**THE BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON SPORTS, ARTS AND CULTURE ON THE 2018/19 PERFOMANCE OF THE DEPARTMENT OF SPORT AND RECREATION, DATED 23 OCTOBER 2019**

The Portfolio Committee on Sports, Arts and Culture (hereinafter referred to as the Committee), having considered the 2018/19 financial and non-financial performance of the Department of Sport and Recreation (hereinafter referred to as the Department), Boxing South Africa and the South African Institute for Drug-free Sport, reports as follows:

**1. INTRODUCTION AND MANDATE OF THE COMMITTEE AND THE DEPARTMENT**

**1.1. Introduction**

Section 42(3) of the Constitution of the Republic of South Africa, 1996 bestows the oversight function over the national executive to the National Assembly (NA). The National Assembly Committees are required in terms of Section 5 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) to annually assess the performance of each national department, and to thereafter submit a Budgetary Review and Recommendation Report, which will provide an assessment on the department’s service delivery performance given available resources; an assessment on the effectiveness and efficiency of the departments use and allocation of available resources; and may include recommendations on the forward use of resources.

**1.2.** **The Department of Sport and Recreation**

The Department of Sport and Recreation South Africa (SRSA) is aimed at developing sport and recreation in the Republic of South Africa. The Department derives its mandate from the Constitution of the Republic of South Africa (1996), which requires sport and recreation to be transformed and democratised in accordance with the values of human dignity, equality, human rights and freedom, non-racism and non-sexism. The mandate of the Ministry of Sport and Recreation ensures that the National Sport and Recreation Plan finds resonance in the National Development Plan (NDP).

Government’s strategic priorities have remained unchanged since for the 2014-2019 electoral term. This section will thus outline the Department’s strategic priorities. The Medium Term Strategic Framework (MTSF) identifies key priorities which are delineated into fourteen outcomes and associated activities and targets. Outcome 14, ‘*a diverse, socially cohesive society with a common national identity’* that responds to chapter 15 of the National Development Plan (NDP) is assigned to the Department. In response, the Department has developed the following strategic outcomes-oriented goals, which guides the Department’s strategic direction over the MTSF:[[1]](#footnote-1)

* Increase citizens’ participation in Sport and Recreation

This goal measures the extent to which citizens’ access of sport and recreation activities increases, to ensure that there is an increase of 10% in sport and recreation participation of citizens in selected activities by 2020.

* Ensure that Sport and Recreation is adequately transformed

This goal measures the percentage of the selected national federations (NFs) that achieve their transformation commitments by 2020. Ensure that 80% of recognised NFs meeting transformation targets by 2020.

* Ensure that athletes achieve international success

This goal measures the percentage improvement in the number of athletes (including teams) achieving national performance standards as a result of them being supported by high-performance interventions. Success is qualified as an improvement in South Africa’s performance at selected multi-coded events, or an improvement or maintenance of world rankings in selected sports codes by 2020.

* Enable mechanisms to support sport and recreation

This goal measures the number of sustainable integrated system enablers that are set to be established and fully operational by 2020. This includes facilities, sports confederations, academies, a sports house, information centre, beneficial international relations, as well as supportive sports broadcasting and sponsorships.

* Sport used as a tool to support relevant government and global priorities

This goal measures the percentage increase in the perception of sport being recognised by the South African population as contributing to nation building. The targeted increase is 5% by 2020.

* An efficient and effective organisation

Implementation of internal processes to ensure that Sport and Recreation South Africa (SRSA) receives annual unqualified audit reports and an MPAT rating of 4 within 5 years.

**1.3. Oversight role and the Mandate of Committee**

Section 55(2) of the Constitution of the Republic of South Africa, 1996 stipulates that *“the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) national executive authority, including the implementation of the legislation; and (ii) any organ of state”.*

The Committee oversees the implementation of the following Acts:

* South African Boxing Act, 2001 (Act No. 11 of 2001),
* South African Institute for Drug-Free Sport Act, 1997 (Act No. 14 of 1997 as amended),
* The Public Finance Management Act, 1999 as amended by Act No. 29 of 1999,
* Occupational Health and Safety Act, 1993 (Act No. 85 of 1993),
* National Sport and Recreation Act, 1998 (Act No 110 of 1998 as amended),
* Public Service Act, 1994 (Act No. 103 of 1994 as amended),
* Safety at Sports and Recreational Events Act, 2010 (Act No. 2 of 2010),
* Bidding and Hosting of International Sport and Recreational Events Regulations, 2010,
* Recognition of Sport and Recreation Bodies Regulations, 2011.

**1.4. Purpose of the BRR Report**

The purpose of this report is to account in accordance with Rule 166 of the Rules of the National Assembly for work done by the Committee in considering the 2018/19 Annual Reports of the Department and entities which were tabled in accordance with Section 40 (1) of the PFMA; and as referred in terms of National Assembly Rule 338 by the Speaker to the Committee for consideration and reporting in terms of Rules 339 and 340 respectively.

**1.5. Method and the scope of work of the Committee**

In preparation for the consideration of the Department’s 2018/19 Annual Report, the Committee considered key government policy documents relevant to the work of the Department, including, among others:

* Medium Term Strategic Framework (MTSF) 2014 – 2019;
* The 2019 State of the Nation Address (SONA);
* 2018/19 Annual Reports of the Departments and its entities;
* The 2018/19 Annual Performance Plan of the Department and its entities, and
* The Committee’s 2018/19 financial year in-year monitoring in terms of Section 32 reports of the PFMA.

**2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS**

**2.1. The National Development Plan (NDP), Vision 2030**

Social cohesion and transformation framework are feathered in the NDP. It encourages sports and physical education participation. They are an integral part of the holistic development of a learner. Schools are where talent is identified, career choices made (including careers in sport) and habits learnt.

Given the growing problem of obesity, the habit of leading an active life-style can be developed at a young age through participation in sport. Working with the Department of Sport and Recreation, the Department of Basic Education has reintroduced school sport. This positive initiative needs to be expanded.

The NDP recognises that sport plays an important role in promoting wellness and social cohesion, and treats sport as a cross-cutting issue, with related proposals in the chapters on education, health and nation building. The NDP sets out five long-term nation building imperatives for South Africa. These are as follows:

* Fostering constitutional values.
* Equal opportunities, inclusion and redress.
* Promoting social cohesion across society.
* Active citizenry and leadership.
* Fostering a social compact.

It further defines sport as a discipline teaching mechanism and an integral component of a healthy lifestyle and enables South Africans to share common space. Unfortunately, instead of sharing common spaces, and developing common loyalties and values through sport, South Africans and South African sport were systematically segregated and underdeveloped under apartheid.

The transformation vision for sports in 2030 is that: Participation in each sporting code begins to approximates the demographics of the country. South Africa’s sporting results are as expected of a middle-income country with a population of about 50 million and with historical excellence in a number of sporting codes.

For the vision of the National Development Plan (NDP) to be realised, school sports must be adequately resourced. The government must ensure, that there are adequate facilities for the majority of the population to play sport and that these are adequately maintained. This does not need expensive buildings, but recreational environments with basic facilities that can function as community hubs.

Communities should organise sporting events, leagues, championships and generally look after the sports facilities once they are installed or developed. Corporate investments in grassroots sport should also be encouraged.

**2.2**. **The 2014 – 2019 Medium Term Strategic Framework (MTSF)**

The MTSF is structured around 14 priority outcomes which cover the focus areas identified in the NDP and Government’s electoral mandate. The Outcome 14: “A diverse, socially cohesive society with a common national identity”.

MTSF is meant to address the sharing of common space across race, space and class will be enabled through instituting sustained community dialogues, improving public spaces and services and elevating sports at both community and school levels. Outcome 14 of the MTSF, sport and recreation is featured prominently.

The society still remain unequal and skewed opportunities. Inclusion of people with disabilities in programmes (sport included) must be encouraged.

**2.3. White Paper on Sport and Recreation 2011**

In formulating this policy directive, the White Paper cognisance was taken of the strategic environment in which sport and recreation is delivered. The effective implementation of Government’s policy on sport and recreation will also require an appropriate legislative framework.

The purpose of the White Paper is to pronounce clearly Government’s policy regarding sport and recreation in the Republic of South Africa. This White Paper sets out Government’s vision, strategic objectives, policy directives, outcomes and outputs for promoting and providing sport and recreation.

As an official publication of national Government, a White Paper Outlines Government policy. It is tabled in Parliament to ensure that Parliament is informed of Government policies and to give effect to the constitutional requirement that members of the Cabinet must provide Parliament with full and regular reports concerning matters under their control [Section 92(3)(b) of the Constitution of the Republic of South Africa, 1996]; and to enable the National Assembly, according to its constitutional powers of section 55(2), to maintain oversight of the exercise of national executive authority, including the implementation of legislation, and any organ of state.

From the above it is clear that tabling a White Paper in Parliament was to account to Parliament and as such, it is accordingly an important link in the process of ensuring accountability and openness of Government.

**2.4. National Sport and Recreation Plan vision 2020**

The NSRP is an eight-year implementation plan for the sport and recreation policy framework as captured in the White Paper. The NSRP is monitored annually to identify any hindrances which may negatively impact on effective implementation.

It will be reviewed in 2020. The National Sport and Recreation Plan (NSRP) was developed through an intense and thorough consultative process with robust debates and constructive contributions from all role-players that comprised the sport and recreation sector in the country.

There can be no doubt that true accessibility and equitability can only be visible in a transformed sport and recreation sector. It is for this reason that at the core of the NSRP is a Transformation Charter whose purpose is to transform the delivery of sport in South Africa and to reap such benefits as the establishment of a competitive and demographically representative sports system.

Aligned to the Charter is a multi-dimensional Transformation Performance Scorecard that will enable the sports system to measure progress made towards a transformed sport and recreation sector.

**2.5. Transformation Charter**

The purpose of this document was to support the Transformation Charter of the Department of Sport and Recreation South Africa (SRSA), in consultation with sport federations and other key stakeholders in sport. Fast-tracking a transformation charter and delivery mechanisms for all sectors and role players involved in sport and recreation.

Transformation Charter is based on designing, structuring and implementing a range of broad-based transformation initiatives as part of a process of re-organising the operational and strategic initiatives of Government, SASCOC and its membership on and off the field of play. To implement, manage and monitor a transformation process in sport, a multi-dimensional Transformation Performance Score card is used.

The Score card is built around a set of key strategic areas–the dimensions within which change has to be brought about if effective transformation is to take place.

**3. SUMMARY OF THE PREVIOUS KEY FINANCIAL AND NON-FINANCIAL PERFORMANCE RECOMMENDATIONS OF THE PORTFOLIO COMMITTEE**

**3.1. The 2017/18 Committee Budget Vote Report**

The Committee recommended that the Minister for Sport and Recreation emphasised the need to:

1. Ensure that Provinces had the capacity to spend allocated funds so as to avoid funds returning to National Treasury.
2. Emphasise the need for Provincial Departments to budget for sport and recreation programmes from their equitable share budget allocated by Provincial Treasuries.
3. Develop a framework on how Provinces use the Division of Revenue Act (DORA) funds in line with the priorities of the National Sport and Recreation Plan as approved by the National Treasury.
4. Enforce the compliance of federations towards transformation and consider rewarding federations that have achieved and exceeded the set targets on transformation.
5. Ensure that the SRSA had clear performance indicators in line with the mandate of the sub-programmes within each programme.
6. Ensure that both entities, the South African Institute for Drug-Free Sport and Boxing South Africa, adequately implement the recommendations of Auditor General South Africa in order to address the challenges related to governance.

**4. OVERVIEW AND ASSESSMENT OF THE DEPARTMENT’S 2018/19 FINANCIAL YEAR FINANCIAL PERFORMANCE**

**4.1. Overview and assessment of the overall budget and expenditure**

**Table 1: 2018/19 budget allocation and expenditure**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sports and Recreation** **Programme** | **2018/19 FINANCIAL YEAR** | | | | | |
| **Adjusted Appropriation** | **Virement** | **Final Appropriation** | **Actual Expenditure** | **Variance** | **Expenditure as % of final appropriation** |
| R’000 | R’000 | R’000 | R’000 | R’000 | % |
| **Administration** | 125 332 |  | 125 332 | 120 207 | 5 125 | 95.9% |
| **Active Nation** | 717 268 | (50) | 717 218 | 715 753 | 1 465 | 99.8% |
| **Winning Nation** | 69 790 | 1000 | 70 790 | 70 417 | 373 | 99.5% |
| **Sport Support** | 166 634 | (950) | 165 684 | 162 783 | 2 901 | 98.2% |
| **Sport Infrastructure Support** | 11 753 |  | 11 753 | 6 853 | 4 900 | 58.3% |
| **Total** | **1 090 777** |  | **1 090 777** | **1 076 013** | **14 764** | **98.6%** |
|  |  |  | Final Appropriation | Actual Expenditure |  |  |
| **TOTAL (brought forward):**  Reconciliation with statement of financial performance.  ADD  Departmental receipts | | | **R 139** |  |
| Actual amounts per statement of financial performance (total revenue) | | | **R 1 090 916** |  |
| Actual amounts per statement of financial performance (total expenditure) | | |  | **R 1 076 013** |

For the 2018/19 financial year, the Department of Sport and Recreation received an appropriation of R 1 090 777 billion and the Departmental receipt amount of R139 000 which increased the total revenue of the Department to R 1 090 916 billion for the year in review. The Departmental Actual amounts per statement of financial performance (total expenditure)

Amounted to R1 076 013 billion. R806.8 million (74%) was allocated for Transfers and Subsidies; R281.6 million (25.8%) allocated for Current Payments; and R2.4 million (0.2%) allocated for Payments on Capital Assets.

* The expenditure for Programme 2: Active Nation constituted the largest expenditure, representing 99.8% percent (R 715 753 million) of the Departmental total budget, followed by Programme 3: Winning Nation representing 99.5% percent (R70 417 million) then Programme 4: Sport Support was number third on spending with the expenditure amount of 98.2% (R 162 783 million).
* Program 1: Administration constituted the fourth expenditure spending, representing 95.9% (R120 207 million) followed by Programme 5: Sport Infrastructure Support with expenditure spending which constituted 58.3% (R6 853 million). Therefore, the overall underspending at the end of the financial year under review was R14 764 million.

The Department has a variance of R 14 764 million which was used to compare financial performance changes from one month to the next, or perhaps from one quarter to another or year to year. Typically, actual financial results are compared to a budget, or a budget is compared to a forecast.

This comparison process and the resulting variances help management identify problems, investigate issues and make changes rapidly. The underspending was mainly in programmes 1 and 5, mainly under compensation of employees and goods and services. In its 2018/19 annual report, the Department provided the following reasons provided for under-expenditure. The following were the reason provided for under-expenditure in sub-programmes:

**Programme: Reasons for under-expenditure:**

* Programme 1: Administration: The Department spent R120.1 million or 95.8% of available funds, mainly on compensation of employees and goods and services. The unspent R5.2 million was mainly under compensation of employees as the department decided to delay filling vacancies until the new financial year.
* Programme 5: Sport Infrastructure Support: The Department spent 58.5% or R6.9 million of the available budget, mainly on compensation of employees as well as goods and services. The R4.9 million unspent funds are mainly under compensation of employees because vacant posts were not filled and in goods and services due to a delays in the construction of outdoor gyms.

**4.1.2. Expenditure Estimates Per Economic Classification**

Table 2: The 2018/19 allocation and expenditure per economic classification

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Economic Classification** |  | **2018/19 FINANCIAL YEAR** | | | | | |
| **Adjusted Appropriation** | **Shifting of funds** | **Virement** | **Final Appropriation** | **Actual Expenditure** | **Variance** | **Expenditure as % of final appropriation** |
| R’000 |  | R’000 | R’000 | R’000 | R’000 | % |
| **Current payments** | 281 589 | (711) | - | 280 878 | 266 184 | 14 694 | 94.8% |
| **Compensation of employees** | 111 545 | (600) | - | 110 945 | 99 767 | 11 178 | 89.9% |
| **Goods and services** | 170 044 | (111) | - | 169 933 | 166 417 | 3 516 | 97.9% |
| **Transfers and subsidies** | 806 808 | 600 | - | 807 408 | 807 218 | 190 | 100.0% |
| **Payments for capital assets** | 2 380 | 111 | - | 2 491 | 2 489 | 2 | 99.9% |
| **Total** | 1 090 777 |  | - | 1 090 777 | 1 076 013 | 14 764 | 98.6% |

After the final appropriation of R1 090 777, only R1 076 013 was utilised and a variance of R 14 764 million with the total expenditure as 98.6% of final appropriation:

* As per the economic classification, the total budget of R 280 878 million was for the current payments. Only R 266 184 million was utilised and the variance was R14 694 million. The 94% was achieved.
* In terms of compensation of employees, the Department had budgeted R 110 945 million budget but managed to utilised the amount of R 99 767 million and the variance was R11 178 million. The 89.9% was achieved.
* On Goods and Services, the Department had R 169 933 million allocation. The expenditure was R 166 417 million and variance was R3 516 million. The bulk of money was paid to contractors at the amount of R 60 843 million which constituted 99.5% percent. High expenditure on advertising at the amount of R 20 960 million. The 97.9% was achieved.
* The Transfers and Subsidies was allocated R807 408 million which was distributed to Provinces as well as the Departmental agencies and accounts. The expenditure was R 807 218 million and variance was R 190 000. The 100.0% was achieved.
* The Payments for Capital Assets R 2 491 million. The expenditure was R 2 489 million and variance R 2000. The 99.9% was achieved.

**4.2. Overview and Assessment of the Programme Budget and Expenditure for 2018/19 financial year**

**Table 3: SRSA General performance 2018/19**

|  |  |
| --- | --- |
| Total budget spent\* | 98.7% |
| Total targets set\*\* | 35 |
| Targets achieved\*\* | 32 |
| Targets not achieved\*\* | 3 |
| Success rate\*\* | 91.4% |

*\** Based on information provided in the 2018/19 annual report. \*\* Percentage targets achieved based on the SRSA’s presentation submitted to the Committee.

(Source: SRSA Annual Report 2018/19)

**Table 4: Appropriation Per Programme**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| R million | Adjusted and Final Appropriation | Year-end actual expenditure | Expenditure  as % of Final Appropriation | Variance from projected expenditure | % Variance from projected expenditure |
| Administration | 125,3 | 120,1 | 95.8% | 5,2 | 4.2% |
| Active Nation | 717,3 | 715,8 | 99.8% | 1,5 | 0.2% |
| Winning Nation | 69,8 | 70,5 | 101.0% | -0,7 | (1.0%) |
| Sport Support | 166,6 | 162,8 | 97.7% | 3.8 | 2.3% |
| Sport Infrastructure Support | 11,8 | 6,9 | 58.5% | 4,9 | 41.5% |
| Total | 1090,8 | 1076,8 | 98.7% | 14,0 | 1.3% |

Source: Department of Sport and Recreation (2019)

The table above indicated that by the end of the 2018/19 financial year, the Department of Sport and Recreation South Africa (SRSA) had spent R1. 076 billion or 98.7% of the total budget for the 2018/19 financial year, of which there was an underspending of R14.0 million. The underspending was mainly in programmes 1 and 5, mainly under compensation of employees and goods and services.

**4.2.1. Programme 1: Administration**

Purpose of this programme is toprovide strategic leadership, management and support services to the Department. Programme 1 comprises of the following sub-programmes: Ministry; Management; Strategic Support; Corporate Services; Office of the Chief Financial Officer and Office Accommodation. For the year under review, the programme had targets spread across its six sub-programmes.

The programme was able to achieve 95.8% against its set targets and one was not achieved. Only one target was not achieved as planned included: resolving the issue of paying the invoices within 30 days, overall achievement of this indicator is still a challenge.

This could be attributed to, among other things, system challenges, such as its slowness. The challenge remains with regard to 100% of invoices paid within 30 days, whereby 99% were paid in all quarters. Small businesses turn to suffer the most due to this delay in payment of invoices.

* + 1. **Programme 2: Active Nation**

Purpose of programme two is to support the provision of mass participation opportunities in sport and recreation. Programme 2 comprises of the following sub-programmes: Active Recreation, Community Sport, School Sport, Provincial Sport Support and Coordination.

For the year under review, the programme had targets spread across its five sub-programmes. The programme was able to achieve 91.7% against its set targets and one was not achieved. One target was not achieved as planned which included: The number of people actively participating in sport and recreation promotion events. Only 99.8% of allocated budget was spent.

The target for the number of people actively participating in organised sport and recreation events was not achieved. The reasons for non-achievement is conservative planning by provinces, despite the financial allocations they receive from SRSA to ensure they contribute to national targets.

Another reason for the reported poor performance is that provinces do not always report in line with the technical indicator description relating to their conditional grant-funded indicators. As a result, some of their reports are disregarded, once it is clear at the departmental second-line of defence that they cannot withstand the audit test.

* + 1. **Programme 3: Winning Nation**

Purpose of this programme is to support the development of elite athletes. The Programme achieved 100%against its set targets. This programme has three sub-programmes which include: Scientific Support, Major Events Support and Recognition Systems. For the year under review, the programme had targets spread across its three sub-programmes.

The programme was able to achieve 100% against its set targets. This programme overspent its final appropriation of R69.8 million by R700 00 or 1%. Sub-programme: Scientific Support is the core business in this programme 3. 101.0% Only 101.0% of allocated budget was spent.

The sub-programme is also responsible for the development, implementation, monitoring and evaluation of relevant policies and procedures. It thus plays a coordinating role to ensure that athletes are able to benefit from holistic support services at various levels of sport development.

* + 1. **Programme 4: Sport Support**

Purpose of this programme is to develop and support an integrated system to enhance the delivery of sport and recreation. This programme has two sub-programmes which include: Sport and Recreation Service Providers and International Relations.

For the year under review, the programme had targets spread across its two sub-programmes. The Programme achieved 100% against its set targets. A total of 97.7% of the allocated budget was spent. But the Department managed to achieve 100% at the end of the financial term under review.

* + 1. **Programme 5: Sport Infrastructure Support**

Purpose of this programme is to regulate and manage the provision of sport and recreation facilities. This programme has two sub-programmes which include: Sport and Recreation Facility Planning and Sport and Recreation Facility Management.

For the year under review, the programme had three targets spread across its two sub-programmes. The Programme achieved 50% against its set targets. The Department spent 58.5% of its total allocated budget. The planned community gyms and children’s play parks could not be constructed because of lengthy community consultations.

However, the construction of Multi-purpose sports courts built, not all courts were built on time because of a slow consultation process that becomes longer where the community was not united and properly briefed.

**4.3. Unauthorised expenditure**

**Table 5: Unauthorised Expenditure as per SRSA Financial statements**

|  |  |  |
| --- | --- | --- |
|  | **2018/19** | **2017/18** |
| Opening Balance | R705 000 | R705 000 |
| Prior period error | - | - |
| As re-stated | R705 000 | R705 000 |
| Closing Balance | R705 000 | R705 000 |

Source: SRSA Annual Report (2019)

The opening balance for 2018/19 was R705 000. Unauthorised expenditure was carried over from the 2017/18 financial year. The figure is similar to that of the 2017/18 financial year. The Departments closing balance on unauthorised expenditure awaiting authorization remained R705 000. The Department did not incur any unauthorised expenditure during the year under review.[[2]](#footnote-2)

**4.4. Irregular Expenditure**

**Table 6: Reporting of Irregular Expenditure:**

|  |
| --- |
| The was no Irregular Expenditure reported under the 2018/19 financial year |

**4.5. Fruitless and wasteful expenditure**

**Table 7: Fruitless and Wasteful Expenditure as per SRSA Financial statements**

|  |  |  |
| --- | --- | --- |
|  | 2018/19 | 2017/18 |
| Opening Balance | R5 038 000 | R7 158 000 |
| Prior period error | - | - |
| As re-stated | R5 038 000 | R7 158 000 |
| Less amounts resolved | (5 038 000) | (2 120 000) |
| Closing Balance | - | R5 038 000 |

Source: SRSA Annual Report (2019)

The opening balance for fruitless and wasteful expenditure at the beginning of 2018/19 was R5 million, which was carried over from the 2017/18 financial year. The amount was resolved in the 2018/19 financial year, and there was no further fruitless and wasteful expenditure in the period under review. Therefore, the closing balance for fruitless and wasteful expenditure for 2018/19 was Zero.

1. **Committee Observations on Sport and Recreation South Africa**

* **Service delivery performance**

SRSA had 35 targets and 32 of those were achieved and this translates to 98.7% of the budget spent at a success rate of 91.4%. Public participation programs were continuing within the communities to promote mass participation in sport and recreation activities has been raised by the previous Portfolio Committee and it must be emphasized again the 6th Parliament. Big Walks and the National Recreation Days have contributed positively toward achieving social cohesive society and healthy lifestyle as a habit.

* **Submission of Bills**

In terms of legislation, the letter was written and there was a publication in the gazette and it is a section 76 Bill. It was submitted to the Bills office and there was no timeframe as to how long the Bill was being edited. The Bill will be tabled as soon as the parliamentary process were finalised and the office of the chairperson to assist in fast tracking the process. Priority should be given to the National Sport and Recreation Amendment Bill and will be tabled in the next 6th Parliament.

* **Construction of Sport Facilities**

The Department need to prioritise the construction of sport facilities in rural and township areas who were badly affected by apartheid system and still experience its legacy till today.

* **Lack of communication processes between the Department and the Committee:**

The following concerns were raised:

* The committee was concerned with the level of communication between itself and the Department. Some members raised the fact that, their omission from Departmental programmes hinder their chances of doing oversight to the Department and its entities holistically.
* Members were concern that the Department still continues to have less number of personnel and this has been a case for many years.
* The Department to finalise the R 705 000 that was condoned by writing to SCOPA and Treasury Department to remove this because it was concerning and did not reflect it positively to the financial statements of the Department.
* School Sport Programme was supposed to be driven by the Department of Sport and Recreation. Members encouraged the Department to find ways to train school teachers to receive accredited licences in order to implement the school sport programmes.
* The Department to blacklist all companies and service providers who have committed criminal activities, involved in corruption and received work within the Department in a very unethical manner.
* Members encouraged the Department to continue to encourage municipalities who have not signed the MoU regarding the construction of sport infrastructure.
* Members wanted the Department to improve its personnel dealing with the monitoring and evaluation (M&E).
* Members were concerned that there were possibly quite a number of employees who were not putting effort in their day-to-day work which led to the Department not achieving 100% of its targets.
* The Department needs to build more outdoor gyms and parks within the 6th administration, especially in rural areas and work with traditional leaders to achieve this otherwise all the planning will never be achieved.
* There was a litigation taken against the Department whereby the claimant received an amount of R1.17 million and members were concerned about the measures in place to ensure such litigations do not occur in the near future.
* The Department to meet and discuss late payment with service providers to avoid legal battles.
* The media houses used by the Department to advertise for vacancies was not clear enough, this was not helping members to deliver messages to their constituencies to relevant sport administrators to apply for such jobs.
* Members encouraged the Department to interact with ward councillors to promote different sport programmes and events.
* **Two Director-Generals (DG’s) to start working together:**

Members encouraged the two DG to work together in order to achieve the objectives of building one Department by the 1st of April 2020.

* Members also felt that issues of South African Sports Confederation and Olympics Committee (SASCOC) should be captured in the report as the organisation was still experiencing challenges regarding implementation of the recommendations by the Zulman inquiry.

1. **Auditor-General’s Report**

The Department has achieved a financially unqualified audit opinion with no material findings (clean audit). The audit opinion thus remains unchanged from those achieved for the last three financial years.

1. **Concluding remarks on the 2018/19 Financial and Service Delivery Performance for Sport and Recreation South Africa**

The Department continues to lead and implement Outcome 14 of the MTSF through increasing the participation of Sport and Recreation among citizens and fostering social cohesion. According to the Auditor General’s report, the Department received an unqualified audit outcome with no material findings.

The Department had spent 98.7% of its allocated budget in the 2018/19 financial year and presented with no significant over or under expenditure in its programmes. However, there were some sub-programmes where the Department had underspent. The Annual report also indicates that there was no unauthorised and/or expenditure nor was there any wasteful and fruitless expenditure that occurred during the 2018/19 financial year at SRSA.

The Department has only achieved 91.4% of its targets for the 2018/19 financial year and more works needs to be done to ensure that the Department meets all its targets. Improved co-ordination of reporting between the National and Provincial Departments is needed in order to allow SRSA to acquire accurate and on time information from the Provinces.

This will assist SRSA in meeting more of its targets. Other challenges that can be corrected in that the Department should settle all its invoices within 30 Days with its suppliers. Lastly the Department should always ensure that trends in Sport and Recreation are accurate and scientific based. The Department to raise awareness among relevant stakeholders on the challenges experienced by government departments in the payment process with regard to outsourced services. To facilitate the identification of bottlenecks in the payment of service providers and the fast-tracking of the process.

It was clear enough that the Department of Sport and Recreation has, for many years been unable to achieve the following few indicators repeatedly: (1) resolving the issue of paying the invoices within 30 days in Programme 1: Administration, (2) the number of people actively participating in organised sport and recreation events in Programme 2: Active Nation. This was the same in the 2017/18 financial year.

There are still challenges with reporting from Provinces but this has been brought to the attention of the MECs for Sport and Recreation and they have committed to ensure that there is compliance. However, there is progress and commitments made in interactions with AG regarding achieving some of the performance indicators at Provincial level.

Should provinces not comply it was eminent that this should be elevated to Provincial political principals so that the can ensure that HODs do comply with reporting requirements. The Programme 5: Sport Infrastructure Support has very few personnel, the Department need to employ more people in this programme in order to have capacity to implement the sub-programmes. The Department to brief the committee on the BRICS Games (Brazil, Russia, India, China and South Africa) as well the future plans to build a Team SA that will complete in the next edition of these games.

**8. PUBLIC ENTITIES OF THE DEPARTMENT OF SPORT AND RECREATION.**

**8.1. Boxing South Africa (BSA).**

Boxing South Africa has three areas that were focused on three specific strategic objectives in line with the Strategic Plan 2015-2020, i.e. (1) Governance and Administration, (2) Boxing Development and (3) Boxing Promotion.

This is according to their annual reporting for 2018/19 financial year. Over the past years a lot of focus has been going towards the governance and administration programme due to the situational factors that existed around that time.

BSA had 21 performance indicators and 3 programme areas and we were able to meet 15 out of 21 indicators. BSA has taken a decision that as of 1 October 2018 no tournament was to take place if the sanction fees were not paid. The relationship between SANABO and Boxing South Africa be improved in order to produce quality boxers.

The issue of sanction levies has been resolved and all promoters have agreed to pay their sanction levies and are in the process of making arrangements for repayments. A number of former employees have taken the organisation to labour court and the CCMA and these litigations impact negatively on the finances of the organisation. BSA was in a process of resolving the litigations and avoid them in future.

**Programme 1: Governance & Administration**

The purpose of this programme is to provide strategic leadership, good corporate governance and the overall administration (including Finance, HR, ICT, etc.) of boxing. It comprises of the following sub-programmes:

* The Board
* Office of the CEO and Corporate Services.
* Stakeholder mobilization and lobbying

In this program area BSA achieved 5 out of its 6 targets. This performance equates 83% achievement and this is less than the 92% achieved in the previous year. This programme area has six indicators. The only performance indicator which was not achieved is the Percentage compliance with prescribed regulations and directives.

**Table 8: Programme One - Performance Indicators & Targets**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Strategic Objective** | **Programme Performance Indicator** | **Reporting Period** | **Annual Target**  **2019/20** | **First**  **Quarter** | **Second**  **Quarter** | **Third**  **Quarter** | **Fourth**  **Quarter** |
| **Strengthened Governance and Oversight** | Number of Board meetings held | Annual | 4 | 1 | 1 | 1 | 1 |
| Number of Audit Committee meetings held | Annual | 4 | 1 | 1 | 1 | 1 |
| **Improved Administrative Capacity** | Number of policies and procedures reviewed and approved | Bi-Annual | 6 | - | 3 | - | 3 |
| % of approved funded posts filled | Annual | 80% | 79% | 79% | 79% | 79% |
| Performance Management and Development reports adopted | Bi-Annual | 2 | 1 | - | 1 | - |
| **Stakeholder Engagement Framework** | Number of reports on implementation of stakeholder engagement  framework | Quarterly | 4 | 1 | 1 | 1 | 1 |
| Number of agreements or MoUs signed or reviewed | Bi-Annual | 2 | - | - | - | 2 |
| **Legislation (Amendment of Boxing Act)** | Number of reports on the implementation of the amended areas  of the Regulations | Annual | 1 | - | - | - | 1 |

Sourced from BSA and modified

**Programme 2: Boxing development**

The purpose of this programme is to ensure compliance with the key aspects of Boxing Act, and rules regulations and enforce their application where non-compliance is observed.

The vision going forward is to make the application of the boxing act and its regulations the cornerstone of the turnaround for the governance and administration of the sport going into the future. Accordingly, this programme features the key activities that are in line with the regulatory requirements of BSA. Sub-Programmes: It comprises of the following sub-programmes:

* Licensing, sanctioning and ratings.
* Licensees training and development.
* Regulations compliance and enforcement.

In this program area BSA achieved 7 out of its 9 targets. This performance equates 78% achievement and there was no improvement when compared to the same 78% achieved in the previous year. This programme area has nine (9) indicators.

There has been an under achievement on two indicators. The two indicators which were not achieved in this program area are (1) Number of Medical Committee meeting held and (2) Signed Memorandum of Understanding with other boxing sanctioning bodies.

**Table 9: Programme Two - Performance Indicators & Targets**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Strategic Objective** | **Programme Performance Indicator** | **Reporting Period** | **Annual Target**  **2019/20** | **First**  **Quarter** | **Second**  **Quarter** | **Third**  **Quarter** | **Fourth**  **Quarter** |
| **Systems and Protocols** | Number of Standard Operating Manuals Developed | Annual | 1 | - | - | - | 1 |
| **Licensees’ Training and Development** | Number of licensees trained and developed | Quarterly | 300 | 75 | 75 | 75 | 75 |
| Number of capacity building sessions | Quarterly | 4 | 1 | 1 | 1 | 1 |
| **Women in Boxing** | Number of women licensed per year | Annual | 100 | - | - | - | 100 |
| **Compliance and Enforcement** | Number of site inspections conducted per year | Quarterly | 110 | 25 | 30 | 25 | 30 |
| Number of compliance reports | Quarterly | 80 | 20 | 20 | 20 | 20 |
| **Sanctioning and Rating** | Number of tournaments sanctioned | Quarterly | 60 | 20 | 10 | 20 | 10 |
| Number of ratings conducted | Monthly | 12 | 3 | 3 | 3 | 3 |
| **National Coverage** | Number of licensees | Annual | 1000 | - | - | - | 1000 |
| **Associations Assisted** | Number of Associations assisted | Quarterly | 4 | 1 | 1 | 1 | 1 |
| **Health and Safety** | Number of Medical Committee meetings held | Bi-Annual | 2 | - | 1 | - | 1 |
| **Partnership Agreement MoUs with international Sanction Bodies** | Number of signed Memorandum of Understanding with other  boxing sanctioning bodies | Annual | 2 | - | - | - | 2 |

Sourced from BSA and modified

**Programme 3: Boxing Promotion**

The purpose of this programme is to promote and market boxing to improve its public profile, increase its brand value as well as coordinate premium BSA events across the country. The overall purpose and goal of this programme is to raise the public profile of BSA and boxing and to increase its brand value to such an extent that the general public and sponsors will compete for a space in boxing programmes and enlist their support and resources for its development further. It comprises of the following sub-programmes:

* Marketing and branding.
* Communication
* Events Coordination.
* Revenue generation

In this program area BSA achieved 3 out of all the 6 performance targets. This equates 50% achievement and a great drop in comparison to the 100% achievement of the previous year. This programme area had six indicators.

The targets under this program have not all been achieved. The following three were not achieved, (1) Number of sponsorship secured, (2) SA Boxing Awards implemented, and (3) Reports on implementation of Boxing Information Provision program.

**Table 10: Programme Three - Performance Indicators & Targets**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Strategic Objective** | **Programme Performance Indicator** | **Reporting Period** | **Annual Target**  **2019/20** | **First**  **Quarter** | **Second**  **Quarter** | **Third**  **Quarter** | **Fourth**  **Quarter** |
| **Marketing and Communication Strategy** | Number of marketing initiatives implemented | Quarterly | 2 | - | 1 | - | 1 |
| Number of boxing activities and information communicated to the  public | Quarterly | 2 | - | 1 | - | 1 |
| **Boxing Sponsorship** | Number of sponsorships secured | Bi-Annual | 2 | - | - | 1 | 1 |
| **Events Coordination** | Number of SA Boxing Awards hosted | Annual | 1 | - | - | - | 1 |
| Number of Women in Boxing programmes hosted | Annual | 1 | - | - | - | 1 |
| **Revenue Generation** | Number of Revenue Generation Strategy initiatives implemented | Quarterly | 2 | 1 | - | 1 | - |
| **Funding Model** | Number of implemented funding model strategies | Annual | 2 | 1 | - | 1 | - |

Sourced from BSA and modified

**FINANCIAL STATEMENT OF BOXING SOUTH AFRICA**

**Table 11: Financial Statement**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Final Budget** | **Actual amounts**  **on comparable**  **basis** | **Difference**  **between final**  **budget and**  **actual** |
| **REVENUES** | **‘R 000** | **‘R 000** | **‘R 000** |
| Sanctioning Fees | 2 103 000 | 1 537 605 | (565 395) |
| License Fees | 608 600 | 685 680 | 77 080 |
| Forfeit Fees | 26 000 | 40 650 | 14 650 |
| Interest income | 47 000 | 695 558 | 648 558 |
| Transfer from SRSA/Government | 12268 000 | 12 618 406 | - |
| Sponsorship | 2 000 000 | 2 000 000 | - |
| **TOTAL:** | **17 052 600** | **17 577 899** | **525 299** |
|  |  |  |  |
| **EXPENDITURE** | **‘R 000** | **‘R 000** | **‘R 000** |
| Compensation of Employees | (7 617 000) | (7 647 994) | (30 994) |
| Depreciation and amortisation | (148 000) | (141 830) | 6 170 |
| Finance costs | - | (1 645) | (1 645) |
| Debt Impairment | (419 000) | (418 426) | 574 |
| General Expenses | (9 598 723) | (9 657 945) | (59 222) |
| **TOTAL** | **(17 782 723)** | **(17 867 840)** | **(85 117)** |

Revenue: The final budget covered the fiscal period from 01/04/ 2018 to 31/03/2019 financial year under review. The final budget of R 17 052 6000 million of BSA’s budget has been raised through forfeit fees, interest income, licensing, sanction levies, transfers/grant funding as well as sponsorship. This model of funding has its own challenges particularly with respect to sanction levies. The Actual amounts on comparable basis was R 17 577 899 and the difference between final budget and actual became R 525 299 million.

Expenditure: the final expenditure from the final budget was R (17 782 723) this was due to compensation of employees, depreciation and amortisation, finance costs, debt Impairment and the general expenses. The Actual amounts on comparable basis became R (17 867 840). The difference between final budget and actual was at R (85 117).

Current liabilities: Exceed current assets indicating liquidity risks, which means that the BSA may not be able to pay its creditors as payments become due.

Net liability position -highlights a possible risk that the BSA cannot continue its operations at the desired levels, which may lead to an interruption or breakdown on delivering on its mandate.

Negative cash flows –the annual grant from the department to BSA and a sponsorship receipt not sufficient to cover operational expenditure. Measures must be implemented to address this situation to ensure delivery on the mandate and financial viability.

Cash balance –mainly consists of the deposits and the investment to cover boxer’s injuries, which are not available for use in operations. Continued withdrawals from the investments in the current year is a major indicator of the entity’s financial viability challenges.

Collection of debt inability to collect monies owed for tournaments sanctioned and the resultant impairment of receivables due to amount owed being irrecoverable remains a challenge for the entity. Interventions to collect from promoters have not yielded positive results.

**Irregular expenditure and fruitless and wasteful expenditure for BSA.**

Table 9: Irregular expenditure and fruitless and wasteful expenditure.

|  |  |  |
| --- | --- | --- |
| **Entity** | **2018/19** | **Total** |
| Boxing SA | Irregular expenditure | R 6.5 million |
| Boxing SA | Fruitless and wasteful expenditure | R2.5 million |

**Auditor’s Report for Boxing South Africa**

The results were a has not improved since the previous years. BSA remains with a qualified audit report which is a sign that this entity is deteriorating as it only means that an organisational financial statements are not found to be transparent. BSA could not correct some of the material findings raised.

**Committee Observations on Boxing South Africa**

* **Performance Indicators not well defined**

Performance Indicators supposed to evaluate the success of an organization or of a particular activity (such as projects, programs, products and other initiatives) in which it engages. Often, success was simply the repeated, periodic achievement of some levels of operational goal (e.g. zero defects, 10/10 customer satisfaction, etc.), and sometimes success was defined in terms of making progress toward strategic goals. Boxing South Africa, there were some of the performance indicators and targets that were not clearly defined, measurable and not specific to the overall strategy of the organization.

* **Poor Leadership at Boxing South Africa**

Poor management may result in more fragmented entity and work roles. This means that each employee neglected the importance their work play in achieving organisational objectives. Leadership, especially the accounting authority at Boxing South Africa has failed to exercise sufficient oversight responsibility regarding financial, performance reporting and compliance as well as other related internal control systems. This has been a case in the 2017/18 financial year.

* **Poor Audit Outcomes**

The members were concerned about the poor audit outcomes from Boxing South Africa and were not happy that the Federation was still getting money from the Department of Sport and Recreation while performing very bad.

* **Department to assist BSA with their APP**

Members asked the Department of Sport and Recreation to assist BSA to achieve their APP, Operational Plan and Financial Management Planning.

* **Financial Viability at BSA**

Members were concerned that Boxing South Africa was in dire financial state and the intervention from the Department was needed to turn things around.

* **Change Management and a Strategy Implementation**

Boxing South Africa should try to stay the course set out by Boxing Indaba 2013 and continue on an upwards trajectory, as well as implementing the resolutions of their indaba.

* 1. **South African Institute for Drug-Free Sport (SAIDS)**

The South African Institute for Drug-Free Sport (SAIDS) operates as an independent public entity in sport with jurisdiction over all sports codes and entities that are recognised by SASCOC and/or are individual signatories to the World Anti-Doping Code. South African Institute for Drug-Free Sport Act, 1997 No. 14 of 1997 Government Gazette, Vol. 383, No. 18028, 23 May 1997: “To promote 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”.

The South African Institute for Drug-Free Sport is a non-profit organisation. As such no dividends are declared to any members or outside parties and all funds received are utilised for the furtherance of the Institute’s objectives as outlined in Section 10 of the South African Institute for Drug-Free Sport Act No. 14 of 1997. The Institute for Drug-Free Sport receives the majority of its funding from Sport and Recreation South Africa.

The SA Institute for Drug-Free Sport is ISO 9001:2015 certified by Bureau Veritas Certification Holding SAS – UK Branch, which certifies that the Management System of the SA Institute for Drug-Free Sport has been audited and found to be in accordance with the requirements of the ISO 9001:2015 management system standards.

All South African sports organisations and national federations are obliged to;

* Recognise the authority of SAIDS and comply with its directives following South Africa’s endorsement of the World Anti-Doping Code and the UNESCO convention on anti-doping.
* To promote 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.

Its aim is to:

* Promote participation in sport without the use of prohibited performance-enhancing substances and methods;
* Counteract doping in sport and ensure fair play and ethics in sport;
* Protect the health/wellbeing of sports persons and educate sports people about the harmful effects of doping.
* Conduct and enforce a national anti-doping programme.

The Programmes of SAIDS are as follows:

**Programme 1:** Finance, Compliance and Administration

**Programme 2:** Doping Control and Investigations

**Programme 3:** Results Management

**Programme 4**: Education and Research

**Programme 5:** National and International Collaboration

The effectiveness of anti-doping in the sports environment predominantly rests on the implementation of a test distribution plan that is based on doping risk and where sports codes are divided into high-, medium- and low-risk categories.

These categories permit the efficient allocation of anti-doping services to sports codes so that these are used to mitigate doping risks. The performance environment of SAIDS is also influenced by the independent WADA accredited laboratory in South Africa, the SA Doping Control Laboratory in Bloemfontein. In the sport environment, doping control samples can only be analysed within a global network of accredited laboratories.

When the accreditation of the Bloemfontein laboratory is under threat, suspended or revoked, SAIDS still has to fulfil its mandate and is required to send its samples to another accredited international laboratory. The transfer of samples to another laboratory is influenced by international foreign exchange rates and international courier costs.

The entity had a budget allocation of R 24 324 million from Sport and Recreation South Africa and (R938 000 from National Lotteries Commission which resulted to R25 262 million). For the financial year under review, the Audit General provided an unqualified audit report to South African Institute of Drug-Free Sport with findings.

Even though this transaction was identified, SAIDS recognised that the entity continues to apply strict supply chain management processes and no other material irregular expenditure occurred.

The entity generated a surplus of approximately a deficit of R 2 954 000 in the year under review. The financial position remained in a net liability position with total liabilities exceeding total assets by approximately R 8 240 million.

Net liability position stems from accumulated deficits that have carried over year on year, which were a result of overspending in previous years in 2017/18. The fruitless and wasteful expenditure of R R20 000 was due to interest and penalties paid on late PAYE submissions, while R 21 000 was paid to the South African Revenue Service (SARS) in interest and penalties following a systems and data uploading glitch with PAYE and payroll responsibilities.

**Table 12: Budgetary overview of SAIDS over the Medium term**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Approved Budget** | **Medium Term Estimates** | | |
| **R Thousand** | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** | **2020/21** | **2021/22** |
| Administration | 9 915 | 10 921 | 10 809 | 11 653 | 12 327 | 13 060 | 13 863 |
| Doping Control | 20 287 | 15 284 | 12 880 | 13 551 | 13 818 | 14 582 | 15 388 |
| Education | 3 704 | 1 559 | 2 328 | 5 434 | 5 438 | 5 674 | 5 885 |
| International Relations | 851 | 391 | 632 | 555 | 586 | 618 | 652 |
| **Total expense** | **34 757** | **28 155** | **26 649** | **31 193** | **32 169** | **33 934** | **35 788** |

An increase in steroid use among high school learners has seen the number of doping tests conducted at schools increasing from 71 in 2016/17 to 150 in each year over the MTEF period, also funded from the R48.6 million allocated to the doping control programme over this period. This program will be expanded to include national and provincial school rugby tournaments following an agreement with the SA Schools Rugby Association. Doping control measures are supported by the investigations and intelligence project team, that collaborates with various government law enforcement entities to apprehend and prosecute suppliers and manufacturers of illegal substances.

Going forward, these activities are budgeted for within the doping control programme, which accounts for 43% (R43.7 million) of the Institute’s total projected expenditure of R102.1 million. In the period ahead, the Institute plans to conduct 219 anti-doping outreach projects, seminars and workshops where athletes are reminded that sport is governed by a code of ethics and rules that prescribe the manner in which they train and compete.

**Auditor’s Report**

SAIDS achieved a clean audit outcome for the first time, after addressing compliance matters reported previously. All objectives and indicators were clearly defined. All targets and actual results were accurately disclosed.

1. **Overall Portfolio Committee Recommendations**
   1. **Sport and Recreation South Africa (SRSA). The Portfolio Committee on Sports, Arts and Culture recommends the following:**
      1. That the Minister of Sports, Arts and Culture to work on the funding model for the National Sport and Recreation Plan (NSRP). It is a programme of eight-year sustainable implementation plan for the sport and recreation policy framework as captured in the White Paper. Whilst it is envisaged that the White Paper will remain relevant until 2019, the NSRP will be closely monitored annually to identify any hindrances which may negatively impact on implementation. NSRP will be reviewed in 2020.
      2. The Department to capacitate its own staff members in order to do the work rather than relying on contractors**.**
      3. The Minister to lobby Provincial counterparts in the promotion of health and well-being of the nation by providing mass participation opportunities through active recreation programmes and do a proper reporting on these programmes.
      4. That the Minister fast-track the implements the Memorandum of Understanding (MoU) between both the Department of Sport and Recreation and the Department of Basic Education. This was going to contribute to the development of school sport and community sport clubs programmes.
      5. Members also felt that issues of South African Sports Confederation and Olympics Committee (SASCOC) should be captured in the report as the organisation was still experiencing challenges regarding implementation of the recommendations by the Zulman inquiry.
   2. **South African Institute for Drug-Free Sport (SAIDS). The Portfolio Committee on Sports, Arts and Culture recommends the following:**
      1. SAIDS needed to update its Supply Chain Management (SCM) and Procurement Policy to include the requirements for local production and content, and continue with the strict compliance practices currently in place.
      2. The Department ensures that SAIDS fully comply by practising austerity measures and budgetary control in order to prevent the incurrence of a deficit.
      3. With the assistance from the Department through school sport and community sport programmes, SAIDS must consider reaching out to townships and rural areas to implement the anti-doping education projects specific to youth sports and this point was raised in the last financial year.
      4. Through engagements with the Department, SAIDS needs to look at crafting a legislation that will address drug testing at school sport level to avoid resistance from coaches and parents.
   3. **Boxing South Africa (BSA). The Portfolio Committee on Sports, Arts and Culture recommends the following:**
      1. That the Department ensures that Boxing South Africa fully comply with legislative prescripts to avoid future adverse findings from the Auditor-General and that the issues regarding the audit status of BSA be addressed.
      2. That the Consequence Management be implemented by the accounting authority and the action plan to deal with investigations for previous cases of irregular, fruitless and wasteful expenditures to ensure that matters of discipline and financial misconduct and recovery were dealt with.
      3. Boxing South Africa should familiarise itself with the Framework for Managing Strategic Plans and Annual Performance Plan (FSAPP) and Framework for Managing Programme Performance Information (FMPPI).
      4. The Department to assist Boxing South Africa with compliance of the Annual Performance Plan (APP) and a new strategic planning of the overall financial and performance management.
      5. The Minister must consider appointing an administrator to oversee the finances of Boxing South Africa (BSA) because the leadership of BSA has continuously failed to exercise sufficient oversight responsibility regarding financial performance, reporting and compliance.
2. **summary**

The Committee was satisfied with a clean audit outcome of the Department of Sport and Recreation South Africa (SRSA) and the South African Institute for Drug Free-Sport (SAIDS), but very worried about the poor performance of Boxing South Africa (BSA). Boxing South Africa needed to be monitored closely with regards to compliance with the Annual Performance Plan (APP), Public Finance Management Act and Performance Indicators.

The South African Institute for Drug-Free Sport has since made some improvements in the 2018/19 financial year to a point of obtaining clean audit for the first time. SRSA has retained the clean audits for the 5 past years but more work to be done in correcting some hanging issues. SRSA has been spending a large amount of its budget for

1. **APPRECIATION**

The Chairperson wishes to acknowledge the oversight work done by the Portfolio Committee members. We also like to thank the Minister, the Deputy Minister, Department of Sport and Recreation, the office of the Auditor General South Africa and all other stakeholders for their contribution towards the work and achievement of clean audit by the Department.

**Report to be considered**

1. 1 SRSA APP (2018) [↑](#footnote-ref-1)
2. SRSA Annual Report (2019) [↑](#footnote-ref-2)