

The Budgetary Review and Recommendation Report (2020/21) of the Portfolio Committee on Sport, Arts and Culture on the Performance of the National Department and Its Entities, Dated 30 November 2021

The Portfolio Committee on Sports, Arts and Culture ("Committee"), having considered the performance of the Department of Sport, Arts and Culture (DSAC or "Department") for the 2020/21 financial year, reports as follows:

1. INTRODUCTION

On the 8 May 2019, South Africa held general elections to elect a new National Assembly (NA) and provincial legislatures in each province. These elections ushered in the sixth administration under the leadership of President MC Ramaphosa. In late May 2019, Cabinet announced the reconfiguration of Government to promote coherence, better coordination and improve efficiency. This included a merger between the Ministries of Sport and Recreation and of Arts and Culture. This merger was undertaken to strengthen the drive to transform society and unite the country through sport, arts and culture. The two former departments now drive and complement in a combined effort to implement Government's Outcome 14 programme of social cohesion and nation building, an outcome that both departments had previously contributed to. This reconfiguration of Government was done to ensure that departments are fit for purpose and sensitive to the austerity measures driving the programmes of the sixth administration. The merger between the two departments has been effective from 1 April 2020, and gave rise to the Department of Sport, Arts and Culture. The 2020/21 financial year is thus the first for the newly formed Department.

In the midst of establishing a new Department, the World Health Organization (WHO) declared the novel coronavirus (COVID-19) outbreak a global pandemic on 11 March 2020. Subsequent to this announcement, a number of phased lockdowns were domestically implemented through the Disaster Management Act (No. 57 of 2002) to curb the spread of the virus. Interventions introduced placed immense strain on the sport, arts and culture (SAC) sectors.

The initial abrupt restrictions on movement, closure of sporting and entertainment venues, and the practice of physical distancing meant radical disruptions to the sectors to continue to function as they had in the pre-pandemic period. By their nature, many constituent parts of the sectors necessitate the congregation of large groups of unrelated people, often in close proximity. As a result of interventions implemented, the sectors and their practitioners have experienced significant setbacks from COVID-19. The global coronavirus (COVID-19) pandemic continues to negatively impact the SAC sectors.

Due to the economic impact of the global COVID-19 pandemic, two budget adjustments were effected by National Treasury for the 2020/21 financial year. In June 2020, the Minister of Finance tabled the special adjustments budget which aimed to set out a roadmap to stabilise debt, by improving spending patterns, and creating a foundation for economic revival. As a result, Annual Performance Plans (APPs) were revised and tabled thereafter. The DSAC tabled an addendum to the 2020/21 Annual Performance Plan (APP) in July 2020. The special adjustments budget saw the DSAC's R5.7 billion budget reduced by R965.3 million.

In October 2020, the Minister of Finance tabled the second adjustments budget together with the Medium-Term Budget Policy Statement (MTBPS). This saw an update adjustment of the Department's budget by R555.9 million to a total adjusted appropriation of R5.3 billion.

The extraordinary measures taken allowed for the establishment of an economic recovery stimulus package that made provision for job creation and retention. The introduction of, firstly the COVID-19 Relief Funds and secondly, the Presidential Employment Stimulus Programme (PESP), attempted to mitigate the negative impact of the COVID-19 pandemic on the SAC sectors.

The changes in lockdown levels have seen the relaxation of restrictions. Despite this, the situation of the SAC sector has not significantly improved. The consequences of the necessary restrictions include overall scaling down of services relating to the Department's service delivery mandate, stalling of projects that were already underway; challenges in the filling of vacancies; delays in achieving planned medium-term outcomes; insufficient preparation time for SAC sector practitioners to perform/compete internationally; and economic privation and financial distress for professional athletes and artists.

1.1 Mandate of the Portfolio Committee

The Committee is mandated by the Constitution and the Rules of Parliament to oversee the activities and performance of the Department and the entities that report to it. Furthermore, the Committee must consider, amend and/or initiate legislation; consider international agreements and provide a platform for the public to participate and present views on issues and/or legislation specific to the sport, arts and culture sectors.

To enhance Parliament's oversight role, the Money Bills Amendment Procedure and Related Matters (Money Bills) Act (No. 9 of 2009) was promulgated to provide Parliament with a procedure to make recommendations to the Minister of Finance to amend the budget of a national department. A key provision of this Act is that Portfolio Committees must annually compile Budgetary Review and Recommendation (BRR) Reports. These BRR Reports provide an assessment of service delivery performance given available resources; evaluates the effective and efficient use of resources; and may make recommendations on the forward use of resources. The BRR Reports also acts as a mechanism to measure service delivery and identify areas that require urgent intervention. The BRR Reports are also source documents for the Committees on Appropriations when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS).

1.2 Purpose of and method to develop the 2021 Budgetary Review and Recommendation Report of the Portfolio Committee on Sport, Arts and Culture

The purpose of the BRR Report is to account, in accordance with the National Assembly (NA) Rules 339 and 340, for work done by the Committee in considering the 2020/21 Annual Reports of the Department and entities, which were tabled in accordance with Section 40(1) of the Public Finance Management Act (PFMA) (No. 1 of 1999) and referred by the Speaker to the Committee for consideration and report.

In preparation for the BRR Report, the Committee considered the Department and entities' prevailing Strategic Plans, the 2020/21 budget allocations and Annual Performance Plans, the quarterly performance and expenditure trends, and conducted oversight by having briefings on specific initiatives and programmes, which included site visits.

On 09 November 2021, the Committee invited the Auditor-General of South Africa (AG) to explain the 2020/21 audit outcomes of the Department and the entities, and considered the Department's 2020/21 Annual Report on 19 November 2021.

1.3 Relevant policy documents

Sport, arts and culture are considered fundamental to social cohesion and nation-building. The White Paper on Arts and Culture was introduced in 1996 created an environment conducive to promoting, protecting and realising the full potential of South Africa's Cultural and Creative Industries through transforming the sector, recognising the rights and status of all practitioners, and integrating the sector into all aspects of socio-economic development.

In August 2018, Cabinet approved a new White Paper on Arts, Culture and Heritage which revokes elements of the 1996 White Paper. It is a culmination of the review of the 1996 White Paper, which appreciated the achievements in all the facets of arts, culture and heritage and reflected on areas that remained a challenge in advancing nation-building and social cohesion. The White Paper aims for a dynamic, vibrant and transformed South African arts, culture and heritage sector that will contribute towards nation-building, social cohesion and socio-economic inclusion.

The White Paper on Sport and Recreation for the Republic of South Africa (2011) is the third in a series of official policies on sport and recreation since the establishment of the democratic Government in 1994. Its purpose is to transform the delivery of sport and recreation by ensuring equitable access, development and excellence at all levels of participation and to harness the socio-economic contributions that can create a better life for all South Africans.

Both policy documents recognise the potential economic and social benefits of the sectors. The Department notes in its 2020 – 2025 Strategic Plan that two White Papers will have to be checked to ensure that they do not contradict in any way the extension of the mandate of the Ministry of Sport, Arts and Culture.

1.4 Response to previous financial recommendations of the Portfolio Committee on Sport, Arts and Culture

The Committee's BRR Report did not make any recommendations relating to the National Treasury. As such the National Treasury's 2021 Budget Review does not contain any responses from the Minister of Finance.

2. SUMMARY OF PREVIOUS KEY FINANCIAL AND PERFORMANCE RECOMMENDATIONS OF THE COMMITTEE

2.1 2020 BRR Report recommendations

- 2.1.1 The Department and its entities should ensure that they improve on the quality of performance reports submitted for auditing purposes.
- 2.1.2 The Department and its entities should develop adequate action plans to address key deficiencies that need to be shared with the Committee in order to ensure effective oversight on the implementation of the AG's recommendations.
- 2.1.3 Improved oversight and monitoring functions over the work of the public entities to ensure that all newly boards/councils are held to account for the governance and performance of their respective entities.
- 2.1.4 Furnish the Committee with a comprehensive progress report on disciplinary processes brought against officials who have failed to comply with legislation.
- 2.1.5 There must be timely investigations of reported irregular expenditure, fruitless and wasteful expenditure and allegations of financial misconduct and disciplinary actions taken against those found responsible.
- 2.1.6 Accounting officers/ authorities must ensure that disciplinary actions are taken against staff that transgressed procurement regulations.
- 2.1.7 Accounting officers/ authorities must enhance action plan to address repeat findings.
- 2.1.8 Internal audit units and audit committees must monitor implementation of action plan.
- 2.1.9 Accounting officers/ authorities should ensure procurement delays and proper project management are addressed.
- 2.1.10 Preventative controls should be strengthened to ensure no irregular/fruitless and wasteful expenditure is incurred.
- 2.1.11 SCM training to ensure understanding and application of legislation.

2.2 Summary of selected 2020/21 Committee Budget Vote 37 Report Recommendations

The following is a selecting of recommendations made to the Minister:

- 2.2.1 Organisational stability and human resources: The Department should provide the Committee with regular updates on the filling of vacancies to ensure that service delivery happens effectively.
- 2.2.2 Support for sector practitioners in light of the COVID-19 pandemic: The Department should look into providing more capacity building opportunities for artists.
- 2.2.3 The Minister should continue to monitor the work of Cricket South Africa (CSA) and the South African Sports Confederation and Olympic Committee (SASCOC) given the challenges the organisations have been facing.
- 2.2.4 The Robben Island Museum (RIM), a public entity which accounts to the Department, should look creatively at generating revenue through alternate means through specifically focusing on marketing to promote the Island.
- 2.2.5 Development of boxing nationally: The Committee would like to see the roll out of boxing development and tournaments throughout the country, especially in rural areas.
- 2.2.6 Doping in school sports: With the assistance from the Department through school sport and community sport programmes, South African Institute for Drug-Free Sports (SAIDS) must consider reaching out to townships and rural areas to implement the anti-doping education projects specific to youth sports and this point was raised in the previous financial years.

3. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

3.1 Mandate of the Department

The mandate and/or function of the DSAC is derived from the Constitution of the Republic of South Africa (the "Constitution"), including the Preamble and Founding Provisions, and in sections 16(1) and 32 which respectively deal with the rights pertaining to freedom of expression and access to information. Further, the Constitution affirms the democratic values of human dignity and equality. In

line with these Constitutional imperatives, the national Department has been assigned the powers and functions to develop and implement national policies and programmes relating to sport, arts, culture, heritage and recreation in the country.

3.2 Strategic objectives

The 2019-2024 Medium-Term Strategic Framework (MTSF) represents the second five-year phase of implementation of the National Development Plan: Vision 2030 (NDP) which commits Government to 14 key outcomes. The Department is responsible for coordination the implementation of Outcome 14 of the NDP, 'a diverse, socially cohesive society with a common national identity'. Accordingly, the Department's ongoing and principal objective is to provide an enabling environment to cultivate an active, creative, winning and socially cohesive nation.

Government has committed to the seven priorities in the NDP five-year implementation plan over the MTSF. These priorities are economic transformation and job creation; education, skills and health; consolidating the social wage through reliable and quality basic services; spatial integration, human settlements and local government; social cohesion and safe communities; a capable, ethical and developmental state; and a better Africa and world.

As such, the Department's Strategic Plan which outlines five outcomes which will see efforts and resources are thus directed toward achieving a transformed, active, creative and winning nation. These outcomes are linked to the priorities of Government as set out below:

Table 1: Link between Department of Sport, Arts and Culture outcomes and Government priorities

| DSAC Outcomes | Government Priorities |
|---|---|
| Outcome 1: Increased market share of and job opportunities created in sport, cultural and creative industries | Economic transformation and job creation |
| Outcome 2: A diverse, socially cohesive society with a common national identity | Social cohesion and safe communities |
| Outcome 3: Transformed, capable and professional SAC Sector | Education, skills and health |
| Outcome 4: Integrated and accessible SAC infrastructure and information | Spatial integration, human settlements and local government |
| Outcome 5: Compliant and responsive governance | Building a capable, ethical and developmental State |

The Department is mandated to develop and implement national policies and programmes relating to SAC in the country. This means that the Department needs to provide leadership to the SAC sector to accelerate its transformation; oversee the development and management of sport, arts and culture in South Africa; legislate on sports participation, sports infrastructure and safety; improve South Africa's international ranking in selected sports through a partnership with the SASCOC; preserve, develop, protect and promote the cultural, heritage, and linguistic diversity and legacy of South Africa; lead nation building and social cohesion through social transformation; enhance archives and records management structures and systems; and promote access to information.

The Department is responsible for administering 22 pieces of legislation and overseeing 27 public entities. The Committee oversees both the Department and its entities. The sector focus for the public entities reporting to the Department include Development (Funding) Bodies; Performing Arts Institutions; Museums; Heritage; Libraries; Language; Professional Boxing; and Drug-Free Sport.

4. OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 01 APRIL 2020 TO 31 MARCH 2021

This section of the report provides an overview and analysis of funds appropriated, the rate of predetermined objectives achieved, and human resources as at 31 March 2021.

4.1 Financial performance

For the 2020/21 financial year, the total budget allocation is R5.7 billion. Due to economic constraints, the Department experienced baseline reductions during the first budget adjustment. At the end of the financial year the Department had received R5.3 billion of its annual appropriation. Of this amount,

R5.2 billion was spent and R135 222 million, or 2.5%, of voted funds was not spent. These funds will be surrendered to the National Revenue Fund.

Table 2: Department of Sport, Arts and Culture 2020/21 Expenditure by Programme and Economic Classification

| | Final appropriation | Actual expenditure | Variance | Expenditure as % of final appropriation |
|---|---------------------|--------------------|----------------|---|
| R'000 | | | | |
| Programme | | | | |
| 1. Administration | 493 553 | 485 287 | 8 266 | 98.3% |
| 2. Recreation Development and Sport Promotion | 1 055 949 | 982 787 | 73 162 | 93.1% |
| 3. Arts and Culture Promotion and Development | 1 599 737 | 1 562 857 | 36 880 | 97.7% |
| 4. Heritage Promotion and Preservation | 2 161 499 | 2 144 585 | 16 914 | 99.2% |
| TOTAL | 5 310 738 | 5 175 516 | 135 222 | 97.5% |
| Economic classification | | | | |
| Current payments | 863 935 | 796 198 | 67 737 | 92.2% |
| Transfers and subsidies | 4 342 852 | 4 284 850 | 58 002 | 98.7% |
| Payments for capital assets | 103 937 | 94 454 | 9 483 | 90.9% |
| Payments for financial assets | 14 | 14 | 0 | 100.0% |
| TOTAL | 5 310 738 | 5 175 516 | 135 222 | 97.5% |

The Department's budget funds four programmes; namely Programme 1: Administration; Programme 2: Recreational Development and Sport Promotion; Programme 3: Arts and Culture Promotion and Development; and Programme 4: Heritage Promotion and Preservation. Collectively, Programmes 2 to 4 received 90.7% of the Department's total budget allocation.

In terms of the economic classification, the Department's expenditure comprised of mainly transfers and subsidies (81.8%), current payments (operational expenses) (16.3%), and payments of capital and financial assets (1.9%).

4.1.1 Transfers to entities

As noted earlier, 27 entities report to the Department. The table below, based on available data, clearly shows that most of the entities are greatly dependent on the annual government subsidy which the Department transfers to them.

Table 3: Transfers to entities

| Entity | 2020/21 | | |
|--|------------|---------------|--|
| R'000 | DSAC Grant | Total Revenue | DSAC grant as a percentage of the entity's revenue |
| <i>Development (Funding) Bodies</i> | | | |
| National Arts Council | 120 329 | 122 129 | 98.5% |
| National Film and Video Foundation | 137 170 | 189 713 | 72.3% |
| <i>Performing Arts Institutions</i> | | | |
| Artscape | 65 269 | 81 250 | 80.3% |
| Market Theatre Foundation | 48 191 | 67 289 | 71.6% |
| Performing Arts Centre of the Free State | 46 883 | 51 378 | 91.4% |
| The Playhouse Company | 49 634 | 66 262 | 74.9% |

| Entity | 2020/21 | | |
|---|------------|---------------|--|
| R'000 | DSAC Grant | Total Revenue | DSAC grant as a percentage of the entity's revenue |
| South African State Theatre | 59 790 | 123 087 | 48.6% |
| <i>Museums</i> | | | |
| Afrikaanse Taalmuseum & -monument | 10 829 | 12 306 | 88.0% |
| Ditsong Museums of South Africa | 92 708 | 146 168 | 63.4% |
| Freedom Park | 92 753 | 98 768 | 93.9% |
| Iziko Museums of South Africa | 88 153 | 164 428 | 53.6% |
| KwaZulu-Natal Museum | 35 228 | 50 668 | 69.5% |
| Luthuli Museum | 14 631 | 15 009 | 97.5% |
| National Museum | 51 316 | 60 262 | 85.1% |
| Nelson Mandela Museum | 32 288 | 35 560 | 90.8% |
| Robben Island Museum | 80 829 | - | - |
| Amazwi South Africa Museum of Literature | 12 606 | 15 627 | 80.7% |
| uMsunduzi Museum | 18 931 | 19 864 | 95.3% |
| War Museum of the Boer Republics | 13 906 | 16 743 | 83.0% |
| William Humphreys Art Gallery | 9 144 | 16 930 | 54.0% |
| <i>Heritage</i> | | | |
| National Heritage Council | 66 968 | 68 492 | 97.8% |
| South African Heritage Resources Agency (SAHRA) | 73 261 | - | - |
| <i>Libraries</i> | | | |
| National Library of South Africa | 102 747 | 153 505 | 66.9% |
| South African Library for the Blind | 23 365 | 36 641 | 63.8% |
| <i>Language</i> | | | |
| Pan South African Language Board (PanSALB) | 109 344 | 122 636 | 89.2% |
| <i>Professional Boxing</i> | | | |
| Boxing South Africa | 18 041 | 21 433 | 84.2% |
| <i>Drug-Free Sport</i> | | | |
| South African Institute for Drug-Free Sport | 28 283 | 28 897 | 97.9% |

Source: National Treasury, Adjusted Estimates of National Expenditure (2020); entities' 2020/21 Annual Reports

4.1.2 Underspending per programme

Detailed explanations given by the Department of underspending per programme are outlined below.

Table 4: Detail of unspent funds per programme

| Programme | Reason(s) for underspending |
|---|---|
| Programme 1: Administration | The underspending of R8.3 million relates to critical posts advertised, but the process being put on hold due to the national COVID-19 lockdown. |
| Programme 2: Recreation Development and Sport Promotion Recreation Development and Sport Promotion | An amount of R73.2 million was not spent due to: <ul style="list-style-type: none"> critical posts advertised, but the process being put on hold due to the national COVID-19 lockdown; cancellation of departmental events as a result of the lockdown, which also had an impact on travel costs; and delays in implementing presidential employment stimulus programmes for job creation through monitoring compliance with COVID-19 regulations in sport. |
| Programme 3: Arts and Culture Promotion and Development | Underspending of R36.9 million was mainly due to: <ul style="list-style-type: none"> critical posts advertised, but the process being put on hold due to the national COVID-19 lockdown; |

| Programme | Reason(s) for underspending |
|--|---|
| | <ul style="list-style-type: none"> cancellation of departmental events as a result of the lockdown, which also had an impact on travel costs; and delays in implementing public arts presidential employment stimulus programmes. |
| Programme 4: Heritage Promotion and Preservation | <p>Underspending of R16.9 million relates to:</p> <ul style="list-style-type: none"> critical posts advertised, but the process being put on hold due to the national COVID-19 lockdown; costs related to the maintenance and support of National Automated Archival Information Retrieval System (NAAIRS) system being carried by Information Technology (IT) in Programme1: Administration; council members not being able to perform their work (the work of the South African Geographic Names Council requires extensive consultation which could not happen due to the COVID-19 restrictions); and vacancies of project managers administering Community Library Conditional Grant, which also had an impact on travel costs. |

4.1.3 Unauthorised Expenditure, Irregular, and fruitless and wasteful incurred in the 2020/21 financial year

The Public Finance Management Act, 1999 (Act No. 1 of 1999) section 38(1)(c) (ii) states that the accounting officer of a department, trading entity or constitutional institution must take effective and appropriate steps to prevent unauthorised as well as irregular, fruitless and wasteful expenditure resulting from criminal conduct.

No unauthorised expenditure was incurred in the period under review.

The opening balance for irregular expenditure at the beginning of 2020/21 was R442.1 million. A further R3.8 million was incurred in the period under review. The incidents resulting in irregular expenditure are listed in the annual report. This brings the closing balance to R445.8 million. An amount of R19.4 million is under assessment.

Incidents of irregular expenditure relating to the period under review includes:

- R2.2 million in respect of prior approval of a variation not obtained from National Treasury;
- R258 000 resulting from a payment not authorised by a delegated official;
- R967 000 for splitting of award; and
- R345 000 for personal protective equipment (PPE) items procured above National Treasury approved rates.

The opening balance for fruitless and wasteful expenditure at the beginning of the financial year was R89.6 million. No fruitless and wasteful expenditure was identified during the period under review.

4.1.4 Auditor-General's report on the financial statements of the Department of Sport, Arts and Culture

The AG awarded the Department an unqualified audit opinion with findings and raised a number of matters that the Committee should explore in the presence of the Department. These include:

- Contingent liabilities: The AG notes that the Department is the defendant in various claims and lawsuits, which they are opposing. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.
- The AG evaluated the usefulness and reliability of performance information reported under Programme 3 only and did not identify any material findings on the usefulness and reliability of the reported performance information. The other budget programmes were not audited.
- Financial statements, performance reports and annual reports: The financial statements submitted for auditing were not prepared in accordance with the Modified Cash Standard (MCS) and were not supported by full and proper records as required by section 40(1)(b) of

the PFMA. The Department corrected material misstatements of disclosure items, resulting in the financial statements receiving an unqualified opinion.

- Consequence management: Investigations were not conducted into the majority of allegations of financial misconduct committed by departmental officials, as required by treasury regulation 4.1.1.
- Internal control deficiencies: Leadership did not exercise adequate oversight responsibility over financial reporting and compliance with applicable legislation. Effective preventative controls were not timely implemented. This resulted in material misstatements being identified in the submitted financial statements as well as instances of non-compliance with key legislation.
- The AG further notes, “internal audit unit referred some matters relating to legacy projects for further investigation by the Directorate for Priority Crime Investigations (Hawks)”. These investigations were still in progress when the AG’s report was concluded.

In its presentation to the Committee, the AG provided snapshot of the audit across the portfolio. The AG noted that it had completed audits of 28 auditees for the 2020/21 financial year. This includes the Department (a new auditee) and its entities. At the time of the submission of the AG’s report to the Committee, the audit for the Robben Island Museum (RIM) was still outstanding. That being said, 12 auditees (43% of the portfolio) achieved clean audits for the 2020/21 financial year. Eleven auditees (39% of the portfolio) received financially unqualified audit opinions with findings, while four auditees (14% of the portfolio) the portfolio, received financially qualified audit opinions. This represents an overall improvement in the outcomes compared to the 2019/20 financial year.

Movement in audit opinion

- Six auditees retained its clean audit, namely Kwa-Zulu Natal Museum; South African Library for the Blind; the Playhouse Company; Nelson Mandela Museum; Iziko Museums of South Africa; and Ditsong Museums of South Africa.
- Five auditees with an unqualified audit opinion with findings and one auditee with a qualified opinion improved to a clean audit in the current year. The former category includes uMsunduzi Museum; National Museum Bloemfontein; William Humphreys Art Gallery; ArtsCape Theatre; South African Institute for Drug-Free Sports (SAIDS). The National Heritage Council (NHC) improved its audit opinion from qualified to a clean audit opinion.
- Four auditees retained their unqualified with findings audit opinion, including Luthuli Museum; Market Theatre Foundation; Freedom Park; and Boxing South Africa (BSA).
- Two auditees which were qualified in the previous financial year, namely National Library of South Africa (NLSA) and the Afrikaans Taalmuseum en -monument.
- It is concerning that five entities have regressed in their audit opinions. The National Arts Council (NAC); War Museum of the Boer Republics; and the South African Heritage Resources Agency (SAHRA) regressed from a clean audit opinion to unqualified with findings. The South African State Theatre and the National Film and Video Foundation (NFVF) regressed from an unqualified with findings to qualified opinion in the period under review.
- The audit for RIM was outstanding.

Financial statements

The percentage of financially unqualified financial statements presented to the AGSA improved from 76% (13 auditees) in 2019/20 to 82% (23 auditees) in 2020/21.

Performance reports

There has been an improvement of the percentage of findings on performance reports from nine in 2019/20 to three in 2020/21. The three entities with findings on the audit of performance information include BSA; Amazwi Museum for Literature; and the Pan South African Language Board (PanSALB).

Compliance with legislation

The percentage of findings on compliance with key legislation has increased from 41% in 2019/20 to 56% in 2020/21. This signifies a downward movement in this regard for the portfolio.

4.1.5 Human Resources

The number of posts filled at the end of the financial year was 512 against 643 on the approved establishment. The Department experienced a staff turnover rate of 12.9%, due to natural attrition and the end of the intake for the 2019-2021 Internship Programme. The Department was not able to maintain a planned vacancy rate of less than 10%. The vacancy rate of 20.4% reflects funded and unfunded positions as captured and maintained in the Department's establishment.

Fifty-eight positions were advertised across all branches of the Department. Eighteen (18) have been filled i.e. two (2) Senior Management Service (SMS) members were appointed namely: Deputy-Director General: Arts and Culture Development and Promotion and Chief Director: Human Resources Management and Development. At 31 March 2021, the remainder of the advertised vacancies were at different stages of the selection process. Personnel costs for the year amounted to R333.7 million, with no expenditure on training or professional and special services.

The employee race profile for the year was 86.7% black, 3.7% coloured, 0.1% Indian, and 8.6% white. Female representation was 56.4% overall. There was zero representation at top management, 48.9% at senior management, 52.1% at the professional, specialists and mid-management level and 65.7% at the skilled technical level. People with disabilities represented 2.3% of the total headcount at the end of the 2020/21 financial year.

During the financial year, there had been a total of 11 disciplinary actions taken. All cases were related to financial misconduct/irregular expenditure. The outcomes of the 15 disciplinary hearings conducted include 10 written warnings; one final written warning/suspended without pay; and four employees were found not guilty. Final written warnings were issued to four SMS members who did not conclude performance agreements. Three grievances were lodged of which two were resolved.

4.2 Non-financial performance

The Department planned to implement and achieve 39 performance targets in the financial year 2020/21. However, 29 out of 39 (74 %) of the planned targets were achieved and 10 out of 39 (26%) were not achieved.

4.2.1 Overview of overall programme performance

The Department's Programmes, with their related achievement against the performance targets for the 2020/21 financial year, are shown in Table 5.

Table 5: The Department's programme performance for the 2020/21 financial year

| Programme | APP Targets 2020/21 | Achieved | Not Achieved | % Achieved | % Budget Spent |
|---|---------------------|-----------|--------------|--------------|----------------|
| 1: Administration | 5 | 3 | 2 | 60.0% | 98.3% |
| 2: Recreation Development and Sport Promotion Recreation Development and Sport Promotion | 12 | 10 | 2 | 83.3% | 93.1% |
| 3: Arts and Culture Promotion and Development | 16 | 10 | 6 | 62.5% | 97.7% |
| 4: Heritage Promotion and Preservation | 6 | 6 | 0 | 100.0% | 99.2% |
| TOTAL | 39 | 29 | 10 | 74.0% | 97.5% |

Programme 1: Administration

The Administration programme provides strategic leadership, management and support services to the Department. Three out of five planned targets were achieved. The following targets were not achieved:

- Number of services modernised (processes automated). It should be noted that this target was not adjusted when the COVID-adjusted APP was tabled. The target of two (2) services modernised was not achieved because the project team experienced delays in finalising specifications due to prolonged consultations with relevant stakeholders. This contributed to delays in appointing service providers.

- Percentage (100%) of invoices received from creditors paid within 30 days. The reason for deviation was that an invoice was not submitted to Supply Chain Management (SCM) on time to process payment. The invoice was subsequently paid (within 33 days instead of 30 days).

Noteworthy highlights include:

- The overachievement of enrolling 30 interns opposed to the planned number of 25; and
- Seven awareness campaigns conducted to profile the work of the Department.

Programme 2: Recreation Development and Sport Promotion Recreation Development and Sport Promotion

The purpose of this programme is to support the provision of mass participation opportunities, the development of elite athletes, and the regulation and maintenance of facilities. The indicator relating to the number of learners participating in the national school sport championships per year was discontinued. Out of the twelve targets planned, ten were achieved. The following were not achieved:

- Number of Heritage Legacy Projects implemented. This target was adjusted from three to two when the COVID-adjusted APP was tabled. The annual target could not be achieved as a result of delays in implementation of Sarah Baartman due to contractual disputes and payments. In the case of the Enyokeni Cultural Precinct, there was delay in finalising the signing of the Memorandum of Agreement (MoA) from the side of the KwaZulu-Natal Department of Arts, Culture, Sport and Recreation (KZNDAC). The KZNDAC delayed signing and returning the MoA to the DSAC. The procurement stage for the appointment of contractors was adversely affected by national lockdowns due to COVID-19 pandemic.
- Number of Provincial Resistance and Liberation Heritage Route (RLHR) sites developed and managed. The target was adjusted from three (3) to two (2) when the COVID-adjusted APP was tabled. Winnie Mandela Museum in Brandfort and the OR Tambo Memorial Site both achieved practical completion stage. The target relating Nelson Mandela House in Paarl could not be met because of the delays in the development of the site. Only a feasibility study could be completed in the period under review.

Selected achievements for this programme include:

- 40 athletes were supported through the scientific support programme during 2020/21;
- Three sport and recreation promotion campaigns and events implemented;
- 5 324 schools, hubs and clubs provided with equipment and/or attire as per the established norms and standards.
- 10 community gyms and children's play parks constructed.

Programme 3: Arts and Culture Promotion and Development

The programme is responsible for promoting and developing arts, culture and languages, and implementing the national social cohesion strategy. Six out of the ten planned targets were not achieved. These include:

- Number of capacity building projects financially supported. The target was adjusted from 20 to 14 when the COVID-adjusted APP was tabled. Ten projects were financially supported. Annually (cumulatively), the adjusted target could not be met as a result of two (2) of the envisaged capacity building projects were only partially financially supported. Another two (2) of the envisaged 14 projects could not be financially supported.
- Number of Provincial Community Arts Development Programmes implemented per year (9). This target was not adjusted when the COVID-adjusted APP was tabled. One province, i.e. the Western Cape province, did not complete the implementation of its programme. It is anticipated that the programme will be completed before the end of June 2021. The close out report was due on 30 April 2021.
- Number of Moral Regeneration Movement (MRM) Projects financially supported (5). This was another target that was not adjusted when the COVID-adjusted APP was tabled. As a result of COVID-19 regulations, three (3) projects could not be implemented, namely Youth Dialogues; Ethical Leadership; and Charter of Positive Values.
- Monitoring reports on the implementation of the Social Cohesion Compact. This target was adjusted from four (4) to two (2) when the COVID-adjusted APP was tabled. The target was not achieved as the COVID-19 regulations delayed the completion of the Social Compact. As the monitoring reports dependent on the Social Compact, these reports were not compiled.

- Number of Gender-Based Violence and Femicide (GBVF) programmes financially supported (1). This is a new target introduced in the COVID-adjusted APP. Delays in the creation of the budget item for the programme, delayed the implementation of one of the projects i.e. project for the boys.
- Number of artists placed in schools per year. The target was adjusted from 360 to 100 when the COVID-adjusted APP was tabled. The target was not achieved. As this is a schools-based project, the unanticipated increase of infections in the country; the change in school calendar and the stringent health and safety protocols implemented at the schools hindered the attainment of this target. Several engagements were held with stakeholders to find alternative ways to deliver on this project, but proved unsuccessful.

Some of the programme achievements during the 2021/21 include:

- 486 students were awarded language bursaries;
- 3 Youth-focused arts development programmes were implemented; and
- 13 projects in the creative industry were fully financially supported through the Mzansi Golden Economy programme

Programme 4: Heritage Promotion and Preservation

The purpose of this programme is to preserve and promote South African heritage, including archival and heraldic heritage. It also oversees and transfers funds to libraries. Three indicators were discontinued relating to workshops hosted to advance knowledge on national symbols; upgrading of National Archive infrastructure; and the number of Gazette notices published on standardised geographical names. All planned targets were achieved. Selected highlights for this programme include:

- 70 students were awarded with Heritage bursaries;
- The Department developed the Repatriation and Restitution of Humans Remains and Heritage Objects policy which was subsequently approved by Cabinet on 16 March 2021; and.
- A total of 33 newly built and/or modular libraries supported financially.

5. OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 1 APRIL TO 30 JUNE 2021

This section provides a comparison between the DSAC's planned targets in its APP against its performance set out in its first quarter report for the 2021/22 financial year.

5.1 Financial performance

The appropriation for the 2021/22 financial year was R5.7 billion. Of this total available budget, approximately R1.5 billion was projected to be spent by the end of first quarter of the financial year. The actual expenditure was however just over R1.0 billion and thus 29.3% lower than planned. The recorded low spending was mainly under Goods and services, Transfers and subsidies and Payments for capital assets in Programmes 2 and 3.

Table 6: First Quarter Expenditure by Programme

| Programme (R'000) | Available budget | Year-to-date | | | % Budget Available |
|---|---------------------|-----------------------------|--------------------------|---|-----------------------|
| | | Q1 Projected expenditure | Q1 Actual expenditure | % Variance from projected expenditure | |
| 1. Administration | 440.1 | 106.3 | 84.8 | 20.2% | 80.7% |
| 2. Recreation Development and Sport Promotion | 1 441.8 | 419.7 | 165.7 | 60.5% | 88.5% |
| 3. Arts and Culture Promotion and Development | 1 284.8 | 384.3 | 241.4 | 37.2% | 81.2% |
| 4. Heritage Promotion and Preservation | 2 527.2 | 551.0 | 540.9 | 1.8%% | 78.6% |
| Total | 5 693.2 | 428.5 | 1 032.8 | 29.3% | 81.9% |

5.1.1 Expenditure analysis per programme**Programme 1: Administration**

Expenditure for this programme was lower than the first quarter projection by R21.5 million or 20.2% due to delayed invoicing by the Department of Public Works and Infrastructure (DPWI), for the departments Office Accommodation and Property payments. Travel has also been impacted by the COVID-19 restrictions contributing to the slow spending.

Programme 2: Recreation Development and Sport Promotion

- Expenditure for this programme is lower than the first quarter projections by R253.9 million or 60.5% mainly on Goods and Services and Payments for capital assets.
- The low spending under Goods and Services on contractors was due to scaling down and cancellation of Departmental events affected by the COVID-19 restrictions i.e. the school sport programmes like the National Schools Sport championships.
- The low spending under Transfers Payments for capital projects and on heritage assets was due to delays in obtaining authorisation signatures as well as various challenges with the National Archives Heating, Ventilation, and Air Conditioning (HVAC) and new Building projects, and the JL Dube House.

Programme 3: Arts and Culture Promotion and Development

- Expenditure for this programme is lower than the first quarter projections by R142.9 million or 37.2% mainly on Goods and Services and Transfers and Subsidies.
- The low spending under Goods and Services on contractors was due to cancellation of first quarter departmental events of Flagship projects, Africa day celebrations and National days' celebrations.
- The events were cancelled to comply with the national COVID-19 restrictions.
- The low spending in Transfers and Subsidies was due to delays with the Mzansi Golden Economy (MGE) open call process for 2021/22 which was advertised late. The MGE process was extended, the adjudication process and transfers will be made in the second quarter of the year.

Programme 4: Heritage Promotion and Preservation

- Expenditure for this programme is lower than projected by R10.2 million or 1.8% mainly on Goods and Services and Transfers and Subsidies.
- The slow spending under Goods and Services on contractors is due to savings realised from the partnership DSAC had with National Youth Development Agency (NYDA) for the Young Patriots programme.
- The NYDA covered the cost of workshops and venues for the first quarter.

- The low spending in Transfers and Subsidies was due to a misallocation of a transfer to National Museum Bloemfontein for a capital works project which was incorrectly captured under Heritage Institutions objective which falls under this Programme instead of the Heritage Institutions Capital objective under Programme 2; a journal will be passed to correct this.

5.1.2 Expenditure by economic classification

In terms of economic classification, the largest expenditure item in the first quarter was Transfers and Subsidies followed by Goods and Services and Compensation to Employees. Furthermore, there was over-expenditure of R94.5 million in Transfers and Subsidies. Table 7 below shows the financial performance of the department by economic classification.

Table 7: First Quarter Expenditure by Economic Classification

| Table 1: First Quarter Expenditure by Economic Classification | | | | | |
|---|------------------|--------------------------|-----------------------|---------------------------------------|--------------------|
| (R'000) | Available budget | Year-to-date | | | % Budget Available |
| | | Q1 Projected expenditure | Q1 Actual expenditure | % Variance from projected expenditure | |
| Economic Classification | | | | | |
| Current Payments | 966.0 | 252.2 | 158.2 | 37.3% | 83.6% |
| Compensation of employees | 372.5 | 92.6 | 80.4 | 13.2% | 78.4% |
| Goods and Services | 593.5 | 159.6 | 77.8 | 51.2% | 86.9% |
| Interest and rent on land | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% |
| Transfers and subsidies | 4 517.9 | 1 148.2 | 872.6 | 24.0% | 80.7% |
| Payments for capital assets | 210.0 | 60.9 | 2.0 | 96.7% | 99.0 |
| Payment of financial assets | 0.0 | 0.0 | 0.0 | 0.0% | 0.0% |
| Total | 5 693.9 | 1 461.3 | 1 032.8 | 29.3% | 81.9% |

5.1.3 Virements

Treasury Approval was granted for the Department to:

- Apply virement of R18 501 000 of which R5 500 000 is from Programme 2: Recreation Development and Sport Promotion as well as R6 167 000 each from Programme 3: Arts and Culture Promotion and Development and from Programme 4: Heritage Promotion and Preservation to Programme 1: Administration for the procurement and installation of cameras at Sechaba House due to the relocation of staff from Regent House following the merger of the Departments;
- Apply virement of R18 400 000 from Programme 3: Arts and Culture Promotion and Development to Programme 2: Recreation Development and Sport Promotion for SARA House building in accordance with the settlement agreement signed in terms of the Public Protector Act, between the South African Roadies Association (SARA) and the former Department of Arts and Culture (DAC).

5.2 Non-financial performance

The Department planned to implement 20 performance targets during the first quarter reporting period. However, 16 (80%) of these planned targets were achieved and eight (4) targets (20%) were not achieved.

Table 8: First Quarter programme performance

| Programme | APP Targets 2021/22 | Achieved | Not Achieved | % Achieved |
|--|---------------------|-----------|--------------|--------------|
| 1: Administration | 3 | 3 | 0 | 100.0% |
| 2: Recreation Development and Sport Promotion Recreation Development and Sport Promotion | 5 | 3 | 2 | 60.0% |
| 3: Arts and Culture Promotion and Development | 7 | 5 | 2 | 71.4% |
| 4: Heritage Promotion and Preservation | 5 | 5 | 0 | 100.0% |
| TOTAL | 20 | 16 | 4 | 80.0% |

Selected challenges include:

- In Programme 2, there was no supporting evidence on athletes supported through sports academies.
- The cancellation of non-contact sport has led to the Department not reaching its targets on School Sport participation.

6. ISSUES RAISED DURING DELIBERATIONS

The following concerns were raised relating to the performance of the Department during the Committee's deliberations:

6.1 Status of the implementation of the PESP funding

The Committee noted with concern, the challenges that arose from the National Arts Council's (NAC) implementation of the PESP funding. The AG made two key findings relating to the PESP; one of them was that in some of the applications the NAC did not apply the regulations that required them to score the applicants correctly. This led to the expenditure being classified as irregular; the second aspect related to the budget being exceeded by the NAC that portion that was exceeded led to the irregular expenditure. A forensic investigation into the allegations of the mismanagement of the PESP was concluded and the Committee took cognisance of its recommendations.

6.2 Impact of the COVID-19 pandemic on the sector

Members showed concern over the negative impact of COVID-19 had on the Sport, Cultural and Creatives sector and commended the Government relief programmes for Athletes and Artists. However, members showed concern over the efficiency over the distribution of relief funds to all beneficiaries.

6.3 Filling of vacancies

The members showed concerns over the filling of critical vacancies at the Department since the merger. However, the Department has confirmed with the members that it has filled all its senior vacant positions, with the exception of the chief financial officer as they had applied to the national treasury for the regrading of the post but were unsuccessful. Therefore, the post is currently in the process of being filled at chief director level.

6.4 Investigations and consequence management

Members showed concern as per the findings of the AG, whereby the Department did not investigate allegations of financial misconduct by its officials. There were also concerns over lack of consequence management in terms irregular, unauthorised, fruitless and wasteful expenditure within the entities of the Department, more in particular Boxing SA, PACOFS, PANSALB, Luthuli Museum and Freedom Park.

6.5 Strengthening internal controls and financial management

There were concerns over internal controls within the department, especially slow disbursements of COVID-19 relief funds, as well as areas raised by the AG, which relate to; no mechanisms to prevent disbursements to people with other sources of income; System deficiencies resulted in duplicate payments and key information not being captured. Inadequate validations by the system and a lack of reconciliations further increased the likelihood of invalid or inaccurate payments; and Weaknesses in the procurement process for digital solution services and in the appointment and management of the payment agencies.

6.6 Female representation in sporting codes

The Committee, in separate meeting with federations, raised the matter of gender transformation in sporting codes, particularly football, boxing and basketball. The South African Football Association (SAFA) receives R10 million from the Premier Soccer League (PSL) and R7 million from Government for women's football. Additionally, increased viewership for Banyana matches is steadily increasing. However, the Committee raised concerns about parity and equity as well as broadening the base and increasing awareness of women's football. Similar concerns were raised in meetings with the South African National Boxing Organisation (SANABO) and Basketball South Africa.

6.7 Status of school sports

The DSAC and the Department of Basic Education have entered into a Memorandum of Understanding regarding school sport. One code, in particular boxing, is challenging to introduce at school level as the DBE prohibits any form of combat sport in schools. The Members raised concerns over parties responsible for school sport, particularly in relation to athletics and soccer. There are

ongoing disputes between National federations (Athletics South Africa and South African Football Association) as well as School sport bodies (South African Schools Athletics and South African Schools Football Association) over roles and responsibilities in the implementation of school sport.

6.8 The impact of the Department on the development on rural and townships sport, arts and culture

The Committee showed concern over poor development of sport in townships and rural areas, more especially lack of sport infrastructure at school level.

6.9 Audit outcomes of the Sport, Arts and Culture portfolio

The Committee commended the Department and its entities for the improvement in the overall outcomes in the portfolio for the 2020/21 financial year compared to the prior year. However, the Committee also noted with concern the regression in the audit outcomes of five entities, three of which had received clean audits in the prior year. Even more concerning was the outstanding audit for the Robben Island Museum at the time the Committee considered the report of the AG.

6.10 Implementation of the Municipal Infrastructure Grant

Stemming from an *in situ* oversight visit undertaken by the Committee to the Gauteng Province, the Committee raised concerns in relation to the implementation of the Municipal Infrastructure Grant (MIG) in this province. These included the dilapidated state of the HM Pitje stadium Stadium; financial mismanagement of the MIG; the level of engagement of private sector partners on the development of stadiums.

6.11 Gender Based Violence (GBV) Awareness Programmes

Members were concerned about the Department's slow implementation of awareness programmes related to GBV.

6.12 Delays in the completion of heritage projects

The Members were concerned over the delays in the completion of heritage projects, which mainly were the Sarah Baartman Centre of Remembrance and the Winnie Mandela House.

7. RECOMMENDATIONS

The Committee, having assessed the Annual Report 2020/21 of the Department and entities, recommends that the Minister of Sport, Arts and Culture consider the following recommendations:

7.1 Status of the implementation of the PESP fund

The Committee deliberated on the forensic report of the mismanagement of the PESP funds and called for the implementation of the recommendations of the forensic report into the alleged mismanagement of the PESP funds at the NAC.

7.2 Impact of the COVID-19 pandemic on the sector

The Committee is cognisant of the impact of COVID-19 on the sport, cultural and the creatives sector, and therefore continues to call for support to athletes and artists affected by the closure of the sector during the series of lockdowns.

7.3 Filling of vacancies

The Department should continue to fill all the critical posts to improve service delivery in the sector.

7.4 Investigations and consequence management

The Department and affected entities should implement internal consequence management as per the recommendations of the AG's findings in the 2020/21 report.

7.5 Strengthening internal controls and financial management

The Department should strengthen internal controls as per the recommendations of the AGs report.

7.6 Female representation in sporting codes

The Department is urged to increase female participation in sport, especially in the underrepresented sporting codes including Boxing.

7.7 Status of school sports

The Department should create a conclusive strategy on the phasing in of school sport as well as continuing with the implementation of MoU with the Department of Basic Education. More needs to be done in terms of the implementation of physical education at all schools.

7.8 The impact of the Department on the development on rural and townships sport, arts and culture

The MIG needs more focus on the township sport infrastructure, which has become dilapidated and white elephants.

7.9 Regression in the audit opinions of public entities reporting to the Department

The Department should focus its attention towards the internal matters affecting the regressed entities.

7.10 GBV Awareness Implementation

The Department should speedily implement programmes that address the awareness of GBV within the 2021/22 financial year.

7.11 Heritage projects

The Committee recommended for the completion of heritage projects (i.e. Winnie Mandela House and Sarah Baartman Centre of Remembrance) within the 2022/23 financial year.

7.12 Budget requirements on Implementation of the White Paper on Arts, Culture and Heritage

The Minister of Finance should prioritise the adequate funding and allocation towards the implementation of the White Paper on Arts, Culture and Heritage over the MTSF.

7.13 Budget Reduction

The Department's budget was reduced by R956 million due to COVID-19 reprotisation. The Committee recommends that the Minister of Finance consider increasing the Department's budget for 2022/23 to ensure that the Department can fully deliver on its mandate.

Report to be considered.