. Nokukhanya Luthuli's life in a public Lecture that was delivered by Prof. Pearl Sithole seen with her is the Luthuli Museum Curator Ms. Loyiso Gumede.



Prof. Pearl Sithole delivering the Mrs Nokukhanya Luthuli Public Lecture keynote address at the Luthuli Museum.



Groutville Community member Ms. Nocawe Frank, a delegate at the Mrs Nokukhanya Luthuli Public Lecture.

4. PART D: HUMAN RESOURCE MANAGEMENT

4.1 Introduction

The Luthuli Museum has continued towards establishing an internal dedicated Human Resources unit which will provide the necessary support to the Management and staff on Human Resource matters. This exercise includes also appointing an external human resource consultancy service to provide support on technical expertise in this regard. Overall HR capacity building for the Museum is expected to be concluded in the 2021/2022 financial year.

The current global COVID-19 pandemic has evidenced to Museum management the need to update policies and procedures to accommodate matters like comorbidity, vaccinations, staff wellness, social distancing, health and safety including hygiene. During the reporting year the Museum has experienced some staff members contracting the COVID-19 virus. This has further highlighted the need for the Museum to remain compliant to all health and safety regulations placed by government to curb further infections.

The Luthuli Museum human capital capacitation initiative, especially in the public engagement programme, was enhanced with the appointment of the Marketing and Communications Manager. This meant that the workload would be evenly spread-out with regards to people management within the organisation.

The Luthuli Museum in this current financial year experienced an Injury on Duty (IOD) with one of the staff members slipping on the ramp in one of the buildings. This matter is being addressed accordingly to date.

Training and Development within this financial year had to be postponed due to COVID - 19 as all scheduled trainings were face to face sessions. Training has been postponed to the new financial year of 2021/22.

The Luthuli Museum Council has commenced with working on the review of the Organogram with its respective committee. The review exercise intention being not only to ensure that capacity within the Luthuli Museum is made possible, but also that it is within the available budget.

The institution has advertised a permanent position for the vacancy of Supply Chain Management Officer, which will assist the institution with compliance on all supply chain management matters going forward.

Lastly, a new Human Resources and Remuneration Committee (HRREMCO) has been established and commenced duties in 1 December 2020. All the new Committee members have undergone an induction which included an appraisal on all matters achieved by the previous HRREMCO and those that needed to be addressed going forward.

The Management of the Luthuli Museum is looking forward to working closely with this new Committee in ensuring that all HR matters are being fully addressed going forth.



3.2 HUMAN RESOURCES OVERSIGHT STATISTICS

4.2.1 Personnel Costs by programme / activity / objective

| Programme/ activity/ objective | 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) |
|--------------------------------------|--|-------------------------------------|--|---------------------|---|
| Programme 1 | 12 876 | 4 578 | 34% | 10 | 457,8 |
| Programme 2 | 140 | 844 | 6.2% | 2 | 422 |
| Programme 3 | 452 | 2 500 | 18.5% | 7 | 357.1 |
| TOTAL | 13 468 | 7 922 | 58.7% | 19 | 1 236.9 |

4.2.2 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 | - | - | - | - |
| Senior Management | 1 152 | 14.5% | 1 | 1 152 |
| Professional qualified | 2 080 | 26.3% | 3 | 693.3 |
| Skilled | 1 890 | 23.8% | 4 | 472.5 |
| Semi-skilled | 2 360 | 29.7% | 8 | 295 |
| Unskilled | 440 | 5.6% | 3 | 146.6 |
| TOTAL | 7 922 | 99.9% | 19 | 2 759.4 |

4.2.3 Performance Rewards

| Programme/Activity/ Objective | Performance Rewards | Personnel Expenditure (R'000) | % of performance rewards to total personnel cost (R'000) |
|----------------------------------|------------------------|-------------------------------------|---|
| Top Management | None | – | – |
| Senior Management | None | – | – |
| Professional qualified | None | – | – |
| Skilled | None | – | – |
| Semi-skilled | None | – | – |
| Unskilled | None | – | – |
| TOTAL | None | – | – |

4.2.4 Training Costs

| Programme/ activity/ objective | Personnel Expenditure (R'000) | Training Expenditure (R'000) | Training Expenditure as a % of Personnel Cost. | No. of employees | Average training cost per employee |
|--------------------------------------|-------------------------------------|------------------------------------|--|---------------------|---|
| Programme 1 | 4 578 | 0 | 0 | 0 | 0 |
| Programme 2 | 844 | 24 | 2.8% | 2 | 12 |
| Programme 3 | 2 500 | 0 | 0 | 0 | 0 |
| TOTAL | 7 922 | 24 | 2.8% | 2 | 12 |

4.2.7 Reasons for staff leaving

| Reason | Number | % of total no. of staff leaving |
|--------------------|--------|---------------------------------|
| Death | — | — |
| Resignation | — | — |
| Dismissal | — | — |
| Retirement | — | — |
| Ill health | — | — |
| Expiry of contract | — | — |
| Other | — | — |
| TOTAL | — | — |

4.2.8 Labour Relations: Misconduct and disciplinary action

| Nature of disciplinary Action | Number |
|-------------------------------|--------|
| Verbal Warning | 0 |
| Written Warning | 0 |
| Final Written warning | 0 |
| Dismissal | 0 |

4.2.7 Reasons for staff leaving

| Reason | Number | % of total no. of staff leaving |
|--------------------|--------|---------------------------------|
| Death | — | — |
| Resignation | — | — |
| Dismissal | — | — |
| Retirement | — | — |
| Ill health | — | — |
| Expiry of contract | — | — |
| Other | — | — |
| TOTAL | — | — |

4.2.8 Labour Relations: Misconduct and disciplinary action

| Nature of disciplinary Action | Number |
|-------------------------------|--------|
| Verbal Warning | 0 |
| Written Warning | 0 |
| Final Written warning | 0 |
| Dismissal | 0 |

4.2.9 Equity Target and Employment Equity Status

4.2.9.1 Male

| Level | MALE | | | | | | | |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | – | – | – | – | – | – | – | – |
| Senior Management | 1 | – | | – | – | – | – | – |
| Professional qualified | 1 | – | | – | – | – | – | – |
| Skilled | 2 | – | 1 | – | – | – | – | – |
| Semi-skilled | 2 | – | | – | – | – | – | – |
| Unskilled | 1 | – | | – | – | – | – | – |
| TOTAL | 7 | – | 1 | – | – | – | – | – |

4.2.9.2 Female

| Level | FEMALE | | | | | | | |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | – | – | 0 | – | – | – | – | – |
| Senior Management | | – | 0 | – | – | – | – | – |
| Professional qualified | 2 | – | 0 | – | – | – | – | – |
| Skilled | 5 | – | 0 | – | – | – | – | – |
| Semi-skilled | 2 | – | 0 | – | – | – | – | – |
| Unskilled | 2 | – | 0 | – | – | – | – | – |
| TOTAL | 11 | – | 0 | – | – | – | – | – |

4.2.9.3 Disabled

| Levels | DISABLED STAFF | | | |
|------------------------|----------------|--------|---------|--------|
| | MALE | | FEMALE | |
| | Current | Target | Current | Target |
| Top Management | – | – | – | – |
| Senior Management | – | – | – | – |
| Professional qualified | – | – | – | – |
| Skilled | – | – | – | – |
| Semi-skilled | – | – | – | – |
| Unskilled | – | – | – | – |
| TOTAL | – | – | – | – |



Groutville Community member Ms. Kiki Mzoneli, a delegate at the Mrs Nokukhanya Luthuli Public Lecture.



20 October 2020 Mr Ronnie Kasrils, Mr Zakhele Gumede on the right of the statue and his friends were taken on a tour at the Luthuli Museum.



On 20 October 2020 during a visit at the Luthuli Museum Mr Ronnie Kasrils having a moment with Chief Albert Luthuli's book.



On 27 November 2020, Dr. Yaa Ashantewaa Ngidi conducting the Right of Passage Workshop at the museum.

5. PART E: ANNUAL FINANCIAL INFORMATION

Report of the auditor-general to Parliament on Luthuli Museum

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Luthuli Museum set out on pages 72 to 109 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in equity and statement of cash flows and statement of comparison of budget and actuals for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Luthuli Museum as at 31 March 2021, and its financial performance and cash flows for the year then ended 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).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2021.



Responsibilities of the accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 2: business development presented on pages 11 to 14 of the entity's annual performance report for the year ended 31 March 2021.
15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify material findings on the usefulness and reliability of the reported performance information for programme 2: business development.

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. The annual performance report on pages 22 to 25 consists of information on the achievement of planned targets for the year and management's explanations provided for the under and overachievement of targets.

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

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

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

Annual financial statements

22. The annual financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) of the PFMA. Material misstatements of non-current assets, current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R2,28 million as disclosed in note 21 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with the supply chain management procedures and processes as contemplated in the treasury regulations.

24. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

Consequence management

25. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

Procurement and contract management

26. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1 and paragraph 3.3.1 of Practice Note 8 of 2007/08. Similar non-compliance was also reported in the prior year.

27. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the entity's supply chain management policy, as required by treasury regulation 16A6.2 (a) and (b).

28. I was unable to obtain sufficient appropriate audit evidence that the preference point system was applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and treasury regulation 16A6.3(b). Similar limitation was also reported in the prior year.

29. I was unable to obtain sufficient appropriate audit evidence that quotations were awarded to bidders based on points given for criteria that were stipulated in the original invitation and quotations as required by treasury regulation 16A6.3(a) and (b). Similar limitation was also reported in the prior year.

Other information

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

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
35. The accounting authority did not adequately oversee financial reporting and the related internal controls to ensure that regular, accurate and complete financial reports were prepared and effectively monitored by the management team. Moreover, the appropriate level of oversight was not implemented to ensure compliance with applicable policies as well as laws and regulations.

Auditor General

Pietermaritzburg

31 July 2021



AUDITOR GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and entity's compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

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



On the 24 March 2021, an artist enjoying a moment to perform at the Luthuli Museum Uhuru Arts Festival.



On the 24 March 2021 Committee members of the Luthuli Museum uHuru Arts Festival.



On 7 December 2020, Groutville Community members Ms. Nocawe Frank and Ms. Kiki Mzoneli, formed part of the Live Luthuli Museum Round Table dialogue session with Vuma FM Presenter Mr. Menelisi Ndwandwe.



On 10 November 2020, The Luthuli Museums' PRO Ms. Zinhle Nyembe promoting the Luthuli Museum at the Travel Marketing Expert Workshop in Cape Town.

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

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The reports and statements set out below comprise the annual financial statements presented to the council:

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Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

General Information

| | |
|---|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Museum |
| Director | Mr Brian Xaba |
| Museum Council Members | Hon Important Mkhize (Chairperson) Dr Mxolisi Mchunu (Deputy Chairperson) Dr Albertinah Luthuli Mr Mthunzi Luthuli (Term ended 30 November 2020) Ms Salome Mabilane Advocate Josephine Ralefatane (Term ended 30 November 2020) Mr Zakhele Gumede (Term ended 30 November 2020) Mr Tsemetse Tsemetse Mr Sicelo Dlamini (appointed on the 13th December 2020) Mr Jubie Matlou (appointed on the 13th December 2020) Ms Sinenhlanhla Mthembu (appointed on the 13th December 2020) |
| Audit Committee | Ms Babongile Chiliza (Chairperson) Mr Mthunzi Luthuli Advocate Josephine Ralefatane Mr Tsemetse Tsemetse Mr Bheki Mbanjwa |
| Secretary | Vacant |

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2021, set out on pages 3 to 35 were approved by the Museum Council on the 31 May 2021 and were signed on its behalf by:

ENDORSED BY COUNCIL
NAME: Important Mkhize
SIGNATURE: *[Signature]*
DATE: 28/07/2021

Mr Important Mkhize (Chairperson)

LUTHULI MUSEUM

P.O. BOX 1869

STANGER, 4450

TEL: 032 559 6822/24

FAX: 032 559 6806

E-MAIL: luthulimuseum@luthulimuseum.org.za

WEBSITE: www.luthulimuseum.org.za



Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position

| | Notes (s) | 2021 R | 2020 Restated* R |
|-------------------------------------|-----------|--------------------------|--------------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 9 118 951 | 9 203 390 |
| Heritage Assets | 3 | 6 824 076 | 6 732 922 |
| Intangibles | 4 | 9 739 | 14 608 |
| | | <u>15 952 766</u> | <u>15 950 920</u> |
| Current Assets | | | |
| Inventory | 5 | 11 560 | 14 464 |
| Trade and other receivables | 6 | 31 322 | 23 126 |
| Cash and cash equivalents | 7 | 9 207 090 | 8 146 334 |
| | | <u>9 249 972</u> | <u>8 183 924</u> |
| Total Assets | | <u>25 202 738</u> | <u>24 134 844</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| Accumulated surplus | | 24 063 223 | 22 522 832 |
| | | <u>24 063 223</u> | <u>22 522 832</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 8 | 241 994 | 565 835 |
| Conditional grants | 9 | 268 356 | 389 602 |
| Provisions | 10 | 629 164 | 656 575 |
| | | <u>1 139 514</u> | <u>1 612 012</u> |
| Total Equity and Liabilities | | <u>25 202 738</u> | <u>24 134 844</u> |



Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

| | Note(s) | 2021 | 2020 |
|------------------------------------|---------|---------------------|---------------------|
| | | | Restated* |
| | | R | R |
| Revenue | | | |
| Non-Exchange Revenue | | | |
| Government and other grants | | 14 752 245 | 15 910 959 |
| Income from Investments | | 164 908 | 370 387 |
| Heritage assets contributions | | - | 208 |
| Tender deposits | | - | 15 417 |
| Fundraising | | - | 464 764 |
| Donations received | | 91 154 | 36 645 |
| | 11 | <u>15 008 307</u> | <u>16 798 380</u> |
| Revenue | | | |
| Exchange Revenue | | | |
| Other income | 12 | 500 | 6 978 |
| | | <u>15 008 807</u> | <u>16 805 358</u> |
| Expenditure | | | |
| Depreciation | 2 | (217 215) | (205 373) |
| Amortisation | 4 | (4 869) | (4 873) |
| Administrative expenses | 13 | (1 703 410) | (2 372 499) |
| Marketing | 14 | (593 349) | (2 321 378) |
| Audit fees | 15 | (1 070 175) | (1 162 577) |
| Operating expenditure | 16 | (1 956 436) | (3 812 335) |
| Employee costs | 17 | (7 922 962) | (6 764 043) |
| Impairment | | - | (5 000) |
| | | <u>(13 468 415)</u> | <u>(16 648 078)</u> |
| Operating surplus | | 1 540 391 | 157 280 |
| Finance costs | | - | (11 337) |
| Surplus / (deficit) for the period | | <u>1 540 391</u> | <u>145 943</u> |



Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Equity

| Figures in Rands | Reserves | Accumulated surplus | Total equity |
|--------------------------------------|-------------|---------------------|-------------------|
| Balance as at 01 April 2019 | 4 817 706 | 17 559 183 | 22 376 889 |
| Transfer between reserves | (4 817 706) | 4 817 706 | - |
| Surplus/ (deficit) for the year | - | 145 943 | 145 943 |
| Total changes | - | 22 522 832 | 22 522 832 |
| Balance as restated at 01 April 2020 | - | 22 522 832 | 22 522 832 |
| Surplus/ (deficit) for the year | - | 1 540 391 | 1 540 391 |
| Total changes | - | 24 063 223 | 24 063 223 |
| Balance as at 31 March 2021 | - | 24 063 223 | 24 063 223 |



Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Statement of Cash Flows

| | Note(s) | 2021 | 2020 |
|--|---------|--------------|----------------|
| | | R | Restated* R |
| Cash flows from operating activities | | | |
| Cash receipts from customers & government grants | | 14 631 500 | 16 085 804 |
| Cash paid to suppliers and employees | | (13 602 876) | (16 396 722) |
| Cash generated from operating activities | 18 | 1 028 624 | (310 918) |
| Finance costs | | - | (11 337) |
| Income from investments | | 164 908 | 370 387 |
| Net Cash from operating activities | | 1 193 532 | 48 132 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (132 776) | (326 981) |
| Purchase of heritage assets | 3 | - | (420) |
| Net cash from investing activities | | (132 776) | (327 401) |
| Cash flows from financing activities | | | |
| Net cash from financing activities | | - | - |
| Net increase / decrease in cash | | 1 060 756 | (279 269) |
| Cash at the beginning of the year | | 8 146 334 | 8 425 603 |
| Total cash at the end of the year | 7 | 9 207 090 | 8 146 334 |

Accounting Policies

Accounting Policies

Luthuli Museum is a state owned entity incorporated and domiciled in South Africa

1. Basis of preparation

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

These annual financial statements have been prepared and are on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement unless specified otherwise. They are presented in South African Rand. Assets, liabilities, revenues and expenses are not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

Going concern assumptions

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

Comparative figures

When the presentation or classification of item in the annual financial statement is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparative are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty

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

1.1.2 Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.1.3 Estimates

Useful lives of property, plant and equipment

Estimates are formed by historical experience, information currently available management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

Impairments of non-financial assets

In testing for, and determining the value in use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash generating assets). For non-cash generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the assets, depending on the nature of the impairment and the availability of information.

Accounting Policies

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is fair value as at date of acquisition. Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalized if it is possible that future economic benefits associated with the expenditure will flow to the entity and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

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

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

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

The initial estimate costs of dismantling and removing the item and restoring the site on which it is allocated is also included in the cost of property, plant and equipment, where the entity is obliged to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for the land which is stated at cost less any accumulated impairment losses.

Accounting Policies**1.2 Property, plant and equipment (continued)**

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the entity.

Property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|------------------------|
| Furniture and fixtures | Straight line | 6-10 years |
| Office equipment | Straight line | 6-10 years |
| IT equipment | Straight line | 3-6 years |
| Motor vehicles | Straight line | 4-7 years |
| Leasehold improvements | Straight line | 5 years (Lease period) |

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Accounting Policies

1.2 Property, plant and equipment (continued)

Capital Work in Progress

Capital work in progress is stated at historical cost. Depreciation only commences when the asset is available for use.

1.3 Intangible assets

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

| | | |
|--------------------------|---------------|-------------|
| Computer software, other | Straight line | 3 - 6 years |
|--------------------------|---------------|-------------|

1.4 Heritage assets

Heritage assets are assets that are in the form of documents, photographs, books, audio-visuals, paintings and other artefacts, and are held indefinitely for the benefit of present and future generations. Heritage assets are recognised as an asset if, and only if:

- a) It is probable that future economic benefits or service potential association with the asset will flow to the entity, and
- b) The cost or fair value of the asset can be measured reliably.

Accounting Policies

1.4 Heritage assets (continued)

Subsequent measurement

Luthuli Museum has elected the cost model and shall apply the policy to an entire class of heritage assets.

Heritage assets will be carried at cost less accumulated impairment. In the event that cost is not easily determined, a deemed cost will be acquired through obtaining a fair market value. The heritage asset will then be subsequently carried at cost less accumulated impairment.

A heritage asset shall not be depreciated but Luthuli Museum shall assess at each reporting date whether there is an indication that it may be impaired. If any such indications exist Luthuli Museum shall estimate the impairment amount of the heritage asset in accordance with the Standards of GRAP on impairment of Cash-generating assets or Impairment of non-cash generating assets.

In making a decision whether the asset should be impaired, Luthuli Museum should assess whether the asset is physically damaged or the asset has deteriorated.

1.5 Inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

1.6 Financial Instruments

Initial measurement

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

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

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

Accounting Policies

1.6 Financial Instruments (continued)

A financial asset is:

- cash;
 - a residual interest of another entity; or
 - a contractual right to:
 - receive cash or another financial asset from another entity; or
- to the entity.

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

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

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

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

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Accounting Policies

1.6 Financial Instruments (continued)

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition; or are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
 - combined instruments that are designated at fair value;
 - instruments held for trading, A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

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

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

Accounting Policies

1.8 Leases

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The entity does not enter into finance leases that attract finance charges.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Financial Performance.

1.9 Employee benefits

Short-term employee benefits

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

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

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Accounting Policies

1.10 Provisions and contingencies (continued)

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

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

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

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions,

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the **ability of the debtor to settle its obligation on the amended terms; and**
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date.

Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.10 Provisions and contingencies (Continued)

Provisions are measured as at the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in the future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised.

The measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes based on the probability that the outcome will materialise in the future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

1.11 Commitments

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

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

- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the entity - therefore salary.

Commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 Revenue from exchange transactions

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

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

Interest is recognised, in profit or loss, using the effective interest rate method.

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

Measurement

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

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence.

Certain grants payable by one level of government to another are subject to the availability of funds.

Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow.

Revenue is then only recognised once evidence of the probability of the flow becomes available, Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

Accounting Policies

1.13 Fruitless expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Irregular expenditure

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

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

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

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

Recovery of Irregular, Fruitless and Wasteful expenditure

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

Accounting Policies

1.15 Budget information

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

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

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

The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021.

The annual 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 comparison of budget and actual amounts.

1.16 Related parties

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

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

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

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Accounting Policies

1.16 Related parties (continued)

Department of Arts and Culture

The Department of Arts and Culture provides the Museum with subsidies or grants for operational and capital expenditure.

Department of Public Works

The Department of Public Works is the legal owner of the Land and Building occupied by The Luthuli Museum.

The Department of Public Works is responsible for all major capital repairs to the buildings.

Council

The Council has been appointed by the Minister of Arts and Culture to oversee and ensure corporate governance.

Council has various sub-committees such as Finance, Audit, Human Resources and Curatorial that guide and assist management which is appointed by Council

All related parties are disclosed in terms of GRAP 20.

1.17 Events after reporting date

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

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

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

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

1.18 Surplus and Deficit Gains and losses

Gains and losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance.

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|-----------|
| | R | Restated* |
| | R | R |

2. Property, plant and equipment

| | 2021 | | | | 2020 | | | |
|------------------------|--------------------|-----------------------------|--------------------------|-------------------|--------------------|-----------------------------|-------------------|--|
| | Cost/ valuation | Accumulated depreciation | Accumulated Transfers | Carrying value | Cost/ valuation | Accumulated depreciation | Carrying value | |
| Furniture and fixtures | 1 027 603 | (817 178) | - | 210 425 | 1 027 603 | (774 995) | 252 608 | |
| Motor vehicles | 486 527 | (400 933) | - | 85 594 | 486 527 | (358 136) | 128 391 | |
| Office equipment | 502 957 | (392 485) | - | 110 472 | 502 957 | (359 189) | 143 768 | |
| Computer equipment | 958 020 | (653 418) | - | 304 602 | 826 920 | (554 479) | 272 441 | |
| Building (WIP) | 8 407 858 | - | - | 8 407 858 | 8 406 182 | - | 8 406 182 | |
| Total | 11 382 965 | (2 264 014) | - | 9 118 951 | 11 250 189 | (2 046 799) | 9 203 390 | |

Reconciliation of property, plant and equipment - 2021

| | Opening Balance | Additions | Depreciation | Transfers | Total |
|------------------------|--------------------|----------------|------------------|-----------|------------------|
| Furniture and fixtures | 252 608 | - | (42 183) | - | 210 425 |
| Motor vehicles | 128 391 | - | (42 797) | - | 85 594 |
| Office equipment | 143 768 | - | (33 296) | - | 110 472 |
| Computer equipment | 272 441 | 131 100 | (98 939) | - | 304 602 |
| Building (WIP) | 8 406 182 | 1 676 | - | - | 8 407 858 |
| | 9 203 390 | 132 776 | (217 215) | - | 9 118 951 |

Reconciliation of property, plant and equipment - 2020

| | Opening Balance | Additions | Restatement | Depreciation | Transfers | Total |
|------------------------|--------------------|----------------|----------------|------------------|-----------|------------------|
| Furniture and fixtures | 278 278 | 14 574 | - | (40 244) | - | 252 608 |
| Motor vehicles | 171 189 | - | - | (42 798) | - | 128 391 |
| Office equipment | 163 420 | 12 698 | - | (32 350) | - | 143 768 |
| Computer equipment | 358 922 | 3 499 | - | (89 980) | - | 272 441 |
| Building (WIP) | 8 109 972 | 153 210 | 143 000 | - | - | 8 406 182 |
| | 9 081 781 | 183 981 | 143 000 | (205 372) | - | 9 203 390 |

- Building (Work in Progress) - The construction of the building is taking longer than the significant period due to awaiting for the approval of the Occupational Certificate from the Municipality.

- The assessment was performed and there was no indicators of impairment

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

| | 2021 | | | 2020 | | |
|---------------------------|--------------------|---------------------------|-------------------|--------------------|---------------------------|-------------------|
| | R | | | R | | |
| 3. Heritage Assets | | | | | | |
| | 2021 | | | 2020 | | |
| | Cost/ valuation | Accumulated impairment | Carrying value | Cost/ valuation | Accumulated impairment | Carrying value |
| Archival documents | 784 899 | - | 784 899 | 694 989 | - | 694 989 |
| Contents of Luthuli House | 300 380 | - | 300 380 | 300 380 | - | 300 380 |
| Library material: books | 401 229 | (5 000) | 396 229 | 399 985 | (5 000) | 394 985 |
| Multimedia collection(s) | 1 881 504 | - | 1 881 504 | 1 881 504 | - | 1 881 504 |
| Objects | 139 940 | - | 139 940 | 139 940 | - | 139 940 |
| Original artworks | 3 321 124 | - | 3 321 124 | 3 321 124 | - | 3 321 124 |
| Total | 6 829 076 | (5 000) | 6 824 076 | 6 737 922 | (5 000) | 6 732 922 |

Reconciliation of heritage assets - 2021

| | Opening Balance | Additions | Impairment | Total |
|---------------------------|--------------------|---------------|------------|------------------|
| Archival documents | 694 989 | 89 910 | - | 784 899 |
| Contents of Luthuli House | 300 380 | - | - | 300 380 |
| Library material: books | 394 985 | 1 244 | - | 396 229 |
| Multimedia collection(s) | 1 881 504 | - | - | 1 881 504 |
| Objects | 139 940 | - | - | 139 940 |
| Original artworks | 3 321 124 | - | - | 3 321 124 |
| | 6 732 922 | 91 154 | - | 6 824 076 |

Reconciliation of heritage assets - 2020

| | Opening Balance | Additions | Impairment | Total |
|---------------------------|--------------------|------------|----------------|------------------|
| Archival documents | 694 989 | - | - | 694 989 |
| Contents of Luthuli House | 300 380 | - | - | 300 380 |
| Library material: books | 399 357 | 628 | (5 000) | 394 985 |
| Multimedia collection(s) | 1 881 504 | - | - | 1 881 504 |
| Objects | 139 940 | - | - | 139 940 |
| Original artworks | 3 321 124 | - | - | 3 321 124 |
| | 6 737 294 | 628 | (5 000) | 6 732 922 |

Luthuli Museum is in custody of items of heritage assets in the form of documents, photographs, books, audio-visuals, paintings and other artefacts which were evaluated by independent valuer: Paul Myson, a Fellow of the International Fine Art and Antiques Appraisers Association.

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|-------------|-------------|
| | R | R |

3. Heritage Assets (continued)**Additions**

For recognition of heritage assets, the asset needs to be controlled by the Museum as a result of past events. Such events may include: purchases, donations, bequeath, loans or transfers

In the previous year, the backlog was valued as a group and was valued at R 36 820. During the 2020/2021 valuation, the valuator was requested to evaluate the items individually in case one item and not all had to move out of the backlog.

The value for the items in 2020/2021 financial year is R15 246

Donations

Current year donations consists of donation received in the current period (i.e 2020/21FY) and they consist of books and archival documents with the total value of R91 154

Restrictions on heritage assets

There are no restrictions on heritage assets title and disposal thereof.

Contractual commitments

There are no contractual commitments for the acquisition, maintenance and restoration of heritage assets.

Pledged as security

No heritage assets have been pledged as security for any financial liabilities.

Loans

No loan agreements have been concluded with any other entity.

Backlog register

The Museum maintains a backlog register which comprises of books and photographs which are at the Museum but are not accompanied by ownership documents or legal transfers from donors. This backlog register is valued on an annual basis as all assets acquired by means of purchase will initially be measured at cost. Where no cost can be determined the fair value will be determined as at the date of recognition.

In the 2019/2020 financial year, a valuation was conducted on items in the backlog register and the value of the of the remaining backlog amounted to R 36 820.

In the 2020/2021 financial year an investigation was conducted by the Museum on the backlog to obtain ownership documents however, the Museum has not been successful in this regard.

In 2020/2021 a valuation was conducted on individual items on the backlog register which are valued at R15 246.

There has been no movement of items from the backlog register to Heritage Assets Register as total ownership cannot be established.

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|------|
| | R | R |

3. Heritage Assets (continued)
Loss control register

The Luthuli Museum maintains a Loss control register. This register contains items that have been accessioned but cannot be located. At the end of the 2019/2020 financial year the register comprised of 65 items to the value of R31 842. During the 2020/2021 financial year, the items in the Loss Control register were further investigated. No items were recovered during this period; therefore 65 items will be proposed for write-off.

Impairment

GRAP 103.59 requires that an entity shall assess heritage assets for indications of impairment at each reporting date. If any such indication exist, the entity shall estimate the recoverable amount or the recoverable service amount of each heritage asset.

Indicators of impairment include but are not limited to the following:

External sources of information:

- Significant decline of the asset's market value more than expected as a result of passage of time or normal use.
- The absence of an active market for a revalued heritage asset.

Internal sources of information:

- Evidence is available of physical damage or deterioration of the heritage asset;
- A decision to halt the construction of the heritage asset before it is complete or in a usable form.

Included in the Heritage Assets Register, is a scroll of the order of Mapungubwe, which was awarded post-humously to Albert Mvumbi Luthuli by President JG Zuma.

3.1 Revaluation Reserve

The revaluation reserve is in respect of the evaluation of the Heritage Assets of the Museum as follows:

| | 2021 | 2020 |
|--|------|-------------|
| Balance at the beginning of the period | - | 4 817 706 |
| Transfer of retained income | - | (4 817 706) |
| Balance at the end of the period | - | - |

4. Intangible assets

| | 2021 | | | 2020 | | |
|--------------------------------------|--------|--------------------------|-----------------|-----------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Computer software | 54 271 | (44 532) | 9 739 | 54 271 | (39 663) | 14 608 |
| Reconciliation of intangibles - 2021 | | | Opening balance | Additions | Amortisation | Total |
| Computer software | | | 14 608 | - | (4 869) | 9 739 |
| Reconciliation of intangibles - 2020 | | | Opening balance | Additions | Amortisation | Total |
| Computer software | | | 19 481 | - | (4 873) | 14 608 |

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|-----------|----------------|
| | R | Restated* R |
| 5. Inventory | 9 210 | 12 114 |
| Goolman Suleman Books | 2 350 | 2 350 |
| DVD's | 11 560 | 14 464 |
| 6. Trade and other receivables | | |
| Loans and other receivables | 8 474 | 5 592 |
| Prepaid expenses | 22 848 | 17 534 |
| | 31 322 | 23 126 |
| 7. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank - FNB walk current account | - | 1 520 |
| Bank - FNB main current account | 1 744 736 | 847 367 |
| Bank - 32 day notice account | 2 338 140 | 2 284 079 |
| Bank - FNB money market | 5 124 214 | 5 013 368 |
| | 9 207 090 | 8 146 334 |

Funds held on the Money Market Account amounting to R50 000 have being pledged as security for the Museum's Credit Card Facility.

8. Trade and other payables

| | | |
|----------------------------|---------|---------|
| Trade payables - suppliers | 58 768 | 225 806 |
| Credit card | 14 239 | 27 971 |
| Accrued expense | 168 987 | 312 058 |
| | 241 994 | 565 835 |

- Accrued expenses were restated, please refer to Note 30

9. Conditional grants

| | Asbestos roofing grant | Heritage assets grant | Feasibility study grant | Total |
|-------------------------------|---------------------------|--------------------------|----------------------------|-----------|
| Balance as at 01 April 2019 | 145 294 | 434 085 | 159 181 | 738 560 |
| Grants transferred to revenue | (145 294) | (203 665) | - | (348 959) |
| Balance as at 01 April 2020 | - | 230 420 | 159 181 | 389 601 |
| Grants transferred to revenue | - | (121 245) | - | (121 245) |
| Balance as at 31 March 2021 | - | 109 175 | 159 181 | 268 356 |

The Heritage Assets Conditional Grant comprises funds received from the Department of Sports, Arts and Culture for assisting the Museum to evaluate the Heritage Assets in order to determine the market values for inclusion in the Statement of Financial Position.

In 2016 the Department of Sports, Arts and Culture granted the Museum funding for the feasibility study of the creation of the Chief Albert Luthuli Memorial Site.



Notes to the Annual Financial Statements

| | 2021 R | 2020 R |
|--|------------|------------|
| 10. Provisions | | |
| This provision comprises the leave pay accrual and the birthday bonus provision due to employees at the reporting date. The bonuses are paid in the month of the employees' birthdays. | | |
| Balance at the beginning of the period | 656 575 | 832 276 |
| Unused provision reversed | (656 575) | (832 276) |
| Provision - Leave pay | 415 538 | 440 288 |
| Provision - Bonus | 213 626 | 216 287 |
| Balance at the end of the period | 629 164 | 656 575 |
| 11. Non-exchange revenue | | |
| Subsidy - Department of Arts and Culture | 14 631 000 | 15 562 000 |
| Conditional grants transferred to revenue | 121 245 | 348 959 |
| Government subsidy and conditional grants | 14 752 245 | 15 910 959 |
| Income from investments | 164 908 | 370 387 |
| Heritage assets contribution | - | 208 |
| Tender deposits | - | 15 417 |
| Fundraising | - | 464 764 |
| Donations received | 91 154 | 36 645 |
| Total non exchange revenue | 15 008 307 | 16 798 380 |
| Income from investments | | |
| Comprises funds invested with First National Bank at the Prime Interest Rate of 7% per annum. | | |
| 12. Other income | | |
| Book sales | - | 6 678 |
| DVD Sales | - | 300 |
| T-shirts sales | 500 | - |
| | 500 | 6 978 |
| 13. Administrative expenses | | |
| Bank charges | 26 234 | 53 176 |
| Communication costs | 192 406 | 171 685 |
| Computer expenses | 179 397 | 171 823 |
| Council and sub-committees: Honorarium | 1 059 557 | 1 373 360 |
| Courier and postage | 13 317 | 47 512 |
| HR - administrative costs | 56 948 | 231 212 |
| Operating Lease Expense | 49 083 | 81 524 |
| Stationery and printing | 102 611 | 137 776 |
| Training and staff development | 23 857 | 104 431 |
| | 1 703 410 | 2 372 499 |

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

| | 2021 R | 2020 R |
|---|-------------------------|-------------------------|
| 14. Marketing expense | | |
| Advertising and promotions | 140 084 | 97 752 |
| Public programmes | 453 265 | 2 223 626 |
| | <u>593 349</u> | <u>2 321 378</u> |
| 15. Audit fees | | |
| Internal audit | 198 950 | 362 308 |
| Statutory audit | 871 225 | 800 269 |
| | <u>1 070 175</u> | <u>1 162 577</u> |
| 16. Operating expenditure | | |
| Consulting, contractors and special services | 984 306 | 1 003 882 |
| Entertainment and refreshments | 23 637 | 30 281 |
| Insurance | 190 697 | 176 173 |
| Municipal services - water and electricity | 203 151 | 179 010 |
| Other maintenance, repairs and running costs | 49 124 | 301 281 |
| Repairs and maintenance - machinery and equipment | 367 941 | 339 648 |
| Subscriptions | 9 936 | - |
| Travel and subsistence | 127 644 | 1 782 060 |
| | <u>1 956 436</u> | <u>3 812 335</u> |
| 17. Employee cost | | |
| Basic salaries | 4 061 044 | 3 549 184 |
| Leave provision | 415 538 | 440 288 |
| Bonus provision | 213 626 | 216 287 |
| Salaries and wages | <u>4 690 208</u> | <u>4 205 759</u> |
| Director | 1 152 676 | 1 097 787 |
| Finance manager | 863 419 | 818 406 |
| Curator | 677 406 | 642 091 |
| Marketing manager | 539 253 | - |
| Senior management emoluments | <u>3 232 754</u> | <u>2 558 284</u> |
| Total employee costs | <u>7 922 962</u> | <u>6 764 043</u> |
| Number of employees | <u>19</u> | <u>18</u> |



Notes to the Annual Financial Statements

| | 2021 | 2020 |
|---|------------------|------------------|
| | R | Restated* R |
| 18. Cash generated from operating activities | | |
| surplus for the period | 1 540 391 | 145 943 |
| Adjustments for: | | |
| Depreciation and amortisations | 222 085 | 210 246 |
| Income from Investments | (164 908) | (370 387) |
| Finance costs | - | 11 337 |
| Impairment loss | - | 5 000 |
| Other non-cash item | (91 154) | (208) |
| Changes in working capital | | |
| Inventory | 2 904 | 23 742 |
| Trade and other receivables | (8 196) | 2 006 |
| Trade and other payables | (323 842) | 186 063 |
| Unspent conditional grants | (121 246) | (348 959) |
| Provisions | (27 410) | (175 701) |
| | <u>1 028 624</u> | <u>(310 918)</u> |

19. Tax exemption

The Luthuli Museum is exempted from taxation in terms Section 10 (1) (cN) (I) of the Income Tax Act.

20. Commitments

Capital commitments

| | | |
|--|---|-----------|
| Property, Plant and Equipment (MVY Construction) | - | 143 000 |
| Prior period error* | - | (143 000) |

Operational commitments

| | | |
|-------------------------------------|------------------|----------------|
| Operation Expenditure | | |
| Approved and already contracted for | 1 289 680 | 215 798 |
| | <u>1 289 680</u> | <u>215 798</u> |

* The capital commitments for the prior year have been restated, please refer to Note 30

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|---|-------------------|-------------------|
| | R | R |
| 21. Irregular expenditure | | |
| Opening balance | 13 754 020 | 10 592 148 |
| Prior period error | - | - |
| As restated | <u>13 754 020</u> | <u>10 592 148</u> |
| Add: Irregular expenditure - relating to prior year | 25 746 | - |
| Add: Irregular expenditure - relating to current year | 2 275 220 | 3 161 872 |
| Less: Prior year amounts condoned | - | - |
| Less: Current year amounts condoned | - | - |
| Less: Prior year amounts condoned | - | - |
| Less: Prior year amounts not condoned removed (not recoverable) | - | - |
| Less: Current year amounts not condoned and removed (not recoverable) | - | - |
| Less: Amounts recoverable (current and prior year) | - | - |
| Closing balance | <u>16 054 986</u> | <u>13 754 020</u> |
| Analysis of awaiting condonation per age classification | | |
| Current year | - | - |
| Prior year | - | - |
| Total | <u>-</u> | <u>-</u> |
| 22. Fruitless or wasteful expenditure | | |
| Opening balance | 17 337 | 6 000 |
| Condoned by Council | - | - |
| Fruitless and wasteful expenditure incurred during the period | - | 11 337 |
| Closing balance | <u>17 337</u> | <u>17 337</u> |

The total amount of the fruitless and wasteful expenditure incurred to date comprises interest and penalties paid to South African Receiver of Revenue Services.

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|------|
| | R | R |

23. Contingent Liabilities

Contingent liability is a possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably.

Contingent liabilities are thus not recognised in the statement of financial position as a liability but are included in the disclosure notes, unless the possibility of an outflow of economic resources is remote.

The Museum dismissed an employee in 2017 and the matter has proceeded to the Labour Court. The Museum has estimated the contingent liability at R250 000, should the ruling be in favour of the complainant.

24. Related parties

Relationships

| | |
|-------------------------------|---|
| Controlling entity | Department of Arts and Culture |
| Executive authority | Minister of Arts and Culture |
| | All entities which fall under the portfolio of minister of Arts and Culture |
| Related through Minister | |
| Accounting Authority | Council members |
| Custodian of immovable assets | Department of Public Works |

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

| | | |
|--------------------------------|-------------------|-------------------|
| Department of Arts and Culture | | |
| - Operational grant | 14 631 000 | 15 562 000 |
| - Conditional grant | 268 356 | 348 959 |
| | <u>14 899 356</u> | <u>15 910 959</u> |
| Council members fees paid | 1 059 557 | 1 373 360 |
| Senior management | 3 232 753 | 2 558 284 |
| | <u>4 292 310</u> | <u>3 931 644</u> |

25. Subsequent events

There were no significant events that occurred between the reporting date and the date of this report.

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|------|
| | R | R |

26. Covid-19 Impact Statement

The Annual Performance Plan for the 2020/21 period was revised and re-tabled in Parliament by the Minister of Arts and Culture to accommodate the impact of the COVID 19 lockdown on the performance targets. In the process, the budget of the Museum for the 2020/21 period was reduced by R1,5 million.

The Museum was closed to the public from 27 March 2020 to 30 September 2020. Furthermore in July 2020, the Museum closed for a period of two weeks due to some staff members having tested positive for corona virus. The Museum resumed its operations towards the end of the year after the approval of the Department of Sports, Arts and Culture was received.

27. Financial Instruments

Financial instruments carried on the statement of financial position are classified as financial assets and as financial liabilities in terms of GRAP 104 and consist of trade and other receivables, cash and cash equivalents and trade and other payables.

In accordance with GRAP 104.45 the financial assets and liabilities of the Museum are classified as follows:
Financial assets carried at amortised cost

| | | |
|--|------------------|------------------|
| Cash and cash equivalents | 9 207 090 | 8 146 334 |
| Trade and other receivables | 31 322 | 23 126 |
| | <u>9 238 412</u> | <u>8 169 460</u> |
| Financial liabilities carried at amortised cost | | |
| Trade and other payables | 58 768 | 225 806 |
| | <u>58 768</u> | <u>225 806</u> |

The Luthuli Museum has exposure to the following risks from its use of financial instruments.

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

The note presents information about Luthuli Museum's exposure to each of the risks, Luthuli Museum's objectives, policies and processes for measuring and managing risk, and Luthuli Museum'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 risk management and monitoring compliance with the Luthuli Museum's risks management policies and systems.

Luthuli Museum's risk management policies are established to identify and analyse the risks faced by Luthuli Museum, to set appropriate risks limits and controls and monitor risks and adherence to limits.

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|------|
| | R | R |

27. Financial Instruments (continued)

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Luthuli Museum's activities.

Audit committee oversees how management monitors compliance with Luthuli Museum's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Luthuli Museum. The Audit Committee is assisted in the oversight role at operations level by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risks management controls and procedures, results of which are reported to the Audit Committee.

Credit risk

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

Trade and other receivables

Luthuli Museum has no significant exposure to credit risk. The credit risk applicable to Luthuli Museum as at 31 March 2021 amounted to: R 0.00 (2020: R 0,00) Luthuli Museum 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 carrying amount of each financial asset.

Investments

Luthuli Museum limits its exposure to credit risk by investing only in liquid securities and with approved banks and financial institutions.

Liquidity risk

Liquidity risk is that Luthuli Museum will not be able to meet its financial obligations as they fall due. Luthuli Museum'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 Luthuli Museum's reputation.

An assessment is made of the payments due in advance. Monies are transferred to the current account to bi-monthly obligations. Any surpluses are invested on a Call Account. It is the policy of Luthuli Museum, not to borrow monies. There are thus no credit facilities available.

Market risk

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

Luthuli Museum policy is to invest surplus cash. Optimal rates and policies are received from various institutions. Luthuli Museum 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 Luthuli Museum to these investments as at 31 March 2021 amounted to

| | |
|-----------|-----------|
| 9 207 090 | 8 146 334 |
|-----------|-----------|

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|------|
| | R | R |

27. Financial Instruments (continued)
Currency risk

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

Inherent rate risk

It is the policy of Luthuli Museum, not to borrow monies. There are thus no credit facilities available. There is thus no risk relating to changes in the interest rate.

Fair values

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

28. Lease

Operating lease rentals are expensed as they become due. The operating lease payments are recognised as an expense during the period that are disclosed in the statement of financial performance.

Operating lease commitments

| | | |
|--------------------|----------------|---------------|
| - Due in 1 year | 58 050 | 17 529 |
| - Due in 2-5 years | 231 125 | - |
| | <u>289 175</u> | <u>17 529</u> |

29. Risk management

The Museum's risk to liquidity is a result of funds available to cover future commitments,

The Museum manages liquidity risk through an ongoing review of future commitments and credit facilities.

Financial Instruments

| | | |
|------------------------|------------------|------------------|
| Current assets | 9 249 972 | 8 183 924 |
| Current liabilities | <u>1 139 514</u> | <u>1 612 012</u> |
| Liquidity ratio | <u>8</u> | <u>5</u> |

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

Credit Risk

Credit risk consists mainly of cash deposits/cash equivalents. The Museum only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The Museums exposure to credit risk is indicated below:

| | | |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | <u>9 207 090</u> | <u>8 146 334</u> |
|---------------------------|------------------|------------------|

Notes to the Annual Financial Statements

| | 2021 | 2020 |
|--|------|------|
| | R | R |

30. Prior Period Error Note

Work in progress and Property, Plant and Equipment

- Work in progress was incorrectly classified as a current asset and therefore work in progress was reclassified to non-current asset

Trade and Other Payables, Operating Expenditure and Commitments

- The balance of R143 000 that was a commitment balance relating to the construction of the building was the retention withheld on the contract that was not accrued for in the prior year

- The amount of R106 930 was not accrued for in the prior year which also impacted on the prior year operating expenditure

Statement of Cash Flows - Operating Activities

- The statement of cash flows from operating activities was prepared using indirect method instead of direct method

Cash generated from operations

- Due to error identified on trade and other payables the prior year movement of the working capital was adjusted

| Adjustments of prior error period is as follows: | 2021 | 2020 |
|---|------|--------------|
| Statement of financial position | | |
| Work in Progress | - | (8 406 182) |
| Property, Plant and Equipment | - | 8 263 182 |
| Trade and Other Payables | - | 249 930 |
| Statement of financial performance | | |
| Operating Expenditure | - | (106 930) |
| | - | - |
| Effect on the statement of Cash Flows | | |
| Cash receipts from customers and government grants | - | 16 085 804 |
| Cash paid to suppliers and employees | - | (16 396 722) |
| Purchase of property, plant and equipment | - | (143 000) |
| Effect on the cash generated from operations | | |
| Trade and Other Payables | - | 143 000 |
| Restated cash generated from operations | - | (310 918) |

Luthuli Museum

Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actuals

| | Actual | Budget | Variance Value | Variance | Note (s) |
|-------------------------|------------|------------|----------------|----------|----------|
| | R | R | R | % | |
| Revenue | | | | | |
| Sales - DVD's | - | 1 000 | (1 000) | (100) | 1 |
| Heritage Assets | 91 154 | - | 91 154 | (100) | 2 |
| Subsidy Income | 14 752 245 | 14 915 000 | (162 755) | (1,09) | 3 |
| T-Shirts Sales | 500 | - | 500 | 100 | - |
| Income from investments | 164 908 | - | 164 908 | | 4 |
| Fundraising | - | 150 000 | (150 000) | (100) | 3 |
| Donations Received | - | 50 000 | (50 000) | (100) | 3 |
| | 15 008 807 | 15 116 000 | (107 193) | - | - |

Statement of Comparison of Budget and Actuals

| | Actual R | Budget R | Variance Value R | Variance % | Note (s) |
|---------------------------------|-------------------|-------------------|---------------------|---------------|----------|
| Expenses | | | | | |
| Audit Fees | 1 070 175 | 1 344 379 | 274 204 | 20,40 | |
| Security - OOE | 528 839 | 579 107 | 50 268 | 8,68 | |
| Adverts & Promotins | 140 084 | 161 886 | 21 802 | 13,47 | |
| Exhibitions | - | 20 000 | 20 000 | 100,00 | 5 |
| Public Programs - Marketing | 154 421 | 184 941 | 30 520 | 16,50 | 6 |
| Luthuli Lecture | 298 843 | 350 000 | 51 157 | 14,62 | 7 |
| Bank Charges - AE | 26 234 | 46 354 | 20 120 | 43,41 | |
| Conditional Grant | 121 245 | 230 420 | 109 175 | 47,38 | |
| Cleaning - OOE | 37 040 | 36 170 | (870) | (2,41) | |
| Computer Expenses - AE | 179 397 | 186 871 | 7 474 | 4,00 | |
| Consultation Fees - OOE | 420 | 5 000 | 4 580 | 91,61 | |
| Courier & Postage - AE | 13 317 | 80 420 | 67 103 | 83,44 | 8 |
| Depreciation - OOE | 222 085 | 297 605 | 75 520 | 25,38 | 9 |
| Donations | - | 2 529 | 2 529 | 100,00 | |
| Water & Electricity | 203 152 | 258 453 | 55 301 | 21,40 | 10 |
| Refreshments - OOE | 23 637 | 32 489 | 8 852 | 27,25 | 11 |
| HR - Administration Costs | 56 948 | 75 932 | 18 984 | 25,00 | 12 |
| Insurance - OOE | 190 697 | 202 958 | 12 261 | 6,04 | |
| Operating Lease Expense | 49 083 | 59 534 | 10 451 | 17,55 | |
| Legal Fees | 284 778 | 308 670 | 23 892 | 7,74 | |
| Motor Vehicle Expens- OOE | 61 109 | 79 134 | 18 025 | 22,78 | 13 |
| Print-Annual Rep.& Broch | 30 002 | 46 535 | 16 533 | 35,53 | 14 |
| Stationery -AE | 72 609 | 71 446 | (1 163) | (1,63) | |
| Repairs & Maint- OOE | 367 939 | 486 454 | 118 515 | 24,36 | |
| Salaries | 7 922 962 | 8 706 970 | 784 008 | 9,00 | |
| Subscriptions | 9 936 | 10 814 | 878 | 8,12 | |
| Training & Development - AE | 23 857 | 52 548 | 28 691 | 54,60 | 15 |
| Protective Clothing | - | 7 648 | 7 648 | 100,00 | 16 |
| Telephone & Fax - AE | 75 302 | 81 396 | 6 094 | 7,49 | |
| Cellphone Expenses - AE | 117 105 | 126 291 | 9 186 | 7,27 | |
| Travel & Accom.-Staff | 77 662 | 79 158 | 1 496 | 1,89 | |
| Honoraria - AE | 1 059 557 | 1 075 472 | 15 915 | 1,48 | |
| Travel & Accom-Council | 49 982 | 58 836 | 8 854 | 15,05 | 17 |
| Total Expenses | 13 468 416 | 15 346 420 | 1 878 004 | - | - |
| Net surplus for the year | 1 540 391 | | | | |

Statement of Comparison of Budget and Actuals

Notes

- 1.No sales of dvd as the museum was closed due to Covid-19
- 2.This is a donation received from the public as collection and they are adding to our Heritage Assets
- 3.Subsidy Income from DSAC was budgeted at R 16,415,000.00 but it was reduced in June 2020 by R 1,500,000.00 due to Covid-19.
- 4.The interest comprises the interest received from the investments.
- 5.These funds were budgeted for the Exhibitions,due to Covid-19,these funds were not used in 2021 financial year.
- 6 & 7.Savings on public programmes is due to the decrease in expenditure as some of our programmes were conducted visual,eg The Chief Albert Luthuli Lecture for 2021 was visualised
- 8.Savings as the printed documents were reduced but the soft copies were used for reporting.
- 9.Decreased as the rates were revised and reduced at the end of 2020 financial year.
- 10.Water consumption was reduced as the museum was closed for the average of two months due to Covid-19.
- 11.Savings due to the reduced number of face to face meeting as most meetings were conducted on line.
- 12.Less service was used from Hortorque which is our HR admin company as the museum was closed for average of two months as mentioned above.
- 14.Less print work produced in 2021 as the museum used mostly the soft copies to report.
- 15.Less training conducted during the year as most of the staff members were working off site.
- 16.No protective work purchased as the current uniform were still in good condition in 2021.
- 17.Less travelling for Council members as most of the meetings were conducted on line in 2021.

"It is the greatest honour in the life of any man to be awarded the Nobel Peace Prize, and no one who appreciates its profound significance can escape a feeling of inadequacy, and I do so very deeply, when selected to receive it. In this instance, the feeling is the deeper, not only because these elections are made by a committee by the most eminent citizens of this country, but also because I find it hard to believe that in this distressed and heavily laden world, I could be counted among those whose efforts have amounted to a noticeable contribution to the welfare of mankind. I recognized, however, that in my country, South Africa, the spirit of peace is subject to some of the severest tensions known to men. Yes, it is idle to speak of our country as being in peace because there can be no peace in any part of the world where there are people oppressed. For that reason, South Africa has been, and continues to be, the focus of world attention. I therefore regard this award as a recognition of the sacrifice made by many for all races, particularly the African people, who have endured and suffered so much for so long. It can only be on behalf of the people, who have endured and suffered so much for so long. It can only be on behalf of the people of South Africa, all the people of South Africa, especially the freedom-loving people, that I accept this award, that I acknowledge this honor. I accept it also as an honour not only to South Africa, but for the whole continent of Africa, to this continent, Mother Africa!"

Extract from Nobel Peace Prize Acceptance Speech in Oslo Norway 10 December 1961.

- Chief Albert Luthuli.



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