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## PART A: GENERAL INFORMATION

## **1. PUBLIC ENTITY`S GENERAL INFORMATION**

<b>REGISTERED NAME:</b>	Western Cape Cultural Commission
<b>REGISTRATION NUMBER (if applicable):</b>	Not applicable
<b>PHYSICAL ADDRESS:</b>	3 <sup>rd</sup> Floor, Protea Assurance Building Greenmarket Square Cape Town, 8001
<b>POSTAL ADDRESS:</b>	P.O. Box 7115 Cape Town 8001
<b>WCCC SECRETARIAT TELEPHONE NUMBER: FAX NUMBER: EMAIL ADDRESS:</b>	Mr Thandwa Ntshona +27 21 483 9714 +27 21 483 9711 Thandwa.Ntshona@westerncape.gov.za
<b>WEBSITE ADDRESS:</b>	<a href="http://www.westerncape.gov.za">www.westerncape.gov.za</a>
<b>EXTERNAL AUDITORS:</b>	Auditor-General South Africa Century City, Cape Town, 8000
<b>BANKERS:</b>	Nedbank

## 2. LIST OF ABBREVIATIONS / ACRONYMS

<b>CAPEX</b>	Capital Expenditure
<b>AA</b>	Accounting Authority
<b>AGSA</b>	Auditor-General of South Africa
<b>ARC</b>	Agricultural Research Council
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>Cel</b>	Centre for e Innovation
<b>CFO</b>	Chief Financial Officer
<b>DCAS</b>	Department of Cultural Affairs and Sport
<b>D: ERM</b>	Directorate Enterprise Risk Management, Department of the Premier
<b>DoCS</b>	Department of Community Safety
<b>DTPW</b>	Department of Transport and Public Works
<b>EQPRS</b>	Electronic Quarterly Performance Reporting System
<b>ERM</b>	Enterprise Risk Management
<b>ERMECO</b>	Enterprise Risk Management and Ethics Committee
<b>FMPPPI</b>	Framework for Managing Programme Performance Information
<b>MEC</b>	Member of [Provincial] Executive Council (provincial Minister)
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTO</b>	Mountain to Ocean
<b>NTR</b>	National Treasury Regulations
<b>PAA</b>	Public Audit Act
<b>PFMA</b>	Public Finance Management Act
<b>PTI</b>	Provincial Treasury Instructions
<b>SMME</b>	Small Medium and Micro Enterprises
<b>UAMP</b>	User Asset Management Plan
<b>VIP</b>	Vision Inspired Priorities
<b>WCCC</b>	Western Cape Cultural Commission
<b>WCCCA</b>	Western Cape Cultural Commission and Cultural Councils Act
<b>SCM</b>	Supply Chain Management

### 3. FOREWORD OF THE CHAIRPERSON

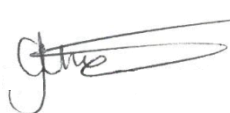
I am pleased to present an overview of the Western Cape Cultural Commission's performance for the financial year ended 31 March 2020. The aim of the commission is to; preserve, promote and develop culture in the Western Cape, in accordance with the Western Cape Cultural Commission and Cultural Councils Act, 1998. The Annual Report of the Commission is informed by the Commission's Annual Performance Plan, which is rooted in the principles and targets of the development trajectory as set out in South Africa's National Development Plan (NDP).

Arts and culture brings communities together. They are an excellent source of wonder, delight and wisdom, and offer intellectual and emotional experiences, which promote either contemplation or celebration. Both arts and culture play a role in preserving or strengthening a community's sense of place, forging personal identities and displaying creativity. Arts and culture has the ability to boost multiple opportunities for learning, personal growth and improving communication. The Commission, in upholding its proud record honoured its mandate and achieved its targets, as set out in the APP. The Commissions operations are aligned to the provincial targets and ensure diverse cultural activities within our communities.

During the year under review the Commission bid farewell to three of its members. As Chairperson, I would like to convey my sincere appreciation to the members for their support and invaluable contribution to the Commission. I want to thank them for sharing their knowledge and their dedicated service in assisting the Commission in achieving its mandate.

The Commission appreciates its on-going relationship with the Department of Transport and Public Works, which is responsible for the maintenance of the cultural facilities. The Commission value the partnership with the Department of Cultural Affairs and Sport, and therefore would like to thank them for their administrative support and guidance.

I hereby acknowledge the assistance and convey the Commission's sincere gratitude to the officials of the Department of Cultural Affairs and Sport for their guidance and support, members of the Standing Committee for their oversight and guidance and personally I thank my fellow Commission members for their professional manner of conducting business.



**Ms Chuma Fani**  
**Chairperson of Western Cape Cultural Commission**

#### 4. OVERVIEW OF THE ACCOUNTING AUTHORITY

The Western Cape Cultural Commission (WCCC) is a Schedule 3C public entity and operates within the parameters of the Western Cape Cultural Commission and Cultural Councils Act, Act 14 of 1998. It is a statutory body and resides within the Department of Cultural Affairs and Sport. The aims of the WCCC are to preserve, promote and develop culture in the Western Cape, in accordance with a policy determined by the MEC. Its operations are aligned to its five-year strategic plan as well as its annual performance plan.

The mission of the WCCC is to provide an enabling environment that allows communities an opportunity to share, practice and exhibit their cultural capital. The purpose of this report is to communicate the activities of the WCCC for the financial year 2019/20.

##### General financial review

During the year under review the staff complement at the facilities was finalised with the appointment of permanent staff and additional EPWP beneficiaries.

Due to crime, the facilities were forced to increase security measures which placed a strain on the budget of the WCCC. To further mitigate these challenges at the Okkie Jooste facility, a local intervention structure consisting of departments, the municipality and public entities has been formalised to share resources and reduce the financial burdens.

##### Spending trends

Programme	2019/2020			2018/2019		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and Services	3072	3650	(578)	4 265	4803	(538)
<b>Total</b>	<b>3072</b>	<b>3650</b>	<b>(578)*</b>	<b>4 265</b>	<b>4803</b>	<b>(538)</b>

\*The over expenditure relates to GRAP 23: Services in Kind adjustment made for salaries of R586 000 related to the financial management staff of the Public Entity. Further detail is explained in the Annual Financial Statements of the WCCC, Note 13.

##### Capacity constraints and challenges facing the public entity

The greatest challenge remains the safety of staff and clients utilising the facility. To mitigate safety challenges at the facilities, alarm systems have been installed with the services of armed response. An intercom system was installed at the automated entrance gates.

##### Supply chain management

No unsolicited bid proposals were concluded for the year under review. SCM processes and systems are in place to ensure compliance to laws and regulations.

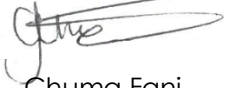
##### Addressing financial challenges

The online booking system and the restructuring of the billing system has contributed to an increase in revenue for the year. The financial strain on the budgetary resources of the Commission

was eased by the active involvement of the Department of Transport and Public Works with regards to maintenance and upgrades at the facilities.

### **Appreciation**

Finally, I would like to express my sincere gratitude to the members of the previous Commission for their insight and contribution to furthering the aims of the WCCC. Furthermore, I wish to acknowledge the support and guidance of Minister Anroux Marais.



Chuma Fani  
Accounting Authority on behalf of  
Western Cape Cultural Commission  
30 October 2020

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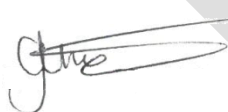
## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Public Finance Management Act, 1999 (Act 1 of 1999) section 55(1) (d) and section 28.2 of the National Treasury regulations standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The accounting authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, and the financial affairs of the public entity for the financial year ended **31 March 2020**.

Yours faithfully



Chuma Fani  
Accounting Authority on behalf of  
Western Cape Cultural Commission  
**30 October 2020**

## **6. STRATEGIC OVERVIEW**

### **Vision**

Effectively contribute to the growth and development of a dynamic cultural environment in a unified Western Cape.

### **Mission**

**To preserve, promote and develop culture in the Western Cape through:**

- the registration and de-registration of cultural councils;
- the provision of financial assistance to registered cultural councils;
- the control, management, development and maintenance of moveable and immovable property placed under its supervision by the Provincial Minister;
- performing other tasks and functions assigned by the Provincial Minister; and
- advising the Provincial Minister on policy.

### **Values**

Integrity, Accountability, Competence, Responsiveness, Innovation and Caring.

## 7. LEGISLATIVE AND OTHER MANDATES

The WCCC operates within the legislative and policy mandates described in the tables below.

### 7.1. Constitutional Mandates

Section	Direct Responsibility of the Western Cape Cultural Commission for ensuring compliance
<b>Constitution of the Republic of South Africa, 1996</b>	
Section 6(3), (4) and (5): Language	The Western Cape Government (WCG) must, by legislative and other measures, regulate and monitor its use of official languages. All official languages must enjoy parity of esteem and must be treated equitably. The Western Cape Language Committee (WCLC), in collaboration with DCAS, has a responsibility for monitoring and evaluating the implementation of the Western Cape Language Policy, adopted in 2001, and must report to the Western Cape Provincial Parliament on this mandate at least once a year. DCAS has oversight of the WCLC and provides the Committee with administrative and financial support.
Section 30: Language and culture	The Western Cape Cultural Commission (WCCC) facilitates opportunities for the people of the Western Cape to exercise their language and cultural rights through the programmes and projects that it presents and supports.
Section 31: Cultural, religious and linguistic communities	The WCCC must ensure that its programmes and projects respect the cultural diversity of the population of the Western Cape.
Section 41: Principles of co-operative government and intergovernmental relations	The WCCC co-operates with all spheres of government in the execution of its mandate.
Schedule 4: Functional Areas of Concurrent National and Provincial Legislative competence	The WCCC works closely with the national Department of Arts and Culture and associated organs of state regarding concurrent arts, culture and heritage matters.
Section 195: Basic values and principles governing public administration	Department of Cultural Affairs and Sport (DCAS) officials responsible executing the mandate of the WCCC must ensure the efficient, economic and effective use of resources. Programmes undertaken in the public sector should yield maximum benefits at the lowest possible cost.
<b>Constitution of the Western Cape, 1998 (Act 1 of 1998)</b>	
Section 70	Provincial legislation must provide for the establishment and reasonable funding, within the Province's available resources, of a cultural council or councils for a community or communities in the Western Cape sharing a common cultural and language heritage. DCAS has oversight of the WCCC regarding the implementation of the legislation that was promulgated for this purpose.  The Western Cape Cultural Commission, one of the provincial public entities for which DCAS is responsible, is tasked with the registration of, and support to, registered cultural councils.

## 7.2. Legislative Mandates

Legislation	Reference	Key Responsibilities of the WCCC
Western Cape Cultural Commission and Cultural Councils Act, 1998	Act 14 of 1998	The aims of the Western Cape Cultural Commission are to preserve, promote and develop culture in the Western Cape, in accordance with a policy determined by the MEC [member of the (provincial) Executive Committee – provincial Minister]. The mandate of the WCCC is to advise the MEC on the preservation, promotion and development of arts and culture in the Western Cape.
Traditional and Khoi – San Leadership Act, 2019	Act 3 of 2019	The main objectives of the Act are to: <ul style="list-style-type: none"> <li>• make provision for the recognition of Khoi-San leadership;</li> <li>• consolidate the National House of Traditional Leaders Act, 2009, and The Traditional Leadership and Governance Framework Act, 2003;</li> <li>• address certain limitations in the existing legislation; and</li> <li>• effect consequential amendments to other laws.</li> </ul>
Public Finance Management Act, 1999	Act 1 of 1999 Section 55(1)(d)	The WCCC submits quarterly and annual reports on its performance delivery and audited financial statements based on the strategic objective annual targets for each financial year.
Promotion of Access to Information Act, 2000	Act 2 of 2000	This Act gives effect to the right to have access to records held by the state, government institutions and private bodies. Among other things, DCAS and every other public and private body must: <ul style="list-style-type: none"> <li>• compile a manual that explains to members of the public how to lodge an application for access to information that the body holds; and</li> <li>• appoint an information officer to consider requests for access to information held by the body.</li> </ul>
Promotion of Administrative Justice, 2000	Act 3 of 2000	<b>This Act:</b> <ul style="list-style-type: none"> <li>• sets out the rules and guidelines that administrators must follow when making decisions;</li> <li>• requires administrators to inform people about their right to review or appeal and their right to request reasons;</li> <li>• requires administrators to give reasons for their decisions; and</li> <li>• gives members of the public the right to challenge the decisions of administrators in court.</li> </ul>

Legislation	Reference	Key Responsibilities of the WCCC
Protection of Personal Information Act, 2013	Act 4 of 2013	<p>The Act promotes the protection of personal information processed by public and private bodies; to introduce certain conditions so as to establish minimum requirements for the processing of personal information. In addition, the Act provides for the establishment of an Information Regulator to exercise certain powers and to perform certain duties and functions in terms of this Act and the Promotion of Access to Information Act, 2000.</p> <p>The Act further provides for the issuing of codes of conduct; for the rights of persons regarding unsolicited electronic communications and automated decision making; to regulate the flow of personal information across the borders of the Republic; and to provide for matters connected therewith.</p>

### 7.3. Policy Mandates

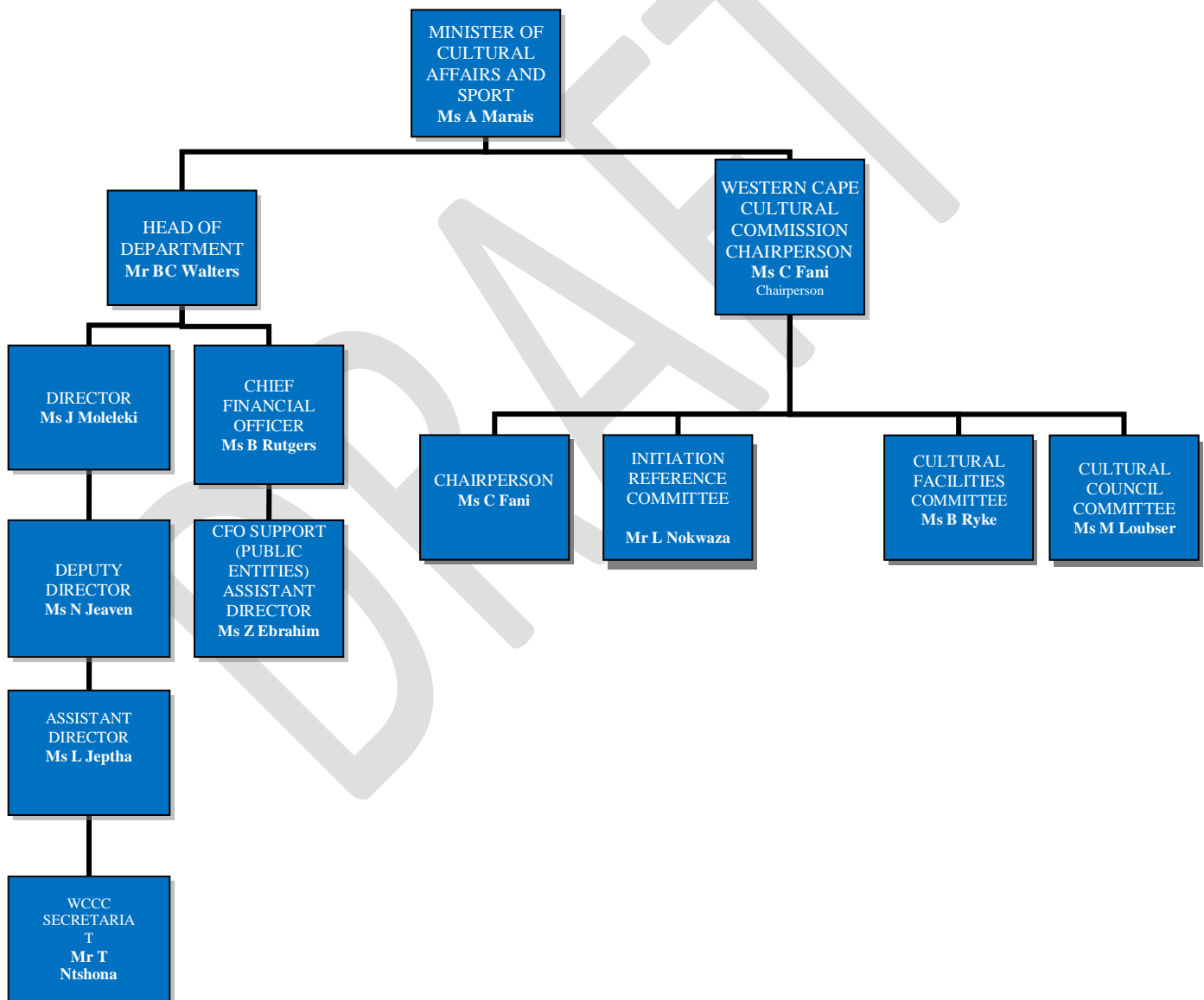
Policies that support an efficient and effective cash management system and which guide operations are described below.

Policies	Description
Code of Conduct for the WCCC Members	The primary purpose of the Code is to promote exemplary conduct so that the WCCC has credibility.
Registration and Deregistration of Cultural Councils Policy	To give effect to the principle of respecting, nurturing, upholding and protecting cultural diversity in the Western Cape and South Africa as a whole by registering and deregistering cultural councils.
Cultural Facilities Usage Policy	The Accounting Authority of the public entity must manage revenue economically and effectively by developing and implementing appropriate processes to provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue and utilisation.
WCCC Delegations	Delegation of powers issued by the Accounting Officer in terms of section 44(1) and 44(2) of the Public Finance Management Act, 1999 (PFMA).
Materiality Framework	The Accounting Authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority in consultation with external auditors.
Fraud Prevention Plan	This policy provides response mechanisms to report investigate and resolve incidents of fraud.
Remuneration of Members	To provide a framework for the payment of members of the Western Cape Cultural Commission nominated to attend conferences, events, meetings and workshops.
Western Cape Initiation Framework	To facilitate an enabling environment and create standards for the cultural practice, and uniformity in the execution thereof.

## 8. ORGANISATIONAL STRUCTURE

### Organisational environment

The organisational environment in which the WCCC operates is illustrated in the organogram below.



## **PART B: PERFORMANCE INFORMATION**

## **1. AUDITOR`S REPORT PREDETERMINED OBJECTIVES**

The AGSA / auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with no material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor`s report.

Refer to page 43 of the Auditors Report, published as PART E: Financial Information

## **2. SITUATIONAL ANALYSIS**

### **2.1. Service Delivery Environment**

The Province is characterized by natural beauty, cultural diversity and immense social capital yet; it is also confronted with the realities of high unemployment and rising crime rates. The year under review saw through a national election which brought about new strategies and focus areas. This required the alignment of the Commissions strategic goals and objectives to the new Provincial Strategic Priorities (PSP) and the focus areas of empowering people and contributing to the creation of safe and cohesive communities.

The unforeseen loss of income due to delays by contractors at the Schoemanspoort and Bien Donne facilities required a review of projections. This was exacerbated by the increase in fuel and food costs, often resulting in cancellation of reservations by organisations utilizing the facilities. A change in responsibilities required an additional meeting of the WCCC to ease the transition process of the transfer of responsibilities of the Accounting Authority.

Given all of the above, it did not dampen the creative talents of staff who facilitated the beautification of the facilities through the painting of the national flag at Melkbos Oppiesee and the construction of benches and flowerbeds from recycled wood at Schoemanspoort. It sparked innovation, new thinking and ignited the creativity of staff.

### **2.2. Organisational Environment**

In accordance with the Western Cape Cultural Commission and Cultural Councils Act, the administrative duties of the WCCC are administered by the officials in the employ of the Department.

The Public Entity executed 10 Commission meetings according to their approved meeting schedule and these included the plenary meetings, the Cultural Councils Committee, Cultural Facilities Committee and Initiation Reference Committee meetings. A special meeting (additional to the target) was called whereby the WCCC members were informed of the findings and legalities related to the roles and responsibilities of the Accounting Authority of

the Commission. At the meeting a decision was adopted by the members that the WCCC Chairperson will fulfill the administrative responsibilities of the Accounting Authority.

The Commission ensured that their performance and the management of the financial resources were implemented in keeping with the applicable prescripts. Members are required to sign a conflict of interest form and declare any conflict of interest which may occur during discussions linked to the mandate of the Entity. It is mandatory that members recuse themselves from any deliberations which presents as a conflict of interest.

For the financial year under review the Public Entity gave effect to the new indicator namely; "Number of registered cultural councils supported through transfer payments." This ensured the rendering of financial support to the registered cultural councils to implement their cultural projects, conferences and research as a tool to promote their diverse cultural traditions in their respective communities.

During the year, the following members of the commission resigned for various reasons namely Ms Victoria Sampson, Dr Jurie Joubert and Mr Herschelle Benjamin and were replaced by Mr Zama Guma, Mr Geoffrey Mamputa, and Mr Thamsanqa Mbongo, who were appointed in October 2019 and February 2020. Currently the WCCC has its full complement of 14 members.

#### **Job opportunities**

The placement of youth in work environments affords them an opportunity to gain technical, administrative as well as soft skills which will serve them in good stead when applying for permanent positions. Through the EPWP budget allocated to the Cultural Affairs Directorate, the Commission created 30 job opportunities for unemployed youth residing in areas surrounding the facilities. Many of the EPWP beneficiaries have progressed to permanent employment and others have pursued an academic programme.

### **2.3. Key Policy Developments and Legislative changes**

n/a

### **2.4 Strategic Outcome Oriented Goals**

<b>Strategic Goal</b>	To promote, develop and transform cultural activities in the Western Cape.
<b>Goal Statement</b>	<ul style="list-style-type: none"> <li>• Increase utilisation of cultural facilities by citizens of the Western Cape.</li> <li>• Promote cultural connectedness through dialogue with cultural councils; and</li> <li>• Promote social inclusivity.</li> </ul>

### 3. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/ OBJECTIVE

**PROGRAMME:** Western Cape Cultural Commission

The purpose of the Western Cape Cultural Commission is to advise the Minister on how best to implement the mandate of the WCCC according to the Western Cape Cultural Commission and Cultural Councils Act, No.14 of 1998.

#### DESCRIPTION

The Commission ensures the execution of the planned performance through the human resources employed within the Department of Cultural Affairs and Sport and the financial resources which include a transfer payment made to the WCCC by the department as well as revenue generated through the usage of the cultural facilities by clients. The quarterly performance of the entity is captured on an electronic system, namely the EPQRS system.

#### 3.1. Strategic Objectives

##### Purpose

To enable communities to access information and partake in activities to promote cultural connectedness between communities. To recommend and advise the Minister on matters pertaining to arts and culture.

Programme / activity / objective					
Strategic Objectives Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on Deviation
To advise on preservation, promotion and development of Arts and Culture through plenary meetings and activities to enhance social inclusion.	18	22	23	1	A special meeting was held to discuss the Legislative mandate of the Accounting Authority.

### 3.2. Key performance indicators, planned targets and actual achievements

Programme/activity / objective					
Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on Deviation
Number of registered cultural councils supported through transfer payments*	-	5	5	-	-
Number of events to improve access, and to promote networking, social inclusion and cultural connectedness **	2	-	-	-	-
Number of facilities upgraded or maintained to ensure suitability and safety for users	7	7	7	-	-
Number of plenary, subcommittee and strategic meetings to advise the Minister	9	10	11	1	A special meeting was held to discuss the Legislative mandate of the Accounting Authority.

\*New performance indicator

\*\*The performance indicator prior to the change for the 2019/20 financial year

### REFLECTION ON THE PAST FIVE YEAR PERIOD

Over the last five years environmental and socio-economic conditions impacted the cultural facilities. The deteriorating infrastructure added to the escalation of expenditure and placed a strain on the available budget.

The Groot Drakenstein and Okkie Jooste cultural facilities respectively became the targets for break-ins, theft and arson attacks. The Western Cape Cultural Commission suffered great losses and damage to the movable and immovable assets at these cultural facilities. It necessitated the Commission to enter into contracts with security companies for visible security at the two cultural facilities, during the evening from 19:00 until 07:00 the next morning, at great cost.

Simultaneously, the staff worked diligently on alternatives to meet the financial pressures. These included the redrafting of policies and building relationships with the DTPW as well as improved monitoring and reporting systems and aligning expenditure to income. The implementation of stringent financial management processes and monitoring of expenditure and approved budget in relation to the maintenance plan and monthly cash flow projection updates, resulted in a decrease in overspending patterns.

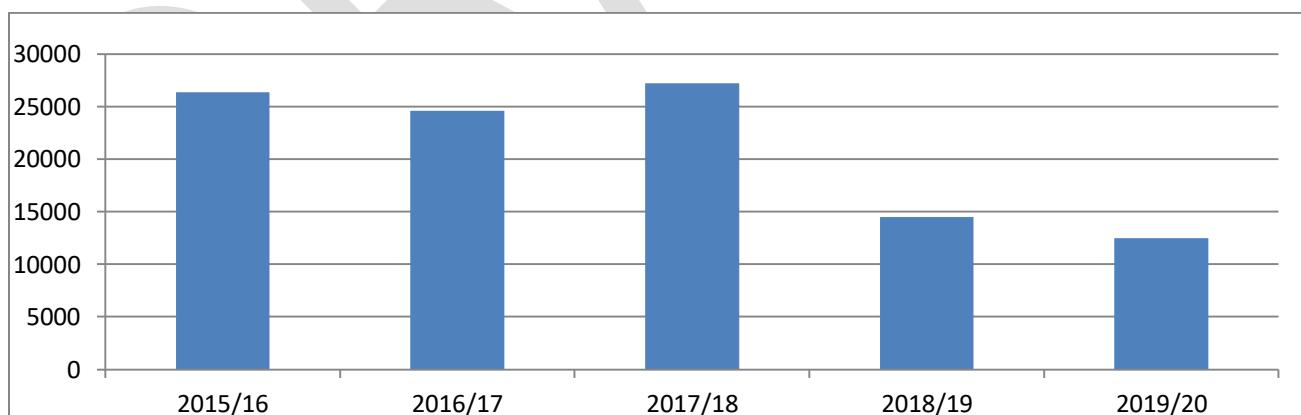
## REVENUE FOR 2019/20

The revenue generated for the year was impacted by the closure of the Schoemanspoort and Bien Donne facilities for upgrades and the subsequent extension of the initial period due to challenges with the contractor at Schoemanspoort. The onset of the COVID-19 pandemic resulted in the closure of the cultural facilities which impacted income generated for the fourth quarter. However, the 2019/20 financial year reflected a more positive picture regarding the management of the budget linked to the expenditure and the revenue generated. Major upgrades were contracted by DTPW and the costs incurred were covered by their budget as stipulated in the approved Capex Report. The facilities generated R2 143 720 for the year under review as opposed to R1 961 910 for the preceding year and R1 786 165 for the 2017/18 financial year.

The table below visually illustrates the number of users over the last five years

COMPARISON OF NUMBER OF USERS

FINANCIAL YEAR	2015/16	2016/17	2017/18	2018/19	2019/20
NUMBER OF USERS	26403	24583	27256	14504	12497



Although the number of users decreased during the 2018/19 and 2019/20 financial years the income increased for the last two years. The introduction of the new billing system, itemized facility billing so users could book each item, unit and facility separately from the whole campus. Thus, we could accommodate multiple users at the facility whereas in the past the entire facility was booked by one client at a time. The revised tariffs structure changed from per person costs to a payment system where clients were billed for amenities booked.

The Okkie Jooste cultural facility also experienced arson attacks whereby three chalets were destroyed which further reduced the capacity from 260 users to 188 users during the 2019/20 financial year. The Bien Donne Manor House and Schoemanspoort cultural facility were also closed for usage during the 2019/20 financial year for much needed upgrades which added to the drop in the number of users. The COVID -19 pandemic affected the bookings recorded in the fourth quarter of the 2019/20 financial year due to the declaration of a national state of disaster.

## **CULTURAL FACILITIES**

### **PURPOSE**

To expose citizens to an environment that inspires new values and appreciation and thereby contributing to reduction of social ills.

The Commission manages the immovable assets namely the seven cultural facilities, delegated by the Minister of DCAS; and ensures that it offers the required safety and acceptable standards for the citizens to execute their cultural, creative, recreational or educational programmes.

The WCCC plays an oversight role regarding the implementation of the approved maintenance plan related to the required day to day maintenance at the seven cultural facilities. Through the interdepartmental working relationship with the Department of Community Safety, risk assessments were conducted at the cultural facilities and recommendations associated with safety and security were identified. The Commission had visible security (two security guards and two security dogs) at two of the vulnerable facilities, namely Groot Drakenstein and Okkie Jooste, but due to the increased cost, the Commission had to opt for armed response services when the contract expired. The sourcing and appointment of the armed response services at the five cultural facilities was done in conjunction with the regulations set out by Provincial Treasury through the Transversal Security Framework.

Work executed by public works included the installation of solar panels, LED lightings, fire hydrants, covering of asbestos ceilings, condition assessment and upgrading of sewerage pipes as well as the fixing of water leakages at the respective cultural facilities. This enabled the Commission to channel the stringent budget towards the basic maintenance needed at the cultural facilities.

The WCCC must contend with challenges which confront it as and when they arise. These included the removal of the boundary fence at Koekenaap by the neighbouring farmer, the municipal billing system between the ARC and the Groot Drakenstein facility. These challenges are being addressed with the support of legal services.

The entity in conjunction with Cel Services implemented an electronic booking system which replaced the manual system. This system was fully operational during the year under review. This online booking system offers clients the opportunity to view the availability of the cultural

facilities. It affords the applicant the opportunity to select the preferred facility for the programme envisaged. Simultaneously, the system allows the DCAS official to evaluate the application and send electronic responses/updates to the applicant related to the status of their reservations. This system has presented an effective and efficient way of delivering a professional service to clients and is in keeping with the Cultural Facilities Usage Policy.

## CULTURAL COUNCILS

### PURPOSE

To enable communities to access knowledge and information and to promote cultural connectedness between communities.

The annual funding call to the 31 registered cultural councils resulted in nine applications, of which the Entity approved funding to five applicants for the implementation of their cultural initiatives. The collaboration with the cultural councils ensures that the diverse cultural practices are developed, promoted and preserved which contribute to building of social cohesion in communities. However, the execution of the programmes in the fourth quarter were impacted by the restrictions which were placed on all activities due to COVID -19 and the declaration of a national state of disaster.

The table below reflects the financial support rendered to the registered cultural councils during the 2019/20 financial year.

Name of Transferee	Type of Organisation	Purpose of Funds	Amount Transferred	Amount spent by Entity	Reason for unspent Funds
The Cochoqua Cultural Council	NPO	Project	R30 000	R30 000	-
Gorachouqua Tribal House Cape Khoi	NPO	Conference	R30 000	R30 000	-
Gourikwa House	NPO	Festival	R30 000	-	Event cancelled due to declaration of a national state of disaster.
Nyahbinghi House of Paarl	NPO	Festival	R30 000	-	Event cancelled due to declaration of a national state of disaster.
Igugu Lamaxesibe Cultural Council	NPO	Project	R30 000	-	Project postponed due to lockdown.
<b><u>TOTAL</u></b>			R120 000		

The planned target "Number of registered cultural councils supported through transfer payments" was achieved as set out for the financial year 2019/20. The Commission will execute assessments to all the cultural councils to engage with them regarding the compliance requirements for future financial support.

At the last Plenary for the year, held in March 2020, the Commission registered two new cultural councils namely Drakenstein Cochoqua Council and Kei! Koreans Land and Heritage Council. This brought the total number of registered cultural councils to 33.

### Strategy to overcome areas of under performance

None

### Changes to planned targets

None

### Linking performance with budgets

Programme	2019/20			2018/19		
	Budget	Actual expenditure	(over)under Expenditure	Budget	Actual expenditure	(over)Under Expenditure
	R`000	R`000	R`000	R`000	R`000	R`000
Goods and Services	3072	3507	(435)	4265	4803	(538)
<b>Total</b>	<b>3072</b>	<b>3507</b>	<b>(435)*</b>	<b>4265</b>	<b>4803</b>	<b>(538)</b>

\*The over expenditure mainly relates to GRAP 23: Services in Kind adjustment made for salaries of R586 000 related to the financial management staff of the Public Entity. Further detail is explained in the Annual Financial Statements of the WCCC, Note 13.

## 4. REVENUE COLLECTION

Source of Income	2019/20			2018/19		
	Estimate	Actual Amount collected	(Over) / under collection	Estimate	Actual Amount collected	(Over) / under collection
	R`000	R`000	R`000	R`000	R`000	R`000
Other Operating Income	2374	2906	(532)	2659	3716	(1057)
Transfer Payment	524	524	-	1506	1506	-
Interest Income	174	174	-	100	129	(29)
<b>Total</b>	<b>3072</b>	<b>3604</b>	<b>(532)*</b>	<b>4265</b>	<b>5351</b>	<b>(1086)</b>

\*The over collection mainly relates to GRAP 23: Services In-Kind adjustment made for salaries of R586 000 related to the financial management staff of the Public Entity. Further detail is explained in the Annual Financial Statements of the WCCC, Note 13.

### 4.1. Capital Investment

The cultural facilities serve as a connector between, communities and their culture. They play a critical role as a catalyst for meaningful interactions and change and strengthening the strands which contributes to building the social fabric of our society. This environment that the facilities

provides needs to be improved and maintained to ensure that it remains in an acceptable condition for users.

The upgrades at the cultural facilities are incorporated into the CAPEX Report managed and budgeted for by the DTPW. The Western Cape Cultural Commission on an annual basis identifies required upgrades at the cultural facilities and records it on the User Asset Management Plan (UAMP); which is part of the broader infrastructural plans for facilities / buildings in the province under the management of by the Department of Transport and Public Works (DTPW).

For the year under review Bien Donne Manor House and Schoemanspoort cultural facility were prioritized by the DTPW and placed onto the CAPEX Report with an allocated budget. The refurbishments at the Manor House was completed but the upgrades at Schoemanspoort cultural facility will only be completed during the 2020/21 financial year.

**DURING THE YEAR UNDER REVIEW SOME OF THE IMPROVEMENTS CONCLUDED AT THE CULTURAL FACILITIES ARE DISPLAYED BELOW:**

**SCHOEMANSPOORT:**

Asbestos roof replaced with cement tiles



Installation of toilet facilities for the disabled



Improvements to the hall and outside area at Schoemanspoort

## OKKIE JOOSTE and GROOT DRAKENSTEIN



Security upgrades at Okkie Jooste and Groot Drakenstein – installation of intercom system and beams as well as the installation of a new boundary fence at Okkie Jooste cultural facility.



Repair of chalet at Okkie Jooste



Retiling of floor at Melkbos OppieSee



Installation of Geysers at Koekenaap



Refurbishment of exterior walls at Bien Donne Manor

## **PART C: GOVERNANCE**

## 1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance about public entities is applied through the prescripts of the Public Finance Management Act(PFMA) and run in tandem with the principles contained in the King 111 report on Corporate Governance.

This report provides an overview of the governance embedded in the entity.

## 2. PORTFOLIO COMMITTEE

The committees of the Provincial Parliament that have oversight of the WCCC are the Standing Committee on Cultural Affairs and Sport, and the Public Accounts Committee(PAC).

Standing Committee on Cultural Affairs and Sport and Public Accounts Committee	
Date of hearing	Matter under consideration
8 August 2019	Briefing by the Department of Cultural Affairs and Sport on its Annual Performance Plan for 2019/20
31 October 2019	Deliberation on the 2018/19 Annual Reports of the Department of Cultural Affairs and Sport and its entities (Heritage Western Cape, Western Cape Language Committee, Western Cape Cultural Commission).
27 November 2019	Deliberation on Vote 13: Cultural Affairs and Sport in the schedule to the Western Cape Adjustments Appropriation, 2019.
11 March 2020	Discussion on Western Cape Appropriation Bill 2020 – Vote 13 Department of Cultural Affairs & Sport.

## 3. EXECUTIVE AUTHORITY

The Executive Authority executed oversight responsibility by monitoring financial and non- financial information for the period under review. The following reports were submitted for monitoring purposes:

Quarterly Performance Report	31 July 2019; 31 October 2019; 31 January 2020; and 30 April 2020
In-year Monitoring Report	31 July 2019; 31 October 2019; 31 January 2020; and 30 April 2020.

## **4 THE WESTERN CAPE CULTURAL COMMISSION**

The Western Cape Cultural Commission operates within the parameters or framework of the Western Cape Cultural Commission and Cultural Councils Act, no 14 of 1998 to ensure efficient performance regarding service delivery to the citizens of the Western Cape. The aims of the Cultural Commission are to preserve, promote and develop culture in the Western Cape, in accordance with a policy determined by the Provincial Minister.

### **The importance and purpose of the Commission**

In order to achieve the aims for which the Cultural Commission was established, the Commission must:

- consider the registration and deregistration of cultural councils;
- control, manage, develop and maintain movable and immovable property placed under its supervision in terms of section 2(1)(a) or (b); and
- perform such other functions as the Provincial Minister may assign to the Commission.

The Cultural Commission may of its own accord, or at the request of the Provincial Minister or at the request of a cultural council or councils make recommendations on how the aims of the Cultural Commission can best be achieved with respect to *inter alia* the following areas:

- the visual, performing and literary arts;
- the natural and human sciences;
- cultural-historical fields; and
- Youth's cultural awareness and involvement.

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

The Cultural Commission may give assistance within its available resources, to a cultural council or councils as established under the Act, by

- subsidising culturally related projects, research and conferences as from time to time determined by the Provincial Minister, and for which a cultural council or council have applied
- promoting and co-ordinating national and international intercultural contact; and
- providing information to preserve, promote and develop culture.

## Board Charter

The composition of the board is 14 members as appointed in October 2018 for a three -year term by the Minister of the Department of Cultural Affairs and Sport.

Name	Designation (in terms of the Public Entity)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorships (name the entities)	Other committees or task teams	Number of meetings
Fani Chuma	Chairperson: WCCC	15 October 2018	n/a	B Admin Public Admin (Honours)	Performing Arts; Involvement of youth in culture; and Promotion of culture through media.	None	None	7
Jama Zukile	Deputy Chairperson: WCCC	15 October 2018	n/a	PhD Linguistics, UCT, 2007; MA in African Languages, UCT, 1995; BA Honours in African Languages, Unisa 1998; BA majoring in History Vista University PE 1985	Language and Culture Career oriented language teaching; Second language teaching; Social research; and African Literature	None	None	5
Loubser Madre	Chairperson: Cultural Councils Committee	15 October 2018	n/a	Bachelor of Music (M.Mus.); Performance Diploma in Music; Certificate in Music; and National Senior Certificate (NSC)	Professional Musician; Youth developer; Projects and Productions; Bringing community members together and Workshop facilitator.	None	Western Cape representativ e at NAC	6
Nokwaza Lungelo	Chairperson: Initiation Reference Committee	15 October 2018	n/a	Bachelor of Arts; Higher Diploma in Education; Advanced Diploma for Educators of Adults; Honours in Bachelor of Administration;	Extensive knowledge of Cultural Heritage of people of Nguni origin; In-depth understanding of cultural practices of Nguni people; Possess expert knowledge relating to practice of Xhosa sacred rituals and Indigenous worship.	None	Western Cape Language Committee	7

Name	Designation (in terms of the Public Entity)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorships (name the entities)	Other committees or task teams	Number of meetings
				Philosophy Degree; Postgraduate Diploma in Law; and Master of Arts School of Public Leadership				
Ryke Elizabeth	Chairperson: Cultural Facilities Committee	15 October 2018	n/a	B Mus;Public Relations course;;.	Teaching; Musical Director; Conductor of the Senior Primary Choir;Mentor;Private Tuition; Part time Music teacher and Full time Project Manager and skilled in teaching Marimba	None	None	7
Fefeza Patrick	Member: Cultural Facilities Committee	15 October 2018	n/a	BA (History Anthropology; and Post Grad. Diploma (Museums / Heritage Studies (UWC)	Served on Heritage Western Cape; Enumerator for DSD; supervisor at DOH project; and WCCC Initiation Reference Committee chairperson in 2015 – 2018.	None	None	5
Witbooi John Cornelius	Member: Cultural Facilities Committee	15 October 2018	n/a	Educator;	Humanities (History, Art, cultural history, culture). Involvement of youth in culture and Nama culture National leader of Witbooi Nama clan and National chairperson of the working committee for the Khoe and the Bushman	None	None	3
Guma Zama	Member: Cultural Facilities Committee	18 October 2019	n/a	Senior Certificate	Skilled in home based care	None	None	3

Name	Designation (in terms of the Public Entity)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorships (name the entities)	Other committees or task teams	Number of meetings
Baard Petronell	Member: Cultural Councils Committee	15 October 2018	n/a	BA, Drama Honours (US)	National Singing competition (ATKV); Recorded an Album for Music Video; Nominated for the SAMA Award; FNB vita awards for Cabare, Own Production in Cabare.	None	None	5
Benjamin Herschelle	Member: Cultural Councils Committee	15 October 2018	Novemb er 2019	BA Arts (Drama en Teaterstudies);BA Hons (Drama en Teaterstudies) and MA Drama en Teaterstudies (Tans)	Masters student at US; Facilitator for ATKV; Drama playwright; Journalist in arts at Die Burger media 24 and. Artist and academic in Culture.	None	None	3
Joubert Jurie	Member: Cultural Councils Committee	15 October 2018	October 2019	Primary Teachers Diploma; BA Hons in History (Free state University);MA in writing history and Contribution to party politics	Expert on Western Cape History; Expert on conveying the history to children; Involved in organizing cultural activities; Cultural preservation at Drakenstein; And Research and publication of Wellington and Andrew Murray history.	None	None	2
Sampson Victoria	Chairperson: Cultural Facilities Committee	15 October 2018	July 2019	n/a	35 years' experience as a Performing Artist, Composer, Singer,Entertainer;TUMSA Foundation member; SA music economy activist and game changer	None	None	2
Nongalaza John	Member: Cultural Councils Committee	15 October 2018	n/a	Bachelor of Law (B Yuris);Master of Philosophy (Applied theology);Cape Town Baptist Seminary in conjunction with	Sotho and Hlubi Initiation ritual	None	None	7

Name	Designation (in terms of the Public Entity)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorships (name the entities)	Other committees or task teams	Number of meetings
				the University of Pretoria				
Rall Medee	Member: Cultural Councils Committee	15 October 2018	n/a	Bachelor of Arts; Diploma for Educators of Adults; Master's Degree in Education and PhD Candidate	Iziko Museum; South African Museum; Teacher at Progress College	None	None	5
Mamputa Geoffrey	Member: Cultural Councils Committee	18 March 2020	n/a	n/a	Skilled in Cultural Research; Intercultural Communication & Teamwork; Organizational Development and Strategy and Community Mediation and Negotiation Conflict Resolution – Future Planning	None	None	1
Mbongo Thamsanqa	Member: Cultural Councils Committee	18 March 2020	n/a	Diploma in Performing Arts	South African Actor; Writer, Director and Arts activist and Drama facilitator	None	None	1
Joko Prince	Member: Initiation Reference Committee	15 October 2018	n/a	B Tech in Human Resource Management	Passionate with isiXhosa culture; Supportive to caretakers and traditional surgeons, initiates for the past 15 years and Chairperson of Hazeldene Initiation Forum for 10 years.	None	None	6

Name	Designation (in terms of the Public Entity)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorships (name the entities)	Other committees or task teams	Number of meetings
<b>THE FOLLOWING PERSONS SERVE ON THE INITIATION REFERENCE COMMITTEE TO THE WCCC TOGETHER WITH THE WCCC MEMBERS</b>								
Gincana Mzwandile	Member: Initiation Reference Committee	6 March 2019	n/a	Councillor Development Programme	33 years working with the initiation program in Eastern Cape Skilled in Management at local government and councillor level.	None	None	2
Nongwe Toto	Member: Initiation Reference Committee	6 March 2019	n/a	Grade 9	Cultural activist for 10 years for the amaXesibe Cultural Group; Chief of amaXesibe tribal community; Community leadership for 24 years and Chairperson of Initiation Forum	None	None	1
Blaai Mlungisi	Member: Initiation Reference Committee	6 March 2019	n/a	Grade 12; MSAT	Attended initiation school in 1993; Involved in traditional initiation school in 2003; EPWP on Initiation programme. Skilled in capacity building, Presentation and meeting skills	None	None	2
Lekena David	Member: Initiation Reference Committee	6 March 2019	n/a	n/a	Experience in traditional initiation for the seSotho culture	None	None	2
Malamlela Muzi	Member: Initiation Reference Committee	6 March 2019	n/a	n/a	Cultural activist for the Sotho/ Hlubi culture	None	None	2
Fonk Sidwell	Member: Initiation	6 March 2019	n/a	Matric ; Dip Lurisprudentiae;	Law firm NJ Yekiso and Associates and Professional	None	None	1

Name	Designation (in terms of the Public Entity)	Date appointed	Date resigned	Qualification	Area of Expertise	Board Directorships (name the entities)	Other committees or task teams	Number of meetings
	Reference Committee			B Proc Degree and Post Grad Diploma in Land and Agrarian Studies	Assistant Bonisile Fonk and Associates			

#### COMMITTEE MEETINGS

Committee	No. of meetings held	Number of members	Name of members
Plenary Sessions	4	17	Ms Chuma Fani <b>WCCC Chairperson</b> Dr Jurie Joubert Mr Ntsikelelo Nongalaza Ms Madre Loubser Ms Petronel Baard Mr Patrick Zoyisile Fefeza Ms Elizabeth (Betsie) Ryke Mr Lindile Prince Joko Ms Victoria Sampson Mr Lungelo Nokwaza Ms Medee Rall Mr John Witbooi Mr Zukile Jama Mr Herschelle Benjamin Mr Zama Guma Mr Geoffrey Mamputa Mr Thamsanqa Mbongo

Cultural Facilities Committee Meeting	2	4	Ms Victoria Sampson <b>Committee Chairperson</b>
			Ms Betsie Ryke
			Mr Patrick Fefeza
			Mr John Witbooi
Initiation Reference Committee Meeting	2	8	Mr Lungelo Nokwaza (WCCC member) <b>Committee Chairperson</b>
			Mr Mlungisi Blaai
			Mr Mzwandile Gincana
			Mr David Lekena
			Mr Mninikhaya (Muzi) Magudu
			Mr Prince Lindile Joko (WCCC member)
			Mr Toto Nongwe
			Mr Sidwell Fonk
Cultural Councils Committee Meeting	2	8	Mr Herschelle Benjamin
			Mr Ntsikelelo Nongalaza
			Ms Madre Loubser <b>Committee Chairperson</b>
			Ms Chuma Fani <b>WCCC Chairperson</b>
			Dr Jurie Joubert
			Mr Zukile Jama
			Ms Medee Rall
			Ms Petronel Baard
			Ms Chuma Fani <b>WCCC Chairperson</b>
			Dr Jurie Joubert
			Mr Ntsikelelo Nongalaza

Adhoc / Special Meeting	1	14	Ms Madre Loubser
			Ms Petronel Baard
			Mr Patrick Zoyisile Fefeza
			Ms Elizabeth (Betsie) Ryke
			Mr Lindile Prince Joko
			Ms Victoria Sampson
			Mr Lungelo Nokwaza
			Ms Medee Rall
			Mr John Witbooi
			Mr Zukile Jama
			Mr Herschelle Benjamin

## RENUMERATION OF COMMISSION MEMBERS

The service benefit packages for office bearers of certain statutory and other institutions are defined by the Minister of Finance and described in a Provincial Treasury Circular. The Chairperson's rate is R486.00 per hour, the Deputy Chairperson's rate is R342.00 per hour and the rate for members' is R298.00 per hour.

Name	Remuneration R`000	Other allowance (T&S) R`000	Total R`000
Ms Chuma Fani ( <b>Chairperson</b> )	12	2	14
Dr Jurie Joubert	2	1	3
Mr Ntsikelelo Nongalaza	7	2	9
Ms Madre Loubser	7	1	8
Ms Petronel Baard	4	3	7
Mr Patrick Zoyisile Fefeza	4	0	4
Ms Elizabeth (Betsie) Ryke	7	2	9
Mr Lindile Prince Joko	8	0	8
Ms Victoria Sampson	1	0	1
Mr Lungelo Nokwaza	9	2	11
Ms Medee Rall	4	0	4
Mr John Witbooi	4	4	8
Mr Zukile Jama	6	1	7
Mr Herschelle Benjamin	2	1	3
Mr Zama Guma	4	0	4
Mr Mlungisi Blaai	3	1	4
Mr Mzwandile Gincana	3	1	4
Mr David Lekena	3	1	4
Mr Mninikhaya Malamlala	3	1	4
Mr Geoffrey Mamputa	1	0	1
Mr Thamsanqa Mbongo	1	0	1
Mr Elvis toto Nongwe	1	0	1
<b>Total</b>	<b>96</b>	<b>23</b>	<b>119</b>

## 5. RISK MANAGEMENT

The Western Cape Cultural Commission participates in the Enterprise Risk Management and Ethics Committee (ERMECO) of the Department of Cultural Affairs and Sport to assist the Accounting Authority in executing its responsibilities relating to risk management. This Committee is chaired by the Accounting Officer of the Department.

### ENTERPRISE RISK MANAGEMENT AND ETHICS COMMITTEE RESPONSIBILITY

The Enterprise Risk Management and Ethics Committee (ERMECO) reports that it has complied with its responsibilities arising from Section 51 (1)(a)(i) of the Public Finance Management Act, Treasury Regulation 3.2.1 and Public Service Regulations of 2016, Chapter 2, Part 1, 2 and 3. The ERMECO also reports that it has adopted an appropriate formal Terms of Reference (approved by the ERMECO chairperson on 29 March 2019) and regulated its affairs in compliance with this Terms of Reference and has discharged all its responsibilities as contained therein.

**ENTERPRISE RISK MANAGEMENT AND ETHICS COMMITTEE MEMBERS**

The Chief Executive Officer of the Western Cape Cultural Commission represents the entity on the ERMECO of the Department. As per its Terms of Reference the ERMECO met four times (quarterly) during the year under review.

The table below discloses relevant information on ERMECO members:

Name	Position	No of Meetings attended	Date Appointed
Mr B Walters	Accounting Officer (Chairperson)	4	1/04/2019
Ms B Rutgers	Director: Financial Management – (CFO)	4	1/04/2019
Ms C Sani	Director: Library Service	3	1/04/2019
Mr D Esau	Deputy Director: Internal Control (Risk Champion)	4	1/04/2019
Mr D Flandorp	Deputy Director: Corporate Relations Unit (Ethics Officer)	3	1/04/2019
Mr G Mohamed	Director: Enterprise Content Management	4	1/04/2019
Mr G Redman	CD: Cultural Affairs	4	1/04/2019
Ms J Boule	CD: After-School Game Changer	4	1/04/2019
Ms J Moleleki	Director: Arts, Culture and Language	4	1/04/2019
Dr L Bouah	CD: Sport and Recreation	2	1/04/2019
Dr M Dlamuka	Director: Museums, Heritage and Geographical Names Services CEO: HWC	4	1/04/2019
Ms N Dingayo	Director: Provincial Archive Service	3	15/03/2019
Mr S Julie	Director: Strategic and Operational Management Support	4	1/04/2019
Mr T Tutu	Director: Sport Promotion	4	1/04/2019
Mr P Hendricks	Director: Sport Development	4	1/04/2019

\*Where members were unable to attend the ERMECO meeting, the meeting was, where possible, attended by a representative from the relevant programme

The following is an indication of other officials who attended the ERMECO meetings for the year under review:

Name	Position	No of Meetings attended
Ms A Haq	Director: Enterprise Risk Management (DotP)	2
Mr D Micketts	Chief Risk Advisor: Enterprise Risk Management (DotP)	4
Ms M Natesan	Deputy Director: Provincial Forensic Services (DotP)	4
Mr P Swartbooi	Director: Internal Audit (DotP)	2

## **ENTERPRISE RISK MANAGEMENT AND ETHICS COMMITTEE KEY ACTIVITIES**

The Accounting Officer of the Department is the chairperson of the ERMECO. In executing its function, the ERMECO performed the following key activities during the year:

- Reviewed the Department's Risk Management Policy, Strategy and Implementation Plan for recommendation by the Audit Committee and approval by the Accounting Officer. The Risk Management Policy, Strategy and Implementation Plan apply to all the Public Entities under the Department;
- Set, reviewed and applied appropriate risk appetite and tolerances, and recommended same for approval by the Accounting Officer;
- Reported to the Accounting Officer of the Department any material changes to the risk profile of the Entity;
- Identified new and/or emerging risks and opportunities;
- Assessed the implementation of the departmental Risk Management Policy, Strategy and Implementation Plan;
- Evaluated the effectiveness and mitigating strategies to address the material strategic, operational, ethics and economic crime risks;
- Reviewed the Fraud and Corruption Prevention and Response Plan recommended for approval by the Accounting Officer;
- Discussed and considered the Social Cluster Audit Committee remarks;
- Assessed the implementation of the departmental Ethics Management approach; and
- Provided oversight on ethics management in the department.

## **KEY RISKS CONSIDERED AND ADDRESSED DURING THE YEAR**

The following is a key risk for the Western Cape Cultural Commission that was reviewed on a quarterly basis, including assessing the mitigations in place:

- A newly elected committee or Accounting Authority which may lack the required collective competencies in terms of their mandate. Management continues to manage the risk.

The WCCC's risks were presented at the quarterly ERMECO meetings. Senior managers were required to provide feedback on progress with implementation of action plans to reduce the likelihood of risks materialising and/or the impact should they materialise. ERMECO also referred risks back that should be analysed more extensively and recommended additional mitigations or actions to manage risks.

The Social Cluster Audit Committee provided independent oversight of the entity's system of risk management. The Audit Committee was furnished with Quarterly ERM progress reports and risk registers to execute their independent oversight role.

## **KEY EMERGING RISKS FOR THE FOLLOWING FINANCIAL YEAR**

The key emerging risks which needs to be considered in the next financial year relates to the entity's ability to continue and recover its business during and after the COVID-19 pandemic.

## **CONCLUSION**

There has been significant progress with the management of risks during the 2019/20 financial year. Good progress was made in embedding risk management and raising the

risk maturity level within WCCC, which has contributed to favourable public entity performance.

Through the conducting of risk awareness sessions and training, it has led to improved risk maturity within WCCC. A risk awareness session was requested via the 2019/20 FY implementation plan and has been completed (i.e. 13 November 2019 for Western Cape Cultural Commission (WCCC) in Franschoek).

The increased risk maturity within the entity has led to improved risk response strategies for risks identified (in the Public Entity).

## **6. INTERNAL CONTROL UNIT**

It is the responsibility of the Accounting Officer/ Accounting Authority to continually assess and evaluate internal controls to ensure that control activities in place are effective, efficient and transparent and that they are improved when required. To achieve this, quarterly financial management improvement plan and key control meetings are held with the Auditor-General, programme managers of the Department and the Minister. This is an ongoing process to ensure that DCAS maintain their clean audit outcomes.

The Department has devised an Internal Control Strategy and Plan that outlines a high-level plan on the implementation of internal control within its core functions.

The Internal Control Unit prioritised the review of key processes within the Governance and Assurance Services focus areas to stay abreast with the latest developments during the 2019/20 financial year. The key focus areas were as follows:

- Irregular Expenditure processes i.r.o. the new Framework
- Post audit procedures

## **7. INTERNAL AUDIT AND AUDIT COMMITTEES**

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Department. It should assist the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes. The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the department's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

Internal Audit work completed during the year under review for the Department included five assurance engagements. Details of these engagements are included in the Audit Committee report.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the Department, which include oversight and review of the following:

- Internal Audit function;
- External Audit function (Auditor General of South Africa - AGSA);
- Departmental Accounting and reporting;
- Departmental Accounting Policies;
- AGSA management and audit report;

- Departmental In Year Monitoring;
- Departmental Risk Management;
- Internal Control;
- Pre-determined objectives;
- Ethics and Forensic Investigations.

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr Ameen Amod	MBA; CIA; CGAP; CRMA; BCOM	External	N/a	01 January 2019 (2 <sup>nd</sup> term)	N/a	7
Mr Ebrahim Abrahams	B Com Hons	External	N/a	01 January 2019 (1 <sup>st</sup> term)	N/a	7
Mr Pieter Strauss	B Acc; B Com Hons; CA (SA)	External	N/a	01 January 2019 (1 <sup>st</sup> term)	N/a	7
Ms Annelise Cilliers	B Compt Hons CA (SA)	External	N/a	01 January 2019 (1 <sup>st</sup> term)	N/a	7

## 8. COMPLIANCE WITH LAWS AND REGULATIONS

The Entity has systems, policies and processes in place to ensure compliance with laws and regulations.

## 9. FRAUD AND CORRUPTION

If, after investigation, fraud, theft or corruption is confirmed, the employee who participated in such acts is subjected to a disciplinary hearing. The WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where *prima facie* evidence of criminal conduct is detected, a criminal matter is reported to the South African Police Services.

## 10. MINIMISING CONFLICT OF INTEREST

To ensure that there are no conflicts of interest in respect of commission members, all members signs a declaration of interest form prior to any meeting. If a conflict of interest should arise for a member, he or she is required to withdraw from the process.

## 11. CODE OF CONDUCT

Members are issued with a code of conduct which guides exemplary behavior. The policy implemented by DCAS incorporates the WCCC.

## 12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Occupational Health and Safety Awareness sessions are conducted annually at the facilities in liaison with the Department of Community Safety.

## 13. COMPANY / BOARD SECRETARY

n/a

## 14. SOCIAL RESPONSIBILITY

n/a

## 15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from **Section 38 (1) (a) (ii)** of the **Public Finance Management Act (PFMA)** and **National Treasury Regulations 3.1.13**. The Audit Committee also reports that it has adopted an appropriate formal Terms of Reference, has regulated its affairs in compliance with these Terms and has discharged all its responsibilities as contained therein.

### **The Effectiveness of Internal Control**

In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The following internal audit engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

### **Assurance Engagements:**

- Delegations Framework
- MOD Programme
- Language Services
- Library Services
- Transfer Payments – Sport

The Audit Committee's report on this matter will be finalised after the finalisation of the Audit Report.

### **In-Year Management and Monthly/Quarterly Report**

The Audit Committee's report on this matter will be finalised after the finalisation of the Audit Report.

### **Evaluation of Financial Statements**

The Audit Committee's report on this matter will be finalised after the finalisation of the Audit Report.

#### **Compliance**

The Audit Committee's report on this matter will be finalised after the finalisation of the Audit Report.

#### **Performance Information**

The Audit Committee's report on this matter will be finalised after the finalisation of the Audit Report.

#### **Report of the Auditor-General South Africa**

The Audit Committee's report on this matter will be finalised after the finalisation of the Audit Report.



**Mr Ameen Amod**  
**Chairperson of the Social Cluster Audit Committee**  
**Department of Cultural Affairs and Sport**  
**Date: 30 September 2020**

## **16.B-BBEE COMPLIANCE PERFORMANCE INFORMATION**

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

<b>Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:</b>		
<b>Criteria</b>	<b>Response Yes / No</b>	<b>Discussion (include a discussion on your response and indicate what measures have been taken to comply)</b>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	The Entity did not issue any licences, concessions or other authorisations in respect of economic activity in terms of any law.
Developing and implementing a preferential procurement policy?	No	<p>The following guidance specific to departments has been given from PT SCM:</p> <ol style="list-style-type: none"> <li>1. When the 2017 Regulations were issued, the Provincial Treasury presented to Cabinet the implementation challenges which inter alia included the raising of the threshold of the 80/20 point scoring system</li> </ol>

		<p>from a threshold of R1 million to R50 million will result in a “premium” increase for preferencing; introduction of pre-qualification criteria; introduction of a negotiation process and a passing over provision as a corrective measure for procuring entities to deal with the potential distortion of market related prices as a result of the introduction of prequalification criteria; contradiction in terms of the feasibility to sub-contract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups” and local production and content challenges.</p> <p>2. Cabinet approved the following strategy for WCG:</p> <p>2.1 The issuance of an interim strategy to deal with the requirements of the PPPRs, as well as supply chain management governance requirements via Provincial Treasury Instructions (PTIs) that makes provision for the WCG to:</p> <ol style="list-style-type: none"> <li>apply its discretion not to implement the pre-qualification criteria (i.e. regulation 4);</li> <li>apply its discretion not to implement regulation 6(9)(a)–(c) and 7(9)(a)–(c);</li> <li>conduct empowerment assessments for all procurement above R10 million (EME threshold), and further enabling departments to lower the threshold should its analysis so dictate; and</li> <li>implement regional indicators to target local suppliers using the e-procurement system and simultaneously consider the rotation of suppliers.</li> </ol> <p>2.2 The development and implementation of an Economic Procurement Policy, in partnership with the Departments of Economic Development and Tourism and the Department of the Premier, that is aligned to Provincial Strategic Goal 1 (which covers job creation and infrastructure development) and is aligned to the Medium-Term Budget Policy Statement. The EPP has been drafted and finalised for implementation.</p> <p>2.3 The development and implementation of a broader economic transformation policy that seeks to:</p>
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		<p>a. promote private sector procurement towards targeted provincial economic growth areas; and</p> <p>b. further strengthen the partnership with the private sector by enabling access to the WCG supplier database.</p> <p>2.4 Specific commodity focused strategies that target economic transformation e.g. security and catering strategies (PT led initiatives to look at transversal strategies and transversal contracts) will be a key focus to implement strategic procurement initiatives. To date the Provincial Treasury has implemented a transversal security framework agreement in keeping with this for the Province.</p> <p>2.5 Leveraging the economies of scale principle by packaging projects into longer term contracts, longer than 3 years based on criteria such as a corporate social responsibility plan, quality of service, etc. The Entity continually assesses possible commodities for which longer term contracts can be entered into to leverage economies of scale.</p>
Determining qualification criteria for the sale of state-owned enterprises?	N/A	The Entity was not involved in the sale of state-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	N/A	The Entity did not enter into any PPP arrangements.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	The Entity did not offer incentives, grants or investment schemes in support of Black Economic Empowerment.

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

DRAFT

## **1. HUMAN RESOURCE MANAGEMENT**

### **1. INTRODUCTION**

Staff are employed by the Department of Cultural Affairs and Sport and the relevant information appears in the DCAS Annual Report

### **2. HUMAN RESOURCE OVERSIGHT STATISTICS**

These statistics are reported in the Annual Report of the Department of Cultural Affairs and Sport.

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## PART E: FINANCIAL INFORMATION

## 1. REPORT OF THE EXTERNAL AUDITOR

### Report of the auditor-general to Western Cape Provincial Parliament on the Western Cape Cultural Commission

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

##### Opinion

1. I have audited the financial statements of the Western Cape Cultural Commission set out on pages 55 to 81, which comprise statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year ended 31 March 2020, as well as the 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 Western Cape Cultural Commission as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and section 15 of the Western Cape Languages Act, 1998 (Act No.13 of 1998) (WCPLA).

##### 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 this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public 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 public 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**

8. 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.
9. 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**

10. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. 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 public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to 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.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objective presented in the annual performance report of the public entity for the year ended 31 March 2020:

<b>Strategic objective</b>	<b>Pages in the annual performance report</b>
The preservation, promotion and development of arts and culture through cultural councils, management of cultural facilities and the initiation reference committee	19 – 20

13. 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.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic objective:

- The preservation, promotion and development of arts and culture through cultural councils, management of cultural facilities and the initiation reference committee

#### **Other matters**

15. I draw attention to the matters below.

#### **Achievement of planned targets**

16. Refer to the annual performance report on pages 19 to 20 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

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

18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### **Other information**

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting authority's report and the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected strategic objective presented in the annual performance report that have been specifically reported in this auditor's report.

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

21. 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 strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

**Internal control deficiencies**

22. 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. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

30 September 2020



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 strategic objective and on the public 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 public entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Western Cape Cultural Commission to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

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

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Statement of Financial Position as at 31 March 2020**

	Note(s)	2020 R '000	2019 R '000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	2 886	2 751
Receivables from exchange transactions	4	190	242
		<b>3 076</b>	<b>2 993</b>
<b>Total Assets</b>		<b>3 076</b>	<b>2 993</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	5	1 312	1 183
<b>Total Liabilities</b>		<b>1 312</b>	<b>1 183</b>
<b>Net Assets</b>		<b>1 764</b>	<b>1 810</b>
Accumulated surplus		1 764	1 810

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Statement of Financial Performance**

	Note(s)	2020 R '000	2019 R '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Fees from facilities	6	2 144	1 961
Interest income	7	174	129
Other income from exchange transactions	8	176	1 165
<b>Total revenue from exchange transactions</b>		<b>2 494</b>	<b>3 255</b>
<b>Revenue from non-exchange transactions</b>			
Other income from non - exchange transactions	9	586	590
Transfers and subsidies received	10	524	1 506
<b>Total revenue from non-exchange transactions</b>		<b>1 110</b>	<b>2 096</b>
<b>Total revenue</b>		<b>3 604</b>	<b>5 351</b>
<b>Expenditure</b>			
Audit fees	12	(63)	(94)
General expenses	13	(3 310)	(4 496)
Members fees	14	(96)	(63)
Transfers and subsidies paid	15	(90)	(150)
Debt impairment	16	(91)	-
<b>Total expenditure</b>		<b>(3 650)</b>	<b>(4 803)</b>
<b>(Deficit) surplus for the year</b>		<b>(46)</b>	<b>548</b>

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Statement of Changes in Net Assets**

	Accumulated surplus R '000	Total net assets R '000
<b>Balance at 01 April 2018</b>	<b>1 262</b>	<b>1 262</b>
Changes in net assets		
Surplus for the year	548	548
Total changes	548	548
<b>Balance at 01 April 2019</b>	<b>1 810</b>	<b>1 810</b>
Changes in net assets		
Deficit for the year	(46)	(46)
Total changes	(46)	(46)
<b>Balance at 31 March 2020</b>	<b>1 764</b>	<b>1 764</b>

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Cash Flow Statement**

	<b>Note(s)</b>	<b>2020 R '000</b>	<b>2019 R '000</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts		2 895	4 494
Interest income		175	128
		<u>3 070</u>	<u>4 622</u>
<b>Payments</b>			
Cash paid		(2 935)	(3 702)
<b>Net cash flows from operating activities</b>	<b>17</b>	<b><u>135</u></b>	<b><u>920</u></b>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		2 751	1 831
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b><u>2 886</u></b>	<b><u>2 751</u></b>

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Statement of Comparison of Budget and Actual Amounts****Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Fees from facilities	2 067	77	2 144	2 144	-	
Interest income	96	78	174	174	-	
Other income from exchange transactions	119	111	230	176	(54)	22.1
<b>Total revenue from exchange transactions</b>	<b>2 282</b>	<b>266</b>	<b>2 548</b>	<b>2 494</b>	<b>(54)</b>	
<b>Revenue from non-exchange transactions</b>						
Transfers and subsidies received	524	-	524	524	-	
Other income from non-exchange transactions	-	-	-	586	586	22.2
<b>Total revenue from non-exchange transactions</b>	<b>524</b>	<b>-</b>	<b>524</b>	<b>1 110</b>	<b>586</b>	
<b>Total revenue</b>	<b>2 806</b>	<b>266</b>	<b>3 072</b>	<b>3 604</b>	<b>532</b>	
<b>Expenditure</b>						
Members fees	(122)	26	(96)	(96)	-	
Transfer and subsidies paid	(150)	60	(90)	(90)	-	
Debt impairment	-	-	-	(91)	(91)	22.3
Audit fees	(96)	33	(63)	(63)	-	
General expenses	(2 438)	(385)	(2 823)	(3 310)	(487)	22.4
<b>Total expenditure</b>	<b>(2 806)</b>	<b>(266)</b>	<b>(3 072)</b>	<b>(3 650)</b>	<b>(578)</b>	
<b>Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>(46)</b>	

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Statement of Comparison of Budget and Actual Amounts****Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
<b>Reconciliation (must be disclosed if actuals not on comparable basis to budget)</b>						
<b>Timing difference</b>						
Operating				(46)		
<b>Entity difference</b>						
Operating				-		
<b>Actual Amount in the Statement of Financial Performance</b>				<b>(46)</b>		

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

All figures have been rounded to the nearest thousand.

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

These accounting policies are consistent with the previous period.

#### 1.1 Going concern assumption

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

#### 1.2 Significant judgements and sources of estimation uncertainty

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Allowance for impairment

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for impairment debt shall be calculated on trade receivables only. The total impairment provision of the entity shall be calculated either by individual debtor or at least per risk category.

#### 1.3 Property, plant and equipment

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

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

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

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

Property, plant and equipment are initially recognised at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset 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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Subsequent to initial measurement property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

## Accounting Policies

### 1.3 Property, plant and equipment (continued)

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

Item	Average useful life
Motor vehicles	20%
Equipment	25%
Computer software	33,3%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate; unless expectations differ from the previous estimate.

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

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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.4 Financial instruments

The financial instruments of the entity are categorised as either financial assets or liabilities.

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.

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.

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

## Accounting Policies

### 1.4 Financial instruments (continued)

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

#### Initial measurement of financial assets and financial liabilities

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

The entity measures all other financial assets and financial liabilities initially at fair value.

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

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

#### Subsequent measurement of financial assets and financial liabilities

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

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

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

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 in the case of a financial asset.

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

## Accounting Policies

### 1.4 Financial instruments (continued)

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### 1.5 Commitments

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

## Accounting Policies

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### 1.5 Commitments (continued)

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.

### 1.6 Revenue from exchange transactions

#### Recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and when the amount of revenue can be reliably measured, and specific criteria have been met for the entity's activities. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date.

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

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable. The amount is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved.

#### Interest, royalties and dividends

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

### 1.7 Revenue from non-exchange transactions

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

## **Accounting Policies**

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### **1.7 Revenue from non-exchange transactions (continued)**

#### **Conditional grants and receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the grantor it is recorded as part of the liability and if not, it is recognised as interest earned in the statement of financial performance.

Grants that compensate the entity for expenses incurred are recognised in surplus or deficit on a systematic basis in the same periods in which the expenses are recognised.

#### **Service in-kind**

Service in-kind are services provided by individuals to entities, without charge, but may be subject to stipulations. Public entity financial management staff provide valuable support to the entity in achieving its objectives. The service provided can be measured reliably and therefore it is recognised in the statement of financial performance and disclosed in the notes to the financial statements.

### **1.8 Translation of foreign currencies**

#### **Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains or losses arising on translation are charged against surplus/deficit.

### **1.9 Comparative figures**

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

### **1.10 Expenditure**

#### **Financial transactions in assets and liabilities**

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and /or under spending of appropriated funds. The write off occurs at year end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

## **Accounting Policies**

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### **1.10 Expenditure (continued)**

#### **Fruitless and Wasteful expenditure**

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

#### **Irregular expenditure**

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

#### **Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### **1.11 Accumulated surplus**

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

### **1.12 Budget information**

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 2019/04/01 to 2020/03/31.

The annual financial statements and the budget are not 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.

### **1.13 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.

## **Accounting Policies**

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### **1.13 Related parties (continued)**

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.

### **1.14 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.

### **1.15 Value-added Tax (VAT)**

The entity is exempt from VAT registration. However, if any funding is received that requires the entity to register as a VAT Vendor, such application will be lodged.

**Notes to the Annual Financial Statements**

	2020 R '000	2019 R '000
<b>2. New standards and interpretations</b>		
<b>2.1 Standards and interpretations effective and adopted in the current year</b>		
In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:		
<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP 1 (as amended 2018): Presentation of Financial Statements	01 April 2019	The impact of the amendment is not material.
• GRAP 2 (as amended 2018): Cash Flow Statements	01 April 2019	The impact of the amendment is not material.
• GRAP 3 (as amended 2018): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2019	The impact of the amendment is not material.
• GRAP 9 (as amended 2018): Revenue from Exchange Transactions	01 April 2019	The impact of the amendment is not material.
• GRAP 12 (as amended 2018): Inventories	01 April 2019	The impact of the amendment is not material.
• GRAP 14 (as amended 2018): Events after the reporting Period	01 April 2019	The impact of the amendment is not material.
• GRAP 19 (as amended 2018): Provisions, Contingent Liabilities and Contingent Assets	01 April 2019	The impact of the amendment is not material.
• GRAP 23 (as amended 2018): Revenue from Non-exchange Transactions	01 April 2019	The impact of the amendment is not material.
• GRAP 24 (as amended 2018): Presentation of Budget Information in Financial Statements	01 April 2019	The impact of the amendment is not material.
• GRAP 104 (as amended 2018): Financial Instruments	01 April 2019	The impact of the amendment is not material.
• GRAP 20: Related parties	01 April 2019	The impact of the amendment is not material.
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	The impact of the amendment is not material.
• GRAP 108: Statutory Receivables	01 April 2019	The impact of the amendment is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2019	The impact of the amendment is not material.

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

#### 2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Notes to the Annual Financial Statements**

	2020 R '000	2019 R '000
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**3. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	2 886	2 751
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**Credit quality of cash at bank and short term deposits, excluding cash on hand**

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to significant interest rate risk, the carrying amount of these assets approximates to their fair value.

**4. Receivables from exchange transactions**

Receivables	279	239
Accrued interest	2	3
Allowance for doubtful debt	(91)	-
	<u>190</u>	<u>242</u>

Receivables are classified at amortised cost. The fair value of receivables transactions approximates their fair value.

**5. Payables from exchange transactions**

Trade payables	16	2
Income received in advance	1 077	977
Accrued expense	52	85
Customer refundable Deposits	167	119
	<u>1 312</u>	<u>1 183</u>

Payables are classified at amortised cost. The fair value of payables transactions approximates their fair value

**6. Fees from facilities**

Rental income	2 144	1 961
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The increase in rental income is due to the new online booking system being implemented for the full financial year, the change in the billing system and tariff charged for the usage of the facilities started in July 2018 as well as the increase in marketing of the facilities to communities via various channels. In addition to this, the Western Cape Government Departments opted for the facilities as meeting or strategic planning venues due to the cost containment measures issued by National Treasury.

**7. Interest income**

Interest received	174	129
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The increase is due to the new tariff structure implemented which resulted in more revenue generated in the year under review. (see note 6)

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Notes to the Annual Financial Statements**

	2020 R '000	2019 R '000
<b>8. Other income from exchange transactions</b>		
Bad debt recovered	-	6
Insurance claims	56	1 039
Rental income- Damages	1	1
Rental income: Staff accommodation	119	119
	<u>176</u>	<u>1 165</u>

**Insurance claim:**

Less claims were instituted during the year under review.

**9. Other income from non-exchange transactions**

Donation: Service in-kind	<u>586</u>	<u>590</u>
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For the detail on the Donation: Service in-kind refer to the narrative on note 13

**10. Transfers and subsidies received**

Transfer received	<u>524</u>	<u>1 506</u>
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In 2018/19 an additional transfer payment was received from the Department of Cultural Affairs and Sport of R1 100 000 to pay for outstanding municipal accounts for water usage in respect of the Melkbos Cultural facility. The account is related to additional water meters which were not known to the Entity. The matter has been resolved.

**11. Property Plant and Equipment**

Additions	63	-
Disposals	(63)	-
	<u>-</u>	<u>-</u>

To ensure effective asset management, this function is centralised within the department (DCAS). Grap 17, Property plant and equipment (derecognition of assets), was applied to account for the effect of the donation at carrying value as at the 31 March 2020.

**12. Audit fees**

External audit	<u>63</u>	<u>94</u>
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The variance is mainly due to the new audit approach of the AGSA.

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Notes to the Annual Financial Statements**

	2020 R '000	2019 R '000
<b>13. General expenses</b>		
Bad debts written off	-	24
Bank charges	8	8
Consulting and Outsourced services	-	4
Consumable stores	79	58
Courier and delivery services	1	1
Donations	63	-
Employee costs: Service in-kind	586	590
Entertainment	20	51
Equipment less than R5000	-	7
Linen and soft furnishing	-	48
Maintenance, repairs and running costs	357	295
Printing, stationery and publications	82	48
Property expense	1 997	3 263
Software licence renewal	20	18
Travel and subsistence	44	51
Uniforms and protective clothing	53	30
	<b>3 310</b>	<b>4 496</b>

**Consumable stores:**

The increase is due to more gas and petrol purchased at the cultural facilities during the current year as one facility was closed in the prior year.

**Donations:**

During the financial year assets were donated to the department.

**Employee costs: Service in-kind:**

The decrease is due to 1 official resigning during the year under review. Officials of the Department of Cultural Affairs and Sport fulfil the executive and administrative functions associated with the Western Cape Cultural Commission. Departmental staff that supports the Public Entity includes the Chief Financial Officer, Director: Arts, Culture and Language Services, line function in the aforementioned Directorate as well as a dedicated Financial Management team that supports the Chief Financial Officer. Whilst line function staff and Senior Managers fulfil a dual role, the financial management team is dedicated to the Public Entity. Due to the dual role performed by most of the aforementioned staff, it is difficult to apportion the time spent with the Public Entities. The service in-kind related to their salaries cannot be measured reliably. The recognition therefore relates only to the dedicated finance team who supports the CFO in the execution of her role as CFO to the Public Entity and the Department. The amounts disclosed therefore represent the service in kind provided by the finance team only.

**Entertainment:**

Included in the 2018/2019 financial year is an event held for Heritage day.

**Linen and soft Furnishing:**

During the 2018/19 year the entity purchased curtains for the Melkbos Cultural Center facility.

**Maintenance, repairs and running cost:**

The increase is mainly due to urns and utensils purchased for the Okkie Jooste and Melkbos Cultural center.

**Printing, stationery and publications:**

During the year printing of the Annual Report, Annual Performance Plan and Strategic Plan included the design and layout of the documents which was previously not done by the service providers.

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Notes to the Annual Financial Statements**

	2020 R '000	2019 R '000
<b>13. General expenses (continued)</b>		
<b>Property Expense:</b>		
The decrease is mainly due to less municipal water used by the facilities as storage tanks were installed in the previous year.		
<b>Travel and subsistence:</b>		
The decrease is due to only one member travelling from George during the year under review.		
<b>Uniform and protective clothing:</b>		
During the year uniform and snake protective clothing was purchased for all the facilities.		
<b>14. Members fees</b>		
Baard, P	4	2
Basse, B	-	6
Benjamin, H	2	3
Blaai, M	3	1
Crous, J	-	3
Fani, C	12	6
Fefeza, P	4	5
Gingcana, M	3	1
Guma, Z	4	-
Jama, Z	6	2
Joko P	8	3
Joubert, J	2	2
Kindo, W	-	3
Lekena, D	3	-
Le Fleur, A	-	3
Le Roux, N	-	3
Loubser, M	7	2
Malamlela, M	3	1
Mamputa, G	1	-
Mbongo, T	1	-
Mobbs, JB	-	2
Nokwaza, L	9	3
Nongalaza, MG	7	2
Nongwe, T	1	-
Rall, M	4	2
Ryke, E	7	2
Sampson, V	1	3
Witbooi, J	4	3
	<b>96</b>	<b>63</b>

The increase is due to 1 additional meeting held and meetings lasting longer during the year under review.

Name correction:

Benjamin, H previously incorrectly recorded as Herschelle, B in the 2018/19 financial statements

**15. Transfers and subsidies**

Cultural Councils	90	150
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**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Notes to the Annual Financial Statements**

	2020 R '000	2019 R '000
<b>15. Transfers and subsidies (continued)</b>		
During the year under review 5 organisations were funded for projects/events however 2 organisations returned the funding as the projects were cancelled due to COVID-19.		
<b>16. Debt impairment</b>		
Provision for doubtful debt	91	-
During the current year a provision was made for doubtful debt. This is related to the non-payment of outstanding accounts by users of the cultural facilities.		
<b>17. Cash generated from operations</b>		
(Deficit) surplus	(46)	548
<b>Adjustments for:</b>		
Debt impairment	91	-
Bad debts written off	-	24
Movements in accruals	(33)	85
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(39)	(127)
Other receivables from non-exchange transactions	-	(12)
Payables from exchange transactions	162	402
	<b>135</b>	<b>920</b>

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Notes to the Annual Financial Statements**

	2020 R '000	2019 R '000
<b>18. Commitments</b>		
<b>Authorised operational expenditure</b>		
<b>Approved and contracted</b>		
• Melkbos Cultural Centre: ADT Security	-	5
• Melkbos Oppiesee: ADT Security	-	5
• Melkbos Cultural Centre: Princeton Protection Services	10	-
• Melkbos Oppiesee: Princeton Protection Services	10	-
• Groot Drakenstein: Princeton Protection Services	11	-
• Okkie Jooste: Princeton Protection Services	11	-
• Bien Donne Manor House: Princeton Protection Services	11	-
• Groot Drakenstein: Masicoco	45	-
	<b>98</b>	<b>10</b>
<b>Approved but not yet contracted</b>		
• Groot Drakenstein: Distictive Choice Security	-	40
• Okkie Jooste: Distinctive Choice Security	-	41
	<b>-</b>	<b>81</b>
<b>Total operational commitments</b>		
Approved and contracted	98	10
Approved but not yet contracted	-	81
	<b>98</b>	<b>91</b>
<b>This expenditure will be financed from</b>		
<b>Total commitments</b>		
Authorised operational expenditure	98	91
<b>19. Related parties</b>		
Relationships		
Primary Funder	Department of Cultural Affairs and Sport	
Strategic Partner	Western Cape Language Committee	
Strategic Partner	Heritage Western Cape	
The Department of Cultural Affairs and Sport (DCAS) provides accommodation to Western Cape Cultural Commission to execute their administrative and financial operations.		
<b>Related party transactions</b>		
<b>Income received from related parties</b>		
Department of Cultural Affairs and Sport	524	1 506

**Notes to the Annual Financial Statements****Figures in Rand thousand****20. Risk management**

The entity's activities expose it to a variety of financial risks: market risk (fair value interest rate risk, cash flow interest rate risk, credit risk and liquidity risk).

**Liquidity risk**

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. In terms of its borrowing requirements, the entity ensures that adequate funds are available to meet its expected and unexpected financial commitments. All outstanding accounts payable balances are due within 30 days of the reporting date.

**Sensitivity analysis**

At 31 March 2020, if the interest rates on variable rate financial instruments had been 1% higher/lower with all other variables held constant, surplus for the year would have been R28 860 higher / lower.

**Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with creditworthy parties.

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

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

**Maximum exposure to credit risk**

The entity's exposure to credit risk with regards to loans and receivables is limited to the amounts on the balance sheet.

**Market risk**

The entity is not exposed to market risk, due to it being required to settle creditors within 30 days of receiving an invoice as required by the treasury regulations and the PFMA.

**Interest rate risk**

The entity's risk profile consists of fixed and floating rate loans and bank balances which exposes the entity to fair value interest rate risk and cash flow interest rate risk and can be summarized as follows:

**Financial assets**

Trade and other receivables are at a fixed rate. Management manages interest rate risk by negotiating beneficial rates on floating rate loans and where possible using fixed rate loans.

Management also has a policy balancing the interest on asset loans with the interest payable on liabilities.

**Western Cape Cultural Commission**

Annual Financial Statements for the year ended 31 March 2020

Western Cape Cultural Commission

**Notes to the Annual Financial Statements****Figures in Rand thousand****20. Risk management (continued)****Cash flow interest rate risk**

Financial instrument	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Normal credit terms Cash in current banking institutions	2 886	-	-	-	-
Payables - Extended credit terms	(68)	-	-	-	-
Net amount	2 818	-	-	-	-
Past due but not provided for	-	-	-	-	-

Financial instrument 032020	Current	Due in 1 - 30 days	Due in 31-60 days	Due in 61-90 days	Due in 90+ days	Total
Trade and other receivables	(13)	(16)	13	141	154	279
	(13)	(16)	13	141	154	279

Financial instrument 032019	Current	Due in 1 - 30 days	Due in 31 - 60 days	Due in 61-90 days	Due in 90+ days	Total
Trade and other receivables	44	14	50	48	83	239
	44	14	50	48	83	239

**21. B-BBEE Performance**

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

**Notes to the Annual Financial Statements**

	<b>2020</b>	<b>2019</b>
	<b>R '000</b>	<b>R '000</b>

**22. Budget variances****Material variances between budget and actual amounts****Budget Adjustment**

During the 2019/20 financial year the budget was adjusted from R2,806m to R3,072m. A total increase of R266 000. The increase is mainly due to WCCC's obligation to secure the Cultural Facilities. For most part of the year the facilities were secured by physical security (armed warm bodies) which was later changed to armed response (alarm system) since it became too costly to continue to fund physical security.

**22.1 Other income from exchange transactions**

The variance is mainly due to the budget adjustment to defray excess expenditure for security services.

**22.2 Other income from non - exchange transactions**

Non-exchange transactions: GRAP 23 donation/employee cost adjustment made for service in-kind received from the Department of Cultural Affairs and Sport. Refer to note 13 for detail.

**22.3 Debt Impairment**

Provision for doubtful debt was raised during the year under review. The debt relates to the non-payment of outstanding accounts by users of the cultural facilities.

**22.4 General expense**

The over expenditure is due to a none cash adjustment for Employee Cost: Service in-kind.