The Portfolio Committee on Sport, Arts and Culture on the Performance of the National Department and Its Entities, Dated 20 October 2023

The Portfolio Committee on Sport, Arts and Culture ("Committee"), having considered the performance of the Department of Sport, Arts and Culture (DSAC or "Department") for the 2022/23 financial year, reports as follows:

1. INTRODUCTION

The beginning of the 2022/23 financial year coincided with the lifting of the National State of Disaster declared in response to combatting the COVID-19 pandemic. While the ravaging physical effects of the pandemic have subsided, the lingering impact on the global economy is still being felt. In the South African context and as of 03 January 2020, the World Health Organisation recorded around 4.1 million cases of COVID-19 with 102 595 deaths.[1] The pandemic was a major disruption in Government's efforts to address the triple challenges of unemployment, poverty and inequality and has had a devastating effect on the most vulnerable population groups.

In its *Ten-Year Review of the National Development Plan* (NDP), the National Planning Commission (NPC) interrogated factors that affected the implementation of NDP since its adoption. Along with the COVID-19 pandemic, the NPC also cites the "civil unrest in Gauteng and KwaZulu-Natal in July 2021, the Russia- Ukraine war, the energy crisis, and the severe flooding and landslides in KwaZulu-Natal and Eastern Cape in April 2022" as further contributing factors[2] The ongoing impact of climate change resulting in major natural disasters as well as the latest war between Israel and Gaza will undoubtedly intensify existing international tensions and further weigh on the global economy.

The Sport, Arts and Culture (SAC) sector has the potential to create employment opportunities and stimulate the economy. Further, through the central role it plays in driving the cause for social cohesion, nation-building and safer communities, the work of the Department of Sport, Arts and Culture (the "Department") and its entities is vital to breaking through barriers that entrench racial, class, gender, and spatial divisions which are deeply embedded and persistent and hinder the attainment of national priorities.

It is against this backdrop that the review and assessment of the performance of the Department and the SAC sector is evaluated. The Department has been in existence in its current form since the beginning of the 2020/21 financial year and has experienced a change in ministers towards the end of the 2022/23 financial year, however this has not necessarily brought about instability in the Department. However, following the expiry of the former Director-General's (DG) contract, the post has been vacant since September 2022.

Between 10 and 17 October 2023, the Committee was briefed by the Department on its 2022/23 Annual Report; the Auditor-General of South Africa (AGSA), other structures/entities as detailed in this report.

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 is also required to 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

---

[1] World Health Organization, *COVID-19 Dashboard: South Africa* (WHO: https://covid19.who.int/region/afro/country/za, accessed 12 October 2023)

[2] National Planning Commission, *Ten-Year Review of the NDP: 2012 – 2022* (Pretoria: NPC, 2023), p.2.

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 2022 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 2022/23 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 2022/23 budget allocations and Annual Performance Plans (APPs), the quarterly performance and expenditure trends, and conducted oversight by having briefings on specific initiatives and programmes.

On 10 October 2023, the Committee invited the AGSA to provide an in-depth overview of the 2022/23 audit outcomes of the Department and the entities. The Committee considered the Department's 2022/23 Annual Report on 17 October 2023. The Committee's in-year oversight activities also included the consideration of the annual reports of two entities, namely the South African Heritage Resources Agency (SAHRA) and the South African Institute for Drug-Free Sport (SAIDS); the constitutional institution in the name of the Pan South African Language Board (PanSALB); and one national sport federation, namely Athletics South Africa (ASA).

1.3 Relevant policy focus areas

National Development Plan

The NDP envisions a South African society in 2030 that will embrace its diversity rather than highlight observable differences along the contours of race, class, gender, religion, culture, and other social constructs. Underpinning the NDP vision are social cohesion and nation-building, which are critical to the objectives of the developmental state. The Constitution entrenches non-racialism, non-sexism, democracy, equality before the law, and prosperity for all and requires social actors to work collectively in the realisation of this national vision. The Department, as a lead department in has put in place a range of interventions that seek to build a socially cohesive society with a common identity with the aim to fulfil the national goal of social cohesion and safe communities. The sport, arts and culture (SAC) sector also works in pursuance of the vision of the NDP to address the triple challenges of unemployment, poverty and inequality.

Revised White Paper on Arts, Culture and Heritage (2017, endorsed in 2020)

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.

White Paper on Sport and Recreation for the Republic of South Africa

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.

2022 State of the Nation Address[3]

[3] MC Ramaphosa, *State of the Nation Address by President of the Republic of South Africa, Mr Cyril Ramaphosa* (Cape Town, 10 February 2022).

In February 2022, the President, Mr Ramaphosa addressed the South African citizens during the delivery of his State of the Nation Address (SONA). The key focus of SONA 2022 continues to build on the foundation of the Economic Reconstruction and Recovery Plan (ERRP), which remains the common programme to rebuild the economy. As such the 2022 SONA focuses on the priorities identified in the 2021 SONA, namely:

- Overcoming the COVID-19 pandemic;
- A massive rollout of infrastructure;
- A substantial increase in local production;
- An employment stimulus to create jobs and support livelihoods; and
- The rapid expansion of our energy generation capacity.

The President highlighted that the Social Employment Fund, introduced through the second phase of the Presidential Employment Stimulus Programme (PESP), which aimed to create a further 50 000 work opportunities using the capability of organisations beyond Government, in areas such as urban agriculture, early childhood development, public art and tackling gender-based violence. The SONA 2022 highlights intensification of the fight against gender-based violence (GBV). The implementation of the emergency response plan on GBVF is one of ten focus areas in support of the strategic outcomes devised by the Department.

2. RESPONSE TO THE PREVIOUS FINANCIAL YEAR RECOMMENDATIONS OF THE COMMITTEE AND THE SELECTED 2023/24 BUDGET VOTE REPORT RECOMMENDATIONS

2.1 2022 BRR Report Recommendations

In accordance with section 7(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), which provides the following:
“The Minister must submit a report to the House at the same time as tabling the Bills referred to in subsections (1) and (3), explaining how the Division of Revenue Bill and the national budget give effect to, or the reasons for not considering, the recommendations contained in the reports referred to in section 5(2), 6(7) and 6(12). Accordingly, the Report of the Minister of Finance was tabled to Parliament.

The Committee’s 2022 BRR report made one recommendation to the Minister of Finance. The Committee recommended that the Minister of Finance should prioritise adequate funding and allocation towards the implementation of the White Paper on Arts, Culture and Heritage over the MTEF period. In response to this recommendation, the Minister indicated, “As noted, there is little scope to provide additional funding at this time. The Department of Sport, Arts and Culture is advised to reprioritise funds in order to implement the white paper in a phased manner.[4]

The Committee also made recommendations to the Department. The following are selected recommendations from the 2022 BRRR:

- In response to the leadership instability and the vacancy rate, the Committee recommended that the Department to provide a comprehensive overview of vacancies in key leadership positions and the timeframes associated with the filling of these by the end of the fourth quarter of 2022/23.
- The Department should strengthen its oversight function over its entities to ensure that they have adequate measures in place to prevent irregular expenditure. The Committee therefore requests a comprehensive overview of the audit action plans for the portfolio by the end of the fourth quarter of 2022/23.
- The Committee noted delays in the finalisation of heritage legacy infrastructure projects and recommended the Department to provide quarterly reports on the projects that have been delayed and thus overdue.
- The Department, in cooperation with national federations should continue to work on ensuring that township and rural schools are adequately supported to create conditions that will increase the uptake of minority sporting codes. Additionally, more effort should be placed on securing private sponsorship which will lead to improved transformation in sports.

[4] National Treasury, *Budget Review 2023* (Pretoria, National Treasury), p.105.

- The Department should continue to work alongside the entities that have regressed in the audit opinion to ensure audit action plans are implemented and that there is an improvement in their audit outcomes by the end of the 2022/23 financial year.

2.2 2023/24 Committee Budget Vote 37 Report

This section provides a summary of the selected 2023/24 Committee Budget Vote 17 Report Recommendations.

Table 1: Recommendations by the Committee to the Minister with corresponding responses[5]

Committee Recommendations	DSAC Action
Social Cohesion and Nation Building Compact: The Department together with National Economic Development and Labour Council (NEDLAC) should ensure that this Compact is urgently signed to prevent the stalling of efforts to build a socially cohesive nation.	The Department of Sport, Arts and Culture has developed the National Social Compact for Social Cohesion and Nation Building, which includes the Implementation Plan and the Monitoring Framework. The purpose of the Social Compact is to ensure that all the key sectors of our society, that includes business and civil society play a meaningful role to foster social cohesion and nation-building, a task that cannot be solely carried out by the government. Although drafted, the Social Compact is undergoing the final consultative processes to ensure buy-in by the key social partners, including NEDLAC. This process will be followed by approval through Cabinet processes. It is anticipated that the resultant accord, that is the Social Compact, will contribute substantially to providing the conducive economic and socio-political conditions for social cohesion to thrive in South Africa.
DSAC and NEDLAC devise a plan to establish an internal infrastructure Project Management Unit before the beginning of the next financial year to ensure the successful implementation of infrastructure projects as these projects not only transform the sporting and heritage landscape but also contribute to the economy through job creation as envisaged by the ERRP.	Formulation of the Terms of Reference for appointment of the PMU has started and the planned date for finalisation and approval is the 7th of July 2023. R6.5 million is set over the 2023 MTEF for appointment and services of the PMU which will provide project management support in terms of project identification as per mandate and service delivery priorities of the department, project preparation and funding, procurement and implementation and monitoring to ensure timeous completion of all funded projects. Jobs created will be a standing variable that will be reported per each project to be implemented.
Mzansi Golden Economy Strategy: The Department should ensure that applicants and beneficiaries are provided with adequate support.	The Department is in the process of implementation of the recently approved Cultural and Creative Industry Masterplan. Consultation on the implementation have been conducted with all provinces; and the Department has also commenced with alignment of the Master Plan to the Annual Performance Plan to inform the next MTSF. Further, the review of the current MGE has been done; and a revised Funding Model has been finalised.
DSAC heed the recommendations of AGSA to improve audit outcomes across the portfolio	Internal Audit will continue to provide assurance on the adequacy and effectiveness of the management action plan on the AGSA findings. Internal Audit will report progress thereof to the Executive Management and Audit Committee on a quarterly.
The Market Theatre Foundation to keep DSAC and the Committee abreast of the implementation of the recommendations outlined by the forensic report on governance and legal matters	The Department is closely monitoring the implementation of recommendations of a forensic report. The Market Theatre is required to report to the Department on these and other matters quarterly.

[5] Department of Sport, Arts and Culture, *Response to the Speaker of the National Assembly on the adopted 2023 Budget Vote Recommendations* (communication via email, 2023).

Committee Recommendations	DSAC Action
Karate SA continues with its awareness raising initiatives to encourage more women and girls to acquire the empowering skills that Karate offers.	The Department, as part of the financial allocation discussions with National Federations will consider the resolution and request Karate SA to include it in their Business Plan for the Departments funding consideration.
DSAC and Boxing South Africa continue working together to expedite the implementation of the audit implementation plan.	Boxing SA submit the Audit Implementation plan to the Department on a quarterly basis. This implementation plan is monitored by the Department to ensure that findings are resolved and do not repeat in the next audit.
DSAC endeavours to address the issue of imbalances in gender representation as a matter of urgency with the appointment of the next Council considering the increase in the popularity of women's boxing.	The issue of gender imbalance is noted by the Department. Efforts will be made to ensure that the next Board, which will be appointed this year, is balanced in terms of gender representation.
The matter of laboratories that have lost World Anti-Doping Agency (WADA) accreditation is addressed urgently to prevent SAIDS from incurring unnecessary expenditure to import services that could potentially be provided domestically	The accreditation of the South African Doping Control Laboratory (SADoCOL) based in Bloemfontein has long been reinstated. The Department has assisted SADoCOL to prepare a turnaround strategy which assisted in regarding their accreditation. Financial assistance has been provided to the laboratory as part of the PESP allocation, further the Department has recognised the laboratory as an entity eligible for funding. This is the only testing laboratory in Africa and the Regional Anti-Doping Organisation (RADO) in member countries have been encouraged to support the laboratory instead of using those in other continents.

It is important to note that while one of the budget vote report recommendations centred on the emerging risks highlighted by SAIDS which included obsolete legislation which is not in alignment with the WADA codes. The Committee recommended that the Department's Task Team which was established to work with SAIDS on the matter of the obsolete legislation should ensure that the Institute is provided with adequate support to stave off the potentially negative impacts of the malalignments with the WADA codes. This recommendation was not responded to in the communication sent to Parliament.

3. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

3.1 Mandate of the Department

The mandate and/or function of the Department is derived from the Constitution of the Republic of South Africa (the "Constitution"), including the Preamble and Founding Provisions, and in sections 16(1), 30 and 32 which respectively deal with the rights pertaining to freedom of expression; language and culture; and access to information. Further, the Constitution affirms the democratic values of human dignity and equality. In line with these Constitutional imperatives, the 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 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 2: Link between the 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

Source: DSAC, *Strategic Plan 2020 – 2025* (Pretoria, DSAC, 2020).

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 28 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 2022 TO 31 MARCH 2023

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 2023.

4.1 Financial performance

The Department's final appropriation for the 2022/23 financial year was R6.31 billion. Actual expenditure for the period under review was R6.24 billion. The expenditure rate is thus 98.9 per cent. For the 2021/22 financial year, final appropriation was R5.75 billion with actual expenditure amounting to R5.64 billion, which represents 98.2 per cent of the budget. The Department has thus increased its expenditure against appropriation with unspent funds decreasing from R103.6 million in 2021/22 to R68.9 million in 2022/23.

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. The purpose and final appropriation for each programme is tabulated below. Collectively, Programmes 2 to 4 received 91.3 per cent of the Department's total budget allocation.

Table 3: DSAC budget programmes, purpose and 2022/23 final appropriation

Programme	Purpose	Final Appropriation R'000	% of total allocation
1. Administration	To provide strategic leadership, management and support services to the Department.	549 631	8.7%
2. Recreation Development and Sport Promotion	To support the provision of mass-participation opportunities, the development of elite athletes, and the regulation and maintenance of facilities.	1 344 440	21.3%
3. Arts and Culture Promotion and Development	To develop and promote arts, culture and language, and implement the national cohesion strategy.	1 761 017	27.9%
4. Heritage Promotion and Preservation	To preserve and promote South African heritage, including archival and heraldic heritage; as well as to oversee and transfer funds to libraries.	2 650 365	42.0%
		6 305 453	**100%**

Source: DSAC*, Annual Report 2022/23* (Pretoria: DSAC, 2023), p.24.

Table 4: DSAC 2022/23 Expenditure by Programme and Economic Classification

R'000	**Final appropriation**	**Actual expenditure**	**Variance**	**Expenditure as % of final appropriation**
Programme				
1. Administration	549 631	533 900	15 731	97.1%
2. Recreation Development and Sport Promotion	1 344 440	1 337 273	7 167	99.5%
3. Arts and Culture Promotion and Development	1 761 017	1 743 089	17 928	99.0%
4. Heritage Promotion and Preservation	2 650 365	2 622 404	27 961	98.9%
TOTAL	**6 305 453**	**6 236 666**	**68 787**	**98.9%**
Economic classification				
Current payments	**1 084 949**	**1 045 308**	**39 641**	**96.3%**
Transfers and subsidies	**5 143 903**	**5 105 927**	**28 976**	**99.4%**
Payments for capital assets	**84 347**	**84 177**	**170**	**99.8%**
Payments for financial assets	**1 254**	**1 254**	**-**	**100.0%**
TOTAL	**6 305 453**	**6 236 666**	**68 787**	**98.9%**

Source: DSAC*, Annual Report 2022/23* (Pretoria: DSAC, 2023), modified.

In terms of the economic classification, the Department's expenditure comprised of mainly transfers and subsidies (81.8 per cent), current payments (operational expenses) (16.8 per cent), and payments of capital and financial assets (1.4 per cent).

Table 4 above reflects that overall under-expenditure amounts to R68.7 million or 1.1 per cent of the final appropriation. Under-expenditure in 2021/22 amounted to R103.6 million or 1.8 per cent of the final appropriation. Therefore, this indicates a year-on-year improvement in unspent funds.

The Table 5 below provides an outline of the unspent funds per economic classification.

Table 5: Outline of unspent funds per economic classification for 2022/23

Economic classification	R'000
Compensation of employees (CoE) The variance of R32.4 million was caused by vacant positions that are at different stages of the selection process. The variance is due to the saving accumulated throughout the financial year as advertised posts were not filled by the beginning of the financial year. The Department filled many of the advertised positions through internal promotion thus resulting in small margin in salaries. The vacant positions due to the internal promotion, could not be filled before the end of the period under review.	32 383
Goods and services The variance of R7.3 million was mainly attributed to: • the service provider for the procurement and installation of ICT equipment for the operationalisation of the OR Tambo Garden of Remembrance had not completed the tasks in line with the SLA, • the SA Sport Awards invoices for travelling and accommodation were not yet received by the end of March 2023, and • the South African Cultural Observatory (SACO) invoice was based on work done.	7 258
Departmental agencies and accounts (Current/Capital) The variance of R18.7 million was mainly attributed to: • a transfer to the National Museum for the implementation of the PESP was not fully transferred as the entity was not able to attract the anticipated applications in its three funding categories, • a transfer to the National Library of SA for the Community Library Services Grant was not fully transferred due to slow progress on projects, which results in recurring under expenditure, • Amazwi SA Museum of Literature and Die Afrikaanse Taalmuseum – funds could not be spent as the DPWI indicated that they could not include the infrastructure project on their procurement plan as the project was allocated to them during the financial year by DSAC, and • Iziko Museums of South Africa – payments were made in line with invoices received from the DPWI.	18 689
Higher education institutions The variance of R45 000 was due to failure by the university implementing an MGE project to submit compliance documents to facilitate the last tranche, and the approved funding to universities implementing human language technology projects was less than the allocation	45
Foreign government organisations The variance of R378 000 was mainly attributed to fluctuation in the rand to pound and dollar exchange rate at the time of processing payments for annual subscription/ membership fees to foreign governments and international organisations.	378
Public corporations (Current/Capital) The variance of R4.3 million was mainly attributed to second tranche payments that could not be made to some MGE beneficiaries whose events were implemented in March 2023.	4 264
Non-profit institutions (NPIs) (Current/Capital) The variance of R2.8 million was mainly attributed to: • second tranche payments that could not be made to some MGE beneficiaries whose events were implemented in March 2023; • the implementation of target groups projects was delayed, resulting in commencement of implementation in mid-March 2023; consequently, beneficiaries were unable to complete the projects and report, resulting in non-payment of second tranches; and	2 844

Economic classification	R'000
• a request for financial assistance from the province for the annual commemoration of Isandlwana was received after the event.	
Households The variance of R2.8 million was attributed to: • second tranche payments that could not be made to cultural and creative industries development and MGE beneficiaries, and • implementation of the placement strategy of unemployed graduates in the internship programme and placing them in the heritage sector will only be implemented in the 2023/24 financial year due to misclassification of the budget.	2 755
Machinery and equipment The variance of R171 000 was attributed to an invoice for the procurement of laptops that was not submitted by the service provider by the end of the financial year.	171
Total	**68 787**

Source: DSAC, *Annual Report 2022/23* (Pretoria: DSAC, 2023) pp.24-25.

For the period under review all programmes spent above 95 per cent of the total appropriation. As in the last financial year, the conditional grants, viz. the Mass Participation and Sport Development Grant and the Community Library Conditional Grants, of R603.5 million and R1.57 billion, respectively, have both been fully paid to the provinces.

4.1.1 Unauthorised Expenditure, Irregular, and Fruitless and Wasteful incurred in the 2022/23 financial year

Section 38(1)(c) (ii) of the PFMA 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.

The financial statements as presented in the DSAC 2022/23 Annual Report reflect the following:

- *Unauthorised expenditure:* No unauthorised expenditure was incurred in the period under review.
- *Irregular expenditure:* The opening balance for irregular expenditure at the beginning of 2022/23 was R451.0 million. There were no amounts incurred as irregular expenditure in the period under review, thus the closing balance is R451.0 million. An amount of R7.2 million was disclosed as under assessment in the 2022/23 financial year. This relates to the supplier who scored the highest points during the evaluation process but was not awarded due to the price offered not being market related and deviation which was found not be justifiable. The Department has lodged a dispute with National Treasury to assess if meets the requirements to be disclosed as irregular expenditure.
- *Fruitless and wasteful expenditure:* The opening balance for fruitless and wasteful expenditure at the beginning of the financial year was R70.9 million. There were no amounts incurred as fruitless and wasteful expenditure during the 2022/23 financial year.
- *Contingent liabilities:* The opening balance at the beginning of the financial year was R120.5 million. Liabilities incurred during the period under review amounts to R28.5 million, resulting in a closing balance of R149.0 million at the end of the financial year.
- *Contingent assets:* A contingent asset amounting to R13.1 million has arisen from unplanned and unexpected events not under the control of the Department. An inflow of resources will become virtually certain when their existence is confirmed and finalised by courts involved and then the related asset will be recorded as a receivable for departmental revenue in the notes.

4.1.2 Auditor-General's report on the Department and the portfolio

4.1.2.1 Department of Sport, Arts and Culture[6]

The AGSA raised the following matters:

- *Financial statements*: The financial statements submitted for auditing were prepared in accordance with the Modified Cash Standard (MCS).

[6] DSAC, *Annual Report 2022/23* (Pretoria: DSAC), pp.163-167.

- Contingent liabilities: With reference to contingent liabilities of R212.9 million (comprised of the closing balance of R149.0 million and R63.9 million for intergovernmental payables) disclosed in the notes to the financial statements, the AGSA 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.

- *Usefulness and reliability of performance information*: The AGSA evaluated the usefulness and reliability of performance information reported under Programme 2 and Programme 3. A material finding was made on the indicator "Percentage of National Federations meeting 50 per cent or more of all prescribed charter transformation targets". The finding is that while the indicator was included in the approved annual performance plan and strategic plan but was not clearly defined during planning processes. It was also not determined how the related target would be measured and what evidence would be needed to support the achievement. Consequently, the information might be less useful for measuring performance.
- *Compliance with legislation*: The AGSA made the following material findings:
  - Transfer of funds: Appropriate measures were not maintained to ensure that transfers and subsidies to entities were applied for their intended purposes, as required by National Treasury regulation 8.4.1.
  - Consequence management: The AGSA was unable to obtain sufficient appropriate evidence that disciplinary steps were taken against officials responsible for incurring irregular expenditure as investigations into some irregular expenditure were not performed.
- *Internal control deficiencies*: Leadership did not exercise adequate oversight responsibility over compliance with applicable legislation. Effective and adequate preventative controls were not implemented timeously, this resulted in instances of non-compliance with key legislation. Management did not ensure that methods of measurement were defined in a manner that allows the performance indicator to have a clear meaning for measuring performance.
- *Material irregularities*: The AGSA noted that the Department made transfer payments amounting to R7.5 million to a beneficiary for implementation of a project in broadcasting. This agreement was entered into in 2018 and the Department paid three tranches between June 2018 and June 2019 and the beneficiary spent the transferred funds. The Department however did not implement timely and appropriate procedures to monitor the usage of funds by the beneficiary. No evidence could be provided to confirm that the funds were used for the project as agreed between the Department and the beneficiary. This resulted in non-compliance with Treasury regulation 8.4.1. and a financial loss of R7.5 million to the Department. A forensic investigation into the matter was concluded in October 2022, and based on the outcomes of this investigation, the accounting officer (AO) reported a criminal case of theft, fraud and misrepresentation to the South African Police Service (SAPS) in November 2022. The AO is taking appropriate disciplinary action against as well as pursuing civil recovery from the responsible official.
- *Investigations*: 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 with the National Prosecuting Authority (NPA) still in progress when the AG's report was concluded.

Irregular, fruitless and wasteful expenditure
The AGSA in its presentation to the Committee provided an overview of the changes to the National Treasury requirements for reporting on irregular, fruitless and wasteful expenditure (IFWE).

- National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework (Instruction) which came into effect on 03 January 2023, was issued in terms of section 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA;
- The new framework brought significant changes in relation to the disclosure of IFWE. These changes are as follows:
  - Movement in the disclosure note of IFWE has been moved from annual financial statements to the annual report.
  - PFMA institutions will only disclose IFWE incurred in the current year, with a one-year comparative analysis.
  - Historical balances (i.e., opening balances) have been completely removed from the annual financial statements.

- The AGSA has subsequently refined its audit approach to uphold transparency by continuing to audit the IFWE disclosure in the annual report and has signalled to the Committee that this change removes the disclosure of the historical balances for IFWE means that the oversight structures may not be able to fully exercise their oversight roles. Furthermore, no audit assurance will be provided on the additional disclosures that have been moved from the AFS.

4.1.2.2 Snapshot of the portfolio[7]

In its presentation to the Committee, the AGSA provided a snapshot of the audit across the portfolio. The AGSA noted that while the portfolio has 29 entities, including the Department, it had completed audits of 28 auditees for the 2022/23 financial year. One entity, namely the Mandela Bay Theatre Complex (MBTC), submitted the AFS late and the audit is undergoing for two financial years since this is the first time the entity is being audited by the AGSA. The MBTC will thus not be considered in the summary below.

The portfolio achieved nine clean audits (32 per cent of the portfolio). Sixteen auditees (57 per cent of the portfolio) received financially unqualified audit opinions with findings. Three auditees (11 per cent of the portfolio) received financially qualified audit opinions, with the National Library of South Africa (NLSA) and Iziko Museums of South African (“Iziko Museums”) having repeat qualifications.

As per the AGSA’s presentation, there was an overall slight regression from the first year of administration in 2019/20.

Movement in audit opinion

- *Unqualified with no findings: nine (9) out of 29 auditees*
  - Seven auditees retained its clean audit, namely William Humphreys Art Gallery; National Museum Bloemfontein; the Afrikaanse Taalmuseum en -monument (ATM); SAIDS; Kwa-Zulu Natal Museum; SAHRA Theatre; and the Playhouse Company.
  - Two entities, namely the South African State Theatre (SAST) and the War Museum of the Boer Republics (“War Museum”), improved their audit opinions from qualified with findings and unqualified with findings, respectively.
- *Unqualified with findings: 16 out of 29 auditees*
  - Thirteen auditees retained their unqualified with findings audit opinion, including DSAC; Market Theatre Foundation; National Film and Video Foundation (NFVF); the Performing Arts Centre of the Free State (PACOFS), National Arts Council (NAC); Amazwi Museum for Literature; Luthuli Museum; Boxing South Africa (BSA); Nelson Mandela Museum (NMM); Robben Island Museum (RIM); National Heritage Council (NHC); South African Library for the Blind (SALB) and Ditsong Museums of South Africa (“Ditsong Museums).
  - It is concerning that three entities have regressed in their audit outcomes. ArtsCape Theatre; uMsunduzi Museum; and the PanSALB regressed from an unqualified with no findings (clean) to an unqualified with findings audit opinion.
- *Qualified: three out of 29 auditees*
  - Two entities, namely the NLSA and Iziko Museums have retained their qualified audit opinions.
  - Freedom Park regressed from a previously unqualified audit opinion with findings to a qualified audit opinion.
- *Outstanding audits: one (1) of the 29 auditees*
  - As indicated above, the MBTC did not submit its annual financial statements by the deadline.

The AGSA further reported on the following:

- *Financial statements*: Of the 28 auditees, 25 (or 89 per cent) presented financially unqualified financial statements to the AGSA, after audit adjustments. The qualification areas for Iziko Museums and NLSA were Heritage Assets. Freedom Park had three qualification areas, i.e. Property, plant and equipment; Cash flow statement; and Statement of comparison of budget and actual amounts.

---

7 Auditor-General of South Africa, *Budgetary Review and Recommendations Report* (03 October 2023).

The AGSA also noted that weak control environment such as inadequate in-year and year-end reporting processes (e.g. lack of adequate review of financial statements and supporting schedules) have impacted the quality of the financial statements submitted for audit. Eight (8) auditees that attained unmodified opinions were only able to do so after processing material adjustments to the financial statements submitted for audit, this represents 29 per cent of the portfolio auditees.

- *Performance planning and reporting*: A total of 23 auditees (83 per cent) presented performance reports that were free from findings after adjustments. Before audit adjustments, this figure was 55 per cent. The AGSA made findings on planning for service delivery for the Department, NMM and NAC. The AGSA also made findings on reporting for NMM and Freedom Park. Challenges with the credibility of performance information may affect planning, while there is a disjuncture in planned targets and actual achievement reported may negatively affect service delivery.
- *Compliance with key legislation*: The number of auditees that presented with material findings increased from 18 (64 per cent) in 2021/22 to 19 (68 per cent) in 2022/23. This figure has raised significantly from 2020/21 when only eight out of 28 auditees (26 per cent) presented with material findings. The most common areas of non-compliance identified include procurement and contract management; quality of financial statements; prevention of irregular, unauthorised, and fruitless and wasteful expenditure; and effecting consequences. These areas of non-compliance remain unchanged from the 2021/22 financial year.

Irregular, fruitless and wasteful expenditure

In keeping with its commitment to transparency, the AGSA reported the total amount of irregular expenditure for the portfolio was R72.0 million in irregular expenditure was incurred during the 2022/23 financial year across the portfolio. This is a decrease from 2021/22 when irregular expenditure amounted to R105.2 million. The top contributors in 2022/23 were RIM (R30.5 million); Ditsong Museums (R12.8 million); SAST (R6.1 million); SAIDS (R6.0 million) and the NHC (R4.6 million).

The analysis of the non-compliance indicated that entities had breached one or more of five pillars of procurement equitable, fair, cost effective, transparent and competitive. This is evidenced across 19 auditees (68 per cent) including NAC, Ditsong Museums, Boxing SA, Luthuli Museum, Freedom Park, Market Theatre, NHC, SAST, PanSALB, Iziko Museums, SAIDS, SAST, NFVF, RIM, NLSA, ATM, NMM, and Artscape. For the NAC, R3.6 million (96.6 per cent) of the irregular expenditure of R3.7 million relates to non-compliance to the budget framework, i.e. the entity’s expenditure exceeded its budget.

Other key insights

The AGSA provided key insights into infrastructure projects and the Mzansi National Philharmonic Orchestra (MNPO).

- Community Library Services Grant: The provincial departments underspent grants by R 149.3 million (9 per cent) of the R 1.6 billion funds transferred. North West and Limpopo had the highest percentage of underspending at 20 per cent respectively, and Gauteng at 18 per cent.
- Infrastructure projects: In the 2021/22 financial year, the AGSA reported on delays in infrastructure projects. In the period under review, the AGSA followed up on two projects, namely the JL Dube House and the Enyokeni Cultural Precinct. The Enyokeni project was still on hold while the JL Dube House project commenced, but continued delays were hindering its completion.
- MNPO: Through a memorandum of understanding (MoU) with the NAC, the Department transferred ringfenced funds from the NAC to the newly established MNPO. The Committee has to date done its due diligence and has dealt with this matter in several committee meetings during the period under review. The AGSA has noted that the Department did not provide adequate oversight over the use of funds transferred to the MNPO, resulting in non-compliance with Treasury regulation 8.4.1. This was because the Department did obtain comprehensive quarterly reports to support the spending by the MNPO as provided for in the MoU with the NAC. The Department also allowed the NAC to disburse a higher tranche payment that was not aligned with the MoU. The AGSA further noted a potential conflict of interest The chief executive and artistic director of the MNPO (which allocates funding to orchestras, including Johannesburg and KZN Orchestras), holds similar positions in these orchestras. The only safeguard in place is the declaration of interest and recusal from

decision making. Additionally, the expenditure report provided by the MNPO advisory board did not include a breakdown of the nature of expenditure nor were invoices provided. As a result, the AGSA were unable to confirm what the amount was used for.

4.1.1 DSAC HUMAN RESOURCES OVERVIEW[8]

In its 2022/23 Annual Report, the Department indicates that its has 712 posts on the approved establishment. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate of 20.5 per cent reflects the percentage of posts that are not filled.

The Department experienced a staff turnover rate of 5.6 per cent in the 2022/23 financial year, which was due to natural attrition and 40 per cent was due to resignations. The Department was not able to maintain a vacancy rate of less than 10 per cent. The vacancy rate was 19.7 per cent as at 31 March 2023.The Department advertised 50 positions in November 2022 and at the time of finalising the Annual Report have started with shortlisting and interviews for some.

The Department did not achieve the set target of 50 per cent for women appointed at senior management service (SMS level). The representation of women at SMS was 45.3 per cent as at 31 March 2023. This remains unchanged from the last financial year. The percentage of people with disabilities as at 31 March 2022 was 2.42 per cent. This also remains unchanged the last financial year.

The submission rate of performance agreements for the 2022/23 financial year was 98.5 per cent for salary level 1-12 and 96.0 per cent for the senior management service. For the salary level 1-12, this is an improvement from the 90 per cent submission rate in 2021/22.

Out of 65 SMS members, only the Director-General (DG) did not conclude the performance agreement by the deadline of 31 May 2022. The Director-General was still negotiating the content of his performance agreement with the executing authority on 31 May 2022. His employment contract eventually expired on 31 August 2022.

A total of eight disciplinary hearings were finalised by the end of the 2022/23 financial year. One resulted corrective counselling; four written warnings and one final written warning were issued; one employee was dismissed; and one employee was found not guilty. There were no cases of disciplinary action initiated for the period under review. This is a reduction in the number of incidents compared to the 2021/22 financial year, when one incident was reported.

4.2 Non-financial performance

The Department planned to implement and achieve 46 performance targets in the 2022/23 financial year. At the end of the period under review, 40 out of 46 (87 per cent) of the planned targets were achieved and six out of 45 (13 per cent) were not achieved. This is an improvement from the 2021/22 financial year when the success rate for the implementation of targets was 76 per cent (34 out of 45).

4.2.1 Overview of overall programme performance

The Department's Programmes, with their related achievement against the performance targets for the 2022/23 financial year, are shown in Table 6.

Table 6: The Department's programme performance for the 2022/23 financial year

Programme	APP Targets 2022/23	Achieved	Not Achieved	% Achieved	% Budget Spent
1: Administration	6	5	1	83%	97.1%
2: Recreation Development and Sport Promotion Recreation Development and Sport Promotion	11	9	2	82%	99.5%
3: Arts and Culture Promotion and Development	19	16	3	84%	99.0%

[8] DSAC, *Annual Report 2023* (Pretoria: DSAC, 2023), pp.117-153.

Programme	APP Targets 2022/23	Achieved	Not Achieved	% Achieved	% Budget Spent
4: Heritage Promotion and Preservation	10	10	0	100%	98.9%
Total	**46**	**40**	**6**	**87%**	**98.9%**

Source: DSAC, *Briefing on the 2022/23 Annual Report* (Presentation to the Committee, 17 October 2023).

Programme 1: Administration
Five out of six planned targets were achieved. The following target was not achieved:

- *Number of services modernised (processes automated)*
  The Department failed to achieve the target which sought to modernise two services and achieved only 50 per cent. The development of the Database for the Sport, Arts and Culture.was completed. The second one planned was a Public Entities Reporting System. This was not achieved as there was no response to the advertised tender. The tender followed an unsuccessful attempt of incorporating the project in a State Information Technology Agency (SITA) transversal system, recommended by the National Treasury.

Noteworthy achievements include:

- *Percentage of interns enrolled against funded posts*: 6.09 per cent (35/574) against a planned target of five (5) per cent of interns were enrolled against funded posts in the 2022/23 financial year.
- *Percentage of councils/boards that are fully constituted*: All boards/councils (28) were fully constituted during the period under review.

Programme 2: Recreation Development and Sport Promotion Recreation Development and Sport Promotion
Out of the eleven targets planned, nine were achieved. The two targets not achieved are:

- *Percentage of National Federations meeting 50 per cent or more of all prescribed Charter Transformation targets*
  This target was not achieved even though 16 out of 19 National Federations submitted their data sheets, they could not be assessed; as such, none of them could be declared as having met 50 per cent or more of all prescribed charter transformation targets. The transformation status could not be assessed due to late or non-submission of datasheets by the National Federations. Three National Federations, namely: Chess SA, Basketball SA and South African Football Association (SAFA), were outstanding at the end of the financial year.
- *Number of heritage legacy facilities (including the Resistance and Liberation Heritage Route [RLHR] sites) developed and/or maintain to transform the national heritage landscape*
  The planned target for this indicator was three heritage legacy facilities. However, only one facility, the Dr JL Dube Amphitheatre, was developed and/or maintained to transform the national heritage landscape. The Environmental Impact Assessment (EIA) for the Enyokeni (Isibhubhu) Cultural Arena was not approved pending further engagements with traditional leadership in KwaZulu-Natal Province. In the meeting with the Committee, the Department indicated that engagements with the traditional leadership had indeed taken place post the finalisation and tabling of the Annual Report.
  At the Sarah Baartman Centre of Remembrance, the contractor terminated a contract and vacated site in July 2021 due to contractual disputes with the implementing agent, i.e. DPWI.

Selected achievements for this programme include:

- *Number of athletes supported by sports academies*
  A total of 5 289 (against a planned target of 3 700) athletes were supported by sports academies. This is an overachievement of 1 589 athletes supported. The athletes that come through to the district and provincial academies are emerging to high performance. Therefore, when the need arises for athletes to improve their performance, they seek assistance from the academies and academies respond as required. Also, because of their higher targets, some provinces were able to contribute more to the national achievement against this target.
- *Number of learners in the National School Sport Championship per year*

Against the planned target of 5 000, 5 204 learners participated in the National School Sport Championship. This overachievement of 204 learners is the result of added efforts to support the programme in the fourth quarter of 2022/23.

- *Number of municipalities provided with technical and/ or management support during construction*
  A total of 62 municipalities against a planned target of 50 municipalities were provided with technical and/or management support during construction. Apart from supporting municipalities that were allocated Municipal Infrastructure Grant (MIG) support in 2022/23, the Department also supported municipalities whose projects started in the previous years but were not completed. As planned, the support to municipalities ran throughout the construction cycle, because the Department's support is meant to enable alignment to the set norms and standards for sport facilities.

Programme 3: Arts and Culture Promotion and Development
Three out of the nineteen planned targets were not achieved. These include:

- *Number of Gender-Based Violence and Femicide initiatives financially supported*
  While three GBVF initiatives were planned to be financially supported, only two were supported. The third initiative, namely the Silapha Wellness Intervention Programme, was regarded as not achieved, because of insufficient evidence.
- *Number of monitoring reports on the implementation of a social compact for social cohesion and nation building.*
  Two monitoring reports were planned to be produced during 2022/23 the financial year, but none were produced. The implementation is dependent on the existence of a Social Compact for social cohesion and nation-building, a project that has not been finalised (signed off) because of dependency on other stakeholders.
- *Number of projects through which target groups are supported.*
  While eight projects were planned for the period under review, the achievement was zero. Although eight (8) NPOs were appointed, no projects were completed. The Department provided insight into the deviation and noted that due to departmental processes and decisions, such as the change of funding model mid-year, the implementation of projects was delayed resulting in commencement of implementation mid- March 2023. Consequently, the eight appointed NPOs were unable to complete the projects and report to the Department.

Some of the programme achievements include:

- *Number of bursaries awarded for the development of qualified language practitioners as per year*
  A total of 312 bursaries, against a planned target of 250 bursaries, were awarded for the development of qualified language practitioners. An additional 62 students were supported because some universities have a cheaper fee structure than others.
- *Number of local and international market access platforms financially supported*
  The planned target of 15 market access platforms was fully achieved.
- *Number of Moral Regeneration Movement Projects financially supported*
  While the attainment of this target has been problematic in previous financial years, in 2022/23 all five planned moral regeneration movement projects were financially supported.
- *Number of projects in the creative industry supported through the Mzansi Golden Economy programme*
  Against a planned target of 67 projects, a total of 86 projects in the creative industry were supported through the MGE programme. This resulted from the high number of applications received and subsequently approved by the Department.

Programme 4: Heritage Promotion and Preservation
All ten planned targets were achieved. The following selected highlights for this programme include:

- *Number of students awarded with heritage bursaries*
  The planned target of awarding 45 heritage bursaries was fully achieved.
- *Number of Progress reports on Resistance and Liberation Heritage Route Sites*
  The two planned annual progress reports were developed.
- *Number of libraries financially supported per year.*
  The planned target was 29 libraries supported. An additional two projects were financially supported from the roll-over funding of 2021/22 financial year, bringing the total achievement to 31 libraries supported in the period under review.

5. OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE FIRST QUARTER OF THE 2023/24 FINANCIAL YEAR, 01 APRIL TO 30 JUNE 2023

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 2023/24 financial year. The information on financial performance is extracted from the report by National Treasury to the Standing Committee on Appropriations.

5.1 Financial performance

The appropriation for the 2023/24 financial year was R6.36 billion. By the end of the first quarter, the Department had spent R1.43 billion (22.4 per cent) of the available budget. This is R229.5 million or 13.9 per cent lower that the projection of R1.66 billion. Slow spending was mainly on Goods and services and Transfers and subsidies in Programme 1: Administration and in Programme 2: Recreation Development and Sport Promotion and Programme 3: Arts and Culture Promotion and Development, respectively.

Table 7: 2023/24 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	454.7	126.4	115.3	8.8%	74.6%
2. Recreation Development and Sport Promotion	1 448.9	275.4	227.7	17.3%	84.3%
3. Arts and Culture Promotion and Development	1 791.2	698.5	537.9	23.0%	70.0%
4. Heritage Promotion and Preservation	2 662.9	556.0	546.0	1.8%	79.5%
Total	**6 357.7**	**1 656.4**	**1 426.9**	**13.9%**	**77.6%**

Source: National Treasury, *Report to the Standing Committee on Appropriations: 2023/24 1st Quarter Expenditure Report* (Pretoria, National Treasury, 2023).

5.1.1 Expenditure analysis per programme

Programme 1: Administration

The available budget for this programme is R454.7 million. By the end of the first quarter, the Department spent R155.3 million against a projected expenditure of R126.4 million. Spending was lower than projected by R11.1 million (8.8 per cent) mainly on Goods and services due to lower than projected invoices for marketing activities for Freedom Day and Africa Month celebrations and lower than projected invoices for municipal service charges by the Department of Public Works and Infrastructure (DPWI), which is based on actual usage. The lower than projected spending was also due to delays of appointing a service provider to develop DSAC's website and intranet.

Programme 2: Recreation Development and Sport Promotion

Programme 2 has an available budget of R1.45 billion. Expenditure at the end of the first quarter was R227.7 million against projected expenditure of R275.4 million. Spending was lower than projected by R47.8 million (17.3 per cent) mainly on Transfers and subsidies and Payment for capital assets. The slow spending under Transfers and subsidies was due to withheld tranche payments to the Sport Trust for operations, and to the South African State Theatre (SAST), South African Library for the Blind (SALB), South African Heritage Resource Agency (SAHRA), ATM for capital projects due to non-compliance with the Department's transfer policy. The transfer for the Sarah Baartman Museum Exhibition Planner was not processed due to disputes between project managers at the University of Cape Town (UCT) which resulted in revisions to the implementation plan on the development of the research report. This delayed the submission of invoices by UCT for the completed research report and concept document. The slow spending under Payment for capital assets was due to delays in the finalisation of the implementation of the National Archives facilities management contract. The Department is also awaiting invoices from the project manager on work done on the Winnie Madikizela Mandela Clinic project.

Programme 3: Arts and Culture Promotion and Development
This programme has an available budget of R1.79 billion. Projected expenditure for the first quarter was R698.5 million. The Department however spent R537.9 million during the period under review. Spending was thus lower than projected by R160.6 million (23 per cent) mainly on Transfers and subsidies. This was mainly due to transfers to the NFVF for the implementation of the Presidential Employment Stimulus Programme (PESP) not being made due to the adjudication for the projects being completed late. This has been scheduled for August. The slow spending was also due to the non-submission of audited Annual Financial Statements by the University of Kwa-Zulu Natal, North West University and Free State University for the implementation of Human Language Technologies projects. Delayed invoicing by Nelson Mandela University, the South African Cultural Observatory (SACO), and the late finalisation of the adjudication of Arts and Social development projects also contributed to slow spending.

Programme 4: Heritage Promotion and Preservation
Programme 4 was appropriated a total budget of R2.66 billion at the beginning of the financial year. Projected spending for the first quarter was R556.0 million while the actual expenditure by the end of the first quarter was R546.0 million. The lower than projected spending by R10 million (1.8 per cent) was mainly on Transfers and subsidies and Compensation of employees. The slow spending on Transfers and subsidies was mainly due to the withholding of transfers due to non-submission of required documentation by universities for the implementation of the heritage bursaries as well as delays with the appointment of a service provider to produce five books on the five selected living human treasures. The lower than projected spending under Compensation of employees is mainly due to vacant posts at different levels.

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 of employees.

Table 8: 2023/24 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	**999.0**	**257.8**	**237.3**	**8.0%**	**76.2%**
Compensation of employees	385.3	96.6	91.3	5.4%	76.3%
Goods and Services	613.7	161.3	146.0	9.5%	76.2%
Interest and rent on land	0.0	0.0	0.0	-	-
Transfers and subsidies	**5 027.7**	**1 393.9**	**1 187.8**	**14.8%**	**76.6%**
Payments for capital assets	**286.0**	**4.7**	**1.8**	**61.1%**	**99.4%**
Payment of financial assets	**0.0**	**0.0**	**0.0**	**-**	**-**

(R'000)	Available budget	Year-to-date			% Budget Available
Total	**6 357.7**	**1 656.4**	**1 426.9**	**13.9%**	**77.6%**

Source: National Treasury, *Report to the Standing Committee on Appropriations: 2023/24 1st Quarter Expenditure Report* (Pretoria: National Treasury, 2023).

5.2 Non-financial performance

The Department planned to implement 19 performance targets during the first quarter reporting period. Eighteen (95 per cent) of the planned targets were achieved.

Table 9: 2023/24 First Quarter Programme Performance

Programme	APP Targets 2023/24	Achieved	Not Achieved	% Achieved
1: Administration	3	2	1	67%
2: Recreation Development and Sport Promotion Recreation Development and Sport Promotion	5	5	0	100%
3: Arts and Culture Promotion and Development	5	5	0	100%
4: Heritage Promotion and Preservation	6	6	0	100%
Total	**19**	**18**	**1**	**95%**

Source: DSAC, *First Quarter Performance Report* (Presentation to the Committee, 10 October 2023).

6. PUBLIC ENTITIES AND SPORT AND RECREATION BODIES OF THE DEPARTMENT OF SPORT, ARTS AND CULTURE

The Committee considered the 2022/23 annual reports for selected entities reporting to the Department. These include the SAHRA, the PanSALB, ASA and the SAIDS. The section of the report provides an overview assessment of the service delivery performance for each of these entities.

6.1 South African Heritage Resources Agency

SAHRA is an agency of the Department of Sport, Arts and Culture; and established in terms of the National Heritage Resources Act (No. 25 of 1999). SAHRA is a schedule 3A public entity as defined in the PFMA. It is responsible for the identification, conservation, protection, and promotion of South Africa's heritage resources for the greater good of our society and humanity. In doing this, SAHRA contributes to Outcome 14 of the NDP which outlines the national strategy for social cohesion and nation-building.

6.1.1 Overview and assessment of SAHRA's 2022/23 service delivery performance[9]

SAHRA has five budget programmes, Administration and Governance; Strategic Coordination; Public Engagement; Business Development and Transformation; and Economic Empowerment. The entity achieved 100 per cent against the 2022/23 annual performance plan targets.

Selected key achievements for the 2022/23 financial year include:

- The finalisation of the Heritage Resources Management Coordination Plan (HRMCP), comprehensive and forward-looking plan for the period 2023-2028. This plan is a critical step towards ensuring that those who should be playing a role in effective management of our heritage resources actively participate in matters concerning identification, protection, and conservation of national heritage resources.
- A total of 24 knowledge dissemination activities with 12 additional activities from the planned 12 activities conducted during the 2022/23 financial year. These activities stem from one of SAHRA's which is to promote and regulate heritage by disseminating knowledge at hosted or participatory events.
- The assessment 12 sites for grading and declared nine heritage resources, including the serial assessment of 11 kramats and the serial declaration of eight sites at District Six in

[9] South African Heritage Resources Agency *SAHRA 2022/23 Annual Report* (Presentation to the Committee, 11 October 2023).

fulfilment of SAHRA's mandate of inclusive identification, conservation, promotion, and management of heritage resources.

6.1.2 Overview and assessment of SAHRA's 2022/23 budget and expenditure

For the 2022/23 financial year, SAHRA's total revenue was R75.7 million, which includes a transfer of R62.8 million from the Department. The balance is comprised of, amongst others, interest; rent revenue generated by properties owned by SAHRA; permit fees and other income; and realisation of deferred income.

The entity noted that due to budgetary constraints, it has significantly reduced its expenditure. The Department's allocation to SAHRA in 2021/22 was R58.7 million. Employee costs for 2022/23 amounted to R43.4 million, i.e. 57.3 per cent of the total revenue and 69.1 per cent of the Department's allocation. The entity noted that "the decrease in Government subsidies over recent few years exacerbated by the advent of COVID-19 and overall Government decrease of income on the fiscus with the added expected MTEF budget cuts, it is projected that personnel expenditure will increase to 80 per cent of the total budget allocation (excluding project funding) in the 2024/25 financial year only magnifies the challenges brought about due to the underfunding of the entity's mandate".[10] It should also be noted that no employee received performance bonuses in the period under review. The Committee was briefed on labour challenges regarding salary increases and SAHRA's interventions. With the assistance of the Department, SAHRA was able to identify savings and has managed to offer staff a three per cent salary increase and a proposed three per cent once-off bonus.

At the end of the financial year, the entity's operating surplus amounted to R5.2 million. The entity's total net assets amounted to R137.8 million.

6.1.3 Irregular and fruitless and wasteful expenditure[11]

There was no opening balance for irregular expenditure at the beginning of the 2022/23 financial year and nothing further was incurred in the period under review.

SAHRA however had an opening balance of R140 000 for fruitless and wasteful expenditure at the beginning of the period under review. The entity incurred R65 000 during the 2022/23 financial year, and R63 000 was removed after SAHRA had received an abatement to this amount. The closing balance for fruitless and wasteful expenditure at the end of the 2022/23 financial year is R142 000.

6.1.4 2022/23 Audit Outcomes

SAHRA's audit opinion remained unchanged at unqualified (clean) for the 2021/22 and 2022/23 financial years. It should be noted that SAHRA has improved on its audit outcome of unqualified with findings achieved in 2020/21.

6.2 Pan South African Language Board

The PanSALB is a constitutional institution as defined by the PFMA. It which derives its mandate firstly from section 6(5) of the Constitution of the Republic of South Africa and secondly from PanSALB Act (No. 59 of 1995, as amended by the PanSALB Amendment Act, No. 10 of 1999). The Board, established by the PanSALB Act as a juristic person, has the responsibility of language promotion, the defence of linguistic rights and creating conditions for the development and equal use of all languages used in South Africa. PanSALB, while not a Chapter 9 institution, is regarded as a state institution supporting democracy along with structures such as the Constitutional Court, the Financial and Fiscal Commission, and the National Youth Development Agency.

6.2.1 Overview and assessment of PanSALB's 2022/23 service delivery performance

PanSALB works to fulfil its mandate across two budget programmes, namely Programme 1: Administration and Institutional Support; and Programme 2: Language Use, Development and Equitability.

During the financial year 2022/23 PanSALB had 25 targets and managed to achieve 16 (64 per cent) of the set target whereas 9 (36 per cent) of the annual targets were not achieved. Programme 1 had

---

[10] SAHRA *2022/23 Annual Report* (Cape Town: SAHRA 2023), p.73.
[11] SAHRA *2022/23 Annual Report* (Cape Town: SAHRA 2023), pp.85-88.

seven targets for the financial year of which six (86 per cent) were achieved and one (14 per cent) was not achieved. Programme 2 had 18 targets, of which 10 (56 per cent) were achieved and eight (44 per cent) were not achieved during the financial year.

Selected achievements for the entity during the period under review include:[12]

- A total of 12 cases related to linguistic human rights attended to and resolved. The finalised report was tabled in Parliament after the conclusion of the 2022/23 financial year for noting by the Committee.
- A linguistic human rights dialogue that focused on the use of official languages within the South African Justice System was conducted.
- The vacancy rate as of 31 March 2023 was at 13 per cent measured against the target of 20 per cent or below which is attributed to a recruitment drive following the approval of the new organisational structure.
- PanSALB has initiated the establishment of Khoi and San community language schools as a pilot project with the aim to improve the teaching and learning of Nama in the Eastern Cape, Western Cape, Gauteng, and Northern Cape, as well as Khwedam and !Xuntali in the Northern Cape. At the end of the financial year, around 12 community schools were in the early stages of operation.

6.2.2 Overview and assessment of PanSALB's 2022/23 budget and expenditure[13]

For the period under review, PanSALB had a total revenue of R126.7 million. The primary source of revenue for PanSALB is the Government grant, transferred via the Department, which amounted to R123.1 million for the 2022/23 financial year (2021/22: R120.9 million). This equates to 97.2 per cent of the institution's total revenue. Additional revenue of R198 000 was received from the National and Provincial Governments to administer the disbursement of COVID-19 relief funding and promoting the PanSALB mandate within the Mpumalanga province. Interest received from bank deposits amounted to R3.3 million.

Treasury approved a roll-over of funds of R57.3 million which was utilised to execute Information and Communication Technology (ICT) infrastructure, language promotion projects and job creation.

PanSALB recorded expenditure of R149.3 million in the 2022/23 financial year (2021/22: R148.5 million) which represents 82.7 per cent of the MTEF budget of R123.1 million and the approved roll over funds of R57.3 million. Transfer to National Lexicography Units of R27.3 million was paid in 2022/23 (2021/22: R34.5 million). The total compensation of employees increased from R51.9 million in 2021/22 to R61.0 million in 2022/23. This represents an increase of 17.6 per cent. Expenditure on personnel thus amounted to 49.6 per cent of the total DSAC transfer. At the end of the financial year, the institution's accumulated surplus amounted to R44.2 million.

In its 2022/23 annual report, the PanSALB notes that its management has "embarked on a strategic planning exercise and developed a fundraising strategy, which includes identifying new avenues for generating additional revenue".[14]

6.2.3 Irregular and fruitless and wasteful expenditure[15]

In respect of irregular expenditure, PanSALB had an opening balance of R58.7 million at the beginning of the 2022/23 financial year. An additional R2.3 million was added during the period under review. A total of R60.8 million was under assessment at the end of the financial year. However, no irregular expenditure was condoned, removed, or written off leaving a closing balance of R61.0 million at the end of the financial year.

6.2.4 2022/23 Audit Outcomes

Given that the entity has had a long history of dysfunction and instability it is noteworthy that PanSALB's performance appears to be on an upward trajectory. The entity has moved from a

---

[12] Pan South African Language Board *Briefing by PanSALB to the Portfolio Committee on Sport, Arts and Culture* (Presentation to the Committee, 11 October 2023).
[13] PanSALB *Annual Report 2022/23* (Pretoria: PanSALB, 2023), pp.34.
[14] PanSALB *Annual Report 2022/23* (Pretoria: PanSALB, 2023), p.155.
[15] PanSALB, *Annual Report 2022/23* (Pretoria: PanSALB, 2023), pp.92-94.

qualified audit opinion in 2018/19 and has, since then put measures in place to improve this outcome with PanSALB achieving an unqualified (clean) audit opinion in 2021/22. This is however regressed in 2022/23 to an unqualified with findings audit opinion.

6.3 Athletics South Africa

Athletics South Africa (ASA) is the national governing body (national federation) for the sport of athletics (including track and field, cross country, road running and race walking) in South Africa, recognised by the World Athletics, and also a member of Confederation of African Athletics. The organisation reports to the South African Sports Confederation and Olympic Committee (SASCOC). ASA falls under Programme 2 of the Department as a Departmental agency. In 2022, ASA reported that it comprises 17 provincial associations (with the nine provinces), 1 012 athletics clubs, 304 000 registered athletes and approximately 500 000 unregistered athletes. The organisation is controlled by a board of directors led by a president.[16]

From its inception in 1992, ASA focused on four main objectives:[17]

- To unify all athletics in South Africa;
- To develop the sport of athletics in South Africa, particularly at grassroots level;
- To facilitate the participation of previously disadvantaged communities in athletics; and
- To prepare athletes for participation in international events.

6.3.1 Overview and assessment of ASA's 2022/23 service delivery performance

The ASA, as were all other sporting federations were severely affected by the COVID-19 pandemic and the restrictions places on the sector as a result of the series of lockdowns. Federations have however returned to play and with the possibility to host and participate major sporting events resumed. The following events flagged as highlights for 2023:[18]

- The SA National Championships (Juniors and Seniors) held in Germiston and Potchefstroom in March and April 2023, respectively;
- Competed at the Budapest World Athletics Championships between 19 and 27 August 2023. South Africa however did not medal at this event;
- Competed at the 2023 Africa under-18 and under-20 Championships in Athletics hosted by Zambia between 29 April and 03 May 2023. South Africa placed first winning a total of 65 medals;
- Competed in the World Athletics Road Running Championships in Riga, Latvia from 28 September to 01 October 2023, and attained an overall position of third place with one bronze medal.

6.3.2 Overview and assessment of ASA's 2022/23 budget and expenditure

During the 2022/23 financial year, an amount of R 6.0 million was transferred to ASA by the Department. An amount of R 2.0 million was set aside for administration, while the remaining R4.0 million was budgeted for programmes and projects. On the matter of higher than usual administrative costs for federations, the Department in its presentation to the Committee, noted that this was accepted during the COVID-19 pandemic. This was to ensure that federations were not severely affected by the decreases in their revenue streams. The 2023/24 financial year is the last year that such high administrative costs are approved as most of the funding should be directed towards programme implementation. This was communicated to all federations in March 2023. This flexibility will therefore lapse from 01 April 2024 onwards.[19]

For the period under review, the ASA had a total revenue of R30.4 million (2021: R30.1 million) which in addition to the Government transfer, in the main includes revenue derived from SuperSport broadcasting rights (R11.3 million); membership income (R5.7 million); and sponsorship income (R3.4 million). In its review of financial results and activities, the ASA noted that it had successfully secured broadcasting rights with SuperSport for a 4-year term. They had also experienced growth in membership and increase in participation which resulted in an increase in licenses issued.

---

[16] Athletics South Africa, *2022/2023 Annual Performance Plan* (Presentation to the Committee, 19 April 2022).
[17] Ibid.
[18] DSAC, *Overview Briefing: ASA Federation* (Presentation to the Committee, 13 October 2023).
[19] Ibid.

ASA recorded operating expenses of R34.9 million for the 2022 financial year (2021: R28.9 million). The major expenses were that of event expenses at R18.7 million (53.6 per cent); an amount of R4.2 million (12.0 per cent) ring-fenced for legal expenses; salaries and wages at R3.7 million (10.5 per cent); and marketing, media and consulting at R2.7 million (8.3 per cent).

The federation recorded a total deficit of R4.4 million (2021: R1.5 million surplus). The deficit resulted from the R6.0 million grant that was delayed and paid in early January 2023.

6.3.3 Progress and challenges[20]

The ASA indicated that is has made progress in several areas including an increase in national teams participating internationally; increased domination of youth and junior teams at an international level; and more women are participating in athletics. They however also highlighted the challenges faced by the federation which includes a lack of equipment and training facilities; the matter of pressure on living costs faced by professional athletes as they need to be in training on a full-time basis; and the overwhelming demands of training camp and medical and recovery/rehabilitee costs related to sports injuries.

The Federation also indicated that it will continue to focus on a number of areas to increase their rate of success, including:

- Strategic planning;
- Coaching and athletes support;
- Competition exposure; and
- Collaboration with stakeholders.

6.4 South African Institute for Drug-Free Sport

The South African Institute for Drug-Free Sport (SAIDS) is a public entity established by the SAIDS Act (No. 14 of 1997, as amended by the SAIDS Amendment Act No. 25 of 2006). Its mandate is to promote the participation in sport free from the use of prohibited substances or methods intended to artificially enhance performance, thereby rendering impermissible doping practices, which are contrary to the principles of fair play and medical ethics, in the interest of the health and well-being of sportspersons; and to provide for matters connected therewith. As a regulatory agency, SAIDS also provide technical obligations for the country to UNESCO; the WADA; and the African Union. SAIDS must ensure compliance at the international level through adhering to the UNESCO Convention Against Doping in Sport; the WADA Code ("Code"); and the International Standardization Organization (ISO) 9001, which is the internationally recognised standard for Quality Management Systems (QMS) and pertains to the scientific rigor required in the drug testing programme. The performance environment of SAIDS is also influenced by the independent WADA accredited laboratory in South Africa, the SA Doping Control Laboratory in Bloemfontein, which is the only such laboratory on the African continent.

6.4.1 Overview and assessment of SAID's 2022/23 service delivery performance

The following are selected achievements for the 2022/23 financial year:

- Co-hosted the African Anti-Doping Education Workshop February 2023 in Johannesburg;
- Hosted 194 in-person and virtual anti-doping education events across the country; and
- Analysed 3194 urine and blood samples.

One of the challenges SAIDS is currently facing is the matter of compliance with the revised WADA Code which came into force in 2021. The 2021 Code includes the new and revised international standards that anti-doping agencies must comply with. These international standards are the International Standard for Education; the International Standard for Testing and Investigations; and the International Standard for Results Management. The WADA requires all member countries to countries to align their national anti-doping acts/policies with the revised Code. The consequences of non-compliance include not being awarded the right to host nor fly its flag regional, continental and World Championships, and Events organised by Major Event Organizations, until SAIDS is reinstated. An additional consequence is that the non-complaint member country's flag may not be flown at Olympic Games and Paralympic Games.

[20] ASA, *Athletics South Africa's Presentation* (Presentation to the Committee, 13 October 2023).

During the briefing to the Committee, the Department and SAIDS provided an in-depth overview of the matter of the potential sanctioning of South Africa (through SAIDS) from WADA. In November 2022, SAIDS received a warning from WADA notifying the entity that its legislation (as amended by the Act No. 25 of 2006) is outdated and must be aligned to the revised Code to avoid being sanctioned.

To summarise the interventions, it is necessary to state that while SAIDS and DSAC are actively addressing the challenge of the outdated legislation. The following important points are important to consider:[21]

- South Africa received feedback from WADA noting that the latest draft of the amended legislation appears to be in line with the Code and International Standards (25 September 2023);
- The Department submitted the final draft to the Office of the Chief State Law Advisor (25 September 2023) and the Department's Legal Services are in contact with this and other relevant stakeholders to fast track the promulgation of the SAIDS Bill;
- The Department submitted a Cabinet memo for consideration in Cabinet at its meeting of 04 October 2023. The Minister presented the SAIDS amendment bill which was subsequently approved by Cabinet and will be tabled in Parliament.

6.4.2 Overview and assessment of SAID's 2022/23 budget and expenditure

For the 2022/23 financial year, the entity had a total revenue of R35.1 million (2021/22: R30.1 million). The total revenue is largely comprised of the DSAC grant of R29.2 million (2021/22: R28.1 million). This grant thus represents 83.1 per cent of the entity's total revenue in 2022/23. Other major sources of revenue for the 2022/23 financial year included a grant received from the National Lotteries Commission (R746 000) and doping control sales (R4.2 million).

SAIDS recorded total expenditure of R44.2 million in the 2022/23 financial year (2021/22: R27.0 million). The total expenses relating to doping control amounted to R22.0 million (2021/22: R11.5 million). Staffing costs for the period under review amounted to R9.2 million (2021/22: R8.7 million). This represents an increase of 5.7 per cent. Expenditure on staff in 2022/23 thus amounted to 31.5 per cent of the total DSAC transfer. The third biggest contributor to the total expenditure was the SAIDS anti-doping education programme. The expenditure relating to this programme was R4.1 million in the period under review (2021/22: R532 000).

At the end of the financial year, the entity recorded a deficit of R9.1 million (2021/22: R3.9 million surplus). The main driving factors for this deficit include the full resumption of sports post the COVID-19 pandemic; the increased demand for testing and anti-doping education; and the utilisation of the entity's retained surplus. The surplus of R11.5 million emanates from underspending in 2020/21 and 2021/22 due to the COVID-19 pandemic. The entity declared the surplus to National Treasury. SAIDS applied for the surplus to be retained and National Treasury approved the retention and utilisation of the surplus funds.

6.4.3 Irregular and fruitless and wasteful expenditure

At the beginning of the 2022/23 financial year, SAIDS had an opening balance for irregular expenditure amounting to R6.0 million. An additional R12.6 million was added to the register in the period under review. The 2022/23 financial statements indicate that R10.3 million was under assessment and R2.3 million under investigation. The closing balance at the end of the 2022/23 financial year was R18.6 million.

6.4.4 2022/23 Audit Outcomes

SAIDS achieved a clean audit opinion for the 2022/23 financial year, which remains unchanged since 2019/20.

7. ISSUES RAISED DURING DELIBERATIONS

The following concerns were raised in relation to the performance of the Department and its entities during the Committee's deliberations:

[21] DSAC, (2023). *Overview Presentation: SAIDS* (Presentation to the Committee, 13 October 2023).

7.1 Leadership instability and vacancies

The Committee noted with concern that while the contract for the Department's Director-General ended in August 2022, the post still remains vacant even there have been efforts to fill the position. The Department's vacancy rate remains high and at the end of the 2022/23 financial year was recorded at 20.5 per cent due to internal promotions resulting in vacant positions that could not be filled before the end of the period under review.

The Committee also questioned when ASA will appoint a permanent CEO as having an acting CEO at the helm exposes the federation to leadership instability.

7.2 Expenditure rate

The Committee commended the Department on spending 98.9 per cent of the total allocated budget but, as noted earlier, is concerned that R32.4 million out of R68.8 million that was underspent (40 per cent) stems from vacant positions that were not filled.

7.3 Audit outcomes for the Sport, Arts and Culture portfolio

The Committee notes with concern the slight regression in the overall audit outcomes for the portfolio. It further is concerned the basis for two of the three entities that received qualified audit opinions with findings because of repeat findings. The annual financial statements for both the National Library of South Africa and Iziko Museums of South Africa were qualified on the heritage assets not being accounted for properly. The regression in audit opinion from unqualified with findings in 2021/22 to qualified with findings in 2022/23 for Freedom Park is also worrying.

7.4 Late submission of annual financial statements

In its engagement with the AGSA, the Committee was informed that the most recently declared cultural institution and entity of the Department, the Mandela Bay Theatre Complex, missed the deadline of submission of annual financial statements for auditing. This is the first time that the entity is being audited by the AGSA. The late submission resulted in a regression for the portfolio for the submission of financial statements by the legislated date from 100 per cent in 2021/22 to 97 per cent in 2022/23.

7.5 Irregular expenditure and consequence management

The Committee notes that there has been a decrease in irregular expenditure for the period under review. However, the Committee also expressed concern yet again with the delays in the implementation of consequence management. While some investigations are underway, the AGSA flagged that the closing balance of irregular expenditure continues to increase across the portfolio. At the end of the 2022/23 financial year the balance was R1.17 billion, with the Department contributing R450 million to this balance. Investigations into irregular expenditure amounting to R23.7 million incurred by the Department were not performed as required by the PFMA.

7.6 Implementation of the Revised White Paper on Arts, Culture and Heritage

In the briefing by SAHRA on its Annual Report to the Committee, SAHRA noted that it was still unclear as to how the imminent merger with the NHC will affect the entities.

7.7 Infrastructure projects

The Committee expressed dissatisfaction with the protracted nature of the implementation of certain infrastructure projects, including the Enyokeni Cultural Arena and the Sarah Baartman Centre of Remembrance.

7.8 Gender representivity in councils

The Committee questioned the composition of the council of SAHRA given that the council only has one female member.

7.9 Transformation in sport

The Committee expressed its ongoing concern on the matter of transformation in sport. The outstanding Eminent Persons Group (EPG) report will assist the Committee in ensuring that all facets of sports in South Africa is transforming.

7.10 Development and promotion of sport in townships and rural areas
In its engagement with ASA, the Committee underscored its concern regarding the promotion and development of sport in townships and rural areas. This concern also encompasses the ability to access sporting facilities, the affordability of club membership fees, support for coaches and athletes, and making scholarships to talented athletes from these communities.

7.11 South African Cultural Observatory research
The Committee expressed its appreciation for the research conducted and reports produced by SACO. It further welcomed the expansion of SACO's research mandate to include sport.

7.12 Outstanding policies and legislation
The Committee noted with concern the matter of the outdated SAIDS legislation and the potential impact of non-compliance with the WADA Code. Additionally, the Committee questioned the progress made on the development of policies such as the Women in Sport Policy, noting that the review of public comments on the policy was in progress at the end of the 2022/23 financial year.

7.13 Governance of PanSALB
The Committee noted with appreciation the work done by the management and PanSALB Board in turning the institution around. The term of the current board expires in the 2023/24 financial year. The Committee welcomed the decision by the Minister to include the Committee in the establishment of the ad hoc committee that will initiate the process that will culminate in the appointment of a new board.

7.14 Inadequate financial allocation to the sector
Upon engaging with the entities, the growing outcry of inadequate financial allocation has become more pronounced.

7.15 Mzansi National Philharmonic Orchestra
The Committee notes the insight provided by the AGSA on matter of the MNPO which relates to the Memorandum of Understanding which was to facilitate the transfer of ring-fenced funds from the NAC to the newly established orchestra.

8. COMMITTEE RECOMMENDATIONS
The Committee recommends that the Minister of Sport, Arts and Culture consider the following:

8.1 Leadership instability and vacancies
The Department to provide the Committee with a comprehensive overview of its recruitment strategy, with specific reference to the Director-General post, by the end of the fourth quarter of 2023/24. The filling of vacant posts will also further reduce underspending.
The ASA and the Department should provide the Committee with an update on the matter of filling the CEO vacancy by the end of the 2023/24 financial year.

8.2 Expenditure rate
The Department should strive to continue its trajectory of expending its allocated budget to ensure that it implements service delivery.

8.3 Audit outcomes for the Sport, Arts and Culture portfolio
The Department should provide the Committee with its action plans and other corrective measures to ensure improvement in the portfolio audit outcomes by the end of the third quarter of 2023/24. This will allow the Committee to track progress on commitments made and strengthen its oversight and allow for deeper scrutiny of service delivery.

8.4 Late submission of annual financial statements
The Department should provide the Committee with an update on the status of the audit for the Mandela Bay Theatre Complex by the end of the third quarter of 2023/24.

8.5 Irregular expenditure and consequence management
The Department should strengthen its internal controls as well as its oversight function over its entities to curtail the growing balance of irregular expenditure for the portfolio. The Committee therefore

reiterates its request for a comprehensive overview of the audit action plans for the portfolio by the end of the third quarter of 2023/24.

8.6 Implementation of the Revised White Paper on Arts, Culture and Heritage
While the Department is scheduled to provide the Committee with an update on the implementation of the White Paper during the third quarter of 2023/24, the Committee recommends regular reporting on the matter, including what financial allocations have been prioritised and allocation for the project.

8.7 Infrastructure projects
The Department should provide a progress report on all infrastructure projects that have been delayed due to various reasons by the end of the third quarter of 2023/24.

8.8 Gender representivity in councils
As far as possible, the matter of gender representivity in councils should be addressed and considered when council members are appointed.

8.9 Transformation in sport
Noting the challenges the Department experienced in obtaining the required information from selected sporting federations, the Committee once again calls for the Department to fast-track obtaining the required, outstanding information and to expedite the process of compiling the EPG Report. The Committee requests further updates on the matter by the end of the third quarter of 2023/24. The Committee further recommends that the Department redefines the performance indicator which aims to measure the degree to which National Federations have met the prescribed Transformation Charter targets as this will clarify the required level of performance.

8.10 Development and promotion of sport in townships and rural areas
The Department and the National Federations should continue to strengthen their efforts to increase participation in sport in marginalised communities.

8.11 South African Cultural Observatory research
The Committee recommends that SACO research into the impact on the economy of sport, inclusive of all sport codes to assist the better allocation of funding and resources.

8.12 Outstanding policies and legislation
The Department should provide the Committee with an update on the draft amendments that have been passed to the Office of the State Law Advisor. This update should be submitted before the end of the third quarter of 2023/24.
The Department should provide the Committee with an overview of progress made in relation to policies that have been drafted and in the process of being finalised. The updated should be submitted by the end of the fourth quarter of 2023/24.

8.13 Governance of PanSALB
The Committee recommends that the Department provides an update by the end of the third quarter of 2023/24 on the establishment of the ad hoc committee. Once established, the Department should provide the Committee with the names of the individuals selected to serve on the said committee.

8.14 Mzansi National Philharmonic Orchestra
The Committee recommends that the Department provides a progress report on the matter raised by the AGSA in respect of monitoring the implementation of the spending by the MNPO and obtain outstanding reports to confirm if monies were spent in line with the objectives. This report should be submitted by the end of the third quarter of 2023/24.

The Committee recommends that the Minister of Finance consider the following:

8.15 Inadequate financial allocation to the sector
The Department of Sport, Arts and Culture requires additional funding for operational transfers to entities. The overwhelming majority of the entities have expressed concerns about insufficient budget allocation to implement their legislative mandates. As per the 2023 ENE, the total expenditure estimate for the Department will decrease to R6.16 billion in 2024/25 followed by an increase to R6.44 billion in 2025/26. Given the vast mandate of the sector, there is a growing outcry that the allocation to

entities is insufficient to ensure a comprehensive approach to the promotion and development of the sector, and the safeguarding of heritage assets.

9. CONCLUSION

The Committee will endeavour to monitor the Department and its entities with respect to the implementation of recommendations made by the AGSA. The Committee notes with concern that it last conducted physical oversight in June 2021.

Furthermore, the Committee notes that the reservation by the Democratic Alliance. In conclusion, the Committee urges the Department to heed its recommendations and to implement these expeditiously.

10. APPRECIATION

The Chairperson wished to acknowledge the Members of the Portfolio Committee of Sport, Arts and Culture for being resolute in the role they play in conducting oversight of the work of the Department and its entities and sporting federations. The Committee noted and valued the cooperation and contributions by the Department and its entities during this process. The Committee also appreciates the support of staff of the Office of the Auditor-General of South Africa as well as its support staff for their assistance in preparing this report.

Report to be considered.