Annual Report 2016/17

NRWDI

NATIONAL RADIOACTIVE WASTE DISPOSAL INSTITUTE

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General Information

General information

Registered name:	National Radioactive Waste Disposal Institute
Registration number:	N/A
Physical address:	Building X, Necsa Offices Elias Motsoaledi Street Extension (Church Street West) R104 Pelindaba Brits Magisterial District Madibeng Municipality North West Province 0240
Postal address:	Private Bag X1 Pretoria 0001 Gauteng Province
Telephone numbers:	012 305 3222
Email address:	info@nrwdi.org.za
Website:	www.nrwdi.org.za
External auditors:	Auditor-General of South Africa
Bankers:	Absa Bank
Company Secretary:	Ms Ngwako Molewa

List of abbreviations/acronyms

AGSA	Auditor-General of South Africa
ARC	Audit and Risk Committee
CISF	Centralised Interim Storage Facility
DoE	Department of Energy
DEA	Department of Environmental Affairs
DWS	Department of Water and Sanitation
Exco	Executive Committee
HLW	High Level Waste
ILW	Intermediate Level Waste
KPI	Key Performance Indicator
LLW	Low Level Waste
MISS	Minimum Information Security Standard
MPRDA	Mineral and Petroleum Resources Development Act
MTEF	Medium-Term Expenditure Framework
Necsa	South African Nuclear Energy Corporation
NEMA	National Environmental Management Act
NGO	Non-Governmental Organisation
NNBP	Nuclear New Build Programme
NNR	National Nuclear Regulator
NRWDI	National Radioactive Waste Disposal Institute
NRWID	National Radioactive Waste Inventory Database
NT	National Treasury
PFMA	Public Finance Management Act
PAIA	Promotion of Access to Information Act
R&D	Research and Development
RWMF	Radioactive Waste Management Fund
SA Standards of GRAP	South African Standards of Generally Recognised Accounting Practice
SEC	Social and Ethics Committee
SHEQ	Safety, Health, Environmental and Quality Systems
SLA	Service Level Agreement
SOE	State-Owned Entity
TOC	Technical and Operations Committee
URS	User Requirement Specification

Foreword by the Chairperson

Mr Tshepo Mofokeng
Chairperson

It was not an easy task to start a new Board term with only two months left of the financial year, however, I am very proud of the achievements reached in this short period, which are reflected in this report.

On behalf of the Board of Directors of the National Radioactive Waste Disposal Institute (NRWDI), I am pleased to present the first NRWDI Annual Report, having taken office as Chairperson of the NRWDI Board on 1 February 2017. It was not an easy task to start a new Board term with only two months left of the financial year, however, I am very proud of the achievements reached in this short period, which are reflected in this report.

The formalisation of the Board functions and establishment of Board structures were key aspects undertaken by Board. In this regard, the Board Charter was adopted, while three Board sub-committees were established, namely Audit and Risk, Social and Ethics, and Technical and Operations.

Members of the Board were inducted by Management, who highlighted the legislative mandate, essential functions of NRWDI, the Board responsibilities and challenges faced by the Institute.

Although the Board was only functional for two months in the 2016/17 financial year, some key oversight activities were undertaken, including: (i) approving the Institute's Strategic Plan 2017/18–2019/20, as well as the Annual Performance Plan for 2017/18; (ii) completing the roadmap for the Vaalputs functional shift; (iii) developing user requirement specifications (URS) for the National Radioactive Waste Inventory Database (NRWID); (iv) considering a centralised interim storage facility (CISF) for the safe storage of high radioactive level waste; (v) initiating the process with the Auditor-General of South Africa (AGSA) of auditing the Institute's Financial Statements for the last three financial years; and (vi) relocating of the Institute's offices from Midrand to the South African Nuclear Energy Corporation (Necsa) campus at Pelindaba.

In respect of development of the NRWID, I am proud to report that phase one of the project, which involves data-logging internally, has been completed. The NRWDI-Necsa roadmap has been developed and agreed to, which maps out the process through which both entities will undertake the implementation of the transfer of the Vaalputs operation from Necsa to NRWDI. We have started the CISF project, which at this stage focuses on sourcing relevant information for the possible establishment and construction of an interim storage facility for spent fuel.

I am also glad to report that the NRWDI-Necsa service level agreement (SLA) has successfully been reviewed and approved, in terms of which the Institute will receive certain administration and financial management assistance from Necsa while the Institute is in the process of enhancing its governance and operating systems.

The Institute is looking forward to the smooth transfer of the Vaalputs staff to NRWDI, which will result in an increase in the staff complement and therefore effective growth of the Institute. We have strengthened our relationship with our shareholders through quarterly reporting to the shareholder, steering committees and other project-related engagements. In this regard, NRWDI has engaged in drafting memorandums of understanding with stakeholders such as Eskom, which will improve co-operation in delivering a more sustainable waste disposal programme to the benefit of the public at large.

The critical challenge faced by the Institute is funding. In 2013/14, seed funding of R19.8 million was allocated by the Department of Energy for the establishment of the Institute. The funds were used by the Inaugural Board for investments and expenses relating to the establishment of the Institute. However, there were no approved Annual Performance Plans for the years 2014/15, 2015/16 and 2016/17, resulting in no budgets being prepared for those years. With no Medium Term Expenditure Framework (MTEF) submissions made, this resulted in a funding gap. However, the Institute has prepared an Annual Performance Plan accompanied by the budget for the 2017/18 financial year, and trust that, over time, the shareholder will assist in closing the funding gap. I would like to commend management and our shareholder, the Department of Energy, for providing us with financial security and support, ensuring that the Institute stays afloat during the last six months of this financial year.

One of the issues that the Board inherited was the backlog of unaudited financial and operating information for 2014/15 and 2015/16. Meetings were held with officials from the AGSA to agree on the appropriate steps to resolve this matter. As we report on this Annual Report, the backlog has already been cleared. The audited Financial Statements for the three financial years, as well as the respective notes and comments are covered in this report.

The Board commits to support the Minister, Department of Energy and Parliament in the finalisation of the Radioactive Waste Management Fund (RWMF), which will ensure the financial sustainability of the Institute. I am confident that our budget in the financial years to come will be increased in order for the Institute to fulfil its mandate effectively to the benefit of the nuclear industry and the public.

In addition, it is important to note that one of the key priorities and challenges faced by the Board will be the functional shift of Vaalputs, which will see the transfer of staff, assets, rights, liabilities, obligations, licences and authorisations of the Vaalputs radioactive waste disposal facility from Necsa to the Institute. Once the Vaalputs functional shift is concluded, a comprehensive organisational structure review and alignment will be done, which will ensure optimal staff performance and effective enforcement of the NRWDI mandate.

On behalf of the Board of Directors, I would like to thank the former Minister of Energy, Ms Joemat-Pettersen, for her leadership during the last few months of the financial year in which the Board was in operation. I would also like to extend our gratitude to the current Minister of Energy, Ms Mmamoloko Kubayi, for her faith in the Board and the Institute, and her guidance in leading the energy State-Owned Enterprises (SOEs) to a sustainable future. I would also like to thank the Director-General of the Department of Energy and his team for their support during the year.

I want to thank the Management and staff of NRWDI for their co-operation during this difficult transition period. While the organisation was fairly new, they showed great commitment and team work, without compromising the day-to-day smooth running of the Institute. I would also like to thank my fellow Board members for the direction and strategic leadership they provided as the Accounting Authority of NRWDI during this challenging period.

Mr Tshepo Mofokeng
Chairperson
27 July 2017

Chief Executive Officer's overview

Dr Wolsey Barnard
Chief Executive Officer

During 2016/17, the Institute was transformed from an inauguration phase to an operationalisation phase with the appointment of Management and staff from July to October 2016.

With South Africa having an operational nuclear industry for over 50 years, the application of radioactive materials and radiation provides numerous benefits to society, and plays a significant role in everyday life. This includes scientific, medical, agricultural and industrial applications. It is a natural consequence of such nuclear processes that radioactive waste is generated, which has to be managed in a safe, secure, and sustainable manner. Hence the role and responsibility of an entity such as NRWDI cannot be underestimated. The primary objective of the Institute is to isolate the radioactive waste from people and the environment for the period the waste remains hazardous, without putting an undue burden on future generations. The Institute has formally been in operation from the beginning of 2014, however, the function and mandate of radioactive waste disposal on a national basis prior to the establishment of the Institute was managed by Necsa, which is also a generator of the waste.

Reflection on the 2016/17 financial year

During 2016/17, the Institute was transformed from an inauguration phase to an operationalisation phase with the appointment of Management and staff from July to October 2016. Management and staff were met with an array of governance and financial challenges in the first few months after joining the Institute. Some of these challenges still manifest, however, in October 2016 Management and staff had to take control to put governance and processes in place. Under the strategic leadership of the newly appointed Board in February 2017, Management has been able to manage and take control of the situation by developing and implementing a compelling and comprehensive plan to address and resolve these challenges.

The first Strategic and Annual Performance plans for the Institute were compiled by Management and approved by the Board and the Department of Energy (DoE) in February 2017. The Institute for the first time received a baseline budget allocation from the National Treasury for the 2017/18–2019/20 MTEF period. In March 2017, the Institute relocated its offices from Midrand to a more secure site at Pelindaba.

During the period under review, the Corporate Services Division primarily focused on establishing foundational institutional governance policies, frameworks, systems and processes. In addition, comprehensive user requirement specifications (URS) were developed for the National Radioactive Waste Inventory Database (NRWID).

The strategic thrust for the Radioactive Waste Compliance Management Division is the establishment of a comprehensive and integrated Safety, Health, Environmental and Quality System (SHEQ) for the Institute. In this regard various SHEQ policies and procedures have been developed and implemented during the reporting period, in line with the approved Strategic Plan.

A key priority to operationalise the Institute is the Vaalputs functional shift, which entails the transfer of staff and assets of the Vaalputs Radioactive Waste Disposal Facility from Necsa to the Institute. In this regard, I am glad to announce that a common Vaalputs transitional roadmap was developed by the different role-players involved, and the implementation of it has commenced during the financial year under review.

The financial sustainability of NRWDI, however, remains a great concern due to historical reasons. A large portion of the budget allocation had to be devoted to operational costs, and will continue to be the case while the Institute is growing out of its inaugural phase until a more normalised situation is reached. The seed fund of R19.8 million allocated for the past three financial cycles was inadequate to cover both operational and project-related costs. NRWDI is thankful to the DoE for the allocation of R99 million over the 2017/18–2019/20 MTEF period. However, the baseline for this allocation has not been fully quantified and the unintended consequence is that the allocation is insufficient to cover both the fundamental operations and urgent project costs of the Institute.

Looking ahead

The actual extent and complexity of the core tasks and the challenges that lie ahead for the Institute and the nuclear industry will gradually unfold as the Institute dedicatedly works its way forward. It is important to envision and understand the depth and complexity of the tasks in the context of what has been experienced and achieved by the world's advanced nuclear implementation nations such as France, Finland, Sweden, and others, in radioactive waste research, management and disposal over a long period of time. South Africa must now commence its long journey towards the safe management and disposal of all of its radioactive waste, including Intermediate Level Waste (ILW) and High Level Waste (HLW), while continuing its operations with Low Level Waste (LLW) at the Vaalputs site in the Northern Cape.

The full implementation of the Vaalputs functional shift will be a priority activity for the year to come, while it is envisaged that the process will be fully completed within the next 18 months.

The Technology and Siting Division of NRWDI will focus on various key technical projects relating to the long-term management and disposal of spent nuclear fuel, of which the centralised interim storage facility (CISF) project is an example.

Although various SHEQ policies and procedures have been developed and implemented during the period under review and in line with the approved Strategic Plan, the remaining SHEQ policies and procedures will be finalised in the next financial year.

The Corporate Services Division will complete all outstanding institutional governance policies in the early part of the new financial year.

Serious interventions are to be implemented to secure the financial sustainability of the Institute in the coming financial year. A draft Bill to establish the Radioactive Waste Management Fund (RWMF) for the collection of levies from waste generators is currently being drafted by DoE. Once the Bill has passed the approval process, the Institute will be able to source funds from the RWMF, thus providing the impetus for the long-term sustainability of the Institute.

Conclusion

In conclusion, I would like to thank my staff and Senior Management for their dedicated service beyond the call of duty, in their ongoing commitment to work through the challenges that met us when we first joined the Institute.

I would also like to convey my sincere appreciation to the Chairperson and the members of the NRWDI Board for their guidance and commitment in assisting the Management team with their challenging tasks in the past few months, and hope that the enthusiasm and collective wisdom they have shown will continue to benefit the Institute in the years to come.

I express my gratitude for the guidance and support from the Ministers of Energy, as well as the Senior Managers and staff of the DoE, and look forward to working together to enhance and capacitate the Institute to ensure that it meaningfully contributes to the nuclear energy industry, globally and locally.

Dr Wolsey Barnard
Chief Executive Officer
27 July 2017

Directors' responsibility and approval

In terms of the NRWDI Act, No. 53 of 2008, and the Public Finance Management Act, No. 1 of 1999 (PFMA), as amended, the Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report.

It is their responsibility to ensure that the Financial Statements fairly present the state of affairs of the entity as at the end of the financial year, and the results of its operations and cash flows for the period that ended are in conformity with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP). The external auditors are engaged to express an independent opinion on the Financial Statements.

The Financial Statements are prepared in accordance with SA Standards of GRAP and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The PFMA sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Directors have reviewed the entity's cash flow forecast for the year to 31 March 2018 and, in light of this review and the current financial position, are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The AGSA is responsible for auditing and reporting on the Institute's Financial Statements. The Financial Statements have been examined by the AGSA and its report is presented in the Financial Statements on pages 39 to 41.

The Financial Statements, as set out on pages 44 to 61, were approved by the Board on 27 July 2017 and were signed on their behalf by:

Mr Tshepo Mofokeng
Chairperson

Mr Luvuyo Mkontwana
Deputy Chairperson

Strategic overview

Vision

To achieve excellence in the safe management and disposal of radioactive waste in a manner that protects the environment for both current and future generations.

Mission

To develop and implement a management approach for the long-term care and disposal of radioactive waste that is safe, technically sound, socially acceptable, environmentally responsible and economically feasible.

Values

NRWDI has adopted the following corporate values, which serve as guiding principles around which its corporate culture and actions are governed and shaped. These corporate values are listed as follows:

Table 1: Corporate values

Accountability	We will be fully responsible for the wise, prudent and cost-effective management of resources and be accountable for all our actions.
Leadership	We will demonstrate leadership in all we do.
Excellence	We will pursue the best available knowledge, understanding and innovative thinking in our analysis, engagement processes and decision-making.
Integrity	We will conduct ourselves with openness, honesty and respect for all stakeholders.
Engagement	We will seek the active participation and consultation of all stakeholders and will be responsive to a diversity of views and perspectives.
Professionalism	We will act professionally at all times.
Transparency	We will conduct our activities in an open and transparent manner, taking into account the interests and concerns of all interested and affected parties.

Legislative and other mandates

Constitutional mandate

The NRWDI mandate is underpinned by Section 24(b) of the Constitution of the Republic of South Africa, No. 108 of 1996, which states that everyone has the right to:

- An environment that is not harmful to their health or well-being; and
- Have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that:
  - Prevent pollution and ecological degradation;
  - Promote conservation; and
  - Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Legislative mandate

The management of radioactive waste disposal on a national basis is assigned to the NRWDI. The Institute is an independent entity established by statute under the provision of Section 55(2) of the Nuclear Energy Act, No. 46 of 1999, to fulfil the institutional obligation of the Minister of Energy.

The NRWDI Act, No. 53 of 2008, was proclaimed by the President of the Republic of South Africa in Government Gazette No. 32764, and came into effect on 1 December 2009. The NRWDI Act endorsed the establishment of the National Radioactive Waste Disposal Institute.

As a public entity, NRWDI is also governed by the Public Finance Management Act, No. 1 of 1999, as amended, and is listed as Schedule 3A public entity.

In order to play its role in accordance with the legislative and regulatory framework and to focus on delivering its mandate, NRWDI has developed specific outcomes and strategic objectives around which a number of strategic initiatives and ongoing operational programmes have been planned (and are being implemented) to address its responsibilities and obligations.

Figure 1 depicts the legislative and regulatory environment within which the Institute operates.

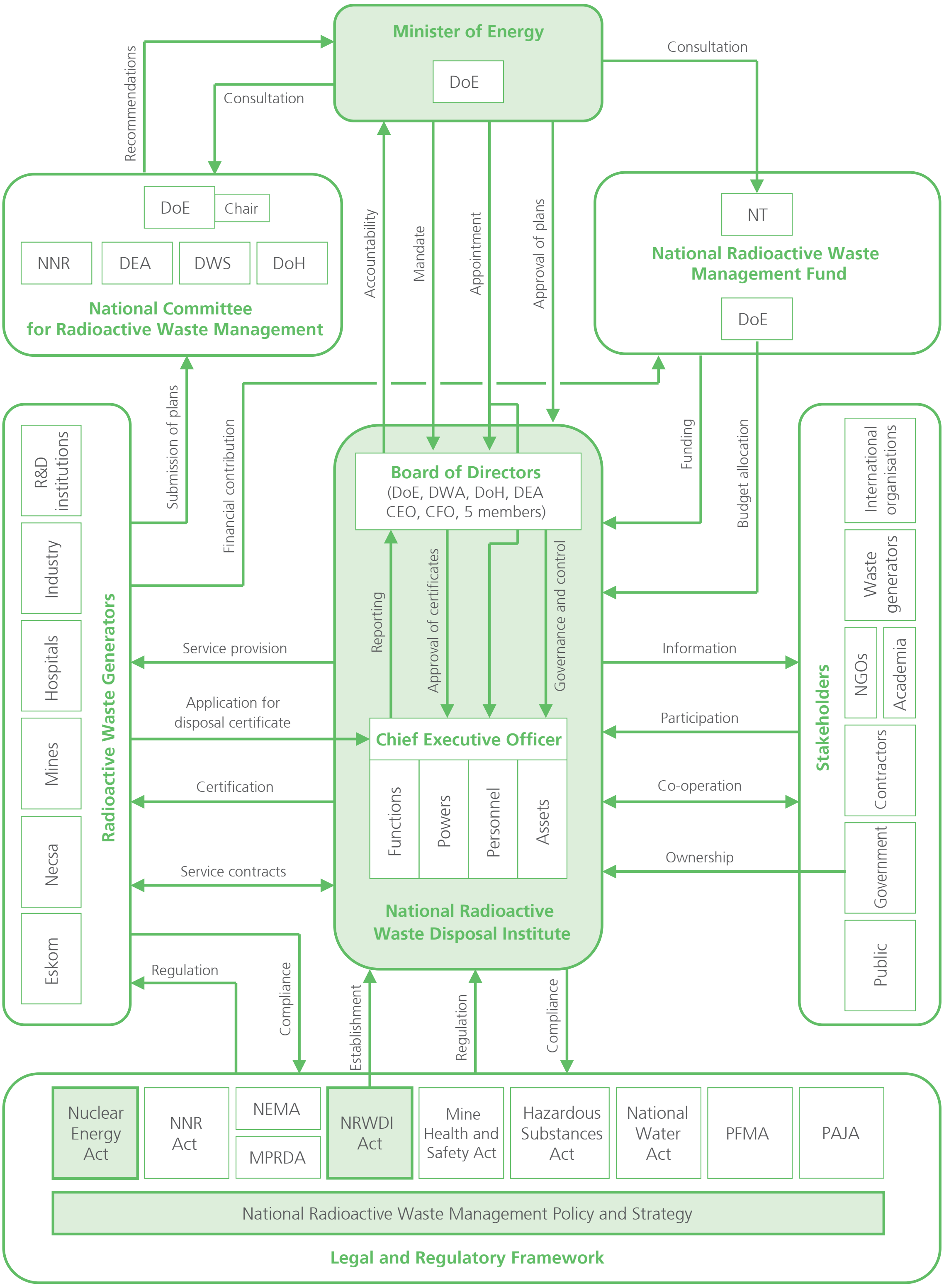

Figure 1: Radioactive waste disposal legislative and regulatory framework

Policy mandate

The Institute is mandated to manage radioactive waste disposal and related waste management activities on a national basis. This mandate is articulated in a number of policy documents, as reflected below:

- Radioactive Waste Management Policy and Strategy for South Africa (2005); and
- Nuclear Energy Policy and Strategy for South Africa (2008).

Functional mandate

The functions of the Institute, as per Section 5 of the NRWDI Act, are summarised as follows:

- Manage radioactive waste disposal on a national basis;
- Operate the national low level waste repository at Vaalputs;
- Design and implement disposal solutions for all categories of radioactive waste;
- Develop criteria for accepting and disposing radioactive waste in compliance with applicable regulatory safety requirements and any other technical and operational requirements;
- Assess and inspect the acceptability of radioactive waste for disposal and issue radioactive waste disposal certificates;
- Manage, operate and monitor operational radioactive waste disposal facilities, including related predisposal management of radioactive waste on disposal sites;
- Investigate the need for any new radioactive waste disposal facilities and site, design and construct new facilities as required;
- Define and conduct research and development aimed at finding solutions for long-term radioactive waste management;
- Maintain a national radioactive waste database and publish a report on the inventory and location of all radioactive waste in South Africa at a frequency determined by the Board of Directors;
- Manage ownerless radioactive waste on behalf of government, including the development of radioactive waste management plans for such waste;
- Assist generators of small quantities of radioactive waste in all technical aspects related to the management of such waste;
- Implement institutional control over closed repositories, including radiological monitoring and maintenance as appropriate;
- Implement any assignments or directives from the Minister regarding radioactive waste management;
- Provide information on all aspects of radioactive waste management to the public living around radioactive waste disposal facilities and to the public in general;
- Advise nationally on radioactive waste management;
- Co-operate with any person or institution in matters falling within these functions; and
- Any other function necessary to achieve the objectives of the Institute.

The majority of the above functions are currently performed within the scope of LLW inventories. In future, the scope would need to be extended to address the national inventory of radioactive waste consisting of ILW, HLW, long-lived waste, spent/used nuclear fuel and disused sealed radioactive sources. This implies that alternative disposal concepts would have to be researched, designed and implemented. It is also possible that alternative disposal sites would need to be obtained, characterised, constructed and operated.

International conventions

The assurance of nuclear safety is reinforced by a number of international instruments. These include certain conventions, such as the Convention on Nuclear Safety and Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management that are legally binding on participating states. South Africa, as a contracting party to these conventions, is obliged to adhere to the articles of these conventions and to provide regular compliance reports.

The joint convention establishes an international peer review process among contracting parties and provides incentives for member states to improve nuclear safety in line with international best practice. One of the objects of the Institute is to fulfil national obligations in respect of international nuclear instruments relating to the management of spent nuclear fuel and radioactive waste, including disposal, to ensure that South Africa complies with the articles of the joint convention through existing national legal and regulatory infrastructure.

The South African Joint Convention Report provides information on used fuel and waste management facilities, radioactive waste inventories, ongoing decommissioning projects, used fuel and radioactive waste management safety, as well as information on imports/exports of radioactive waste (trans-boundary movements) and disused sealed radioactive sources.

Relevant court rulings

There has been no court rulings that might have had a significant, ongoing impact on the Institute's operations and/or service delivery obligations, and as such suitable legislative frameworks, codes of good legal practice and resources have been put in place to mitigate such risks.

Planned policy initiatives

Sealed radioactive sources, including disused sealed sources, are controlled as Group IV Hazardous Substances, in terms of the Hazardous Substances Act, No. 15 of 1973, and are regulated by the Directorate Radiation Control in the Department of Health.

Currently all disused sealed radioactive sources are temporarily stored at Necsa because the end point (i.e., final disposal) has not yet been defined in radioactive waste management plans. The disposal of all radioactive waste is regulated by the National Nuclear Regulator and therefore the regulatory framework to manage the total lifecycle of sealed radioactive sources needs to be harmonised.

The safety, security and control of disused radioactive sources is a high priority and in line with the international commitment in order to prevent radiation accidents that may be caused by the potential abuse and misuse of such sources, for example, malicious purposes. NRWDI will liaise with all role players and stakeholders to mitigate these risks by implementing sustainable disposal options (end points) for various categories of disused sealed radioactive sources.

Organisational structure

The Institute's macro-organisational structure reflects the key operational functions to oversee its core operational component, as well as the key support capacity for effective delivery on the Institute's mandate. The structure is aligned to the Institute's strategic programmes, namely Administration, Radwaste Operations, Radwaste Technology and Siting, and Radwaste Compliance Management.

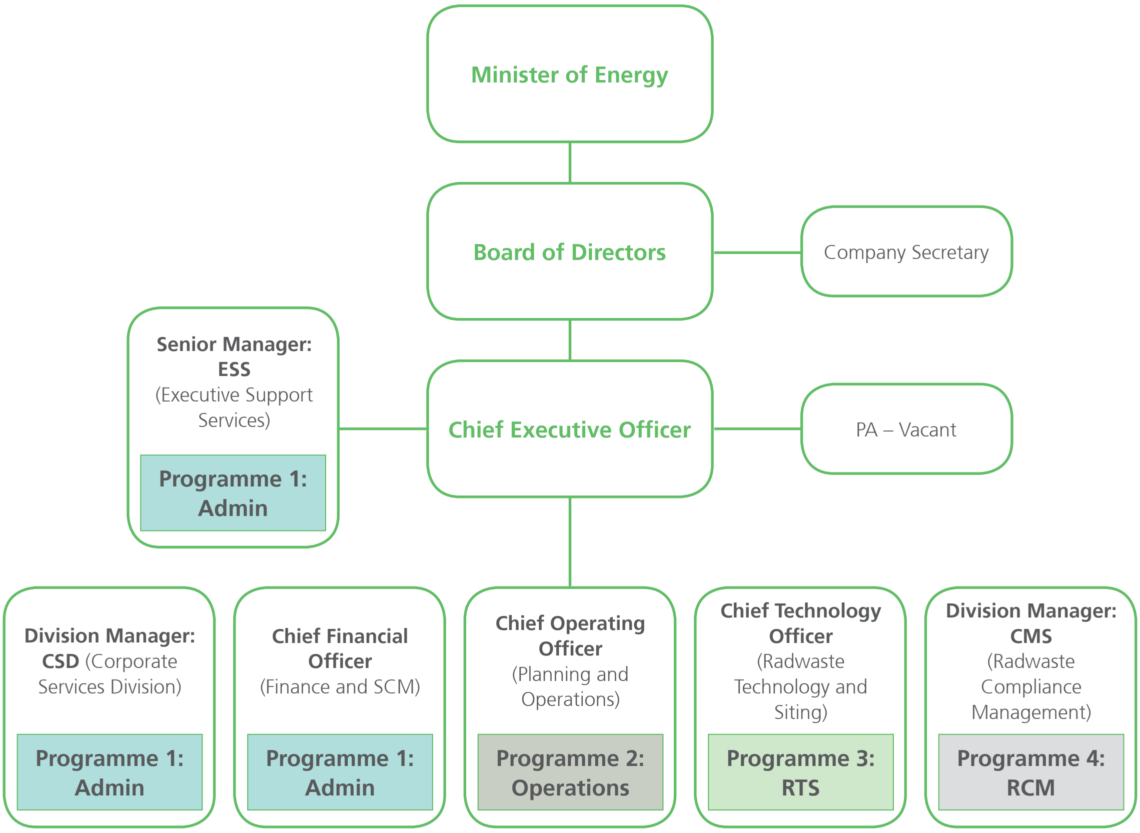

Figure 2: NRWDI structure

Board Members

Mr Tshepo Mofokeng
Chairperson

Mr Luvuyo Mkontwana
Deputy Chairperson

Mr Mark Gordon

Adv. Mothusi Tsineng

Ms Lerato Magae

Dr Barry Kistnasamy

Ms Mbali Ndlovu

Mr Sam Moleko

Dr Wolsey Barnard
Chief Executive Officer,
ex officio member

Mr Justin Daniel
Chief Financial Officer,
ex officio member

Executive Committee

Dr Wolsey Barnard
Chief Executive Officer

Mr Justin Daniel
Chief Financial Officer

Mr Alan Carolissen
Chief Operating Officer

Dr Vusi Twala
Chief Technology Officer

Mr Cobus Beyleveld
Divisional Manager: Radwaste Compliance Management

Mr Zweli Ndziba
Divisional Manager: Corporate Services Division

Ms Anjue Hirachund
Senior Manager: Executive Support Services

PART B

Performance Information

Note regarding performance monitoring against predetermined objectives

For the period 1 April 2014 to 30 September 2016, the day-to-day functions of NRWDI were executed by the previous Chairperson of the Board, who acted as interim CEO. Subsequent to the appointment of the CEO and Executive Management in October 2016, the previous Chairperson conducted a handover to Management and staff of the Institute on 10–11 October 2016.

Executive Management have undertaken an assessment of the 2016/17 Annual Performance Plan, which was submitted to the Shareholder, and concluded that:

- The budget allocation was not aligned with the key strategic outcome-orientated objectives to establish and operationalise the Institute;
- The Key Performance Indicators (KPIs) and targets were not specific, measurable, achievable, realistic and time-bound and therefore unquantifiable and verifiable; and
- The KPIs and targets do not comply with National Treasury regulations as per the Framework for Managing Programme Performance Information.

In addition, Executive Management was unable to obtain evidence that the 2016/17 Annual Performance Plan was approved by the Shareholder.

PART C

Governance

Introduction

The Board is responsible for monitoring principles of corporate governance and completely aligns itself with the application of the recommendations of the King Report on Corporate Governance (King III, and from next year King IV). The Board is committed to corporate processes and ensures that NRWDI's operations are conducted ethically, taking into account best practice.

To the best of the Board's knowledge, information and belief, NRWDI complied with applicable legislation, policies and procedures, as well as the applicable codes of governance in the review period.

Board Charter

The Board has adopted a formal charter which clearly articulates its duties and responsibilities and which is reviewed and approved annually. The Board Charter is closely aligned with King III. The Board confirms that, during the period under review, it satisfactorily discharged its duties and obligations as contained in the Board Charter.

Composition of the Board and its role

The NRWDI Inaugural Board comprised ten Board members, five of whom were independent Non-executive Directors, from diverse backgrounds, appointed by the Minister of Energy based on experience, technical skills, qualifications and knowledge. The Minister of Energy appointed a new Board of Directors in February 2017 in line Section 7(2) of the NRWDI Act.

The primary responsibility of the Board is the leadership of NRWDI by providing strategic direction and policy, and monitoring operational performance, financial matters, risk management and compliance. It is responsible for general management and control, and exercising leadership, integrity and judgment in directing NRWDI, based on transparency, accountability and responsibility. The Board is the focal point of the corporate governance system of NRWDI. Authority for day-to-day management of NRWDI's activities is delegated to the Management team through a Delegation of Authority Framework approved by the Board. The mandate, role and responsibilities of the Board are stipulated in the Board Charter, as set out in the NRWDI Act.

As previously mentioned, the Board underwent a transition during the financial year, and the following are the current Board members:

- Mr Tshepo Mofokeng (Chairman);
- Mr Luvuyo Mkontwana (Deputy Chairperson);
- Mr Mark Gordon;
- Adv. Mothusi Tsineng;
- Ms Lerato Magae;
- Dr Barry Kistnasamy – re-appointed;
- Ms Mbali Ndlovu;
- Mr Sam Moleko;
- Dr Wolsey Barnard (CEO); and
- Mr Justin Daniel (CFO).

The Board of Directors is appointed for a term of three years.

The position of the Board member representative of the Department of Water Affairs and Forestry is currently vacant.

Induction of new members

A comprehensive induction programme was conducted to ensure that new Board members are informed of the required knowledge of NRWDI's structure, operations, policies and industry-related issues and to enable them to fulfil their duties and responsibilities. The Company Secretary administered this programme.

New members were given details of all applicable legislation and relevant documentations in the previous 12 months, the latest management accounts and relevant committees' terms of reference.

Delegation of authority

The Board exercise oversight authority to lead, control and manage the business of NRWDI. Through a delegation of authority framework, the Board has delegated certain powers and functions to the Chief Executive Officer and Executive Committee (Exco) to manage the day-to-day business affairs of NRWDI. The delegation of authority assists the Chief Executive Officer and Exco in decision-making and meeting strategic objectives without absolving the Board of its accountability and responsibilities towards NRWDI. There are, however, some non-delegated matters reserved for approval by the Board and/or the Minister of Energy in terms of NRWDI Act, Board Charter and delegation-of-authority document.

Minimising conflict of interest

Conflict of interest is managed through mandatory annual declarations of interest. All Board members are required to declare any conflict of interest on an ongoing basis. The Board Charter details the importance of declaring any conflict of interest and contains provisions for dealing with such conflicts.

Code of Conduct

The Code of Conduct regulates and controls the Board's conduct and behaviour. The Code of Conduct applies to Board as well as committee and other meetings relating to the affairs of the Institute. The Code of Conduct requires the members to act with the utmost good faith, honesty, professionalism, and integrity in all their dealings with the Institute's affairs. The values encapsulated in the Code of Conduct are continuously instilled through ongoing communication and training.

Company Secretary

The Company Secretary has a pivotal role to play in advising the Board on its roles and responsibilities, amongst other duties. The roles and responsibilities of the Company Secretary are defined in the Board Charter, read together with the Companies Act and King III. The Company Secretary is responsible to the Board for, *inter alia* ensuring compliance with procedures and applicable statutes and regulations. All Directors have unlimited access to the advice and services of the Company Secretary and are entitled to seek independent professional advice at NRWDI's expense, concerning the affairs of NRWDI, after obtaining the approval of the Chairman.

The Company Secretary maintains an arm's length relationship with the Board and its members, and is empowered with the necessary authority and support to carry out her duties, which include: maintaining all statutory records; annually reviewing all Board and committee charters; assisting the chairperson with the annual Board evaluation; advising the Board on business ethics and good governance; ensuring that the Board's policies and instructions are communicated to the appropriate persons in NRWDI; ensuring that the board receives adequate information to make informed decisions; and ensuring Board induction, training and development.

Board meetings and Board committees

Board meetings are held at least once every quarter and special meetings are convened when necessary. In the review period, one scheduled meeting was held. Exco members attend Board meetings as invitees. Details of attendance are shown below.

Attendance at Board Meetings	
Board Member	**17/02/2017**
Tshepo Mokoena	✓
Luvuyo Mkontwana	✓
Mbali Ndlovu	✓
Samuel Moleko	✓
Dr Barry Kistnasamy	✓
Lerato Makgae	✓
Mark Gordon	✓
Adv. Mothusi Tsineng	✓
Dr Wolsey Barnard (CEO)	✓
Justin Daniel (CFO)	✓

✓: Attended   A: Apologies

The Board of Directors has the following sub-committees:

Audit and Risk Committee (ARC)

The ARC was appointed by the Board and comprises two independent Non-executive Directors. The Chief Executive Officer and Chief Financial Officer are permanent invitees to committee meetings, while the AGSA attends by invitation.

The ARC has adopted terms of reference based on the PFMA and Companies Act, No. 71 of 2008. The committee has considered and is of the view that it is effectively independent of the Institute and the management thereof. Upon the appointment of the current Board, the new ARC was constituted in April 2017.

Roles and responsibility

The committee is regulated by approved terms of reference, and is responsible for, *inter alia*, the review of financial performance, external audit strategies and reports, the internal audit function, risk management, budgets, PFMA compliance, fraud and corruption, information technology governance and the monitoring of CAPEX projects. The terms of reference are aligned with the requirements of the PFMA, treasury regulations and King III.

The members of the ARC are Mr Luvuyo Mkontwana (Chairperson) and Mr Sam Moleko.

Technical and Operations Committee (TOC)

The TOC was appointed by the Board and comprises three Non-executive Directors. The Chief Executive Officer and Chief Financial Officer are permanent invitees to committee meetings, while the Chief Technology Officer and Chief Operating Officer attend by invitation. The duties and functions of the committee *inter alia* includes: (i) reviewing the framework, policies and guidelines for radioactive waste operations, technology, research development and compliance management as far as it is relevant to the work of the committee; and (ii) reviewing and making recommendations to the Board on any other technical issues that may influence the Board's decisions on radioactive management and disposal.

The members of the TOC are Ms Lerato Makgae (Chairperson), Dr Barry Kistnasamy and Mr Luvuyo Mkontwana.

Social and Ethics Committee (SEC)

The SEC is appointed by the Board and comprises four Non-executive Directors. The Chief Executive Officer and Chief Financial Officer are permanent invitees to committee meetings, while the Corporate Service Divisional Head and Chief Operating Officer attend by invitation.

The SEC is responsible for advising the Board on social and ethics, safety, security and environmental as well as HR and remuneration matters. It reports to the Board in line with King III requirements. The SEC is tasked with the overall accountability for performance monitoring against the HR Strategy, overseeing disciplinary and employment equity matters, remuneration issues, safety issues, environmental matters, HR policies and social responsibility. The SEC's duties and responsibilities are detailed in its Board-approved terms of reference.

The SEC members are Ms Mbali Ndlovu, Mr Mothusi Tsineng, Mr Mark Trevor Gordon and Mr Tsepho Mofokeng.

Board remuneration

Board remuneration is determined by the Minister of Finance. Qualifying Board members are remunerated a sitting fee for meeting attendance and preparation. Members are also reimbursed for any travel expenses incurred. Board remuneration is disclosed in Note 10 in the Financial Statements.

Risk management

NRWDI regards enterprise risk management as a critical cornerstone of good corporate governance and essential for the achievement of its strategic objectives as well as its mandate. All risks that may prevent the Institute from achieving its business objectives shall be proactively identified on a continuous basis and formally assessed at least once per annum to ensure achievement of these objectives and for the purpose of reporting on the process of risk management in the Annual Report. These risks are formally managed by the Office of the Chief Operating Officer, and proactively through a factual approach to decision-making, based on the logical and intuitive analysis of data and information collected about those risks and the planning, arranging, and controlling activities and resources to minimise the impact of all risks to levels that can be tolerated by the Institute and other stakeholders.

Although risk management is an ongoing exercise, the entity conducts an annual risk workshop to identify the risks affecting the Institute at a corporate level. On a monthly basis, these risks and their controls are discussed at Exco meetings to assess whether the controls are adequate and whether there is a need for further controls to be put in place. New and emerging risks, together with their mitigation strategies, are also brought to the attention of Exco. On a quarterly basis, these risks and controls, together with the new and emerging risks and their mitigation strategies, are discussed with the Audit and Risk Committee, which in turn briefs the Board. The same approach is utilised at the quarterly review meetings with the Shareholder.

Divisional managers have their own risk registers and a similar process is followed to identify the corporate risks at a divisional level to identify operational risks. There are instances where the operational risks will become strategic risks and will therefore be escalated to the Audit and Risk Committee.

Board members were appointed as from 1 February 2017. The members to the current Audit and Risk Committee were appointed in April 2017. The Audit and Risk Committee plays an integral and independent role in terms of advising the Institute on risk management and the effectiveness of its system of risk management.

Internal control

Internal control refers to the policies, practices and systems that the Institute has in place to provide reasonable assurance that it will achieve its objectives, prevent fraud and corruption, protect resources from waste, loss, theft or misuse, and to ensure that its resources are utilised efficiently, effectively and in the best interests of the Institute. Internal controls will be implemented across the Institute.

Internal audit and Audit and Risk Committee

For the period under review, no Audit and Risk Committee meetings were held.

Compliance with laws and regulations

NRWDI aims to embed compliance with laws and regulations throughout its organisation as an integral part of its processes and operations in fulfilling its mandate.

To assist with compliance monitoring, NRWDI uses the Department of Energy's compliance calendar to ensure compliance with all required documentation in terms of the PFMA and Treasury Regulations within legislated timeframes.

The Institute uses the National Treasury template to assess compliance with laws and regulations on a quarterly basis as part of the quarterly reporting process to the executive authority.

Action plans to address non-compliance are being developed and the implementation thereof will be carefully monitored.

The attendance of various committee meetings also assists in familiarising Management with laws and regulations that need to be complied with.

Fraud and corruption

The Fraud Prevention Plan provides for the process in terms of which NRWDI mitigates, controls and reduces the risk of fraud. It also provides, amongst others, the mechanisms for the early detection of fraud and for the professional investigation of fraud offences to minimise the negative effects of fraud.

The NRWDI Fraud Prevention Plan focuses on addressing the root causes of fraud. This document is not all-encompassing and should not be seen as the only process relevant to NRWDI fraud prevention initiatives. It is reviewed on an ongoing basis. Specific initiatives to be undertaken to prevent fraud are listed below:

- Comprehensive fraud risk register for NRWDI;
- Training and awareness;
- Anti-Corruption hotline;
- Recognition;
- Pre-employment vetting;
- Expediting disciplinary processes;
- Lessons learnt; and
- Proactive fraud detection.

Over and above these specific initiatives, which are designed to be a deterrent and to contribute to a "fraud adverse" environment, effective internal controls are and will always remain the best protection against fraud. Internal controls are, by nature, designed to protect NRWDI against fraudulent activities.

The Fraud Prevention Plan accordingly relies on an effective risk and compliance function that utilises the risk-based approach to its work and ensures that compliance to internal controls are achieved, to minimise opportunities for fraud.

A Whistleblowing Policy has been drafted and awaits Board approval. At the outset this was a policy that received "priority" status in the Institute. The policy serves as an excellent risk management tool, and assists in creating, nurturing and shaping the organisational culture in the Institute. The aim of the policy is to send out a strong signal to staff, Management and the Board that NRWDI is committed to zero tolerance of fraud, corruption and maladministration. The Institute has forged a relationship with the Public Service Commission to make use of their National Anti-corruption Hotline on a "no-fee basis". This arrangement works well for the Institute as it risked the possibility of incurring exorbitant costs if a private hotline had to be sourced. Furthermore, the Public Service Commission is mandated as the custodian of good governance.

Minimising conflict of interest

The following mechanisms were implemented to minimise conflict on interest:

- The Board and Executives are required to disclose their financial interest annually, as required by the DoE in terms of the financial disclosure frameworks;
- Consequence management will be resorted to should there be non-compliance; and
- A conflict of disclosure template is a requirement that needs to be signed by all attendees in various management structures.

Code of conduct

A code of conduct was drafted for the Institute. It was tabled at the various governance structures and once the necessary approvals have been obtained, it will be brought to the attention of all staff. The code of conduct will serve as guideline as to what is expected of staff from an ethical perspective on an individual level, as well as their relationships with others. Education, training and awareness in relation to the code of conduct will be conducted during induction and orientation programmes. An annual session with all staff will also serve as a refresher for ensuring that the code of conduct is adhered to.

Health safety and environmental issues

The Institute is housed on the 3rd floor of the V-X building on the Necsa premises at Pelindaba, which is a national key point installation. The offices meet the minimum information security standards (MISS).

The Compliance Management Division of the Institute is in the process of developing and implementing an integrated management system for the Institute's head office in accordance with ISO 9001 quality standards, regulatory requirements of the NNR and the Occupational Health and Safety Act. This Division does not yet have a fully developed and capacitated safety organisation and will therefore require technical and safety support services from Necsa in terms of the transitional safety management and subsequent nuclear licensing process of Vaalputs. This arrangement has been established through a Service Level Agreement with Necsa, until such time as the Institute is in a position to independently manage all health, safety, environment and quality related functions as an authorised holder of a nuclear installation license.

Corporate social responsibility

The key mandate for NRWDI, emanating from the NRWDI Act is the safe management of radioactive waste for the protection of human life and preservation of the environment. The Companies Act, No. 71 of 2008, cites that the Board is responsible for ensuring that the Institute's operations take into account environmental sustainability. The protection of the environment is considered as "public interest".

Environmental protection has become an important agenda item for the rest of the world, and in South Africa a clean environment is one of the thirteen objectives of the National Development Plan. The simplest explanation about why the environment matters is that as humans, the environment, Mother Earth, is our home. It is where we live, breathe, eat, and raise our families.

Modern organisations are seeking to promote the protection of the environment in their operations through the implementation of carbon reduction management strategies. As a new Schedule 3A entity, NRWDI undertakes to reduce it carbon footprint in one area of the entity which is the production of the Annual Report before it is encouraged in other areas of the entity. NRWDI will produce 100 printed Annual Reports using recycled paper and 150 electronic Annual Reports.

A baseline in the reduction of carbon will be calculated this year and every year going forward, the entity will strive to annually decrease its carbon footprint. This is NRWDI's contribution to the environmental protection at an organisation level.

Audit and Risk Committee report

We are pleased to present our report for the financial year ended 31 March 2017.

The mandate of the Audit and Risk Committee (ARC) requires it to adhere to high standards of accountability to ensure the quality of the financial reporting processes, control systems, risk management process and to help maintain a high degree of integrity in both the external and internal audit processes. The current Audit and Risk Committee was appointed in April 2017.

Audit and Risk Committee responsibility

The ARC reports that it has complied with its responsibilities arising from Section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The ARC also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Risk management

The entity has established a process for the management and monitoring of risk. Given that the entity is in the early stages of operationalisation, the committee is set to review the risk management process, strategic register and operational risk registers and make necessary inputs and contributions.

The effectiveness of internal control

The system of internal control applied by the entity over financial and risk management is satisfactory, with significant progress noted in the latter six months of the year.

Accordingly, we can report that the system of internal control over financial reporting for the period under review was satisfactory with noted improvements.

The ARC is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the entity during the year under review.

Evaluation of audited Financial Statements

The ARC has:

- Reviewed and discussed the audited Financial Statements to be included in the Annual Report, with the Auditor-General and the Board of Directors;
- Reviewed the Auditor-General's Management Report and Management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The ARC concurs with and accepts the Auditor-General's report on the audited Financial Statements, and is of the opinion that the audited Financial Statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

In line with the PFMA and King III requirements, an Internal Audit Unit must be established to assure the ARC and Management that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The entity has not established an Internal Audit Unit to date due to financial constraints. However, such a unit is in the process of being established in the 2017/18 financial year.

Auditor-General of South Africa

The ARC has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Appreciation

The ARC expresses its sincere appreciation to the Chief Executive Officer, Senior Management team and the Auditor-General of South Africa for their contributions.

Mr Luvuyo Mkontwana
Chairperson: Audit and Risk Committee

PART D

Human Resources Management

Introduction

Overview of HR matters at the public entity

During the financial year under review, human resources management initiatives primarily focused on supporting the establishment and operationalisation of the Institute. In this regard, the set HR priorities are as indicated and reported on below.

Organisational structure

An organisation structure of the Institute was developed and approved, and a comprehensive recruitment, selection and appointment process to attract high calibre employees with the skills and capabilities needed to deliver on the Institute's strategy and mandate was concluded by July 2016. The Institute's Chief Executive Officer and Executive/Senior Management staff were appointed together with specialist and administration staff. As at the end of the financial year, NRWDI had a staff complement of 25 employees. As a result of the capacitation of the Institute, the teams have ensured the development of the Institute's Strategic and Annual Performance plans, for 2017/18, and MTEF.

Employee benefits

NRWDI expresses part of its employee value proposition through employee benefit programmes. During the period under review, medical aid, pension and group schemes were implemented.

Conditions of service and foundational HR policies

It is fundamentally important for the Institute to have operational policies to guide on how it conducts its business. In this regard, a core set of institutional HR policies were developed, including the Conditions of Service applicable to employees of the Institute.

Transfer of Necsa (Vaalputs) staff to NRWDI

The process of transferring Necsa (Vaalputs) staff to NRWDI commenced, and should be finalised in the upcoming financial year.

Framework for workforce planning and key strategies to attract and retain a skilled and capable workforce

Workforce planning is a key imperative to the organisation, especially given the complexity of the terrain in which the Institute operates. The Institute's workforce planning framework has been developed, and is depicted in Figure 3. The framework serves to guide the processes of developing workforce plans with strategies to ensure optimal workforce capacity and capabilities.

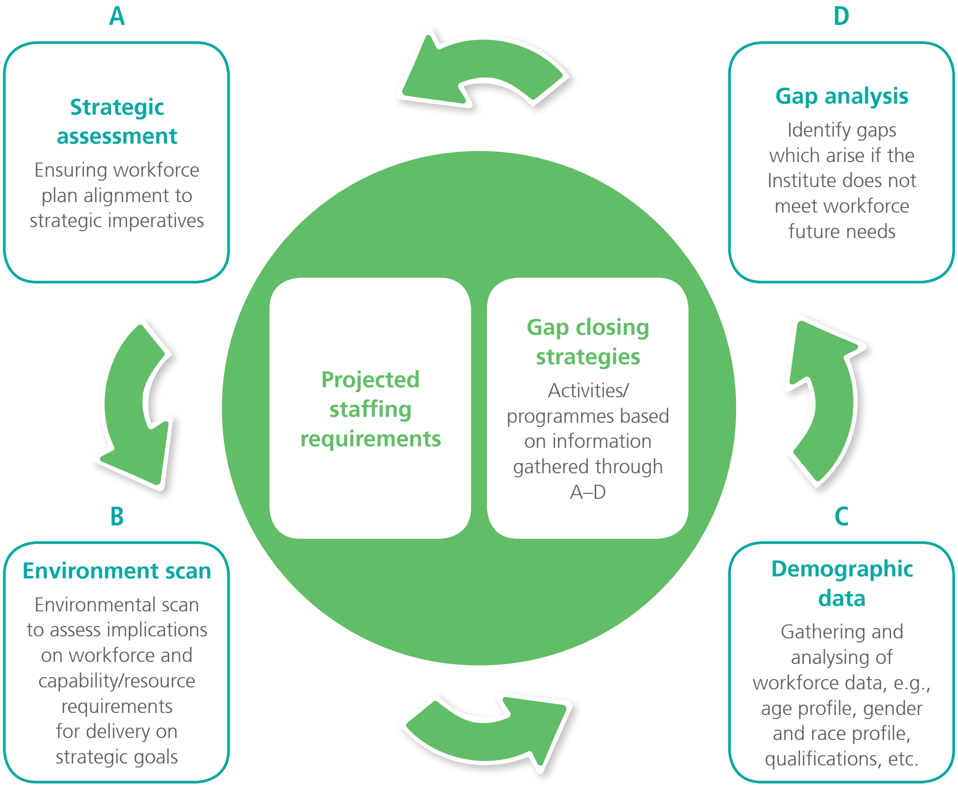

Figure 3: Workforce planning framework

Employee performance management framework

Effective performance management requires a framework that integrates organisational, divisional and individual planning and performance. The Institute has thus formulated a performance management framework, as depicted in the diagram below.

Figure 4: Performance management framework: Integrating planning, performance and people

Policy development

The following HR policies were developed and are due to be submitted to the Board for approval:

- Conditions of Service;
- Code of Ethics and Business Conduct;
- Recruitment and Selection Policy;
- Retrenchment Policy and Procedure;
- Leave Policy;
- Performance Management Policy;
- Employment Equity Policy;
- Remuneration Policy;
- Disciplinary Policy and Procedure;
- Grievance Policy and Procedure; and
- Job Evaluation Policy.

Challenges faced by the public entity

The human resource challenges faced by the organisation include:

- Employee engagement and productivity, due to the fact that the organisation is at an establishment phase, and work deliverables for some staff members have not yet been clearly defined;
- Creating a suitable organisational culture;
- The need to ensure the right mix of skills and talent required to meet our mandate and organisational demands;
- The need for staff development opportunities; and
- Gender inequalities, as a result of staff appointments handled by the Institute's former Board, the Institute is faced with a gender equity challenge at the Executive/Senior Management level.

Future HR plans and goals

The future human resources plans and goals include:

- Creation of a uniform performance-driven organisational culture through 'values' alignment and team building initiatives;
- Through workforce planning, identifying the workforce profile needed to fulfil the Institute's mission in a changing and dynamic landscape;
- Implementation of an integrated performance management system; and
- Continuously monitoring and ensuring conducive working conditions.

Human resource oversight statistics

Personnel cost by level

Employment level	Total expenditure (R'000)	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top Management	6 046	39	6	1 008
Senior Management	2 591	17	4	648
Professionally qualified and experienced specialists and Middle Management	4 697	30	7	671
Skilled technical and academically qualified workers, junior management, supervisors	575	4	2	288
Administrative	1 419	9	4	355
Unskilled	138	1	2	69
Total	**15 465**	**100**	**25**	**619**

Personnel rewards and training cost tables were not relevant for this Annual Report as there were no rewards and training costs incurred during the period under review.

Employment and vacancies by division

Division	2015/16 number of employees	2016/17 approved posts	2016/17 number of employees	2016/17 vacancies	% of vacancies
Administration	1	18	18	0	0
Operations*	0	0	0	0	0
Technology and Siting	0	4	4	0	0
Compliance	0	3	3	0	0
Total	**1**	**25**	**25**	**0**	**0**

* The Operations Programme is executed by Vaalputs staff, who will be transferred to the Institute in the next financial year.

Employment and vacancies by level

Employment level	2015/16 number of employees	2016/17 approved posts	2016/17 number of employees	2016/17 vacancies	% vacancies
Top Management	0	6	6	0	0
Senior Management	0	4	4	0	0
Professionally qualified and experienced specialists and Middle Management	0	7	7	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	6	6	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0
Unskilled and defined decision making	0	2	2	0	0
Total	**1**	**25**	**25**	**0**	**0**

Employment changes

Employment level	Employment at beginning of period	Appointments	Terminations	Employment at beginning of period
Top Management	0	6	0	6
Senior Management	0	4	0	4
Professionally qualified and experienced specialists and Middle Management	0	7	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	5	0	6
Semi-skilled and discretionary decision making	0	0	0	0
Unskilled and defined decision making	0	2	0	2
Total	**1**	**24**	**0**	**25**

For the period under review, no staff have resigned and were disciplined for any misconduct.

Workforce profile/employment equity status (1 April 2016–31 March 2017)

Employment level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	2	1	1	2	0	0	0	0	0	0	6
Senior Management	3	0	0	0	0	0	1	0	0	0	4
Professionally qualified and experienced specialists and Middle Management	0	0	0	0	5	0	1	1	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	0	4	0	0	0	0	0	6
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	1	0	0	0	0	1	2
Total permanent	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**1**
Temporary employees	7	1	1	2	10	0	2	0	0	1	24
Grand total	**7**	**1**	**1**	**2**	**11**	**0**	**2**	**1**	**0**	**1**	**25**

Financial Information

Directors' report

The Directors present their report for the year ended 31 March 2017.

Review of activities

Main business and operations

The Institute was formed in terms of the NRWDI Act, No. 53 of 2008 and commenced operations on 1 April 2014.

The Financial Statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the NRWDI Act, the Public Finance Management Act (PFMA) and relevant Treasury Regulations. The operating results and Statement of Financial Position of the entity are fully set out in the attached Financial Statements and do not in our opinion require any further comment.

Operationalisation of the entity

The Directors, having taken office during the financial year, have developed a plan to operationalise the organisation, key among the matters attended to are: the formation of the Board statutory committees, the appointment of key staff members, the establishment of plan to transfer the key operational activities and the preparation of the financing model for the entity.

Events after reporting date

The Directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the entity.

Directors

The Directors of the entity during the year and to the date of this report are as follows:

Current Directors	Designation
Mr Tshepo Mofokeng (Chairperson)	Non-executive
Mr Luvuyo Mkontwana (Deputy Chairperson)	Non-executive
Ms Mbali Ndlovu	Non-executive
Mr Lebohang Sam Moleko	Non-executive
Adv. Mothusi Lucas Tsineng	Non-executive
Ms Lerato Makgae	Non-executive
Mr Trevor Mark Gordon	Non-executive
Dr Barry Kistnasamy	Non-executive
Dr Wolsey Barnard	Executive (CEO)
Mr Justin Daniel	Executive (CFO)

The term of the current Non-executive Directors commenced on 1 February 2017, and the Executive Directors were appointed on 1 October 2016.

Previous Directors	Designation
Prof. Gordon Sibiya (Chairperson)	Delegated executive role
Mr Eric MacDonald (Deputy Chairperson)	Non-executive
Mr Clive Kneale	Non-executive
Mr Barry Kistnasamy	Non-executive
Mr Marothi Mathebe	Non-executive

The previous Directors were part of the inaugural Board of NRWDI. The three-year term of the inaugural Board commenced in January 2014 and ended in December 2016.

Auditors

Auditor-General of South Africa.

Vacancies

The following key positions were vacant during the first six months of the current financial year:

- Chief Executive Officer;
- Chief Financial Officer;
- Divisional Manager: Corporate Services;
- Senior Manager: Legal Services; and
- Company Secretary.

The appointment of the entity's complement of 25 staff was finalised with the last intake of seven officials in October 2016.

Materiality and significance framework

A materiality and significance framework has been developed for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as for significant transactions envisaged per Section 54(2) of the PFMA that require ministerial approval. The framework was finalised after consultation with the external auditors and has been formally approved by the Board.

Going concern

The Directors believe that the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the Financial Statements have been prepared on the going-concern basis. The Directors have satisfied themselves that the entity is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the entity. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the entity.

Mr Tshepo Mofokeng
Chairperson

Mr Luvuyo Mkontwana
Deputy Chairperson

Report of the Auditor-General to parliament on the National Radioactive Waste Disposal Institute

Report on the audit of the Financial Statements

Opinion

1. I have audited Financial Statements of the National Radioactive Waste Disposal Institute ("the public entity") set out on pages 44 to 61, which comprise the Statement of Financial Position as at 31 March 2017, and the Statement of Financial Performance, Statement of Changes in net Assets and Statement of Cash Flows for the year then ended, 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 National Radioactive Waste Disposal Institute as at 31 March 2017, and the financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the Financial Statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with 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 code.

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 the SA Standards of GRAP and the requirements of the PFMA and for such internal control as the Accounting Authority determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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 there is an intention either to liquidate the public entity or to cease operations, or there is 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 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 the 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 the 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 (No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. I am unable to audit and report on the usefulness and reliability of the performance information as the annual performance report of NRWDI was not prepared as required by Section 55(2)(a) of the PFMA.

Report on audit of compliance with legislation

Introduction and scope

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

13. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Expenditure management

14. Effective steps were not taken to prevent irregular expenditure amounting to R3,362,500 as disclosed in Note 16 to the Annual Financial Statements, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the public entity not obtaining the required quotations and following appropriate supply chain management procedures in its procurement of goods and services.

Procurement and contract management

15. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements, as NRWDI could not provide us with the necessary supporting documentation.

Strategic planning and performance management

16. The strategic plan for 2016/17 was not approved by the Minister of Energy, as required by Treasury Regulation 30.1.1.

Other information

17. The National Radioactive Waste Disposal Institute's Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the Financial Statements and the auditor's report thereon.

18. My opinion on the Financial Statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

19. 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, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

20. I considered internal control relevant to my audit of the Financial Statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

Oversight responsibility

21. Effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity was not provided resulting in non-compliance with supply chain management regulations for certain expenditure. Numerous Directors resigned in the 2017 financial year, resulting in the Board acting with diminished capacity until the appointment of additional Directors with effect from 1 February 2017, and as a result the Board could not effectively monitor performance reporting, compliance with laws and regulations and internal control.

Financial and performance management

Compliance monitoring

22. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Auditor General

Pretoria
31 July 2017

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 judgment and maintain professional scepticism throughout my audit of the Financial Statements 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 the 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 related to events or conditions that may cast significant doubt on the National Radioactive Waste Disposal Institute's ability 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 the opinion on the Financial Statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease to continue as a going concern.
   - evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and 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 here applicable, related safeguards.

NATIONAL RADIOACTIVE WASTE DISPOSAL INSTITUTE

Registered in terms of the National Radioactive Waste Disposal Institute Act, No. 53 of 2008

Annual Financial Statements for the year ended 31 March 2017

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Statement of Financial Position as at 31 March 2017

	Note(s)	2017 R	2016 R
Assets			
Non-current assets			
Property, plant and equipment	4	1,157,474	197,436
Current assets			
Trade and other receivables	5	176,074	155,117
Cash and cash equivalents	6	6,987,765	11,155,260
Total assets		**8,321,313**	**11,507,813**
Equity and liabilities			
Equity			
Retained earnings		1,864,225	11,265,243
Current liabilities			
Trade and other payables	7	6,457,088	242,570
Total equity and liabilities		**8,321,313**	**11,507,813**

Statement of Financial Performance for the year ended 31 March 2017

	Note(s)	2017 R	2016 R
Revenue			
Revenue from non-exchange transactions			
Government grants	8	10,000,000	-
Revenue from exchange transactions			
Sales		5,111,947	-
Interest received		412,512	1,029,582
		15,524,459	1,029,582
Expenditure			
Advertising		407,451	451,235
Bank charges		2,494	-
Consulting fees		402,210	3,196,547
Depreciation		77,791	28,263
Emoluments – Directors	10	842,365	1,569,507
Entertainment		12,502	14,991
Lease rental on operating lease		861,831	80,038
Cleaning services		5,502	12,340
Utilities		94,549	17,269
Legal expense		25,521	46,750
Contracted-out services		418,166	131,969
Workshops and conferences		99,551	145,474
Consumables		26,304	80,173
Postage		1,500	-
Printing and stationery		27,328	48,742
Repairs and maintenance		139,981	-
Salaries		15,465,001	396,468
Telephone and fax		9,812	8,264
Training		2,462	-
Travel – local		151,899	165,279
Travel – overseas		719,654	645,218
Impairment of receivables		5,131,603	-
		24,925,477	**7,038,527**
Surplus/(deficit) for the year		**(9,401,018)**	**(6,008,945)**

Statement of Changes in Net Assets for the year ended 31 March 2017

	Retained earnings R	Total R
Balance at 1 April 2014		
Total comprehensive income for the year		
Surplus for the year	17,274,186	17,274,186
Total comprehensive income for the year	17,274,186	17,274,186
Balance at 31 March 2015	**17,274,186**	**17,274,186**
Balance at 1 April 2015	17,274,186	17,274,186
Total comprehensive income for the year		
Deficit for the year	(6,008,945)	(6,008,945)
Total comprehensive income for the year	(6,008,945)	(6,008,945)
Balance at 31 March 2016	**11,265,241**	**11,265,241**
Balance at 1 April 2016	11,265,241	11,265,241
Total comprehensive income for the year		
Deficit for the year	(9,401,018)	(9,401,018)
Total comprehensive income for the year	(9,401,018)	(9,401,018)
Balance at 31 March 2017	**1,864,223**	**1,864,223**

Statement of Cash Flows for the year ended 31 March 2017

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Surplus/(deficit) for the year		(9,401,018)	(6,008,945)
Adjustments for:			
Depreciation of property, plant and equipment		77,791	28,263
Operating cash flow before working capital changes		**(9,323,227)**	**(5,980,682)**
Working capital changes			
(Increase)/decrease in trade and other receivables		(20,957)	(30,742)
(Decrease)/increase in trade and other payables		5,063,167	(620,461)
(Decrease)/increase in provisions		1,151,351	-
Cash (utilised in)/generated by operating activities		(3,129,666)	(6,631,885)
Net cash from operating activities		**(3,129,666)**	**(6,631,885)**
Property, plant and equipment acquired	4	(1,037,829)	-
(Decrease)/increase in cash and cash equivalents		(4,167,496)	(6,631,885)
Cash and cash equivalents at beginning of the year		11,155,260	17,787,146
Cash and cash equivalents at end of the year	6	**6,987,765**	**11,155,261**

Notes to the Annual Financial Statements

for the year ended 31 March 2017

Accounting policies

1. General information

The Annual Financial Statements have been prepared in accordance with the effective South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (PFMA), No. 1 of 1999.

2. Basis of preparation

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The Annual Financial Statements have been prepared on the going-concern basis. All accounting policies have been consistently applied to all the periods presented.

The preparation of Financial Statements in conformity with SA Standards of GRAP requires the use of certain critical financial accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies.

A summary of significant accounting policies is set out below.

3. Summary of significant accounting policies

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts presented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments include:

3.1 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

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

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.1 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Range of useful lives
Computer equipment	5 years
Furniture and fittings	10 years
Machinery and equipment	10 years

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

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

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases – lessee

Lease payments under an operating lease shall be recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term unless another systematic basis is more representative.

3.3 Commitments

Commitments represent the orders issued to suppliers that have been approved, but where no delivery has taken place as at year-end. Commitments are not recognised in the Statement of Financial Position as a liability or assets but are included in the disclosure notes.

3.4 Tax expenses

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, No. 58 of 1962.

3.5 Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.5 Revenue recognition (continued)

Revenue from exchange transactions

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 or services, to the other party in exchange. Revenue from exchange transactions is comprised of regulated and non-regulated commercial revenue.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the interest rate applicable.

Project income received is recognised together with the respective expenses in the Statement of Financial Performance.

Revenue from non-exchange transactions

Revenue from non-exchange transactions comprises government grants. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is 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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with 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.

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 event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

In these Financial Statements, surplus is used instead of profit as the entity is not profit driven, yet could generate surplus revenue over costs.

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.6 Unauthorised, irregular and fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure incurred in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Unauthorised expenditure is an overspending of the budget or expenditure which is not in accordance with the purpose of the budget.

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The Public Finance Management Act (PFMA), No. 1 of 1999, as amended by Act No. 29 of 1999;
- The State Tender Board Act, No. 86 of 1968; or any regulation made in terms of the Act; and
- The National Radioactive Waste Disposal Institute Act, No. 53 of 2008.

All unauthorised, irregular, fruitless or wasteful expenditure is charged against surplus or deficit in the period it was incurred.

3.7 Provisions and contingencies

Provisions are recognised when the entity has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Contingent liability

A possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

Contingent assets and contingent liabilities are not recognised but disclosed in the notes to the Annual Financial Statements.

Contingent assets and contingent liabilities are not recognised.

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.8 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Regular purchases and sales of investments are recognised on trade date, i.e. the date on which the entity commits to purchase or sell the asset.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

3.9 Loans to shareholders, Directors, Managers and employees

These financial assets are classified as loans and receivables.

3.10 Related parties

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.10 Related parties (continued)

Only transactions not within the normal supplier and/or client/recipient relationship 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 where terms and conditions not within the normal operating parameters established by the reporting entity's legal mandate are disclosed.

3.11 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Trade and other receivables (excluding pre-payments, deposits and VAT receivable) are classified as loans and receivables.

3.12 Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3.13 Standards and interpretations effective and adopted in the current year

The following standards have been approved but are not yet effective and the Institute has not applied any of these standards. The impact of these standards on NRWDI when they do become effective are as follows:

GRAP 18	Segment Reporting – GRAP 18 is unlikely to have an impact on NRWDI when it does become applicable because there are no activities in NRWDI that are distinguishable from each other therefore it would not be appropriate to separately report financial information per segment since there are no distinguishable segments.
GRAP 105	Transfers of Functions between Entities Under Common Control – Unlikely to have an impact on NRWDI.
GRAP 106	Transfers of Functions between Entities Not Under Common Control – Unlikely to have an impact on NRWDI.
GRAP 107	Mergers – Unlikely to have an impact on NRWDI.
GRAP 108	Statutory Receivables – Unlikely to have an impact on NRWDI.
GRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset – Unlikely to have an impact on NRWDI.

Notes to the Annual Financial Statements (continued)

4. Property, plant and equipment

	2017			2016		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Owned assets						
Machinery and equipment	3,480	-	3,480			
Office equipment	1,180,152	(75,346)	1,104,806	145,803	(14,326)	131,477
IT equipment	82,162	(32,974)	49,188	82,162	(16,203)	65,959
	1,265,794	**(108,320)**	**1,157,474**	**227,965**	**(30,529)**	**197,436**

The carrying amounts of property, plant and equipment can be reconciled as follows:

	2017			
	Carrying value at beginning of year R	Additions R	Depreciation R	Carrying value at end of year R
Owned assets				
Machinery and equipment	-	3,480	-	3,480
Office equipment	131,476	1,034,349	(61,020)	1,104,806
IT equipment	65,959	-	(16 771)	49,188
	197,435	**1,037,829**	**(77,791)**	**1,157,474**

	2016			
	Carrying value at beginning of year R	Additions R	Depreciation R	Carrying value at end of year R
Owned assets				
Office equipment	144,737	-	(13,261)	131,476
IT equipment	80,961	-	(15,002)	65,959
	225,698	**-**	**(28,263)**	**197,435**

	2017 R	2016 R
5. Trade and other receivables		
Trade receivables	5,111,947	-
Deposits	145,871	135,461
Other receivables	30,203	-
Sundry debtors	19,656	19,656
Sub-total	5,307,677	155,117
Less: Provision for impairment	(5,131,603)	-
Total	**176,074**	**155,177**

Trade and other receivables impaired
As at 31 March 2017, trade and other receivables of R5,131,603 were past due and provided for possible impairment. These amounts were fully provided for due to the uncertainty of recoverability.

	2017 R	2016 R
Reconciliation of provision for impairment of trade receivables		
Opening balance	-	-
Provision for impairment	5,131,603	-
Written-off as uncollectable	-	-
Closing balance	**5,131,603**	**-**
6. Cash and cash equivalents		
Favourable cash balances		
Other cash and cash equivalents	6,987,765	11,155,260
7. Trade and other payables		
Trade creditors	5,305,737	151,470
Accrued liabilities – employee benefit accruals	1,151,351	91,101
	6,457,088	**242,571**
8. Government grants		
Unconditional government grants	10,000,000	-

The funds of the entity consist of money appropriated by Parliament through National Treasury.

Notes to the Annual Financial Statements (continued)

9. Operating profit

Operating profit is arrived at after taking into account the following items:

	2017 R	2016 R
Depreciation and impairments		
Owned assets		
Office equipment	61,020	13,261
IT equipment	16,771	15,002
	77,791	**28,263**
Employee costs	15,465,001	396,468
Operating lease charges		
Premises	961,882	109,647

10. Directors' emoluments

	2017			
	Running cost R	Company contribution R	Remuneration R	Total R
Executive				
Prof. Gordon Sibiya*	58,840	6,857	681,600	747,297
Non-executive				
Mr Eric MacDonald*	1,845	600	37,248	39,693
Mr Clive Kneale*	7,905	755	41,629	50,289
Mr Tshepo Mofokeng (Chairperson)**	-	-	13,972	13,972
Adv. Mothusi Lucas Tsineng**	-	-	8,560	8,560
Mr Luvuyo Mkontwana**	-	-	8,560	8,560
Ms Mbali Ndlovu**	-	-	8,560	8,560
Mr Lebohang Sam Moleko**	6,030	-	8,560	14,590
	15,780	1,355	127,089	144,224
Committee members				
P Du Toit	-	76	3,784	3,860
NY Kunene	5,961	367	21,238	27,566
	5,961	443	25,022	31,425
Total	**80,851**	**8,654**	**833,711**	**922,946**

* Term of office ended in December 2016

** Appointed 1 February 2017

10. Directors' emoluments (continued)

	2016			
	Running cost R	Training R	Remuneration R	Total R
Executive				
Prof. Gordon Sibiya	62,925	-	1,236,752	1,299,677

Prof. Gordon Sibiya is delegated by the Board in terms of Sections 15(1) and 7(3) of the NRWDI Act to conduct establishment functions of the Institute in the absence of management and admin staff at NRWDI.

	Running cost R	Training R	Remuneration R	Total R
Non-executive				
Mr Eric MacDonald	2,384	-	83,263	85,647
Mr Clive Kneale	23,170	-	198,362	221,532
	25,554	-	281,625	307,179

Directors are remunerated in accordance with the National Treasury rates and the NRWDI Remuneration Policy and Procedure for Directors for meetings attended and other attendances and services pertaining to the general business of the Institute.

	Running cost R	Training R	Remuneration R	Total R
Committee members				
N Cobbinah	460	-	21,504	3,860
P Du Toit	3,355	-	3,784	3,860
NY Kunene	5,875	7,488	18,394	27,566
	9,690	7,488	43,642	31,425
Total	**98,169**	**7,488**	**1,562,019**	**1,667,676**

	Date of appointment	2017			
		Retirement fund contribution R	Other company contribution R	Salary R	Total R
Key management personnel					
Dr Wolsey Barnard	1 Oct 2016	185,220	10,099	794,780	990,099
Mr Cobus Beyleveld	1 Sep 2016	115,763	11,277	671,738	798,777
Mr Alan Carolissen	1 Aug 2016	190,399	14,478	942,934	1,147,811
Mr Justin Daniel	1 Oct 2016	100,800	9,797	699,200	809,797
Ms Anjue Hirachund	1 Aug 2016	142,099	11,710	824,567	978,377
Mr Z Ndziba	1 Oct 2016	95,288	9,847	729,712	834,846
Dr Vusi Twala	1 Aug 2016	147,000	13,655	1,019,667	1,180,321
		976,569	**80,862**	**5,682,598**	**6,740,028**

Notes to the Annual Financial Statements (continued)

11. Events after the reporting period

Management is not aware of any matter or circumstance arising since the end of the financial period.

12. Related party transactions

		2017 R	2016 R
Name	**Relationship**		
Department of Energy	Shareholder		
	Grant received	10,000,000	-
Cash held on behalf of the Institute by:			
The South African Nuclear Energy Corporation SOC Ltd		-	11,155,260
The following is a summary of transactions with related parties during the year and balances due at year-end.			
National public entities			
Services received – Necsa		392,438	252,458
Receivables – Necsa (Eskom waste disposal contract)		5,111,947	-

As at 31 March 2017, the receivables of R5,111,947 were past due and possible impairment provided for due to the uncertainty of its recoverability.

13. Financial instruments

The entity has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading) R	Held-to-maturity investments R	Loans and receivables R	Available-for-sale financial assets R	Total R
2017					
Non-current financial assets	-	-	-	-	**-**
Current financial assets					
Cash and cash equivalents	-	-	6,987,765	-	**6,987,765**
2016					
Non-current financial assets	-	-	-	-	**-**
Current financial assets					
Cash and cash equivalents	-	-	11,155,260	-	**11,155,260**

Notes to the Annual Financial Statements (continued)

13. Financial instruments (continued)

13.1 Credit risk

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

The entity did not have any financial assets exposed to significant credit risk at year-end.

13.2 Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

13.3 Interest rate risk

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

14. Commitments

There are no commitments to any external parties for potential obligations of the entity, except for payments to suppliers and the following lease commitment.

Lease commitments

Operating leases expenditure

	Buildings and other fixed structures R	Total R
2017		
Not later than one year	720,000	720,000
Later than one year and not later than five years	763,920	763,920
Later than five years	-	-
Total lease commitments	**1,483,920**	**1,483,920**

Included in buildings and other fixed structures is a building lease that was entered into with Necsa for office accommodation totalling 1,000 square metres. The lease agreement is for the period 1 April 2017 to 31 March 2019. The balance of the lease is R1.484 million and the remaining period is 24 months. CPI of 6.1% is used for year two.

15. Contingencies

There are no reimbursements from any third parties for potential obligations of the entity, except for refunds due from suppliers and Directors as per other receivables.

Notes to the Annual Financial Statements (continued)

16. Public Finance Management Act

Material losses

No material losses through criminal conduct, irregular, unauthorised, fruitless and wasteful expenditure was incurred during the period ended 31 March 2017.

Irregular expenditure

During the period under review, management detected the following irregular expenditure:

	2017 R	2016 R
Opening balance	5,342,194	828,649
Add: Irregular expenditure – current year	3,362,500	4,513,516
- Advertising	219,496	451,235
- S&T overseas	576,781	372,082
- Consultants	394,938	3,428,661
- Legal costs	12,547	47,726
- Workshops/conferences	77,578	139,403
- Rental paid	826,495	-
- Consumable materials	3,822	74,439
- Electricity	87,433	-
- Repairs and maintenance	139,981	-
- Capex	1,023,431	-
Less: Irregular expenditure condoned	-	-
Closing balance	**8,704,694**	**5,342,194**

In the current financial year, goods and services in the amount of R3,362,500 were procured without the due SCM processes as prescribed by National Treasury being followed. The irregular expenditure is not yet condoned.

Analysis of awaiting condonation amounts per age classification

	2017 R	2016 R
Current year	3,362,500	4,513,546
Prior years	5,342,194	828,648
Total	**8,704,694**	**5,342,194**

Details of irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017 R	2016 R
Procurement process not followed	Disciplinary steps will be taken, if necessary, pending the outcomes of the investigation.	3,362,500	4,513,546
Total		**3,362,500**	**4,513,546**

17. Budget

A total amount of R19.8 million in the form of a government grant was allocated by National Treasury as seed-funding for NRWDI establishment operations which were utilised in 2014/15, 2015/16 and 2016/17. The above funds, including interest earned thereon were fully depleted by December 2016. Financial assistance of R10 million in the form of a grant allocation was made to NRWDI in the last quarter of the 2016/17 financial year.

18. Reconciliation between actual and budget amounts

Apart from the R19.8 million seed-funding received in April 2014, the entity did not submit any Estimates of National Expenditure budget requests to National Treasury and thus did not receive any Medium-Term allocations. As a result, there was no approved budget in the current year against which the funds were spent.

PART F

2015/16 Commentary and Financial Information

Directors’ responsibility and approval

In terms of the NRWDI Act, No. 53 of 2008, and the PFMA, the Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Financial Statements fairly present the state of affairs of the Institute as at the end of the financial year, and the results of its operations and cash flows for the period then ended, in conformity with the SA Standards of GRAP. The external auditors are engaged to express an independent opinion on the Financial Statements.

The Financial Statements are prepared in accordance with the SA Standards of GRAP and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The PFMA sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute’s business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Since the Financial Statements for the year ended 31 March 2016 were not submitted to the Auditor-General of South Africa (AGSA) for regulatory auditing by the previous Board of Directors, the Financial Statements were approved simultaneously with the 2015 and 2017 Financial Statements on 27 July 2017 by the current Board of Directors appointed in February 2017.

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

The AGSA is responsible for auditing and reporting on the Institute’s Financial Statements. The Financial Statements have been examined by the AGSA and its report is presented in the Financial Statements on pages 68 to 71.

The Financial Statements, as set out on pages 72 to 87, were approved by the current Board of Directors on 27 July 2017 and were signed on its behalf by:

Mr Tshepo Mofokeng
Chairperson

Mr Luvuyo Mkontwana
Deputy Chairperson

Audit and Risk Committee Report

for the year ended 31 March 2016

The ARC complied with its responsibilities, arising from Section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13.

Audit and Risk Committee membership in 2016

The members of the ARC are:
Mr Clive Kneale (Chairperson)
Mr Eric MacDonald
Mr Marothi Mathebe
Prof. Gordon Sibiya

The committee was satisfied that the members thereof have the required knowledge and experience as set out in Section 14(1)(a) of the NRWDI Act. The committee plays a crucial oversight role in the entity's corporate governance activities.

Meetings held by the Audit and Risk Committee

The ARC performed its duties as required by the NRWDI Act, which included holding meetings with key role players on a regular basis and granting unrestricted access to the external auditors.

Audit and Risk Committee Responsibility

The main responsibilities of the committee, as outlined in the ARC's Charter include:

- A review of the financial management processes and the adequacy of internal controls;
- A review of the Annual Financial Statements, the Annual Report and related regulatory filings before these are released, in order to consider the accuracy and completeness of the information;
- The governance of risk and Information Technology (IT);
- Overseeing the internal and external audit functions and audit processes thereof;
- A review of NRWDI's compliance with the performance management and reporting systems; and
- Ensuring that all the disclosures and/or reporting requirements to the Board, the Shareholder, the National Treasury and the Auditor-General are adhered to.

Summary of main activities undertaken by the ARC during the financial year under review

During the current financial year, the ARC attended to the following matters:

- The review of governance policies and frameworks;
- A review of the unaudited Annual Financial Statements for the year ended 31 March 2015;
- Monitoring of the risk management, ICT and legal processes, with reports on these issues submitted as standing items at all committee meetings; and
- Reviewed the annual budget for the year ending 31 March 2016 for the Board's consideration and approval.

The effectiveness of internal control

The ARC reviewed the reports from both internal and external auditors and is satisfied that overall, the systems of internal control for the period under review were effective.

Consideration of Annual Financial Statements by Audit and Risk Committee appointed in 2017

Since the Financial Statements for the year ended 31 March 2016 were not submitted to the AGSA for regulatory auditing by the above-mentioned ARC, the Financial Statements were simultaneously approved with the 2015 and 2017 Annual Financial Statements on 27 July 2017 by the current ARC which was appointed in April 2017.

The members of the current ARC which were appointed in 2017 and which were responsible for the approval of the 2016 Annual Financial Statements and the contents of the subsequent paragraphs of this report are Mr Luvuyo Mkontwana (Chairperson) and Mr Lebohang Sam Moleko.

Evaluation of audited Annual Financial Statements

The ARC reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report in consultation with Senior Management and the AGSA, and noted the AGSA's Management Report and Management's response thereto.

Auditor-General of South Africa

The ARC noted and accepted the AGSA's Management Report conclusions on the audited Financial Statements and is of the opinion that the Annual Financial Statements should be accepted and read together with the AGSA's Final Management Report.

Conclusion

According to the report from the AGSA on the review of the Financial Statements, and the AGSA's Final Management Report for the year ended 31 March 2016, the ARC noted that significant or material non-compliance with the prescribed policies and procedures which has been reported. The committee further noted and acknowledged the significant progress made by Management with regards to the above matters, at the time of consideration of the reports on 27 July 2017.

Accordingly, the committee recommended the submission of the Annual Financial Statements.

Mr Luvuyo Mkontwana
Chairperson: Audit and Risk Committee

Directors' report

The Directors hereby submit their report on the Annual Financial Statements of the National Radioactive Waste Disposal Institute for the year ended 31 March 2016.

Formation

The entity was formed in terms of the NRWDI Act, No. 53 of 2008, and commenced operations on 1 April 2014.

Review of financial results and activities

The Annual Financial Statements have been prepared in accordance with SA Standards of GRAP, the requirements of the NRWDI Act, the PFMA and relevant Treasury Regulations.

Full details of the financial position, results of operations and cash flows of the Institute are set out in the Annual Financial Statements.

Directors

The Directors of the entity during the year and to the date of this report were as follows:

Directors	Designation
Prof. Gordon Sibiya (Chairperson)	Executive
Mr Eric McDonald (Deputy Chairperson)	Non-executive
Dr Barry Kistnasamy	Non-executive (Inactive)
Mr Clive Kneale	Non-executive
Dr Tshakane Tshepe (Resigned 9 July 2015)	Non-executive
Ms Queen Gopo (Resigned 12 August 2015)	Non-executive (Inactive)
Mr Marothi Mathebe	Non-executive
Dr Margaret Mkhosi (Disqualified 1 June 2015)	
Ms N Cobbinah	

The Directors in office at the date of approval of this report on 27 July 2017 are as follows:

Directors	Designation
Mr Tshepo Mofokeng (Chairperson)	Non-executive
Mr Luvuyo Mkontwana (Deputy Chairperson)	Non-executive
Ms Mbali Ndlovu	Non-executive
Mr Lebohang Sam Moleko	Non-executive
Advocate Mothusi Lucas Tsineng	Non-executive
Ms Lerato Makgae	Non-executive
Mr Trevor Mark Gordon	Non-executive
Dr Barry Kistnasamy	Non-executive
Dr Wolsey Barnard	Executive (CEO)
Mr Justin Daniel	Executive (CFO)

Events after the reporting period

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Going concern

The current Directors noted that the entity had adequate financial resources as at 31 March 2016 to continue its operation for the 2017 financial year provided that it did not incur expenditure in excess of its available cash flow. It is on this basis that the current Board of Directors accepted that the Annual Financial Statements have been prepared on a going-concern basis.

Auditors

Auditor-General of South Africa.

Vacancies

The following positions were vacant during the current financial year:

- Chief Executive Officer;
- Chief Financial Officer; and
- Key staff.

Report of the Auditor-General to parliament on the National Radioactive Waste Disposal Institute

Report on the audit of the Financial Statements

Opinion

1. I have audited the Financial Statements of the National Radioactive Waste Disposal Institute ("the public entity") set out on pages 72 to 87, which comprise the Statement of Financial Position as at 31 March 2016, and the Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended, 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 National Radioactive Waste Disposal Institute as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, No. 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the Financial Statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with 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 code.

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

6. The Board of Directors, which constitutes the Accounting Authority, is responsible for the preparation and fair presentation of the Financial Statements in accordance with the SA Statements 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 Board of Directors, which constitutes the Accounting Authority is responsible for assessing the National Radioactive Water Disposal Institute'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 there is an intention by the Accounting Authority either to liquidate the public entity or to cease operations, or there is 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 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 the 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 the 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, No. 25 of 2004 (PAA), and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. I am unable to report on the usefulness and reliability of the performance information as the annual performance report of NRWDI was not prepared as required by Section 55(2)(a) of the PFMA.

Report on audit of compliance with legislation

Introduction and scope

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

13. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Expenditure management

14. Effective steps were not taken to prevent irregular expenditure amounting to R4,513,546 as disclosed in Note 16 to the Annual Financial Statements, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the public entity not obtaining the required quotations and following appropriate supply chain management procedures in its procurement of goods and services.

Procurement and contract management

15. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements. As NRWDI could not provide us with the necessary supporting documentation.

Annual Financial Statements, performance and Annual Report

16. The Accounting Authority did not submit the Financial Statements for auditing within two months after the end of the financial year as required by Section 55(1)(c) of the PFMA.

Strategic planning and performance management

17. The strategic plan for 31 March 2016 was not approved by the Minister of Energy, as required by Treasury Regulation 30.1.1.

Other information

18. The National Radioactive Waste Disposal Institute's Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the Financial Statements and the auditor's report thereon.

19. My opinion on the Financial Statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

20. 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, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

21. I considered internal control relevant to my audit of the Financial Statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the management letter and the findings on compliance with legislation included in this report.

Leadership

Oversight responsibility

22. Effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity was not provided resulting in non-compliance with supply chain management regulations for certain expenditure. Numerous Directors resigned in the 2017 financial year, resulting in the Board acting with diminished capacity until the appointment of additional Directors with effect from 1 February 2017, and as a result the Board could not effectively monitor performance reporting, compliance with laws and regulations and internal control.

Financial and performance management

Compliance monitoring

23. Effective steps were not taken to review and monitor compliance with applicable legislation. Effective steps were not taken to prevent irregular expenditure, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the public entity not obtaining the required quotations and following appropriate supply chain management procedures in its procurement of goods and services.

24. There is no evidence that a strategic plan for 2015/16 was submitted to the executive authority for approval as required by Treasury Regulation TR30.1.1.

Auditor-General

Pretoria
31 July 2017

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 judgment and maintain professional scepticism throughout my audit of the Financial Statements 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 the 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 related to events or conditions that may cast significant doubt on the National Radioactive Waste Disposal Institute's ability 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 the opinion on the Financial Statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease to continue as a going concern.
   - evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and 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 here applicable, related safeguards.

Statement of Financial Position as at 31 March 2016

	Note(s)	2016 R	2015 R
Assets			
Non-current assets			
Property, plant and equipment	4	197,436	225,698
Current assets			
Trade and other receivables	5	155,117	124,375
Cash and cash equivalents	6	11,155,260	17,787,146
		11,310,377	**17,911,521**
Total assets		**11,507,813**	**18,137,219**
Equity and liabilities			
Equity			
Retained earnings		11,265,243	17,274,188
Current liabilities			
Trade and other payables	7	242,570	863,031
Total equity and liabilities		**11,507,813**	**18,137,219**

Statement of Financial Performance for the year ended 31 March 2016

	Note(s)	2016 R	2015 R
Revenue			
Revenue from non-exchange transactions			
Government grants		-	19,800,000
Sales		-	-
Interest received		1,029,582	1,079,920
		1,029,582	20,879,920
Expenditure			
Advertising		451,235	141,014
Consulting fees		3,196,547	4,667
Depreciation		28,263	2,267
Emoluments – Directors	10	1,569,507	1,823,379
Entertainment		14,991	-
Lease rental on operating lease		80,038	20,690
Cleaning services		12,340	-
Utilities		17,269	-
Legal expense		46,750	-
Contracted-out services		131,969	316,584
Workshops and conferences		145,474	-
Consumables		80,173	-
Postage		-	2,455
Printing and stationery		48,742	26,801
Salaries		396,468	67,445
Telephone and fax		8,264	2,866
Training		-	153,649
Travel – local		165,279	215,776
Travel – overseas		645,218	828,141
		7,038,527	3,605,734
(Deficit)/surplus for the year		**(6,008,945)**	**17,274,186**

Statement of Changes in Net Assets for the year ended 31 March 2016

	Retained earnings R	Total R
Balance at 1 April 2014		
Total comprehensive income for the year		
Surplus for the year	17,274,188	17,274,188
Total comprehensive income for the year	17,274,188	17,274,188
Balance at 31 March 2015	**17,274,188**	**17,274,188**
Balance at 1 April 2015	17,274,188	17,274,188
Total comprehensive income for the year		
Deficit for the year	(6,008,945)	(6,008,945)
Total comprehensive income for the year	(6,008,945)	(6,008,945)
Balance at 31 March 2016	**11,265,243**	**11,265,243**

Statement of Cash Flows for the year ended 31 March 2016

	Note(s)	2016 R	2015 R
Cash flows from operating activities			
(Deficit)/surplus for the year		(6,008,945)	17,274,186
Adjustments for:			
Depreciation of property, plant and equipment		28,263	2,267
Operating cash flow before working capital changes		**(5,980,683)**	**17,276,453**
Working capital changes			
Increase in trade and other receivables		(30,742)	(124,375)
(Decrease)/increase in trade and other payables		(620,461)	863,033
Cash (utilised in)/generated by operating activities		**(6,631,886)**	**18,015,111**
Net cash from operating activities		**(6,631,886)**	**18,015,111**
Property, plant and equipment acquired	4	-	(227,965)
(Decrease)/increase in cash and cash equivalents		(6,631,886)	17,787,146
Cash and cash equivalents at beginning of the year		17,787,146	-
Cash and cash equivalents at end of the year	6	**11,155,260**	**17,787,146**

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Accounting policies

1. General information

The Annual Financial Statements have been prepared in accordance with the effective SA Standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the PFMA.

2. Basis of preparation

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The Annual Financial Statements have been prepared on the going-concern basis. All accounting policies have been consistently applied to all the periods presented.

The preparation of Financial Statements in conformity with GRAP requires the use of certain critical financial accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies.

A summary of significant accounting policies is set out below.

3. Summary of significant accounting policies

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts presented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments include:

3.1 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Range of useful lives
Computer equipment	5 years
Furniture and fittings	10 years

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.1 Property, plant and equipment (continued)

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

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

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases – lessee

Lease payments under an operating lease shall be recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term unless another systematic basis is more representative.

3.3 Commitments

Commitments represent the orders issued to the suppliers that have been approved, but where no delivery has taken place as at year-end. Commitments are not recognised in the Statement of Financial Position as a liability or assets but are included in the disclosure notes.

3.4 Tax expenses

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, No. 58 of 1962.

3.5 Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

Revenue from exchange transactions

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 or services to the other party in exchange. Revenue from exchange transactions is comprised of regulated and non-regulated commercial revenue.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the interest rate applicable.

Project income received is recognised together with the respective expenses in the Statement of Financial Performance.

Revenue from non-exchange transactions

Revenue from non-exchange transactions comprises government grants. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.5 Revenue recognition (continued)

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is 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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with 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.

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 event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

In these Financial Statements, surplus is used instead of profit as the entity is not profit driven, yet could generate surplus revenue over costs.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure incurred in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Unauthorised expenditure is an overspending of the budget or expenditure which is not in accordance with the purpose of the budget.

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- the Public Finance Management Act (PFMA), No. 1 of 1999, as amended by Act No. 29 of 1999;
- the State Tender Board Act, No. 86 of 1968; or any regulation made in terms of the Act; and
- the National Radioactive Waste Disposal Institute Act, No. 53 of 2008.

All unauthorised, irregular, fruitless or wasteful expenditure is charged against surplus or deficit in the period it was incurred.

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.7 Provisions and contingencies

Provisions are recognised when the entity has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Contingent liability

A possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

Contingent assets and contingent liabilities are not recognised but disclosed in the notes to the Annual Financial Statements.

Contingent assets and contingent liabilities are not recognised.

3.8 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular purchases and sales of investments are recognised on trade date, i.e. the date on which the Group commits to purchase or sell the asset.

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

3. Summary of significant accounting policies (continued)

3.8 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair value through profit or loss.

3.9 Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

3.10 Related parties

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

Only transactions not within the normal supplier and/or client/recipient relationship 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 where terms and conditions not within the normal operating parameters established by the reporting entity's legal mandate are disclosed.

4. Property, plant and equipment

	2016			2015		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Owned assets						
Office equipment	145,803	(14,326)	131,477	145,803	(1,066)	144,737
IT equipment	82,162	(16,203)	65,959	82,162	(1,201)	80,961
	227,965	**(30,529)**	**197,436**	**227,965**	**(2,267)**	**225,698**

The carrying amounts of property, plant and equipment can be reconciled as follows:

	2016				
	Carrying value at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying value at end of year R
Owned assets					
Office equipment	144,737	-	-	(13,261)	131,476
IT equipment	80,961	-	-	(15,002)	65,959
	225,698	**-**	**-**	**(28,263)**	**197,435**

	2015				
	Carrying value at beginning of year R	Additions R	Disposals R	Depreciation R	Carrying value at end of year R
Owned assets					
Office equipment	-	145,803	-	(1,066)	144,737
IT equipment	-	82,162	-	(1,201)	80,961
	-	**227,965**	**-**	**(2,267)**	**225,698**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

Notes to the Annual Financial Statements (continued)

	2016 R	2015 R
5. Trade and other receivables		
Sundry debtors	19,656	108,833
Deposits	135,461	15,542
	155,117	**124,375**
5.1 Fair value of trade and other receivables		
Trade and other receivables	155,117	124,375
6. Cash and cash equivalents		
Favourable cash balances		
Other cash and cash equivalents	11,155,260	17,787,146

Funds are held in a separate bank account by the South African Nuclear Energy Corporation and controlled on behalf of the Institute.

	2016 R	2015 R
7. Trade and other payables		
Trade creditors	151,470	456,705
Accrued liabilities	91,101	406,326
8. Government grants		
Unconditional government grants	-	19,800,000

The funds of the Institute consist of money appropriated by Parliament through National Treasury for transitional arrangements of the Institute.

9. Operating surplus

Operating surplus is arrived at after taking into account the following items:

	2016 R	2015 R
Depreciation and impairments		
Owned assets		
Office equipment	13,261	1,066
IT equipment	15,002	1,201
	28,263	**2,267**
Employee costs	396,468	67,445
Operating lease charges		
Premises	109,647	20,690

Notes to the Annual Financial Statements (continued)

10. Directors' emoluments

	2016			
	Running cost R	Training R	Remuneration R	Total R
Executive				
Prof. Gordon Sibiya	62,925	-	1,236,752	1,299,677
Prof. Gordon Sibiya is delegated by the Board in terms of Sections 15(1) and 7(3) of the NRWDI Act to conduct establishment functions of the Institute in the absence of management and admin staff at NRWDI.				
Non-executive				
Mr Eric MacDonald	2,384	-	83,263	85,647
Mr Clive Kneale	23,170	-	198,362	221,532
	25,554	-	281,625	307,179
Directors are remunerated in accordance with the National Treasury rates and the NRWDI Remuneration Policy and Procedure for Directors for meetings attended and other attendances and services pertaining to the general business of the Institute.				
Committee members				
N Cobbinah	460	-	21,504	21,964
P Du Toit	3,355	-	3,784	7,099
NY Kunene	5,875	7,488	18,394	31,757
	9,690	7,488	43,642	60,820
Total	**98,169**	**7,488**	**1,562,019**	**1,667,676**

Notes to the Annual Financial Statements (continued)

10. Directors' emoluments (continued)

	2015			
	Running cost R	Training R	Remuneration R	Total R
Executive				
Prof. Gordon Sibiya	50,607	-	1,336,902	1,387,509

Prof. Gordon Sibiya is delegated by the Board in terms of Sections 15(1) and 7(3) of the NRWDI Act to conduct establishment functions of the Institute in the absence of management and admin staff at NRWDI.

	Running cost R	Training R	Remuneration R	Total R
Non-executive				
Mr Eric MacDonald	13,106	-	78,080	91,186
Mr Clive Kneale	12,165	-	113,165	125,330
Ms Queen Gopo	29,265	-	48,672	77,937
Dr Barry Kistnasamy	5,653	-	-	5,653
	60,188	-	239,917	300,105

Directors are remunerated in accordance with the National Treasury rates and the NRWDI Remuneration Policy and Procedure for Directors for meetings attended and other attendances and services pertaining to the general business of the Institute.

	Running cost R	Training R	Remuneration R	Total R
Committee members				
N Cobbinah	5,117	-	254,464	259,581
Total	**115,912**	**-**	**1,831,283**	**1,947,195**

11. Events after the reporting period

Management is not aware of any matter or circumstance arising since the end of the financial period.

		2016 R	2015 R
12. Related party transactions			
Name	**Relationship**		
Department of Energy	Shareholder		
	Transactions with shareholders	-	-
Cash held on behalf of the Institute by:			
The South African Nuclear Energy Corporation SOC Ltd		11,155,260	17,787,146
The following is a summary of transactions with related parties during the year and balances due at year end			
National public entities			
Services received		252,458	337,274

13. Financial instruments

The entity has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading) R	Held-to-maturity investments R	Loans and receivables R	Available-for-sale financial assets R	Total R
2016					
Non-current financial assets	-	-	-	-	-
Current financial assets					
Cash and cash equivalents	-	-	11,155,260	-	11,155,260
2015					
Non-current financial assets	-	-	-	-	-
Current financial assets					
Cash and cash equivalents	-	-	17,787,146	-	17,787,146

13.1 Credit risk

Credit risk consists of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The entity did not have any financial assets exposed to significant credit risk at year-end.

Notes to the Annual Financial Statements (continued)

13. Financial instruments (continued)

13.2 Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

13.3 Interest rate risk

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

14. Commitments

There are no commitments to any external parties for potential obligations of the entity, except for payments to suppliers.

15. Contingencies

There are no reimbursements from any third parties for potential obligations of the entity, except for refunds due from suppliers and Directors as per other receivables.

16. Public Finance Management Act

Material losses

No material losses through criminal conduct, irregular, unauthorised, fruitless and wasteful expenditure was incurred during the period ended 31 March 2016.

Irregular expenditure

During the period under review, management detected the following irregular expenditure:

	2016 R	2015 R
Opening balance	828,648	-
Add: Irregular expenditure – current year	4,513,546	828,648
- Advertising	451,235	-
- Training	-	118,858
- S&T overseas	372,082	530,851
- Consultants	3,428,661	-
- Legal costs	47,726	-
- Workshops/conferences	139,403	34,791
- Consumable materials	74,439	-
- Capex	-	144,148
Less: Irregular expenditure condoned	-	-
Closing balance	**5,342,194**	**828,648**

In the 2015/16 financial year, goods and services in the amount of R2,028,273 were procured without the due SCM processes as prescribed by National Treasury being followed, and no evidence could be obtained that due SCM processes were followed for the appointment of consultants amounting R2,485,273. The irregular expenditure is not yet condoned.

Notes to the Annual Financial Statements (continued)

16. Public Finance Management Act (continued)

		2016 R	2015 R
Analysis of awaiting condonation per age classification			
Current year		4,513,546	828,649
Prior years		828,648	-
Total		**5,342,194**	**828,648**
Details of irregular expenditure			
Incident	**Disciplinary steps taken/criminal proceedings**		
Procurement process not followed	Disciplinary steps will be taken, if necessary, pending the outcomes of the investigation.	2,028,273	828,649
No evidence could be obtained that due SCM processes were followed	Disciplinary steps will be taken, if necessary, pending the outcomes of the investigation.	2,485,273	-
Total		**4,513,546**	**828,649**

17. Budget

A total amount of R19,800,000 in the form of a government grant was allocated by National Treasury for NRWDI establishment operations for 2014/15. For 2015/16 and 2016/17, NRWDI requested the Department of Energy to rollover the surplus funds to the next financial period. The purpose of the budget allocated is to fund transitional costs in setting up NRWDI.

18. Approval of the year ended 31 March 2016 financials

The Financial Statements for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 were simultaneously approved on 27 July 2017. The Financial Statements for the year ended 31 March 2017 should be referred to for a more up to date understanding of the financial position, financial performance and cash flows of the Institute.

2014/15 Commentary and Financial Information

Directors' responsibility and approval

In terms of the NRWDI Act, No. 53 of 2008, and the PFMA, the Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Financial Statements fairly present the state of affairs of the Institute as at the end of the financial year, and the results of its operations and cash flows for the period then ended, in conformity with SA Standards of GRAP. The external auditors are engaged to express an independent opinion on the Financial Statements.

The Financial Statements are prepared in accordance with the SA Standards of GRAP and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The PFMA sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Since the Financial Statements for the year ended 31 March 2015 were not submitted to the Auditor-General of South Africa (AGSA) for regulatory auditing by the previous Board of Directors, the Financial Statements were approved simultaneously with the 2016 and 2017 Financial Statements on 27 July 2017 by the current Board of Directors, appointed in February 2017.

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

The AGSA is responsible for auditing and reporting on the Institute's Financial Statements. The Financial Statements have been examined by the AGSA and its report is presented in the Financial Statements on pages 94 to 97.

The Financial Statements, as set out on pages 98 to 114, were approved by the current Board of Directors on 27 July 2017 and were signed on its behalf by:

Mr Tshepo Mofokeng	**Mr Luvuyo Mkontwana**
Chairperson	**Deputy Chairperson**

Audit and Risk Committee report

for the year ended 31 March 2015

The ARC complied with its responsibilities, arising from Section 38(1)(a) of the Public Finance Management Act (PFMA), 1999, No. 1 of 1999, as amended, and Treasury Regulation 3.1.13.

Audit and Risk Committee membership in 2015

The members of the ARC are:
Mr Clive Kneale (Chairperson)
Mr Eric MacDonald
Mr Marothi Mathebe
Dr Margaret Mkhosi
Prof. Gordon Sibiya

The committee is satisfied that the members had the required knowledge and experience as set out in Section 14(1)(a) of the NRWDI Act. The committee plays a crucial oversight role in the entity's corporate governance activities.

Meetings held by the Audit and Risk Committee

The ARC performed its duties as required it by the NRWDI Act, which included holding meetings with key role players on a regular basis and granting unrestricted access to the external auditors.

Audit and Risk Committee responsibility

The main responsibilities of the committee, as outlined in the ARC Charter include:

- A review of the financial management processes and the adequacy of internal controls;
- A review of the Annual Financial Statements, the Annual Report and related regulatory filings before these are released to consider the accuracy and completeness of the information;
- The governance of risk and Information Technology (IT);
- Overseeing the internal and external audit functions and audit processes thereof;
- A review of NRWDI's compliance with the performance management and reporting systems; and
- Ensuring that all the disclosures and/or reporting requirements to the Board, the Shareholder, the National Treasury and the AGSA.

Summary of main activities undertaken by the ARC during the financial year under review

During the current financial year, the ARC attended to the following matters:

- The review of governance policies and frameworks;
- A review of the unaudited Annual Financial Statements for the year ended 31 March 2015;
- Monitoring of the risk management, ICT and legal processes, with reports on these issues submitted as standing items at all committee meetings; and
- Reviewed the annual budget for the year ending 31 March 2016 for the Board's consideration and approval.

The effectiveness of internal control

The committee reviewed the reports from both internal and external auditors and is satisfied that overall, the systems of internal control for the period under review were effective.

Consideration of Annual Financial Statements by Audit and Risk Committee appointed in 2017

Since the Financial Statements for the year ended 31 March 2015 were not submitted to the AGSA for regulatory auditing by the above-mentioned ARC, the Financial Statements were simultaneously approved with the 2016 and 2017 Annual Financial Statements on 27 July 2017 by the current ARC which was appointed in April 2017.

The members of the current ARC which were appointed in 2017 and which were responsible for the approval of the 2015 Annual Financial Statements and the contents of the subsequent paragraphs of this report are Mr Luvuyo Mkontwana (Chairperson) and Mr Lebohang Sam Moleko.

Evaluation of the audited Annual Financial Statements

The ARC reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report in consultation with Senior Management and the AGSA, and noted the AGSA's Management Report and Management's response thereto.

Auditor-General of South Africa

The ARC noted and accepted the AGSA's Management Report conclusions on the audited Financial Statements and is of the opinion that the Annual Financial Statements should be accepted and read together with the AGSA's final Management Report.

Conclusion

According to the report from the AGSA on the review of the Financial Statements, and the AGSA's final Management Report for the year ended 31 March 2015, the ARC noted that significant or material non-compliance with the prescribed policies and procedures which have been reported. The committee further noted and acknowledged the significant progress made by Management with regard to the above matters, at the time of consideration of the reports on 27 July 2017.

Accordingly, the committee recommended the submission of the Annual Financial Statements.

Mr Luvuyo Mkontwana
Chairperson: Audit and Risk Committee

Director's report

The Directors hereby submit their report on the Annual Financial Statements of the National Radioactive Waste Disposal Institute for the year ended 31 March 2015.

Formation

The entity was formed in terms of the NRWDI Act, No. 53 of 2008, and commenced operations on 1 April 2014.

Review of financial results and activities

The Annual Financial Statements have been prepared in accordance with the SA Standards of GRAP, the requirements of the NRWDI Act, the PFMA and relevant Treasury Regulations.

Full details of the financial position, results of operations and cash flows of the Institute are set out in the Annual Financial Statements.

Directors

The Directors in office at the date of this report on 31 March 2015 were as follows:

Directors	Office	Designation	Changes
Prof. Gordon Sibiya	Board Chairperson	Delegated Executive role	
Mr Eric MacDonald	Deputy Chairperson	Non-executive	
Dr Barry Kistnasamy		Non-executive	
Mr Clive Kneale		Non-executive	
Dr Tshakane Tshepe		Non-executive	
Ms Queen Gopo		Non-executive	
Mr Marothi Mathebe		Non-executive	
Dr Margaret Mkhosi		Non-executive	
Ms N Cobbinah		Non-executive	Resigned 31 August 2014

The Directors in office at the date of approval of this report on 27 July 2017 are as follows:

Directors	Office	Designation	Changes
Mr Tshepo Mofokeng	Board Chairperson	Delegated executive role	
Mr Luvuyo Mkontwana	Deputy Chairperson	Non-executive	
Ms Mbali Ndlovu		Non-executive	
Mr Lebohang Sam Moleko		Non-executive	
Adv. Mothusi Lucas Tsineng		Non-executive	
Ms Lerato Makgae		Non-executive	
Mr Trevor Mark Gordon		Non-executive	
Dr Barry Kistnasamy		Non-executive	
Dr Wolsey Barnard		Executive (CEO)	
Mr Justin Daniel		Executive (CFO)	

Events after the reporting period

The Directors are not aware of any material events, which occurred after the reporting date and up to the date of this report.

Going concern

The current Directors noted that the entity had adequate financial resources as at 31 March 2015 to continue its operation for the 2016 financial year provided that it did not incur expenditure in excess of its available cash flow. It is on this basis that the current Board of Directors accepted that the Annual Financial Statements be prepared on a going-concern basis.

Auditors

Auditor-General of South Africa.

Vacancies

The following positions were vacant during the current financial year:

- Chief Executive Officer;
- Chief Financial Officer; and
- Key staff.

Surplus funds

A total amount of R19,800,000 in the form of a government grant was allocated by National Treasury for NRWDI establishment operations for 2014/15. For 2015/16, NRWDI requested the Department of Energy to rollover the 2014/15 surplus funds into the 2015/16 financial period.

Report of the Auditor-General to Parliament on the National Radioactive Waste Disposal Institute

Report on the audit of the Financial Statements

Opinion

1. I have audited the Financial Statements of the National Radioactive Waste Disposal Institute (the public entity) set out on pages 98 to 114, which comprise the Statement of Financial Position as at 31 March 2015, and the Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flows for the year then ended, 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 National Radioactive Waste Disposal Institute as at 31 March 2015, and their financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, No. 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the Financial Statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with 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 code.

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 the SA Statements 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 there is an intention by the Accounting Authority either to liquidate the public entity or to cease operations, or there is 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 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 the 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 the 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, No. 25 of 2004 (PAA), and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. I am unable to audit and report on the usefulness and reliability of the performance information as the annual performance report of NRWDI was not prepared as required by Section 55(2)(a) of the PFMA.

Report on audit of compliance with legislation

Introduction and scope

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

13. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Expenditure management

14. Effective steps were not taken to prevent irregular expenditure amounting to R828,648 as disclosed in Note 21 to the Annual Financial Statements, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the public entity not obtaining the required quotations and following appropriate supply chain management procedures in its procurement of goods and services.

Procurement and contract management

15. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements. As NRWDI could not provide us with the necessary supporting documentation.

Annual Financial Statements, performance and Annual Report

16. The Accounting Authority did not submit the Financial Statements for auditing within two months after the end of the financial year as required by Section 55(1)(c) of the PFMA.

Strategic planning and performance management

17. The strategic plan for 31 July 2015 was not approved by the Minister of Energy, as required by Treasury Regulation 30.1.1.

Other information

18. The National Radioactive Waste Disposal Institute's Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the Financial Statements and the auditor's report thereon.

19. My opinion on the Financial Statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

20. 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, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

21. I considered internal control relevant to my audit of the Financial Statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the management letter and the findings on compliance with legislation included in this report.

Leadership

Oversight responsibility

22. Effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity was not provided resulting in non-compliance with supply chain management regulations for certain expenditure. Numerous Directors resigned in the 2017 financial year, resulting in the Board acting with diminished capacity until the appointment of additional Directors with effect from 1 February 2017, and as a result the Board could not effectively monitor performance reporting, compliance with laws and regulations and internal control.

Financial and performance management

Compliance monitoring

23. Effective steps were not taken to review and monitor compliance with applicable legislation. Effective steps were not taken to prevent irregular expenditure, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the public entity not obtaining the required quotations and following appropriate supply chain management procedures in its procurement of goods and services.

24. There is no evidence that a strategic plan for 2014/15 was submitted to the executive authority for approval as required by Treasury Regulation TR30.1.1.

Auditor-General

Pretoria
31 July 2017

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 judgment and maintain professional scepticism throughout my audit of the Financial Statements 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 the 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 related to events or conditions that may cast significant doubt on the National Radioactive Waste Disposal Institute's ability 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 the opinion on the Financial Statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease to continue as a going concern.
   - evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and 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 here applicable, related safeguards.

Statement of Financial Position as at 31 March 2015

	Note(s)	2015 R
Assets		
Non-current assets		
Property, plant and equipment	3	225,698
Current assets		
Trade and other receivables	4	124,375
Cash and cash equivalents	5	17,787,146
		17,911,521
Total assets		**18,137,219**
Equity and liabilities		
Equity		
Retained earnings		17,274,186
Current liabilities		
Trade and other payables	6	863,033
Total equity and liabilities		**18,137,219**

Statement of Financial Performance for the year ended 31 March 2015

	Note(s)	2015 R
Revenue		
Revenue from non-exchange transactions		
Government grants		19,800,000
Revenue from exchange transactions		
Interest received	11	1,079,921
Expenditure		
Advertising		141,014
Consulting fees		4,667
Depreciation		2,267
Emoluments – Directors		1,823,379
Entertainment		-
Lease rental on operating lease		20,690
Legal expense		-
Contracted-out services		316,584
Postage		2,455
Printing and stationery		26,801
Salaries		67,445
Telephone and fax		2,866
Training		153,649
Travel – local		215,775
Travel – overseas		828,140
		3,605,732
Surplus/(deficit) for the year		**17,274,189**

Statement of Changes in Net Assets for the year ended 31 March 2015

	Retained earnings R	Total R
Balance at 1 April 2014		
Total comprehensive income for the year		
Surplus for the year	17,274,186	17,274,186
Total comprehensive income for the year	17,274,186	17,274,186
Balance at 31 March 2015	**17,274,186**	**17,274,186**

Statement of Cash Flows for the year ended 31 March 2015

	Note(s)	2015 R
Cash flows from operating activities		
Government grant		19,800,000
Income from investments		1,079,921
Receipts		**20,879,921**
Director, employee and committee costs		(1,890,824)
Suppliers		(973,985)
Payments		**(2,864,809)**
Net cash from operating activities	13	**18,015,111**
Property, plant and equipment acquired		(227,965)
Total cash movement for the year		17,787,146
Total cash at the end of the year	5	**17,787,146**

Notes to the Annual Financial Statements

for the year ended 31 March 2015

Accounting policies

1. Basis of preparation

The Annual Financial Statements have been prepared in accordance with the effective South African SA Standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (PFMA), No. 1 of 1999.

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The Annual Financial Statements have been prepared on the going-concern basis. All accounting policies have been consistently applied to all the periods presented.

The preparation of Financial Statements in conformity with GRAP requires the use of certain critical financial accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies.

A summary of significant accounting policies are set out below.

1.1 Significant judgments and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts presented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments include:

Property, plant and equipment

For the financial period under review, management applied judgment in determining the extended useful lives of fixed assets in terms of GRAP 17.

1.2 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

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

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

Accounting policies (continued)

1. Basis of preparation (continued)

1.2 Property, plant and equipment (continued)

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

Item	Range of useful lives
Furniture and fixtures	10 years
IT equipment	5 years

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

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

1.3 Financial instruments

Initial recognition and measurement
Financial instruments are recognised initially when the Institute becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Regular purchases and sales of investments are recognised on trade date, i.e. the date on which the Group commits to purchase or sell the asset.

Subsequent measurement
Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Institute establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

1. Basis of preparation (continued)

1.3 Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Loans to shareholders, Directors, Managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Trade and other receivables (excluding pre-payments, deposits and VAT receivable) are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Institute has transferred substantially all risks and rewards of ownership.

1.4 Tax expenses

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, No. 58 of 1962.

1.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

1. Basis of preparation (continued)

1.5 Leases (continued)

Operating leases – lessee

Lease payments under an operating lease shall be recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term unless another systematic basis is more representative.

1.6 Budget information

The budget has been prepared on the accrual basis in line with the preparation of the Annual Financial Statements. The budget period is from 1 April 2015 to 31 March 2016.

1.7 Commitments

Commitments represent the orders issued to suppliers that have been approved, but where no delivery has taken place as at year-end. Commitments are not recognised in the Statement of Financial Position as a liability or assets but are included in the disclosure notes.

1.8 Provisions and contingencies

Provisions are recognised when:

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Contingent liability

A possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

Contingent assets and contingent liabilities are not recognised but disclosed in the notes to the Annual Financial Statements.

Contingent assets and contingent liabilities are not recognised.

Notes to the Annual Financial Statements (continued)

Accounting policies (continued)

1. Basis of preparation (continued)

1.9 Revenue

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

Revenue from exchange transactions

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 or services to the other party in exchange. Revenue from exchange transactions is comprised of regulated and non-regulated commercial revenue.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the interest rate applicable.

Project income received is recognised together with the respective expenses in the Statement of Financial Performance.

Revenue from non-exchange transactions

Revenue from non-exchange transactions comprises government grants. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is 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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with 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.

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 event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting policies (continued)

1. Basis of preparation (continued)

1.10 Related parties

All transactions and balances with national departments of government and state-controlled entities are regarded as related party transactions and are disclosed separately in the Notes to the Financial Statements (refer Note 16).

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

Only transactions not within the normal supplier and/or client/recipient relationship 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 where terms and conditions not within the normal operating parameters established by the reporting entity's legal mandate are disclosed.

1.11 Unauthorised, irregular and fruitless and wasteful expenditure

Unauthorised expenditure is an overspending of the budget or expenditure which is not in accordance with the purpose of the budget.

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- the Public Finance Management Act (PFMA), No. 1 of 1999, as amended by Act No. 29 of 1999;
- the State Tender Board Act, No. 86 of 1968; or any regulation made in terms of the Act; and
- the National Radioactive Waste Disposal Institute Act, No. 53 of 2008.

Fruitless and wasteful expenditure means expenditure incurred in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

All unauthorised, irregular, fruitless or wasteful expenditure is charged against surplus or deficit in the period it was incurred.

2. Standards issued but not yet effective

Due to it being the first year of reporting, new standards adopted are not relevant and no new standards not yet effective will have a significant impact on the Financial Statements.

Notes to the Annual Financial Statements (continued)

3. Property, plant and equipment

	2015		
	Cost R	Accumulated depreciation R	Carrying value R
Owned assets			
Office equipment	145,803	(1,066)	144,737
IT equipment	82,162	(1,201)	80,961
	227,965	**(2,267)**	**225,698**

The carrying amounts of property, plant and equipment for 2015 can be reconciled as follows:

	2015		
	Additions R	Depreciation R	Total R
Owned assets			
Office equipment	145,803	(1,066)	144,737
IT equipment	82,162	(1,201)	80,961
	227,965	**(2,267)**	**225,698**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

	2015 R
4. Receivables	
Other receivables	108,833
Deposits	15,542
	124,375
Other receivables	
Other receivables are made up as follows:	
- Other suppliers	54,252
- Directors	54,581
Fair value of trade and other receivables	
Trade and other receivables	124,375
5. Cash and cash equivalents	
Cash and cash equivalents consist of:	
Other cash and cash equivalents	17,787,146

Funds are held within a separate bank account by the South African Nuclear Energy Corporation and controlled on behalf of the Institute.

	2015 R
6. Payables	
PAYE	456,705
Other accrued expenses	406,326
	863,031
Fair value of trade and other payables	
Trade payables	863,031

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	2015	
	Fair value through profit or loss – held for trading R	Total R
Cash and cash equivalents	17,787,146	17,787,146

8. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	2015	
	Financial liabilities at amortised cost R	Total R
Trade and other payables	863,0319	863,031

	2015 R
9. Revenue	
Unconditional government grants	19,800,000

The funds of the Institute consist of money appropriated by Parliament through National Treasury for transitional arrangements of the Institute.

Notes to the Annual Financial Statements (continued)

	2015 R
10. Operating surplus	
Operating surplus for the year is stated after accounting for the following:	
Operating lease charges	
Premises	
Contractual amounts	15, 539
Depreciation on property, plant and equipment	2,267
Employee costs	67,445
11. Investment revenue	
Interest revenue	1,079,921
Bank	-
Total	**1,079,921**
12. Operating lease	
The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:	
i) R74,119 in the following financial year;	
ii) R65,756 in years two to five; and	
iii) R0 in years later than five years.	
13. Cash generated from operations	
Surplus/(deficit)	17,274,189
Adjustments for:	
Depreciation and amortisation	2,267
Receivables	(124,375)
Payables	863,031
Total	**18,015,112**

14. Commitments

Procurement commitments

The Institute has already contracted for the provision of business and HR services, office management, secretarial, administration, procurement, financial systems, Board staff training and various transitional services for the 2015/16 financial year to the value of R6,831,912.

15. Contingencies

There are no reimbursements from any third parties for potential obligations of the Institute, except for refunds due from suppliers and Directors as per other receivables.

16. Related parties

Relationships

Shareholder	Department of Energy
Transactions with shareholders	NRWDI receives funds from a variety of sources, including a Parliamentary grant provided through National Treasury. The R19.8 million seed-fund was received through National Treasury for establishment.

	2015 R
Related party balances	
Cash held on behalf of the Institute by:	
The South African Nuclear Energy Corporation SOC Ltd	17,787,146
Amounts included in trade and other receivables regarding related parties	
The South African Nuclear Energy Corporation SOC Ltd	15,542
Amounts included in Trade and other payables regarding related parties	
The South African Nuclear Energy Corporation SOC Ltd	404,177
The South African Revenue Services	456,705
The following is a summary of transactions with related parties during the year and balances due at year-end:	
National public entities	
Services received	337,274

Notes to the Annual Financial Statements (continued)

17. Directors' and committee member's emoluments

	2015			
	Running cost R	Training R	Remuneration R	Total R
Executive				
Prof. Gordon Sibiya	50,607	-	1,336,902	1,387,509
Prof. Gordon Sibiya is delegated by the Board in terms of Sections 15(1) and 7(3) of the NRWDI Act to conduct establishment functions of the Institute in the absence of management and admin staff at NRWDI.				
Non-executive				
Mr Eric MacDonald	13,106	-	78,080	91,186
Mr Clive Kneale	12,165	-	113,165	125,330
Ms Queen Gopo	29,265	-	48,672	77,937
Dr Barry Kistnasamy	5,653	-	-	5,653
	60,188	-	239,917	300,105
Directors are remunerated in accordance with the National Treasury rates and the NRWDI Remuneration Policy and Procedure for Directors for meetings attended and other attendances and services pertaining to the general business of the Institute.				
Committee members				
N Cobbinah	5,117	-	254,464	259,581
Total	**115,912**	**-**	**1,831,283**	**1,947,195**

Ms N Cobbinah resigned as a Director on 31 August 2014. She is still Chairperson of the Technical Committee.

Notes to the Annual Financial Statements (continued)

18. Comparative figures

No comparative figures have been presented as these are the first Annual Financial Statements of the Institute.

19. Risk management

Financial risk management

Liquidity risk

The Institute's risk to liquidity is a result of the funds available to cover future commitments. The Institute manages liquidity risk through an ongoing review of future commitments.

Interest rate risk

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Institute only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The Institute did not have any financial assets exposed to significant credit risk at year-end.

20. Events after the reporting period

Management is not aware of any matter or circumstance arising since the end of the financial period.

21. Public Finance Management Act

Material losses

No material losses through criminal conduct, irregular, unauthorised, fruitless and wasteful expenditure was incurred during the period ended 31 March 2015.

Fruitless and wasteful expenditure

The overpayment of Directors to the value of R54,581 constitutes fruitless and wasteful expenditure as per the PFMA and Treasury Regulations. The Institute is in the process of recovering these over-payments.

Notes to the Annual Financial Statements (continued)

21. Public Finance Management Act (continued)

Irregular expenditure

During the period under review, management detected the following irregular expenditure:

	2015 R
Opening balance	-
Add: Irregular expenditure – current year	828,648
- Training	118,858
- S&T overseas	530,851
- Workshops/conferences	34,791
- Capex	144,148
Less: Irregular expenditure condoned	-
Closing balance	**828,648**
Analysis of awaiting condonation amounts per age classification	
Current year	828,648
Prior years	-
Total	**828,648**

Details of irregular expenditure

Incident	**Disciplinary steps taken/criminal proceedings**	
Procurement process not followed	Disciplinary steps will be taken, if necessary, pending the outcomes of the investigation.	828,648
Total		**828,648**

22. Budget

A total amount of R19,800,000 in the form of a government grant was allocated by National Treasury for NRWDI establishment operations for 2014/15. Due to the first year of establishment and the establishment purpose of the grant received, there is no Statement of Comparison of Budget and Actual Amounts. For 2015/16, NRWDI has requested the Department of Energy to roll-over the 2014/15 surplus to the 2015/16 financial period. The purpose of the budget allocated, is to fund transitional costs in setting up NRWDI.

23. Approval of the year ended 31 March 2015 financials

The Financial Statements for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 were simultaneously approved on 27 July 2017. The Financial Statements for the year ended 31 March 2017 should be referred to for a more up to date understanding of the financial position, financial performance and cash flows of the Institute.

NRWDI
NATIONAL RADIOACTIVE WASTE DISPOSAL INSTITUTE

Building X, Necsa Offices
Elias Motsoaledi Street Extension
(Church Street West)
R104 Pelindaba
North West
0240

Private Bag X1
Pretoria
0001
Gauteng

012 305 3222
info@nrwdi.org.za
www.nrwdi.org.za

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