



P·A·C·O·F·S

PERFORMING ARTS CENTRE
OF THE FREE STATE

an agency of the
Department of Sport, Arts and Culture

ANNUAL PERFORMANCE PLAN

2021 - 2022

Accounting Authority Statement



As the newly appointed Council of the Performing Arts Centre of the Free State, we are delighted to submit this Annual Performance Plan which represents the second year of the strategic planning cycle of the sixth administration. Our term commences at the most difficult time where the entire world is forced to adjust from the normal way of doing things due to the Covid-19 pandemic. PACOFS is certainly no exception to this and it is against that backdrop that amongst others, this plan took into consideration adjustments that needed to be effected on the business operations of the organisation as a response to Covid-19.

We have also revised the Strategic Plan, including a thorough assessment of the Risk Profile to ensure that amidst the current challenges, this organisation remains relevant and effective in discharging its mandate of promoting and supporting our artists, as well as providing quality services to its clients and audiences. We believe PACOFS has the right human capital to execute its mandate, as espoused in the Strategic Plan.

As Council, we are confident that PACOFS has a strong Management team that will execute both the Strategic Plan and the rolling Annual Performance Plans over the next four years of the planning cycle.

My fellow Council members and I have had the opportunity to fully engage with the development of this Annual Performance Plan, and we are committed to ensuring its implementation.

A handwritten signature in black ink, appearing to read 'Thato Moeeng', written in a cursive style.

Advocate Thato Moeeng
Chairperson of Council

Date: 23 January 2021

Foreword by the Chief Executive Officer



It is an honour for me to present the Annual Performance Plan for the Performing Arts Centre of the Free State on behalf of the entire staff and Management. This represents the second Annual Plan of the sixth administration which is developed at a time where South Africa and the entire world experience the most difficult time in the history of humanity due to the Covid-19 pandemic.

This Annual Performance Plan was developed following a very difficult 2020 year, where the theatre business, like many other industries, was negatively affected by the Lockdown due to Covid-19. The plan was therefore developed in line with the adjustments to the reviewed Strategic Plan due to the Covid-19, with a view to ensuring that the organisation will continue to deliver on its core mandate and improve on its performance.

One of the key priorities of this plan is to ensure that more focus is placed on activities that will assist the organisation to acquire an Unqualified Audit Opinion. To achieve this, we will ensure that for all the vacant positions are filled with the right human capital.

We would like to take this opportunity to thank the newly appointed Council for their guidance and support, and for giving Management the opportunity to present this Annual Performance Plan.

Lastly, I would like to thank all the PACOFS staff who participated in developing this Annual Performance Plan.

A handwritten signature in black ink, appearing to read 'Meshack Xaba'.

Mr Meshack Xaba
Chief Executive Officer (Acting)

Date: 23 January 2021

Official sign-off

It is hereby certified that this Annual Performance Plan:

- Was developed by Management under the guidance of Council.
- Was prepared in line with the 2020/21 – 2024/2025 Strategic Plan.
- Accurately reflects the performance targets which PACOFS will endeavour to achieve given the resources made available in the budget for 2021/22.

Mr. MM Xaba

Business Development Programme Manager



Date: 23 January 2021

Ms TT Toolo

Public Engagement Programme Manager



Date: 23 January 2021

Mr. SS Sanyane

Chief Financial Officer



Date: 23 January 2021

Mr. MM Xaba

Chief Executive Officer (Acting)



Date: 23 January 2021

Adv. T Moeeng

Council Chairperson



Date: 23 January 2021

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PART A: OUR MANDATE

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

There have been no significant changes to the applicable legislative and other mandates.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

The institution is finalising the rehearsal policy that seeks to:

- Regulate the allocation and administration of rehearsal venues and spaces to deserving artists as per their requests;
- Manage the provision of rehearsal space to artists on a temporary basis.

The policy will be finalised and operational during this financial year.

3. UPDATES TO RELEVANT COURT RULINGS

The Supreme Court of Appeal has handed down a ruling declaring the Preferential Procurement Regulations, 2017, issued in terms of section 5 of the Preferential Procurement Policy Framework Act (PPPFA), 2000, were invalid and set them aside.

The regulations stipulate a set of pre-qualification criteria before tenders can be assessed on price, functionality and other factors, including a tenderer being a stipulated minimum broad-based black economic empowerment (B-BBEE) status level of contributor and being a qualifying small enterprise which is at least 51% owned by black people.



PART B: OUR STRATEGIC FOCUS

4. UPDATED SITUATION ANALYSIS

4.1 EXTERNAL ENVIRONMENT ANALYSIS

It is important that PACOFS urgently addresses persisting challenges with regards to its facilities in order to provide its patrons with pleasant theatrical experiences, as many customers have relocated their shows to other venues as a result of ill-maintained infrastructure.

Following the announcement of a National Lockdown, consequent regulations, particularly those relating to prohibited social gatherings and closed public entertainment venues, caused great disruption to business operations. The cancellation of productions on the Artistic Programme, for example, resulted in inadequate use of venues and facilities. This subsequently resulted in loss of potential income from theatre rentals and service offerings including ticket and bar sales, costume hire etc.

Furthermore, PACOFS has not spent some of the allocated Artistic budget, which has had a negative impact on the livelihood of artists who would have previously benefited financially from staging shows at PACOFS.

It is noteworthy to acknowledge that the fight for market visibility and audience retention has intensified as a result of rapid technological advancements. To stay abreast of this, great consideration has been given to exploring alternative ways to connect and engage with existing and potential audiences. PACOFS has since incorporated digital and social media into its strategy to sustain its operations in the midst of this change. The Live@PACOFS Streaming Project is one such example.

Due to the Coronavirus National Lockdown, PACOFS live streamed videos from artists on its social media platforms for the very first time. Our aim is to continue to explore unconventional, cost-effective and flexible approaches to marketing productions and service offerings.

The advent of the Fourth Industrial Revolution (4IR) and Covid-19 has accelerated the pace of digitisation throughout the world. 4IR also presents new cost-effective options in various operational aspects. The move from static to digital advertising, for example, allows us the opportunity to explore new, more flexible ways of promoting multiple productions staged at PACOFS without incurring additional costs. Management will implement the following initiatives in response to the challenges posed by 4IR:

- (i) Access any donor funds that may be available to fund research aimed at determining the impact of 4IR on the performing arts industry;
- (ii) Use technology to assess the impact of the Streaming Project in terms of determining whether the project is reaching the intended audience;
- (iii) Making content available to digital platforms such as Netflix after ensuring the intellectual property rights of the artists are protected;
- (iv) Experimenting with other digital channels beyond Facebook to ensure that a broader audience is reached on behalf of the artists; and
- (v) Streamlining business processes within the organisation to incorporate digitisation and automation.

The amendment of the Public Audit Act has introduced the concept of material irregularity and the Auditor-General has been given the following additional powers:

- Refer material irregularities to relevant public bodies for further investigations in accordance with their mandate;
- Take binding remedial action for failure to implement the AG's recommendations for material irregularities;
- Issue a certificate of debt for failure to implement the remedial action if financial loss was involved.

The PACOFS Council and Management are therefore mindful of these powers of the AG and will strengthen its internal control systems to prevent material irregularities from occurring within its operations

4.2 INTERNAL ENVIRONMENT

The institution focused mainly on supporting local artists with 95 % of productions being presented by Artists from around the Free State Province. Due to Covid-19, the Artistic Programme was amended to include included the Live@PACOFS Streaming Project. This was the Institution's Artist Economic Relief effort, where a total of 38 videos were selected for streaming on PACOFS' social media platform.

In order to achieve social inclusivity, PACOFS must continue to strive to identify and obtain additional funding to activate artistic programmes in disadvantaged communities in order to make theatre-going practical in those communities.

The future Artistic Programmes will be multi-year programs, and will include a balance of commercially viable shows whilst still providing a platform for artists from the Free State province to showcase their works. New partnerships will be formed by introducing PACOFS facilities to productions touring South Africa whilst also supporting local Theatre Practitioners. Relationships with other theatres will remain the key focus and the co-producing of productions with these theatres will be a priority.

A large chunk of the budget is allocated to staff costs, other operating expenditure (that includes production expenses) and administrative expenditure. The increase in repairs and maintenance expenses is another added pressure to the budget. The ageing property, plant and equipment will continue to put pressure on the limited resources of PACOFS.

It is also clear that a greater amount should be allocated to marketing expenses in future, in order to increase patronage and thus increase revenue.

PACOFS has been consistently obtaining modified audit outcomes over the years due to a weak control environment and institutional instability. A fair amount of capacity has been built in the finance department during the year 2020. Going forward, the following initiatives will be implemented to bring about further improvements:

- Building fit for purpose capacity in the human resources department;
- Development and strict implementation of policies and standard operating procedures;
- Building ICT capacity and improving controls



PART C: MEASURING OUR PERFORMANCE

5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

5.1 PROGRAMME 1: ADMINISTRATION

Purpose: To provide corporate support and facilities management services

Outcomes, Outputs, Performance Indicators and Targets

Outcome 1: Strong governance and sound financial controls							
Outcome 3: Well-maintained infrastructure							
Outcome 4: Financial sustainability							
Outputs	Output Indicators		Actual performance	Estimated performance	Medium-term targets		
			2016/17 to 2019/20	2020/21	2021/22	2022/23	2023/24
Improved governance and control environment	1	Percentage of 2020/21 audit findings addressed	New indicator	100%	100%	100%	100%
	2	Number of risk register updates	New indicator	4	4	4	4
Improved facilities	3	Percentage of scheduled maintenance plan targets achieved	New indicator	100%	100%	100%	100%
	4	Number of capital projects implemented	New indicator	4	4	N/A	N/A
Improved organisational and staff performance	5	% of HR plan targets achieved	New indicator	100%	100%	100%	100%
Improved generation of own revenue	6	Amount of own revenue generated	New indicator	R1.6 million	R4.6 million	R6.2 million	R8.8 million

Indicators, Annual and Quarterly Targets

Output Indicators		Annual target 2021/22	Q1	Q2	Q3	Q4
1	Percentage of 2020/21 audit findings addressed	100%	N/A	20%	40%	40%
2	Number of risk register updates	4	1	1	1	1
3	Percentage of maintenance plan targets achieved	100%	100%	100%	100%	100%
4	Number of capital projects implemented	2	N/A	N/A	2	2
5	% of HR plan targets achieved	100%	100%	100%	100%	100%
6	Amount of own revenue generated	R4. 6 million	R1. 4 million	R0.9 million	R0.9 million	R1. 4 million

5.2 PROGRAMME 2: BUSINESS DEVELOPMENT

Purpose: To implement the core business of the entity.

Outcomes, Outputs, Performance Indicators and Targets

Outcome 2: Optimal utilisation of facilities Outcome 5: Vibrant artistic programme Outcome 6: Creating opportunities for performing artists from target groups							
Outputs	Output Indicators		Actual performance	Estimated performance	Medium-term targets		
			2016/17 to 2019/20	2020/21	2021/22	2022/23	2023/24
Sustained showcasing of performing arts practitioners through staging of shows	7	Number of shows staged or streamed	107	75*	30	35	40
Performing arts practitioners developed	8	Number of skills workshops conducted	6	4	4	4	4

*The target for 2020/21 was 25 shows. However, the target was increased to 75 after the APP was amended to include live streaming videos in response to Covid-19 regulations.

Indicators, Annual and Quarterly Targets

Output Indicators		Annual target 2021/22	Q1	Q2	Q3	Q4
7	Number of shows staged or streamed	30	8	8	6	8
8	Number of skills workshops conducted	4	1	1	1	1

5.3 PROGRAMME 3: PUBLIC ENGAGEMENT

Purpose: To market theatre offerings, facilities and services, including engaging in theatre audience development.

Outcomes, Outputs, Performance Indicators and Targets

Outcome 2: Optimal utilisation of facilities Outcome 5: Vibrant artistic programme							
Outputs	Output Indicators		Actual performance	Estimated performance	Medium-term targets		
			2016/17 to 2019/20	2020/21	2021/22	2022/23	2023/24
Increase the use of theatre facilities	9	Number of engagements with potential clients	New indicator	6	10	12	12
	10	Number of items of creative content developed or distributed	New indicator	10	16	18	20
Increase theatre patronage	11	Number of engagements focused on performing arts industry	New indicator	4	4	4	4

Indicators, Annual and Quarterly Targets

Output Indicators		Annual target 2021/22	Q1	Q2	Q3	Q4
9	Number of engagements with potential clients	10	2	2	2	4
10	Number of items of creative content developed or distributed	16	4	4	4	4
11	Number of engagements focused on performing arts industry	4	1	1	1	1

6. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM TERM PERIOD

Through policies and procedures development and revision, and risk assessment and risk mitigation, the institution seeks to improve its internal control environment. Furthermore, through effective management of staff performance, the institution will ensure that staff performs at its peak.

The outputs thereof will result in the institution achieving its outcome of high performance and clean administration.

7. MEDIUM-TERM EXPENDITURE ESTIMATES

Programme	Audited outcomes			Appropriation 2020/21	Medium-term expenditure estimate		
	R'000	2017/18	2018/19		2021/22	2022/23	2023/24
Administration	41 140	31 594	36 500	35 270	39 817	42 420	44 592
Business Development	9 713	14 444	6 182	6 923	7 162	7 522	7 898
Public Engagement	3 214	10 985	6 990	7 436	7 815	7 693	8 077
Total	54 067	57 023	49 672	49 629	54 794	57 635	60 567
Economic classification							
Current payments	54 067	57 023	49 672	49 629	54 794	57 635	60 567
Compensation of employees	26 598	24 319	27 307	28 024	30 863	29 456	30 923
Goods and services	23 393	27 714	19 809	18 696	20 513	24 597	25 883

Programme	Audited outcomes			Appropriation	Medium-term expenditure estimate		
	R'000	2017/18	2018/19		2019/20	2020/21	2021/22
Depreciation and Impairment	4 076	4 990	2 556	2 909	3 418	3 582	3 761
Total	54 067	57 023	49 672	49 629	54 794	57 635	60 567

One percent of the total budget of the personnel budget has been allocated to training and development. This is to ensure that the institution achieves its output relating to increasing staff performance.

8. UPDATED KEY RISKS

Outcome	Key Risk	Risk Mitigation
Strong governance and sound financial controls	<ul style="list-style-type: none"> - Low levels of staff engagement - Leadership instability - Inefficient and ineffective business processes - Business continuity and resilience - Irregular, fruitless and wasteful expenditure 	<ul style="list-style-type: none"> - Internal Audit Function - Ensure three lines of defence function (Management, ARC and Council) - Performance management system - Implementation of policies
Optimal utilisation of facilities	Loss of theatre revenue	<ul style="list-style-type: none"> - Market research on the suitability of artistic events - Long-term planning of shows / artistic events
Well maintained facilities	Dysfunctional facilities	<ul style="list-style-type: none"> - Maintenance Plan in place - Regular Maintenance done
Financial sustainability	Unsustainable cost structure	<ul style="list-style-type: none"> - Cost control measures - Sponsorships and partnerships with private sector
Vibrant artistic programme	Shows and productions not appealing to the intended audience	<ul style="list-style-type: none"> - Source external marketing expertise - All out identification of and search for artistic partnerships
Creating opportunities for performing artists from target groups	Performing artists struggling to survive	<ul style="list-style-type: none"> - Interventions developed to create opportunities - Funding set aside to implement the interventions

8.1 RISK REGISTER

Risk Identification						Perceived or Actual	Inherent Risk Assessment			Risk Response Plan						
Risk No.	Strategic Goal	Strategic Risk	Risk Category	Root Cause	Impact of Risk Occurring		Current			Risk Response Strategy	Existing control measures	Control Effectiveness Rating	Residual Risk Rating	Risk Treatment Action(s)	Risk & Action Owner	Action date
							Likelihood	Impact	Rating							
1	Strong governance and sound financial controls	Low levels of staff engagement	Human Resources	1) Culture of indiscipline and lack of consequence management 2) Absence of an HR plan & system of performance management 3) Inadequately trained staff	1) Poor employees and institutional performance 2) Labour unrest and institutional instability 3) Loss of critical skills	Actual	5	5	25	Treat	1) Performance Management Policy 2) Training budget	90%	23	1) Develop plan to resolve the matter of the 34 staff members that are not placed on the organogram. Compulsory annual ethics courses should be run for the organisation. 2) Appoint service providers to assess qualifying employees for the recognition of prior learning. 3) Develop a detailed HR plan incorporating Work Skills Plan, have it approved by REMCO and implement the plan. Consider enrolling employees for the online Ethics Course run by the School of Government.	HR Manager and Executive	30/09/2021

													conduct and ethics and the fraud prevention plan to all employees.			
													2.1) Conduct skills and competency assessments 2.2) Staff wellness programmes conducted 2.3) Monthly departmental meetings and quarterly staff meetings and concerns noted and discussed at management meetings 2.4) Silver bullet meetings held with Departments to resolve simmering staff discontent.			
4	Strong governance and sound financial controls	Business continuity and resilience	Operational	1) Lack of an approved ICT Governance Framework and IT Strategic plan which incorporates an IT continuity Plan 2) Lack of approved IT Security policy 3) Lack of an approved User access management policy 4) Inadequate design and implementation of controls around Linux operating system	1) Data loss 2) Unauthorised access 3) Business disruption 4) Audit findings	Actual	5	4	20	Treat		80%	16	1) Establishment ICT Steering committee 2) Appointment of IT service provider to execute IT functions to achieve among others segregation of duties. 3) ICT Governance implementation 4) Enhancement of BPM to include the ticketing functionality - To build in the service levels	Chief Financial Officer	31/08/2021

				5) Lack of Change Management Policy 6) Lack of an approved Business Continuity Plan which is regularly tested									(Procurement risk) 5) Automation of maintenance job cards, linked with stores 6) Timely approval of IT policies 7) Develop multi-year IT Strategy and Implementation Plan; 8) Develop Business Continuity Plan.		
5	Optimal utilisation of PACOFS facilities	Loss of theatre revenue	Strategic Risk	1) Inadequate marketing of shows due to late finalisation of the artistic programme or lack of long-term planning of shows line up. 2) The artistic programme not catering for shows of identified interests and target markets. 3) Inadequate planning and execution time due to the high number of productions to be showcased	1) Non achievement of the strategic objectives 2) Potential loss on revenue 3) Under utilisation of the facilities 4) Poorly attended shows and productions	Actual	5	4	20	Treat	65%	13	1) Shows and Productions selection criteria must be informed by market research and shows that will illicit interest in potential audience. 2) Shows and productions marketed at least 6 months before staging 3) Employ experts in the industry train artists / group showing potential using various training methods in order to meet set targets. 4) Hold executive meetings regularly to provide and assess artistic strategic direction	Senior Manager Marketing / Artistic Director	30/09/2021

6	Well maintained facilities	Dysfunctional facilities	Operational	1) Inadequate maintenance resulting in non functional venues 2) Reliance on the Department of Public Works & Infrastructure (DPW) for maintenance 3) Inadequate funding for maintenance 4) Lack of equipment replacement plan 5) Delays in the finalisation of the Facilities Management contract	1) Non achievement of the strategic objectives 2) Potential loss on revenue 3) Under utilisation of the facilities 4) Poorly attended shows and productions	Actual	5	5	25	Treat	1) Maintenance department in place 2) Maintenance plan in place and implemented	65%	16	1) Finalisation of Facilities Management contract 2) Budget for maintenance items that should be maintained by DPW by a quantum equal to the revenue in kind 3) Development of equipment replacement plan 4) Consequences management for individuals responsible for the delays in the finalisation of the Facilities Management contract.	Chief Executive Officer	1) 30/06/2021 2) 01/04/2021 3) 30/04/2021 4) Immediately
7	Financial sustainability	Unsustainable cost structure	Financial	1) Inadequate government grant 2) Revenue enhancement strategy not finalised and approved	1) Marketing efforts compromised by potential clients apathy 2) Inadequate generation of income	Actual	5	5	25	Treat	1) Costs containment measures 2) Own revenue streams and revenue enhancement strategy	65%	16	Approval and implementation of the revenue enhancement strategy	Senior Manager: Marketing and Executive	30/05/2021
8	Strong governance and sound financial controls	Irregular, fruitless and wasteful expenditure	Compliance	1) Non-compliance with procurement and other relevant legislation 2) Poor contract and consequences management	1) Reputational damage 2) Negative audit outcomes 3) Fraud and corruption	Actual	5	5	25	Treat	1) Supply chain management system 2) Code of conduct and whistle-blowing policy	65%	16	1) Consistent implementation of consequences management 2) Development of detailed procurement and contract management standard operating procedures 3) Regular SCM /	Chief Financial Officer	01/04/2021

													Procurement workshops		
9	Vibrant artistic programme	Shows and productions not appealing to the intended audience	Strategic Risk	The artistic programme not catering for shows of identified interests and target markets.	1) Adverse audit outcome impacting on potential donors/partnerships 2) Failure to achieve mandate 3) Inadequate generation of income	Actual	5	4	20	Treat	20%	4	1) Shows and Productions selection criteria must be informed by market research and shows that will illicit interest in potential audience. 2) Shows and productions marketed at least 6 months before staging 3) Employ experts in the industry train artists / group showing potential using various training methods in order to meet set targets. 4) Hold executive meetings regularly to provide and assess artistic strategic direction	Artistic Director / Senior Manager Marketing	31/03/2021
10	Creating opportunities for performing artists from target groups	Performing artists struggling to survive	Reputational	1) Limited artistic budget. 2) Limited opportunities for performing artists from target groups.	PACOFs perceived as irrelevant and not supportive to performing artists.	Actual	5	5	25	Treat	80%	20	1) Develop intervention strategies that will result in opportunities created for the performing artists from target groups to thrive. 2) Identifying and entering into helpful partnerships.	Artistic Director	30/06/2021

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

9. CAPITAL PROJECTS

No.	Project name	Project description	Outputs	Start date	Completion date
1	Entrance Upgrade	Revamp the existing PACOFS main entrance	Upgraded entrance	03/08/2020	31/05/2021
2	Facilities Management	Infrastructure condition assessment and development of maintenance plans	100% maintenance plan and well maintained facility	01/09/2020	16/03/2023
3	Heating, Ventilation and Air Conditioning (HVAC)	Installation of a new HVAC for PACOFS complex, including standby generators	100% and functional HVAC facility	01/08/2020	30/11/2023
4	Smoke and Fire detection	Installation of smoke and fire detection system	Smoke and Fire detection installed	14/01/2021	31/05/2021
5	CCTV	Upgrade of the current system with the 3D system	CCTV upgraded	03/08/2020	30/06/2021

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TID)

Indicator title 1	Percentage of 2020/21 audit findings addressed
Definition	Actions in the external and internal audit improvement plans to address unresolved audit findings, will be progressively implemented such that they are all (100%) addressed by 31 March 2022
Source of data	Internal and external audit improvement plans
Method of calculation/Assessment	Percentage
Means of verification	Evidence files
Assumptions	Relevant managers will provide evidence to prove that audit findings have been addressed
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	All findings cleared by year-end
Indicator responsibility	Chief Financial Officer

Indicator title 2	Number of risk register updates
Definition	Quarterly reporting and review of the strategic risk register.
Source of data	Strategic risk register
Method of calculation/Assessment	Determination of whether the risk register was revised / updated, and whether the risk management policy was developed / revised.
Means of verification	Quarterly risk reports and risk management policy.
Assumptions	<ul style="list-style-type: none"> - Approved strategic risk register - Availability of a resource to guide on risk management
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Strategic risk register updated quarterly
Indicator responsibility	Chief Executive Officer

Indicator title 3	Percentage of maintenance plan targets achieved
Definition	Scheduled facilities maintenance to be performed as planned, excluding unplanned maintenance.
Source of data	Maintenance plan
Method of calculation/Assessment	Job cards
Means of verification	Manager approved job cards

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

Assumptions	Continued funds availability
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	All planned maintenance executed.
Indicator responsibility	Maintenance Manager

Indicator title 4	Number of capital projects implemented
Definition	Relates to the capital projects listed in number 9, above, regarding their successful implementation.
Source of data	Implementation reports, project close-out reports
Method of calculation/Assessment	Simple count
Means of verification	Project close-out reports; Completion Certificates
Assumptions	Continued funds availability
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	All planned projects implemented
Indicator responsibility	Maintenance Manager

Indicator title 5	% of HR plan targets achieved
Definition	The key targets of interest in the HR plan are the signing of performance agreements and performance reviews. This to ensure that the Outcome Indicator. Percentage of employees meeting performance objectives specified in performance agreements, as captured in the strategic plan is achieved.

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

Source of data	Performance agreements and performance assessments
Method of calculation/Assessment	Simple count
Means of verification	Signed performance agreements and performance assessment forms
Assumptions	Approved HR Plan in place by April 2021
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	100% achievement of the approved HR Plan
Indicator responsibility	HR Manager

Indicator title 6	Amount of own revenue generated
Definition	<p>The indicator measures the size of the own-generated revenue as a proportion of the institution's operating budget.</p> <p>This is revenue that is generated through implementing commercial activities would include ticket sales, theatre and other space rentals, Front of House sales and fundraising undertaken by Marketing Department.</p>
Source of data	ACCPAC accounting system
Method of calculation/Assessment	Simple count
Means of verification	Income generation reports
Assumptions	PACOFs identifies, pursues and implements initiatives to generate own revenue
Disaggregation of beneficiaries, where applicable	Not Applicable
Spatial transformation, where applicable	Not Applicable
Calculation type	Cumulative

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

Reporting cycle	Quarterly
Desired performance	Annual progress against the five-year target
Indicator responsibility	EXCO and Senior Manager: Marketing

Indicator title 7	Number of shows staged or streamed
Definition	Music, Drama, Dance, Poetry and Comedy shows that are staged on or streamed from the various stages inside the PACOFS Complex
Source of data	Approved Artistic programme
Method of calculation/Assessment	Simple count
Means of verification	Approved submissions, signed contracts, pictures, Stage Manager Reports, Ticket Sales Reports, videos or CD's
Assumptions	Identified shows for the Artistic Program being available to perform and honoring their contractual obligations.
Disaggregation of beneficiaries, where applicable	More focus on youth, women and people with disabilities
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Achievement of the targeted number shows
Indicator responsibility	Artistic Director

Indicator title 8	Number of skills workshops conducted
Definition	Targeted skills training for arts practitioners on the administrative, technical and financial aspects of producing or directing a production
Source of data	PACOFS Approved Artistic Programme, Artists' database from the Free State Department of Sports, Arts, Culture and Recreation
Method of calculation/Assessment	Simple count
Means of verification	Approved Artistic Program, Signed submissions, Attendance Registers, pictures/photographs

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

Assumptions	Artists from the 5 districts of the Free State Province will all turn out in large numbers in order to benefit immensely from these workshops
Disaggregation of beneficiaries, where applicable	The workshops will be bias towards the youth, women and people with disabilities
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Achievement of the target number of skills workshops
Indicator responsibility	Artistic Director

Indicator title 9	Number of engagements with potential clients
Definition	Engage potential clients about theatre offerings, facilities, services and potential collaborations or strategic partnerships
Source of data	Networking, client leads generated from enquiries made via e-mail, website or on social media applications / platforms, letters or proposals sent to or received from potential strategic partners
Method of calculation/Assessment	Simple count
Means of verification	Meeting attendance registers, meeting minutes, confirmed venue bookings, booking enquiries received via e-mail, website or on social media applications / platforms, letters or proposals sent to or received from potential strategic partners
Assumptions	Potential clients are receptive to receiving information about theatre offerings, facilities, services and potential strategic partnership opportunities by means of an engagement
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly

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Desired performance	Increase awareness and interest in theatre offerings, facilities and services. Secure theatre or venue bookings.
Indicator responsibility	Senior Manager: Marketing

Indicator title 10	Number of items of creative content developed or distributed
Definition	Development or distribution of creative content that is strategically intended to promote the organisation. This includes press releases, thought leadership articles, marketing collateral and social media content
Source of data	Content manuals or plans, relevant 3rd party industry-focused content, artistic programme
Method of calculation/Assessment	Simple count
Means of verification	Copies of developed press releases, advertisements, thought leadership articles, social media content, artwork for website or e-mail signatures, content manuals or plans Copies of platforms, channels or addresses to which the content was distributed
Assumptions	There is public interest in the content developed or distributed
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Develop community interest in performing arts industry
Indicator responsibility	Senior Manager: Marketing

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Indicator title 11	Number of engagements focused on performing arts industry
Definition	Engage potential audiences to create interest in shows, events or initiatives at PACOFS. This includes visits to schools, churches, arts organisations / associations, PACOFS tours, media interviews or Q&As
Source of data	Artistic programme
Method of calculation/Assessment	Simple count
Means of verification	Requests for visits or tours received via e-mail, website or social media, attendance registers, report following visits, video / sound clips or screen shots of media interviews or Q&As
Assumptions	Potential audiences are receptive to receiving information about the artistic programme by means of an engagement
Disaggregation of beneficiaries, where applicable	N/A
Spatial transformation, where applicable	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Develop community interest in performing arts industry
Indicator responsibility	Senior Manager: Marketing



ANNEXURE A: COUNCIL CHARTER

1. INTRODUCTION

This Council Charter is subject to the provisions of the Cultural Institutions Act No. 119 of 1998, the Public Finance Management Act No. 1 of 1999 and any applicable law or regulatory provision. The Performing Arts Centre of the Free State (PACOFs) acknowledges the need for a Council Charter as recommended in the King IV Report on Corporate Governance for South Africa (King IV). The Council Charter provides guidelines to members in respect of, inter alia, the Council's responsibilities, authority, composition, meetings and the need for performance evaluations.

References to the male gender are intended to equally reflect as references to the female gender.

2. PURPOSE OF THE COUNCIL CHARTER

The purpose of the Council Charter is to provide a concise overview of:

- 2.1 The roles and responsibilities of the PACOFs Council (the Council), Chairperson and the individual members of Council.
- 2.2 The establishment of the various Council committees;
- 2.3 Meetings procedures; and
- 2.4 The policies and practices of Council concerning matters such as corporate governance, declarations and conflicts of interest, Council meeting documentation and procedures, induction, training and evaluation of the Council members.

3. COMPOSITION

3.1 Council Constitution

The Council comprises of non-executive members who are largely independent. Independence is defined per principle 7 of King IV under part 6.6 (Supplement for State Owned Entities).

Council members are appointed to the Council of PACOFs by the Minister of Sports, Arts and Culture in line with section 5 of the Cultural Institutions Act 119 of 1998.

3.2 Council Member Grounds to Vacate Council

A member of the Council must vacate the office if the member:

- 3.2.1 resigns in writing.
- 3.2.2 has been absent from three consecutive meetings of the council without its leave.
- 3.2.3 is an unrehabilitated insolvent.
- 3.2.4 is found to be of unsound mind by a competent court.
- 3.2.5 is convicted of an offence involving dishonesty or bodily harm and is sentenced to imprisonment without the option of a fine.
- 3.2.6 materially breaches the code of ethics of the institution.

4. ROLES AND RESPONSIBILITIES OF COUNCIL

The following roles and responsibilities of Council are founded on the 16 Principles of King IV for state-owned entities and complement the functions outlined in section 8(1) of the Cultural Institutions Act, 1998 and sections 50 to 55 of the Public Finance Management Act, 1999 and in furtherance that:

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- 4.1 Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholder and other stakeholders of PACOFS along with sound corporate governance principles.
- 4.2 Provide effective leadership on an ethical foundation.
- 4.3 Inform and set the strategic direction of PACOFS by:
 - 4.3.1 contributing to and approving the organizations' strategy; and
 - 4.3.2 identifying key performance and strategic risk areas;
- 4.4 Provide oversight on material decisions of PACOFS.
- 4.5 Take responsibility for the governance of information technology and governance risk.
- 4.6 Monitor the implementation by Council committees and executive management of the Council's strategies, decisions, values and policies with a structured approach to governance, risk management and combined assurance.
- 4.7 Ensure that there is an effective risk-based internal audit.
- 4.8 Act in the best interests of PACOFS by ensuring those individual Council members:
 - 4.8.1 adhere to ethical and legal standards of conduct;
 - 4.8.2 are permitted to take independent advice in connection with their duties following an agreed procedure;
 - 4.8.3 disclose conflicts of interest to Council.

5. ROLE OF THE CHAIRPERSON

- 5.1 The chairperson's role is to lead the Council and ensure that members discharge their responsibilities per their roles and responsibilities as contained in the charter. He sets the ethical tone for the Council and PACOFS.
- 5.2 The responsibilities of the chairperson include:
 - 5.2.1 ensuring that all Council members are fully involved and informed of any business issue on which a decision must be taken;
 - 5.2.2 ensuring that management plays an effective management role and participate fully in the operations and governance of the organisation;
 - 5.2.3 ensuring that Council members contribute to Council decisions;
 - 5.2.4 exercising independent judgment, acting objectively and ensuring that all relevant matters are placed on the agenda and prioritised properly;
 - 5.2.5 working closely with Council members in ensuring that at all times Council members fully understand the nature and extent of their responsibilities as Council members to ensure effective governance.
- 5.3 The chairperson will act as a facilitator at meetings of Council to ensure that no member dominates the discussion, that relevant discussions take place, that the opinions of all members relevant to the subject under discussion are solicited and freely expressed leading to appropriate decision making.
- 5.4 The chairperson will seek a consensus amongst Council members but may, where considered necessary, call for a vote, in which event the decision of an ordinary majority of members will prevail and dissenting views will be recorded. The chairperson shall have a casting vote.
- 5.5 In the event of any matter arising, which the chairperson, or the majority of Council, feel that the chairperson may not be able to deal with objectively, due to a conflict of interest, the chairperson shall temporarily relinquish the chair to the deputy chairperson or any other Council member for the duration of the discussion on such issue. In such an event, the chairperson shall be entitled to enter into discussion and to vote as any other member present at the meeting.
- 5.6 Communication with the Shareholder will take place through the chairperson of the Council. At his discretion, the chairperson may invite the CEO or any other Council members to meetings with the Shareholder.

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- 5.7 The CEO may communicate with the Director-General of the Department of Sports, Arts and Culture provided, that the chairperson is informed before the meeting and its purpose thereof. The CEO shall report to the chairperson the outcome of such meetings.
- 5.8 The chairperson attends to administrative approvals in respect of the CEO for, amongst others, leave, travel and entertainment.

6. ROLE OF THE COUNCIL MEMBERS

- 6.1 Council members must exercise their powers and perform functions expected of a director. Such responsibility being; acting in good faith and for a proper purpose, in the best interests of PACOFS and with the degree of care, skill and diligence that may reasonably be expected of a person carrying out the same functions of Council as carried out by that Council member, and having the general knowledge, skill and experience of that Council member.
- 6.2 Every member of the Council shall:
 - 6.2.1 at all times professionally conduct himself, having due regard to his fiduciary duties and responsibilities.
 - 6.2.2 uphold the core values of confidentiality, integrity and independence in all activities on behalf of PACOFS;
 - 6.2.3 ensure that he has sufficient time available to devote to his duties as a Council member;
 - 6.2.4 exercise diligence in discharging his duties and seek to acquire a broad knowledge of PACOFS' business to be able to provide meaningful direction to it;
 - 6.2.5 keep abreast of changes and trends in the business environment and markets, including changes and trends in the economic, political, social, technology and the legal environment generally, which may impact on PACOFS' business;
 - 6.2.6 strive to attend all Council meetings and prepare himself thoroughly in advance of Council meetings.
- 6.3 Members who are unable to attend a scheduled council or committee meeting must advise the chairperson and the Secretariat in writing, before the scheduled meeting for the apology to be recorded;
- 6.4 The Council shall allow every member to play a full and constructive role in its affairs. Members shall accordingly participate constructively in Council discussions and other activities and shall endeavour to bring the benefit of their particular knowledge, skills and abilities to Council discussions;
- 6.5 As members are individually and collectively accountable for compliance with statutory and regulatory obligations, every member should endeavour to be knowledgeable of the statutory and regulatory framework within which PACOFS operates;
- 6.6 The Council shall adopt a formal Conflicts of Interests Policy in terms of which conflicts are defined and appropriate procedures for dealing with conflicts are prescribed. As a minimum, such a policy must state that members recuse themselves from discussions or decisions on matters in which they have a conflict of interest;
- 6.7 Members are required to inform the Council through the Secretariat in advance, of any conflicts of interest they may have with particular items of business to be discussed at a meeting;
- 6.8 Members may not vote and must not be counted in the quorum of a meeting to pass a resolution in respect of any business where they have a direct or indirect interest;
- 6.9 If any member wilfully or negligently fails to disclose an interest as required above or, subject to the provisions of the policies of PACOFS or any applicable legislation, and he participates in the proceedings of the Council notwithstanding any conflict of interest, the relevant proceedings of the Council may, at the discretion of the other members, be declared null and void. This shall be in addition to any other sanction that the Council may collectively apply in respect of the errant member, which sanction may include a recommendation to the Minister that such a member be removed from the Council.

7. COMMITTEES OF THE COUNCIL

The Council delegates certain functions to well-structured committees to promote independent judgement and assist with the balance of power in discharging its duties but without abdicating its responsibilities. The Council's delegation is formal and involves the following:

- 7.1 The Council must form committees to assist the Council to discharge its duties. The committees must have their responsibilities set out in formal terms of reference.
- 7.2 Council committees will observe the same rules of conduct and procedures as the Council unless the Council specifically determines otherwise in the committee's terms of reference.
- 7.3 The committee structure, membership and mandates may be reviewed regularly.
- 7.4 The chairperson, considering the experience and expertise of individual members, will propose the assignment of members to various committees.
- 7.5 Council committees must be constituted having regard to the skills, expertise and experience of members concerning the respective committee mandates. Where appropriate or necessary, independent external professionals with relevant skills and expertise may be co-opted as advisors to the committees to assist or bolster the committees where there is a shortage of such skills or expertise. Such co-opted professionals shall have the status of invitees to the committee, shall not form part of the quorum for meetings and shall have no voting rights.
- 7.6 Council shall have the authority to appoint independent Audit and Risk Committee members in line with the recommended principles of King IV, in order to augment the independence of the audit and risk function.
- 7.7 The Council shall have the power, at all times, to alter the size of any of its committees, to remove any member or members from a committee and to fill any vacancies created by such removal.
- 7.8 Committees do not have independent decision-making powers. They make recommendations to the Council except in situations where the Council authorises the committee to take decisions and implement them. Thus, in undertaking its duties, each committee must have due regard to its role as an advisory body to the Council, unless specifically mandated by the Council to make decisions.
- 7.9 A formal report back, either orally or in writing, shall be provided by the chairperson of each committee to all Council meetings following the committee meetings to keep the Council informed and to enable the Council to monitor the committee's effectiveness.
- 7.10 Council has the following committees:
 - 7.10.1 Core Business Committee;
 - 7.10.2 Audit and Risk Committee;
 - 7.10.3 Remuneration, Social and Ethics Committee (Remsec);
 - 7.10.4 Special Projects Committee.

8. COUNCIL AND SHAREHOLDER RELATIONSHIP

- 8.1 The relationship between the Shareholder and PACOFS Council is governed by the Shareholders' Compact. The targets to be achieved by PACOFS in any financial year are determined in the Shareholder Compact. It is the joint responsibility of the Shareholder and the Council to ensure that the Shareholder Compact is developed.
- 8.2 The Council shall, when reporting to the Shareholder, present a balanced and understandable assessment of the PACOFS' position.

9. MEETING PROCEDURES AND DOCUMENTATION

9.1 Attendance of non-members at Council meetings

The chairperson may permit members of the PACOFS staff and outside parties to attend all or part of Council meetings at specific or regular times. The purpose of such attendance is to provide the Council with expert insights into their deliberations or as capacity building for potential members. The CEO should propose such attendance and must consult the chairperson for permission thereof.

9.2 Attendance of executives and independent chairpersons of Council committees

The PACOFS executives shall attend all Council and the relevant Council committee meetings as *ex officio* members. The independent chairpersons of Council committees shall attend all the ordinary meetings of the Council.

9.3 Council meetings

- 9.3.1 The Council should meet regularly, at least once a quarter, if not more frequently as circumstances require, and must disclose in the Annual Report the number of Council and committee meetings held in the year and the details of attendance of each member.
- 9.3.2 The Council must institute efficient and timely methods for informing and briefing Council members before meetings while each Council member is responsible for being satisfied that, objectively, they have been furnished with all the relevant information and facts before making a decision.
- 9.3.3 Council members must participate fully, frankly and constructively in Council discussions and other activities to bring the benefit of their particular knowledge, skills and experience to the Council.
- 9.3.4 The chairperson, with the assistance of the secretariat, shall develop the agenda for each Council meeting and in doing so may consult with the CEO and other members. The agenda for each meeting shall provide an opportunity for the chairpersons of the committees to report on any matters of importance or for approval.
- 9.3.5 The chairperson must also place on the agenda any item that is proposed in writing by a member. The agenda and other relevant documents shall be circulated to Council members at least 7 days in advance.
- 9.3.6 The addition of agenda items on the day of the meeting should only be allowed if the matter to be added is for discussion or noting and not approval unless council agrees to that effect.
- 9.3.7 The CEO shall ensure that information and data that is important to the Council's understanding of the matters to be discussed is distributed in writing at least 7 days before the Council meets. This material should be as brief as possible while still providing the essential information.
- 9.3.8 Presentations, wherever possible, should be sent to the Council members at least 7 days in advance so that the Council's meeting time can be conserved, and the discussion time focused on questions that the Council has about the material distributed. On those occasions when, in the opinion of the chairperson, the subject matter may be too sensitive to record, the presentation will be discussed at the meeting.
- 9.3.9 Minutes of all Council meetings shall record the proceedings and decisions taken, the details of which shall remain confidential. The secretariat will circulate minutes of Council meetings to all Council members within two weeks of each meeting.
- 9.3.10 The Council and its committees may, subject to this being sanctioned by the chairperson in the case of the Council and by the respective committee chairperson in

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the case of the committees, take decisions on urgent and non-contentious issues, through the round-robin resolution method. The approval of the round-robin resolution should be by at least the majority of the Council members.

9.3.11 The Council shall then after approval of a round-robin decision, note such a decision at an ordinary council meeting.

9.4 Quorum of meetings

A representative quorum for meetings is 50% + 1 member of Council and must exclude the *ex officio* members. These members of the Council must be present in person or through electronic media throughout the meeting.

10. MAINTENANCE OF MEETING AND STATUTORY RECORDS

10.1 The Council must establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

10.2 The secretariat shall ensure that minutes of all Council meetings, and written resolutions of such meetings are kept safe per this Charter.

10.3 The secretariat shall maintain an up-to-date Council resolutions register, approved Council minutes, members' annual register of interests and meetings attendance register.

11. DELEGATION OF AUTHORITY TO MANAGEMENT

11.1 A delegations of authority framework shall be established, granting management formal authority to carry out duties as set by the Council.

11.2 The Council has unfettered powers to direct and control the business of PACOFS and may delegate the day-to-day business operations to Management. At all times, the Council must retain full and effective control over the strategic direction and performance of PACOFS.

11.3 The Council must delegate clearly and transparently, such powers as are necessary for Management to run the business of the PACOFS while retaining sufficient powers to itself to control the management and strategic direction of the PACOFS.

11.4 In instances of crisis within the organisation, the Council may revoke any powers delegated to Management to stabilise PACOFS.

12. RESERVATION OF POWERS

The following matters, with recommendations from Committees, as may be appropriate, shall be reserved for decision by the Council:

12.1 The adoption of any significant change or departure in the accounting policies and practices of the PACOFS;

12.2 Any restructuring of PACOFS;

12.3 The approval of the Strategic Plan, Annual Performance Plan and Annual Budgets; and

12.4 Any subsequent material changes in strategic direction or material deviations in Strategic or Annual Performance Plans;

12.5 Approval of recommended policies about employment-related legislation;

12.6 Appointment of the Executives;

12.7 Approval of the rules and amendments to the PACOFS' pension or provident funds having a material effect on the actuarial liabilities of those funds;

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- 12.8 The formulation and amendment of the Code of Conduct;
- 12.9 Recommending to the Shareholder to approve any ordinary or special resolutions in respect of PACOFS;
- 12.10 Recommending that the Shareholder take a particular course of action proposed by the Council;
- 12.11 Approval of the organisational structure and creation of new positions;
- 12.12 Approval of the remuneration structure and the conditions of service of employees.

13. MONITORING OF PERFORMANCE

- 13.1 The Council must ensure that procedures are in place for monitoring and evaluating the implementation of its Strategies, Policies and Performance Plans, as a measure of performance.
- 13.2 The Council should establish a mechanism to ensure that the Shareholder's Performance Objectives contained in the Shareholder Compact are achieved and such achievement is reflected in the performance of PACOFS.
- 13.3 The Key Performance Areas of the Executive Management must include the achievement of the Strategic Objectives.

14. THE SECRETARIAT

- 14.1 The decision to appoint or remove the secretariat is a Council decision. The Council should be assisted by a competent, suitably qualified and experienced secretariat.
- 14.2 The secretariat provides a central source of guidance and support to the Council on matters of good governance and changes in legislation.
- 14.3 The secretariat is accountable to the Council to:
 - 14.3.1 Ensure that Council procedures are followed and reviewed regularly;
 - 14.3.2 Maintain statutory records per legal requirements;
 - 14.3.3 Provide the Council as a whole, and individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of PACOFS and on good governance principles;
 - 14.3.4 Keep abreast of, and inform Council of current corporate governance thinking and best practice;
 - 14.3.5 Assist with induction and training programmes for new council members;
 - 14.3.6 Ensure that the Council Charter and the terms of reference of Council committees are kept up to date;
 - 14.3.7 Prepare and circulate Council and Council committee documents;
 - 14.3.8 Elicit responses, input, and feedback for Council and Council committee meetings;
 - 14.3.9 Assist in drafting annual work plans;
 - 14.3.10 Ensure preparation and circulation of minutes of Council and committee meetings; and
 - 14.3.11 Assist with the evaluation of the Council, committees and individual members; and
 - 14.3.12 Maintain a register of members' interests, minutes of meetings, resolutions and attendance registers.

15. DISCLOSURE AND CONFLICTS OF INTEREST

- 15.1 The secretariat must submit all disclosures of interest to Remsec and the Council at the first subsequent meeting. Remsec is required to:
 - 15.1.1 Consider all declarations of interest;

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- 15.1.2 Report to the Council any conflicts of interest which require specific action by the Council;
- 15.1.3 Report to Council all enduring material conflicts of interest which could be regarded by the Council as incompatible with the fiduciary duties of Council members.

16. CORPORATE GOVERNANCE AND RISK MANAGEMENT

- 16.1 PACOFS intends to apply the principles of King IV to the extent that it advances effective and good corporate leadership.
- 16.2 Council directly assumes responsibility for the governance of risk; it approves the risk policies that give effect to its set direction on risk.
- 16.3 To support the Council in ensuring effective risk management oversight, the Council committees are responsible for ensuring the effective monitoring of risks, in compliance with PACOFS' risk management framework, risk policy and profile, within the ambit of each committee's scope.
- 16.4 In monitoring and providing oversight on PACOFS' risk, each committee will consider potential opportunities that may be presented by such a risk.

17. EVALUATION

An evaluation of the Council, its committees and individual council members, including the chairperson, must be performed every year.

18. REVIEW OF CHARTER

The charter shall be reviewed and approved on an annual basis.

ANNEXURE B: MATERIALITY AND SIGNIFICANCE FRAMEWORK

INTRODUCTION

In terms of Section 55 (2) of the Public Finance and Management Act, and the National Treasury Regulations, Part 9: Public Entities Section 30.1.3 (e) and Section 28.3.1 states that:

“...the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relative executive authority”.

The South African Auditing Standard 320, paragraph 3 defines materiality as

“... information is material if its omission or misstatement could influence the economic decision of users taken on the basis of the financial statements.” “Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.”

Information may be both quantitatively and qualitatively material. Therefore, both the amount (quantity) and nature (quality) of information need to be considered in setting the materiality figure.

QUALITATIVE ASPECTS

In determining the materiality the Audit Committee and Council has considered:

- The relationship of the amount of an item to the information contained in the annual financial statements as a whole or in total from which the item comes is the important factor.
- The elements and significance of the Annual Financial Statements account balances i.e expenditure, capital, assets income and liabilities.

The Annual Financial Statements must be free of any misstatements. The basis of calculating quantitative materiality is determined by taking into account best practice in the public sector of South Africa i.e.: on the basis of:

- Gross Revenue;
- Total Assets; or
- Total Expenses.

Taking the above information into consideration, PACOFS has determined materiality by applying 0.25% of the Actual Gross Expenditure for the financial year.

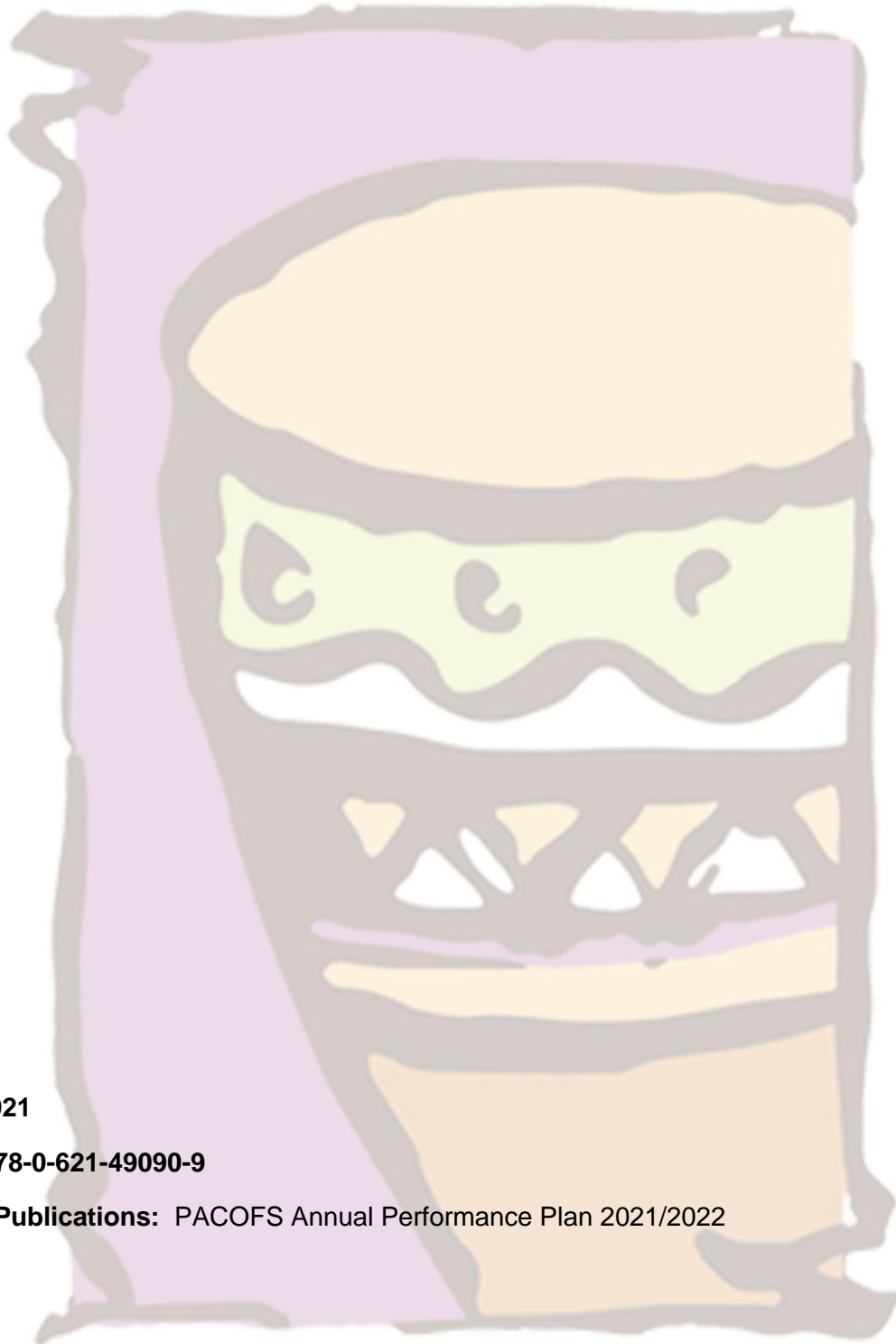
QUALITATIVE ASPECTS

In determining the materiality the Council has considered the following qualitative characteristics:

- Public accountability and disclosure requirements in terms of legislation;
- Compliance with legislation;
- Disclosure requirements;
- Sensitive situations, including transactions with officers , irregularities and questionable transactions; and
- Importance of information to users of the Annual Financial Statements.

SIGNIFICANT ASPECTS

Any transaction or circumstances that may have a significant impact on PACOFS regardless of the monetary value is considered significant for the purposes of the framework.



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P·A·C·O·F·S

PERFORMING ARTS CENTRE
OF THE FREE STATE

an agency of the
Department of Sport, Arts and Culture

ADDENDUM: REVISED STRATEGIC PLAN

2020/21 – 2024/25

(ONLY THE REVISED CHANGES)

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

Foreword by the Accounting Authority

This strategic plan was developed under the guidance of the previous Council whose term ended in November 2020 and it was developed against the backdrop of the 2019 elections which ushered in the 6th administration. The President had articulated 7 priorities that he wanted his government to focus on and this strategic plan takes cognisance of that. The plan has also been aligned to Outcome 14: Nation Building and Social Cohesion of the National Development Plan and recognises the important role PACOFS can play in fulfilling that vision in the Free State.

As the new Council, our task was to gain reasonable comfort that the plan as reviewed will continue to guide the organisation in this drastically changing environment due to the Covid-19 pandemic that has negatively impacted the whole world. The focus was to ensure that in the midst of the forced adjustments to business operations, PACOFS remains relevant and effective in discharging its mandate.

We continue to take note of the institutional consolidation efforts and guidance of the Department of Sport, Arts and Culture (DSAC), and will keep a watching brief on developments to ensure that PACOFS has the capacity to fulfil its mandate in terms of institutional realignment.

As the incoming Council, we are grateful for the efforts and sterling work our predecessors have put in the development and the subsequent review of this 5 year Strategic Plan document, which sets PACOFS on a course to an upward trajectory.

My fellow Council members and I are endorsing the contents and the subsequent review that has been undertaken during 2020 by Management and the previous Council. We are committed to ensuring its implementation.



Advocate Thato Moeeng
Chairperson of Council

Date: 27 January 2021

Performing Arts Centre of the Free State – 2020/25 Strategic Plan

Overview by the Chief Executive Officer

This Strategic plan was initially developed following the 2019 national elections that ushered in the sixth administration. The purpose of the plan was to ensure that the operational mandate of PACOFS is aligned to the priorities of government.

This is a review of the initial plan, and this review process sought to ensure that amongst others, PACOFS becomes responsive and adjusts its business operations in line with the Covid-19 pandemic. The Annual Plans will also be developed to ensure that the Organisation remains relevant and effective.

PACOFS staff remains committed to creating a centre of artistic excellence that will attract the best artists in the country, whilst playing an active role in developing emerging artists in all the different genres.

We appreciate the support and guidance from the new Council in the review of this Strategic plan and we also look forward for more guidance and support for the remaining years of this planning cycle.

Lastly I want to thank all the PACOFS staff who participated in the process of reviewing this strategic plan.



Mr Moeketsi Xaba
Chief Executive Officer (Acting)

Date: 15 January 2021

Part A: Our Mandate

PACOFs is a PFMA schedule 3A entity that was established by the Ministry of Sport, Arts and Culture in terms of the Cultural Institutions Act 1998 (Act No. 119 of 1998).

1. Constitutional Mandate

The primary legislative mandate of the oversight Department comes from the Constitution of the Republic of South Africa, which states that:

Section 16(1) (c): - “Everyone has the right to freedom of expression which includes...freedom of artistic creativity”

2. Legislative and Policy Mandates

PACOFs is a PFMA Schedule 3A Performing Arts Institution. As a public entity reporting to the Department of Sport, Arts and Culture (oversight Department), PACOFs derives its mandate from the primary legislative mandate of the oversight Department.

4. Relevant Court Rulings

The Supreme Court of Appeal has handed down a ruling declaring the Preferential Procurement Regulations, 2017, issued in terms of section 5 of the Preferential Procurement Policy Framework Act (PPPFA), 2000, were invalid and set them aside.

The regulations stipulate a set of pre-qualification criteria before tenders can be assessed on price, functionality and other factors, including a tenderer being a stipulated minimum broad-based black economic empowerment (B-BBEE) status level of contributor and being a qualifying small enterprise which is at least 51% owned by black people.

Part B: Our Strategic Focus

6. Mission

To contribute to the creative and cultural industries through developing and promoting the performing arts in the Free State.

PACOFS will drive this mission through:

- Architectural preservation – To re-establish and position itself as premier cultural institution by maintain and improving its existing world class facilities.
- Innovative curatorial practices – To inspire a new generation of performing artists who are dynamic, imaginative and thought-provoking by create a conducive and creative working environment.
- Place-making and meaning-making – To cultivate and re-design the venues in positioning itself as cultural hub in the Free State.
- Galvanize Community and Partnerships – To persuade stakeholder and communities to view PACOFS as cultural meeting place rooted in community values.

7. Values

The values are captured as an acronym of its name as follows:

- **Professionalism** – PACOFS at all levels will exercise competence, skill, diligence, ethics and integrity expected of professionals.
- **Artistic Expression** - Encourage creative expression of artists
- **Objectivity** - Practice objectivity
- **Flexibility** - Be flexible in our approach to both internal and external stakeholders.

8. Situational Analysis

The strategic focus over the next five years will be firstly, to establish operational stability and secondly, implement the following 4 priorities:

1. Develop various recurring income generating products to ensure financial sustainability;
4. Implement an Artistic Programme that is flexible enough to address current and emerging issues of nation-building and social cohesion, and that speaks to priorities of target groups (women, children, youth, people with disabilities and those from economically depressed areas).

Covid-19 has and will continue to impact business operations in different sectors across the globe. The Arts and Culture sector, in particular, has been extensively affected as measures to mitigate the further spread of the virus continue to prove detrimental to the entertainment industry.

Following the announcement of a National Lockdown, consequent regulations, particularly those relating to prohibited social gatherings and closed public entertainment venues, continues to cause great disruption to business operations. The cancellation of productions on the Artistic Programme, for example, has resulted in inadequate use of venues and facilities. This has subsequently led to loss of potential income from theatre rentals and service offerings including ticket and bar sales, costume hire etc.

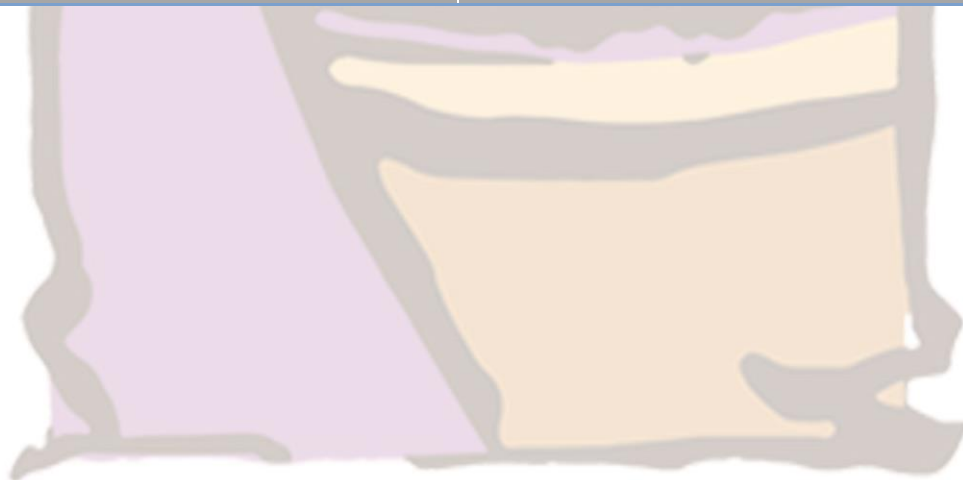
The advent of the Fourth Industrial Revolution and Covid-19 has accelerated the pace of digitisation throughout the world. PACOFS will exploit the efficiencies brought about by the Fourth Industrial Revolution by embracing digitisation in its operations. During the period of the National Lockdown, PACOFS launched a video streaming service for selected artists which enabled their artistic performance to be livestreamed via Facebook.

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SWOT analysis was performed and it is summarised as per the diagram below:

Diagram 1: SWOT analysis

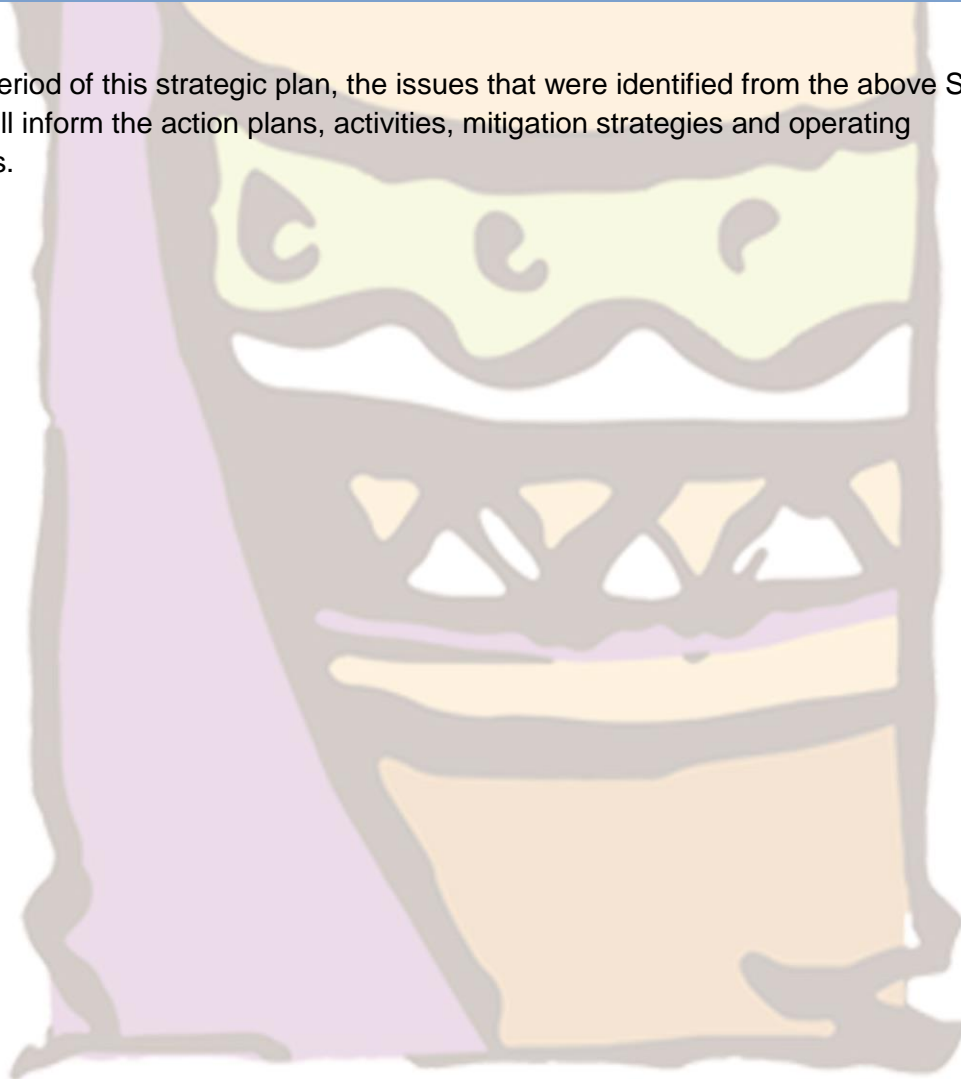
STRENGTHS	WEAKNESSES
<p data-bbox="264 383 389 412">Facilities</p> <ul data-bbox="264 421 778 696" style="list-style-type: none">• Largest theatre in Free State• First class facilities• Only theatre with recording studio• Theatre centrally located in the Free State and South Africa• Ability to put productions on stage end-to-end• Income from rentals <p data-bbox="245 730 719 763">External support and perceptions</p> <ul data-bbox="264 770 746 837" style="list-style-type: none">• Support from national department• A nationally recognised brand	<p data-bbox="855 383 1011 412">Leadership</p> <ul data-bbox="855 421 1331 730" style="list-style-type: none">• Inadequate inter-governmental relations• Instability at leadership level• Lack of institutional knowledge sharing• Absence of a widespread ethical culture• Inconsistent implementation of policies <p data-bbox="855 763 1082 792">Lack of Funding</p> <ul data-bbox="855 801 1251 869" style="list-style-type: none">• Inability to raise funds• Reliance on grant funding <p data-bbox="847 936 916 965">Staff</p> <ul data-bbox="855 974 1315 1111" style="list-style-type: none">• Insufficiently skilled people• Inadequate training of staff• Lack of commitment from staff• Low morale <p data-bbox="847 1178 1161 1211">Organisational culture</p> <ul data-bbox="855 1218 1315 1355" style="list-style-type: none">• Culture of indiscipline and entitlement• Toxic culture characterised by networks of close associations



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OPPORTUNITIES	THREATS
<p>Marketing</p> <ul style="list-style-type: none">• Re-branding and positioning• Use of social and digital media• Develop revenue enhancement strategy• E-commerce <p>Strategic Partnerships</p> <ul style="list-style-type: none">• Partner with Provincial and Local Government Administrations• Network with business• Partnerships with communities <p>Funding</p> <ul style="list-style-type: none">• Fundraising strategy	<ul style="list-style-type: none">• Limited financial resources• Direct and indirect competition from the entertainment industry• Lack of researched data on the state of arts and culture in the province• Lack of quality reviews and the necessary research into productions we want to stage to effectively meet the targeted needs of our audiences• Lack of innovation• Poor work ethic• Working in silos• Inadequate communication

Over the period of this strategic plan, the issues that were identified from the above SWOT analysis will inform the action plans, activities, mitigation strategies and operating procedures.



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8.2 Internal Environment analysis

During 2019, PACOFS completed a minor organisational restructuring, which resulted in the adoption of the below organogram. However, there is still a lot of unhappiness from employees as the expectation about wholesale upward salary adjustment has not materialised. The entity therefore continues to grapple with low staff morale and hostility.



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Part C: Measuring Our Performance

9.1 Measuring the Impact

Impact Statement	Vibrant artistic programme and improved financial sustainability, supported by well-maintained facilities that are optimally utilised.
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9.2 Measuring Outcomes

Outcome	Outcome Indicator	Baseline (2019/20)	Five year target
Strong governance and sound financial controls	Audit outcome	Qualified audit outcome	Unqualified audit outcome
	Amount of irregular, fruitless and wasteful expenditure	Irregular expenditure: R387 364 (Cumulative: R73 868 654) Fruitless & wasteful expenditure: R524 116 (Cumulative R3 276 033)	R0 in irregular, fruitless and wasteful expenditure
	Percentage of employees meeting at least 80% performance targets specified in performance agreements	0% (no performance management system in place)	80% of employees meeting set performance targets
Optimal utilisation of facilities	Utilisation of facilities measured in number of weeks events will be scheduled in the theatres	20 weeks	44 weeks
Well maintained facilities	Percentage of the maintenance plan targets achieved per annum	0%	100%
	Number of capital works projects completed	0	6
Financial sustainability	Percentage of operating budget funded from own generated revenue	3.4%	18%
Vibrant artistic programme	Number of artistic events hosted per year	25	45
Creating opportunities for performing artists from target groups	Percentage of artistic budget spent on performing artists from target groups	30%	60%

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Key risks

Outcome	Key Risk	Risk Mitigation
Strong governance and sound financial controls	<ul style="list-style-type: none"> - Poor levels of staff engagement - Leadership instability - Inefficient and ineffective business processes - Business continuity and resilience 	<ul style="list-style-type: none"> - Internal Audit Function - Ensure three lines of defence function (Management, ARC and Council) - Performance management system - Implementation of policies
Well maintained infrastructure	<ul style="list-style-type: none"> - Dysfunctional facilities 	<ul style="list-style-type: none"> - Maintenance Plan in place - Regular maintenance done
Financial sustainability	<ul style="list-style-type: none"> - Unsustainable cost structure - Ineffective fundraising strategy 	<ul style="list-style-type: none"> - Cost control measures - Sponsorships and partnerships with private sector
Vibrant artistic programme	Inadequate marketing skills and intensive programming	<ul style="list-style-type: none"> - Source external marketing expertise - All out identification of and search for artistic partnerships
Creating opportunities for performing artists from target groups	Lack of concrete interventions to create opportunities for performing artists from target groups	<ul style="list-style-type: none"> - Interventions developed to create opportunities - Funding set aside to implement the interventions

Part D: Technical Indicator Description (TID)

Indicator Title	Audit outcome
Definition	The nature of the audit opinion following the annual audit by the Auditor General.
Source of data	Audit Report
Method of Calculation / Assessment	None
Assumptions	All managers will execute their delegated authority accordingly
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not Applicable
Reporting Cycle	Annually

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Desired performance	To obtain and sustain an unqualified audit opinion in all financial reports and predetermined objectives
Indicator Responsibility	Chief Financial Officer

Indicator Title	Amount of irregular, fruitless and wasteful expenditure
Definition	This indicator measures, annually, the extent to which the institution is complying with procurement regulations and other relevant legislation.
Source of data	Audited registers of irregular, fruitless and wasteful expenditure
Method of Calculation / Assessment	Total amount of the identified irregular, fruitless and wasteful expenditure at reporting date.
Assumptions	Irregular, fruitless and wasteful expenditure registers will be audited by both Auditor General and Internal Auditors
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not Applicable
Reporting Cycle	Annually
Desired performance	100% reduction from the 2020 baseline
Indicator Responsibility	Chief Financial Officer

Indicator Title	Percentage of employees meeting 80% of performance targets specified in performance agreements
Definition	This indicator measures the performance of staff that meet at least 80% of the performance targets for the performance review cycle at the reporting date, even if the review is performed after the reporting date.
Source of data	Performance review information from Human Resources Department
Method of Calculation / Assessment	Percentage = (Number of staff meeting 80% of the annual agreed performance targets *100) / Total number of employees
Assumptions	Performance reviews will be conducted at least twice a year and corrective actions put in place for non-performing colleagues
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not Applicable
Reporting Cycle	Annually
Desired performance	80% of staff meet 80% of agreed performance targets
Indicator Responsibility	Human Resources Manager

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Indicator Title	Utilisation of facilities measured in number of weeks shows will be scheduled in the theatres
Definition	The number of weeks that shows are scheduled in the theatres will be a reflection of the extent to which PACOFS facilities are used.
Source of data	Artistic Programme
Method of Calculation / Assessment	It is a quantitative measurement, where the number of weeks when shows were scheduled will be counted for the year
Assumptions	All the shows are approved at the right levels
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not Applicable
Reporting Cycle	Annual progress against the five-year target
Desired performance	Achievement of the five-year target
Indicator Responsibility	Artistic Director

Indicator Title	Percentage of the maintenance plan targets achieved per annum
Definition	The percentage achievement of maintenance targets included in the annual maintenance plan
Source of data	Maintenance reports
Method of Calculation / Assessment	Review of the maintenance reports and job cards, where applicable.
Assumptions	Implementation and adequate funding of the facilities management contract
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Reporting Cycle	Annually
Desired performance	Achieving annual targets
Indicator Responsibility	Maintenance Manager

Indicator Title	Number of capital works projects completed
Definition	Renovations, upgrades and acquisition of property, plant and equipment. Projects are summarised in the User Asset Management Plan (UAMP). The proposed projects are approved and funded by DSAC. Implementation may be over several years and progress will be reported accordingly
Source of data	UAMP progress reports
Method of Calculation / Assessment	Review of the UAMP reports and simple count
Assumptions	Efficient procurement and project management

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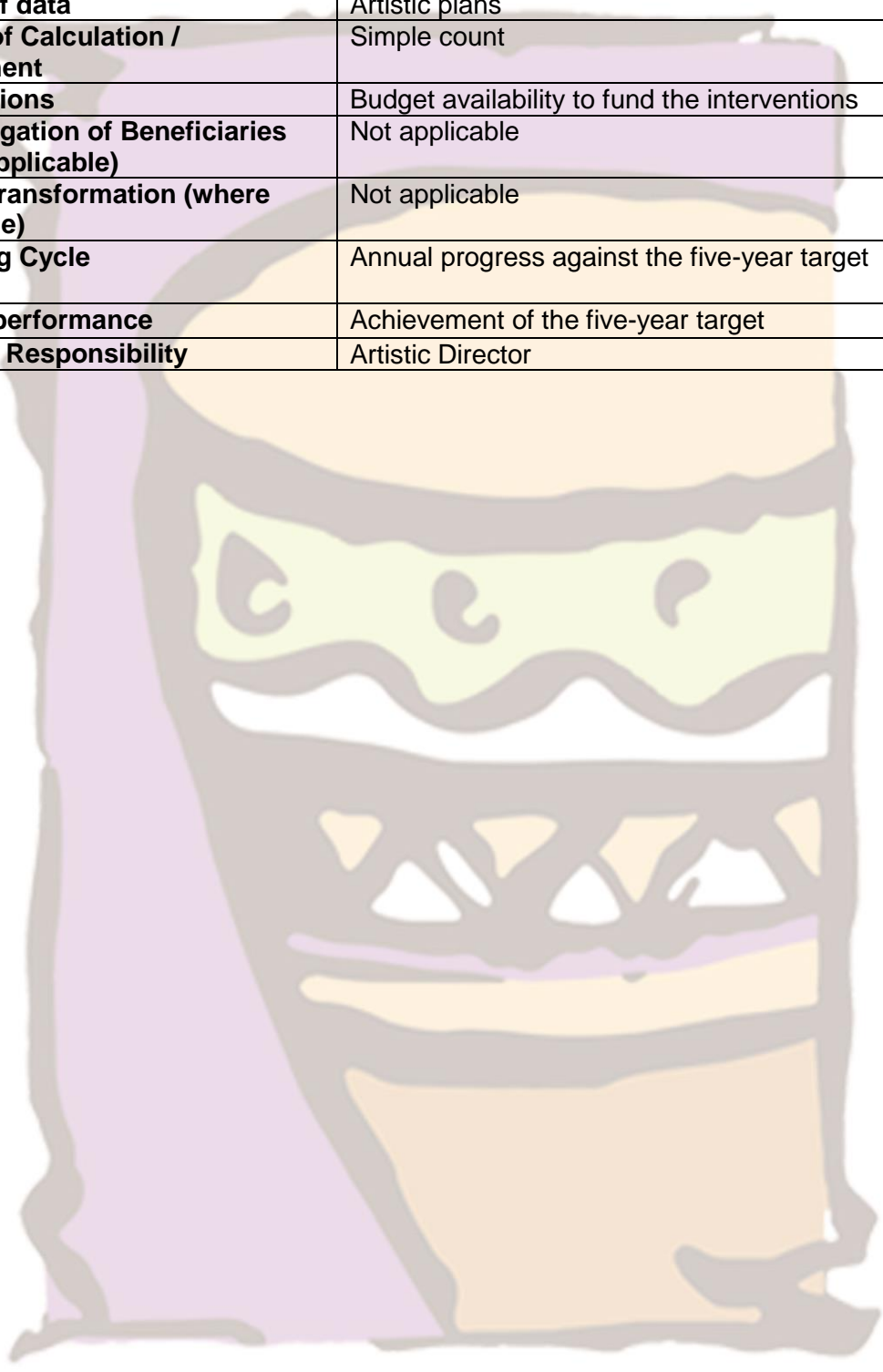
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Reporting Cycle	Annually
Desired performance	Achieving annual targets
Indicator Responsibility	Maintenance Manager

Indicator Title	Percentage of operating budget funded from own generated revenue
Definition	The indicator measures the size of the own-generated revenue as a proportion of the institution's operating budget. This is revenue that is generated through implementing commercial activities would include ticket sales, theatre and other space rentals, Front of House sales and fundraising undertaken by Marketing Department.
Source of data	ACCPAC accounting system
Method of Calculation / Assessment	Own revenue generated / total operating budget x 100
Assumptions	PACOFs identifies, pursues and implements initiatives to generate own revenue
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not Applicable
Reporting Cycle	Annual progress against the five-year target
Desired performance	18% of annual operating budget funded from own generated revenue
Indicator Responsibility	EXCO and Senior Manager: Marketing

Indicator Title	Number of artistic events hosted
Definition	All manner of events held in the theatres
Source of data	The rolling theatre programme
Method of Calculation / Assessment	Simple count
Assumptions	Successful marketing of the theatre
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Reporting Cycle	Annual progress against the five year target
Desired performance	Achievement of the five-year target
Indicator Responsibility	Senior Manager: Marketing & Artistic Director

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Indicator Title	Percentage of the artistic budget spent on performing artists from target groups
Definition	To contribute to the economic empowerment of the performing artists from target groups, deliberate interventions will be undertaken and budget made available over the 5 years.
Source of data	Artistic plans
Method of Calculation / Assessment	Simple count
Assumptions	Budget availability to fund the interventions
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Reporting Cycle	Annual progress against the five-year target
Desired performance	Achievement of the five-year target
Indicator Responsibility	Artistic Director





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