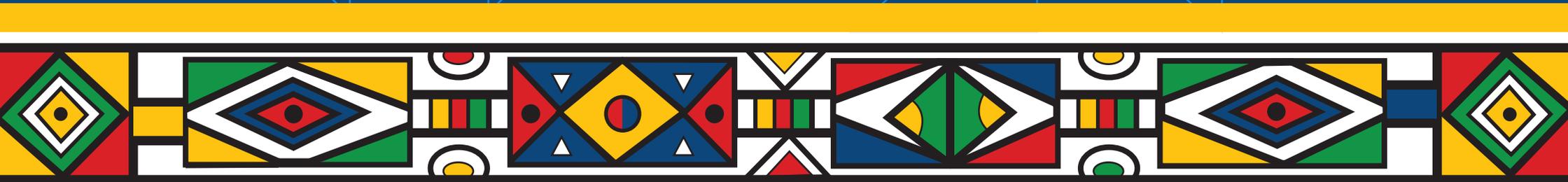


# ANNUAL PERFORMANCE PLAN

1 APRIL 2019 - 31 MARCH 2020



THE SOUTH AFRICAN



STATE  
THEATRE

an agency of the  
Department of Arts and Culture

# A SNIPPET OF OUR LINE UP

TICKETS R120

THE SOUTH AFRICAN STATE THEATRE IN AGREEMENT WITH THE PLAYHOUSE COMPANY PROUDLY PRESENTS

## WOZA ALBERT!

41<sup>st</sup> ANNIVERSARY

PERFORMED BY PERCY MTWA AND MBONGENI NGEMA

Woza Albert! celebrates 41 years of protest theatre with more than 20 prestigious awards. This production explores how Christ's second coming would affect the lives of poor black people, and how the white apartheid authorities would react. The two actors present a compelling view of a multitude of black and white characters as they explore themes of race and class.

DIRECTED BY CHRISTOPHER JOHN

8 - 31 MARCH 2019  
ARENA THEATRE

DANCE UMBRELLA AFRICA

## DANCE UMBRELLA AFRICA 2019

FIGURE-RING THE STATE OF DANCE IN AFRICA

31 MARCH 07 APRIL

VENUE STATE THEATRE

TICKETS AT [webtickets](#) [getit.org](#)

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH BAP PRODUCTIONS PROUDLY PRESENTS

## FELA AND THE Kalakuta Queens

DIRECTOR: BIJANLE AUSTIN-PETERS  
COMPOSER: KEINCE ORETMERIN | SET AND LIGHTS DESIGNER: YEMI LIGHTS WABE

27 MARCH - 7 APRIL 2019  
STATE THEATRE

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH GARESTWE PERFORMING ARTS PROUDLY PRESENTS

## KGALAGALO TŠA SETU

ADAPTOR & DIRECTOR KGAOGELO TSHABALALA

25 FEB - 14 MAR 2019  
DRAMA THEATRE

MZANSI FELA FESTIVAL

DECEMBER 2019  
STATE THEATRE

TICKETS R80

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH THE DEPARTMENT OF ARTS AND CULTURE AND SAKONAKHU PROUDLY PRESENTS

INCUBATOR PROGRAMME

## THE IGNORED FLOW

WRITTEN AND DIRECTED BY NKAMOGELENG LEBELOANE

MOMENTUM THEATRE 30 JAN - 17 FEB 2019

ARENA THEATRE 1-2 MARCH 2019

TICKETS R80

THE SOUTH AFRICAN STATE THEATRE IN ASSOCIATION WITH THE DEPARTMENT OF ARTS AND CULTURE AND BUSISIWE MAHLANGU PROUDLY PRESENTS

INCUBATOR PROGRAMME

## SURVIVING LOSS

BUSISIWE MAHLANGU

26 APRIL - 02 JUNE 2019  
OPERA THEATRE

YOUTH FREEDOM

26 APRIL - 02 JUNE 2019  
OPERA THEATRE

Youth expressions CELEBRATION

Feel free... Just Be!

16 - 30 JUNE 2019  
STATE THEATRE

THE SOUTH AFRICAN STATE THEATRE PROUDLY PRESENTS

## Kavasali INTERNATIONAL FESTIVAL

1 - 31 AUGUST 2019  
STATE THEATRE

## FOREWORD

It gives me great pleasure to introduce the South African State Theatre's (SAST) 2019/2020 Annual Performance Plan (APP).

The APP has been developed in accordance with the SAST's 2015-2020 Strategic Plan, which sets out the long-term plans and resource allocation for the five-year term. This APP is prepared in accordance with the National Treasury Framework for Strategic Plans and Annual Performance Plans, which encompasses the provisions of the Public Finance Management Act, 01 of 1999, as amended, and the Cultural Institutions Act, 119 of 1998 as amended. The SAST has aligned its legislative mandate to the Department of Arts and Culture's (DAC) strategic drivers, outcomes and outputs. The theatre's strategic goals are aligned to the Minister's 10 Point Plan as well as Outcomes 14 and 15 of the National Development Plan (NDP). Accordingly, the SAST's strategic goals have been formulated from the DAC's Strategy which aims to develop, preserve, protect and promote arts, culture and heritage in South Africa and mainstream its role in social cohesion and facilitating socio-economic development.

This plan is also aligned to the Government's Programme of Action through the SAST's objectives which aim to support job creation, create a skilled workforce, build an empowered and inclusive citizenship as well as foster an effective, efficient and responsive public service. The plan also focusses on infrastructure development through the SAST's various capital works projects, which include upgrading, modernisation and maintenance of the theatre complex situated at the heart of the City of Tshwane's central business district.

The strategic goals, objectives and targets contained in this APP are further informed by the Five-Year Strategic Plan and the annual review of the strategic priorities and trading conditions. This is the fifth year of the current Strategic Plan. During this financial year Council will initiate the process of compiling a new Five-Year Strategic Plan. The constantly changing internal and external factors are monitored using various tools, including the Risk Register. The SAST Council and executive management are cognisant of the fact that there will be amendments to the 2019/2020 APP because of the change in the national political administration which is likely to introduce new or revised government priorities.

As stated in the 2018/2019 APP, the Council appointed in 2018 invested the first year of their term studying the business of the SAST and held a strategy workshop in April 2018, which resulted in the new ideas being reflected in the 2019/2020 APP. The second draft of this APP was presented to Council during a workshop on 21 November 2018, wherein Council comprehensively discussed the key priorities, taking into consideration the previous year's performance, the progress since the April 2018 workshop and the desired future state of the SAST.

The Council workshop in April had examined the SAST's Business Model with a view to achieving Long-Term Sustainability. Specific focus was placed on trying to understand the position of the SAST in relation to its identity and its capacity to deliver on its mandate as well as the generation of own revenue.

It is envisaged that the implementation of the strategic priorities will result in the integration of the Strategy, Structure and Financial Resources, which is critical to the success of this organisation. In line with its identity as a pan African theatre, it was agreed that the SAST should call itself as "the theatre of Africa", with its new vision being: "We are the prestigious theatre of choice for a distinctly Pan-African experience". The mission was also revised and updated to reflect the new strategic direction.

The themes, strategic pillars and priorities identified at the workshop will guide the Council in monitoring and evaluating the performance of the SAST during the 2018/2019 financial year and the Council until the end of its term in November 2020. The six themes are: Revenue resources, reputation enhancement, human capital mindset shift, internal communication, audience development and marketing hype. The five strategic pillars are: maximise revenue, enhance reputation, develop and manage human capital, promote a culture of excellence and improvement in audience development.

The SAST's strategic intent is underpinned by its Mission, which is:

- To be a vibrant and dynamic arts and culture destination that integrates social and cultural diversity
- An attractive entertainment destination which maintains a healthy balance between artistic creativity and fiscal stability
- A place for inspiration, education and socio-economic transformation that is underpinned by our unique, engaging and diverse artistic offering
- A financially sustainable and socially conscious theatre complex that focusses on growth, revenue generation and long-term sustainability
- A destination of choice for theatre practitioners and audiences from diverse backgrounds
- A prestigious institution with strong collaborations and partnerships to drive economic development in the performing arts
- A centre for world class theatre experience aimed at enhancing audience development and revenue generation
- An institution that embraces information communication and technology to drive strategic direction and the achievement of organisational goals
- An employer of choice with skilled, competent, dedicated, passionate and loyal workforce

# FOREWORD

While there has been a change in the mission and vision of the SAST, the key strategic goals remain unchanged:

Goal 1: Present in-house performing arts productions.

Goal 2: Provide development opportunities for emerging arts practitioners in the context of our programmes.

Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales.

Goal 4: Ensure long term sustainability of buildings and assets.

Goal 5: Develop theatre going audiences.

Goal 6: Ensure compliance with applicable laws, regulations and statutory legislation.

The SAST has devised various monitoring and measurement techniques to ensure compliance with regulatory bodies and also to ensure that the SAST achieves its financial and strategic targets.

In line with its new pan-African identity, the SAST will continue to implement its Transformation Project. The aim is to re-imagine the SAST's material culture as well as the architectural and visual representation of the interior of the SAST. Currently the look and feel of the SAST building strongly reflects its colonial and apartheid heritage, which is in conflict with its pan-African identity and the pursuit of an inclusive, balanced and holistic narrative of the theatre's history and heritage. Part of the project will also include the renaming of theatres, rehearsal rooms, function rooms and foyers. The 2019/2020 Artistic Programme is designed with a view to entrenching this pan-African identity in mind.

Council and SAST management are pleased that the 2017/2018 audit opinion showed a significant improvement. While the SAST received an unqualified audit opinion for the first time since the 2013/14 financial year, Council continues to implement measures to ensure a healthy balance between artistic creativity and fiscal stability as well as income and expenditure. The aim is to sustain the positive audit opinion and work towards achieving a clean audit.

I hereby express Council's and staff commitment to the implementing this APP, which we believe will bring exemplary service delivery to the performing arts sector and its people through outcomes-based performance-oriented targets and the strategic intent of our goals and objectives.



.....  
Professor Fikile N. M. Mazibuko

**Chairperson of Council**



**OFFICIAL SIGN-OFF**

It is hereby certified that this Annual Performance Plan:

- Was developed by SAST Management under the guidance of the SAST Council,
- Was prepared in line with the current SAST Strategic Plan, and
- Accurately reflects the performance targets which SAST will endeavour to achieve given the resources made available in the budget for **2019/2020**.



.....  
Mr Shiraz Ahmed  
**Performance Information Manager**



.....  
Mr Sizwe Mathye  
**Chief Financial Officer**



.....  
Dr Sibongiseni Mkhize  
**Chief Executive Officer**

**Approved by:**



.....  
Professor Fikile N. M. Mazibuko  
**Chairperson of Council**

OFFICIAL SIGN OFF

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# PART A: STRATEGIC OVERVIEW

# 1. UPDATED SITUATIONAL ANALYSIS

The South African State Theatre's (SAST) vision is linked to the Department of Arts and Culture's (DAC) vision and mission, which stems from the Constitution, more specifically from Article 27 of the Universal Declaration of Human Rights: "everyone shall have the right to freely participate in the cultural life of the community (and) to enjoy the arts".

VISION	
To be the prestigious theatre of choice for a distinctly Pan-African experience. ("The theatre of Africa")	
MISSION	
· To be a vibrant and dynamic arts and culture destination that integrates social and cultural diversity.	
· To be an attractive entertainment destination which maintains a healthy balance between artistic creativity and fiscal stability.	
· A place for inspiration, education and socio-economic transformation that is underpinned by our unique, engaging and diverse artistic offering.	
· A financially sustainable and socially conscious theatre complex that focusses on growth, revenue generation and long-term sustainability.	
· A destination of choice for theatre practitioners and audiences from diverse backgrounds.	
· A prestigious institution with strong collaborations and partnerships to drive economic development in the performing arts.	
· To be a centre for world class theatre experience aimed at enhancing audience development and revenue generation.	
· To be an institution that embraces information communication and technology to drive strategic direction and the achievement of organisational goals.	
· To be an employer of choice with skilled, competent, dedicated, passionate and loyal workforce.	
CORE VALUES	
· Transparency	· Honesty
· Accountability	· Integrity
· Freedom of expression	· Excellence

## 1.1 PERFORMANCE DELIVERY ENVIRONMENT

The 2019/20 Annual Performance Plan (APP) has been prepared by the Executive Management of the South African State Theatre (SAST) under the guidance of the SAST Council.

In support of our mandate, SAST has set the following strategic goals:

Goal 1: Present In-house Performing Arts productions

Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work

Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes

Goal Statement: To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development

Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales

Goal Statement: To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal Statement: To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability

Goal 5: Develop Theatre going Audiences

Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes

Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation

Goal Statement: To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA

These strategic goals have been aligned to the National Treasury programmes of Administration, Business Development and Public Engagement as follows:

Programme 1: Administration - Goal 3, Goal 4 and Goal 6.

Programme 2: Business Development - Goal 1 and Goal 5.

Programme 3: Public Engagement - Goal 2.

The 2019/20 to 2020/21 MTEF Budget is included.

## 1.2 GOALS AND PROGRAMME OBJECTIVES

The following programme objectives descriptions have been amended to provide clarity in their interpretation:

- SPD1, Implement the Community Arts Dramaturgy Outreach Fieldwork programme.

Targets for the following objectives have been amended:

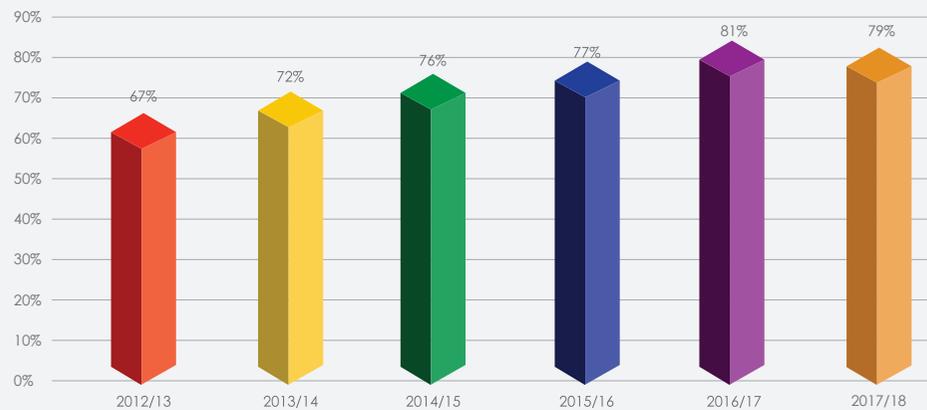
- SP14, Generate revenue from ticket sales, and SP12, Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Theatres, Restaurants and other spaces:
  - Rental of theatres which has been managed under the Business Development Department has been allocated to the Artistic Department. The corresponding revenue generated from theatre rentals will now be reported together with ticket sales revenue. The ticket sales revenue target has been accordingly increased with the addition of the theatre rental revenue target previously included under property rentals.
- SPM2, Establish media partnerships to promote SAST and productions:
  - The annual target for 2019/20 has been increased by two to four for the number of media partnerships entered into.
- SPA2, Stage In-house produced Festivals:
  - The historic dance festival, Dance Umbrella, has been added to our annual festival programme. The addition of Dance Umbrella increases the planned number of annual festivals from three to four.
- SPA1, Stage In-house Productions, including the Rendezvous programme:
  - The target has been increased from thirty-five to one-hundred for 2019/20.
- SPR3, Short term job opportunities created by In-house Productions:
  - The target has been increased from seven-hundred to one-thousand for 2019/20.
- SPM4, Increase audience attendance:
  - Due to consistent achievement of the audience attendance target, the initially planned target of 130,000 for 2019/20 has been increased to 140,000.
- SPD4, Stage School set-works:
  - A high-demand for our school set-work productions has encouraged us to add one more set-work production in 2019/20, increasing the target from three to four.

## 1.3 ORGANIZATIONAL ENVIRONMENT

### Programme Performance

The 2017/18 actual achieved performance of 79% is a slight decline in performance of 2% from the 2016/17 performance of 81%. However, the 79% achieved for 2017/18 is higher than the actual performance of 77% achieved in 2015/16. 2015/16 was the 1st year of the current five-year strategic plan implementation. Over the three year period; 2015/16, 2016/17 and 2017/18, of the current 2015-2020 strategic plan, SAST has achieved an average performance of 79%.

2012/13 - 2017/18 Performance Achieved



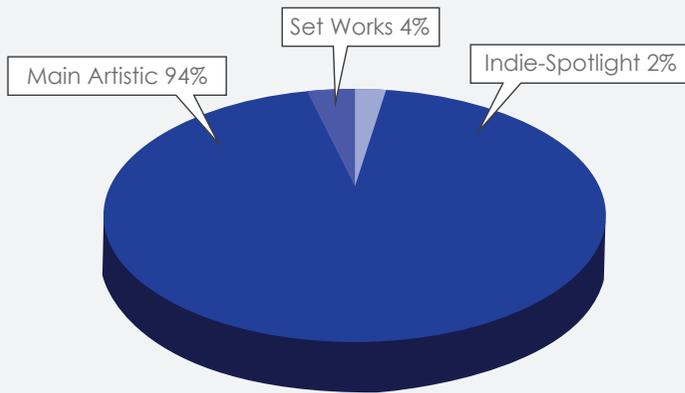
2017/18 Planned & Achieved Targets



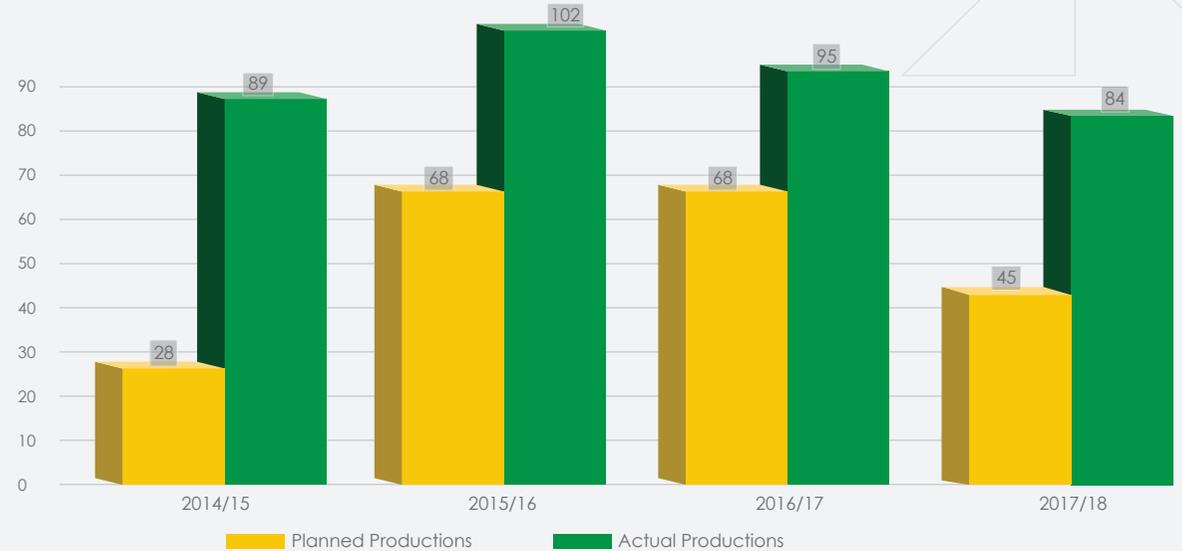
### Artistic Performance

The number of In-house Productions staged for 2017/18 totalled 84. In total 531 performances were staged for these 84 in-house productions. In-house productions attracted an audience of 65,350 for the year of which 43,571 purchased tickets and 21,779 attended with a Complimentary ticket. R4,030,585 in revenue was generated from in-house productions during the year. The number of productions planned for 2019/20 has been increased from 35 to 100

### 2017/18 Artistic Programmes



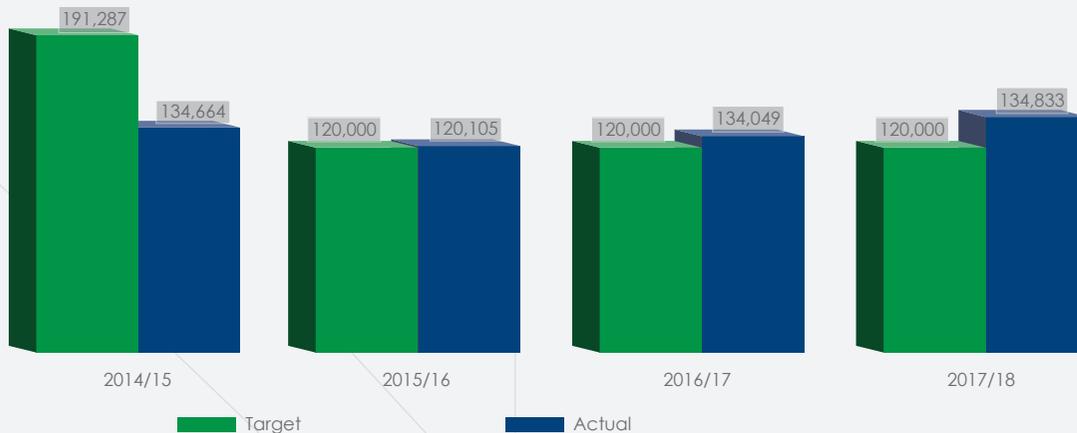
### 2014/15 - 2017/18 All In-house Productions



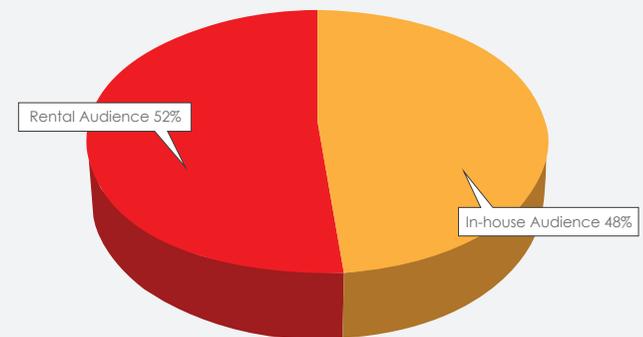
### Audience Development

In total 134,833 was recorded for 2017/18 in audience attendance, compared to the annual target of 120,000. Rental productions attracted an audience of 69,483. In-house productions attracted an audience of 65,350. Audience attendance has consistently achieved target over the past three years. 2016/17 and 2017/18 has shown a positive trend of audience attendance stabilising at the 134,000 mark. This is a very encouraging sign that the 2018/19 target of 125,000 will be comfortably achieved. In-line with the current audience attendance trends, the initially planned 2019/20 target of 130,000 has been increased to 140,000 audience.

### 2014/15 - 2017/18 Audience Attendance



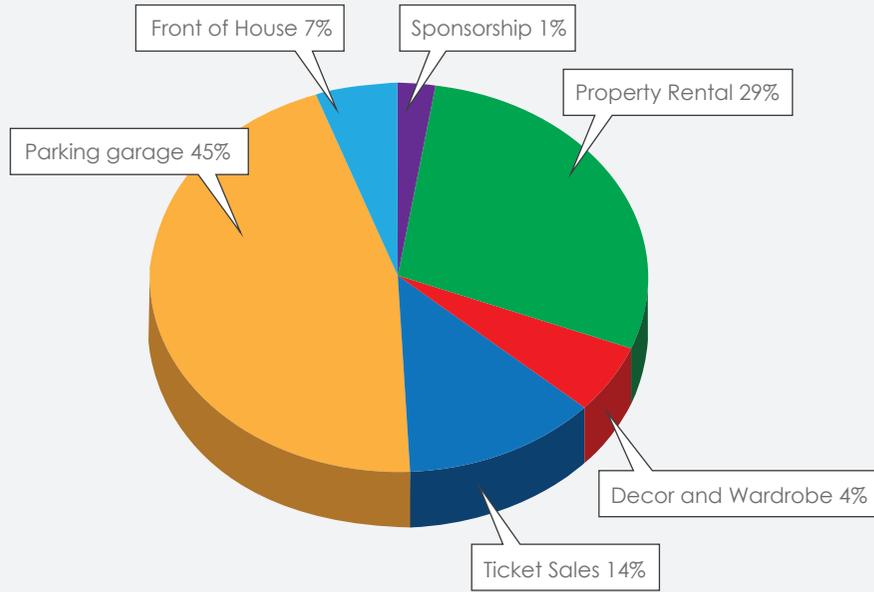
### 2017/18 In-house VS. Rentals Audience



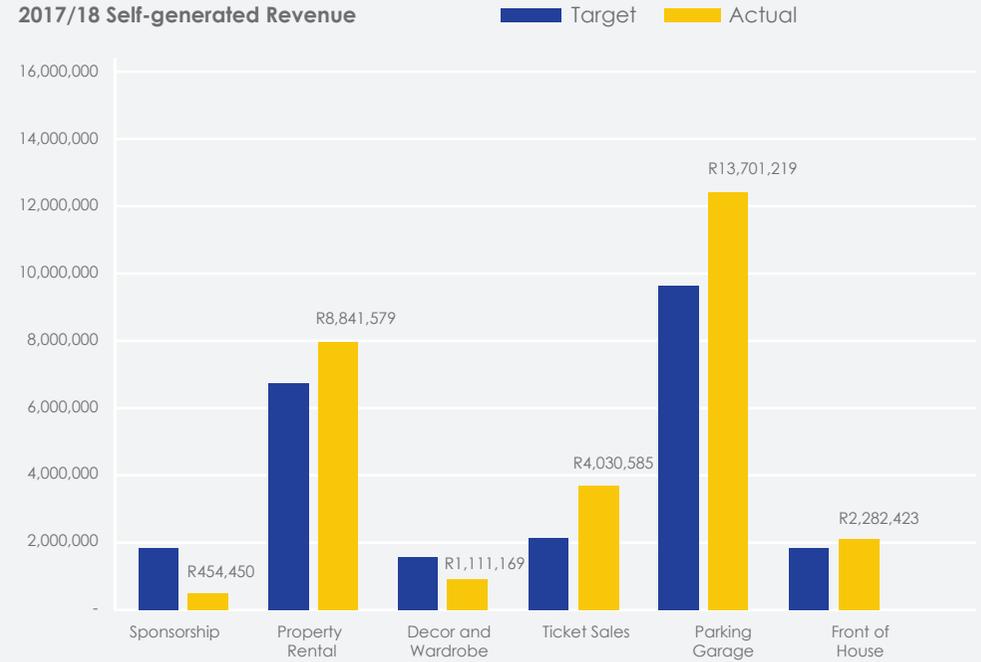
### Revenue Generation

During 2017/18, Rental of theatres, offices and other spaces generated R8,841,579 in revenue. Parking garage rentals generated R13,701,219 in revenue. Both indicators significantly overachieved their respective annual targets of R7,439,024 and R10,635,433. Self-generated revenue has also stabilised over the three-year term, achieving consistently in the R30 million mark with R30,084,304 recorded in 2016/17 and R30,421,425 for 2017/18.

### 2017/18 Revenue Streams



### 2017/18 Self-generated Revenue





*One Night with Ringo and Vusi Nova*  
Image by Sammy Shoots Photography

## 1.4 RISK MANAGEMENT

Ongoing operational risks are monitored on a monthly basis. Implementation of risk mitigation activities progress is monitored and supporting documents are required to ensure activities are completed as reported. SAST conducts an annual risk assessment workshop. The workshop focusses on planned targets of SAST's strategic goals. Risk assessment is based on the SAST Enterprise Risk Management Policy. The impact of control deficiencies identified during prior internal and external audits on these planned targets as well operational and environmental changes that may affect achievement of planned targets is considered during the workshop. The annual risk assessment workshop to review risks to the strategic goals, objectives and targets for 2019/20 will be held once an internal audit firm has been contracted. The 2018/19 Risk Register is provided in section 4.5 of this APP.

## 1.5 CONTRIBUTION TO GOVERNMENT PRIORITIES

SAST has aligned itself to Outcome 4 and 5 of Government's Priorities through its Strategic Objective of Job Creation. As such, it is planned that one-thousand short-term job opportunities will be created during 2019/20. In addition, 6 Internship positions have been created to provide graduates and scholars an opportunity to acquire experiential learning while working as an intern at SAST during 2019/20.

The overall core mandate of SAST contributes to Outcome 12B, Building an Empowered, Fair and Inclusive Citizenship, which is achieved through SAST's Goal 1 and 2. The SAST governance and compliance goal, Goal 6, contributes to Outcome 12A, Building an Effective, Efficient and Responsive Public Service. Goal 1 and 2 also contribute toward Social Cohesion, as it is defined by Outcome 14.

## 1.6 ALIGNMENT TO DAC GOALS

SAST has aligned its goals and objectives to the draft DAC 2017 MTEF strategic framework as follows:

DAC Objective	SAST Goals
To develop, protect and promote cultural and creative sector	Goal 1 and Goal 2
To provide access to information	Operational activity
To create a coherent policy and legislative environment for the ACH sector	Goal 6
To implement sound financial management and control systems	Goal 6
To lead, coordinate and implement social cohesion programme	Goal 1 and Goal 2
To build human resource capacity and promote excellence	Goal 6 and Goal 2

## 2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

None

## 2.3. REVISIONS TO POLICIES AFFECTING ACHIEVEMENT OF STRATEGIC GOALS

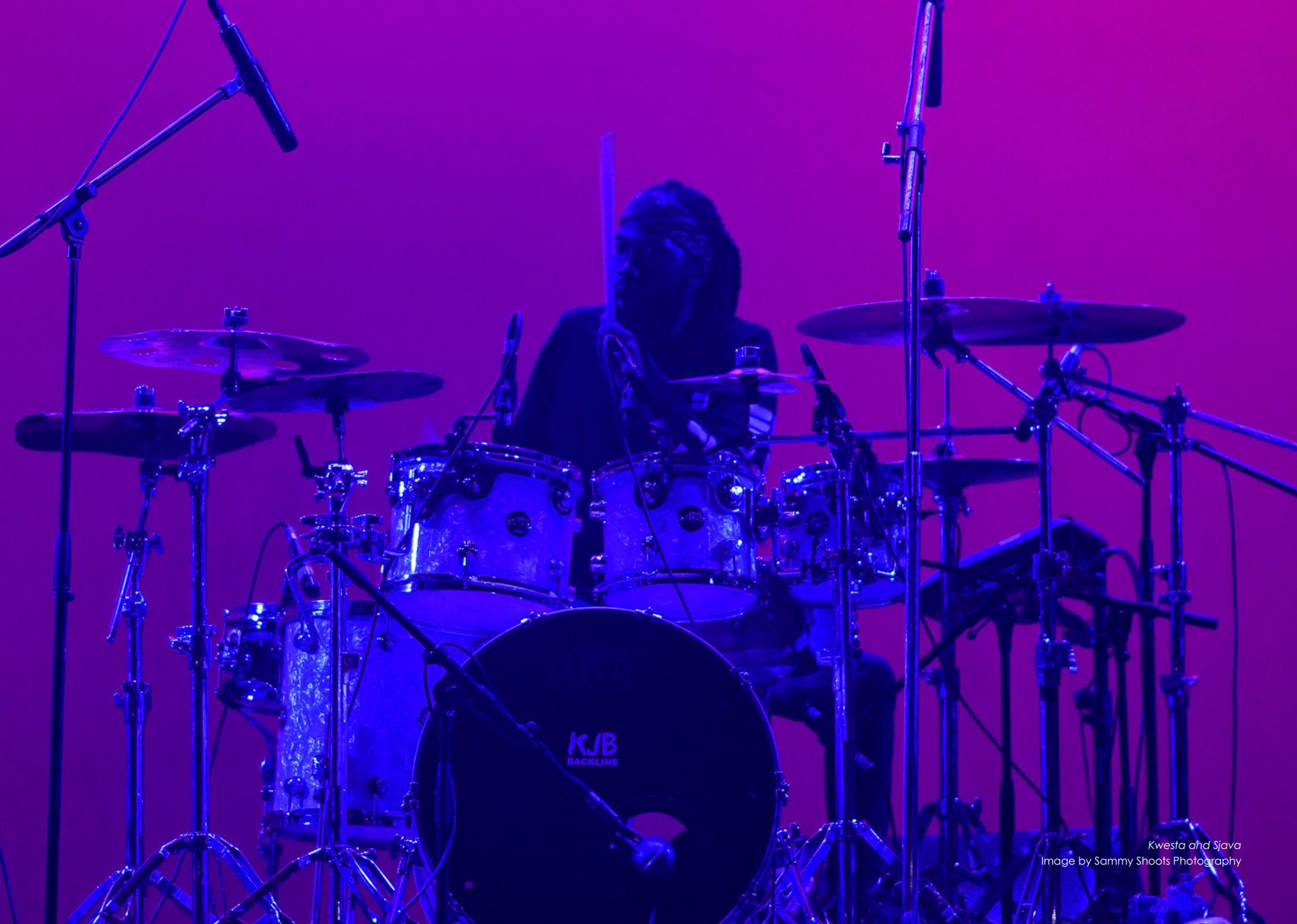
None



### 3. OVERVIEW OF 2019/2020 BUDGET AND MTEF ESTIMATES

#### 3.1 EXPENDITURE ESTIMATES

Rand thousand	Audited Outcome			Approved budget	MTEF		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Revenue</b>							
<b>Entity revenue</b>	<b>27,624</b>	<b>31,036</b>	<b>32,387</b>	<b>33,171</b>	<b>33,500</b>	<b>35,175</b>	<b>36,934</b>
Sale of goods and services other than capital assets	25,947	28,792	29,958	31,317	33,000	34,650	36,383
Entity revenue other than sales	1,677	2,244	2,429	1,854	500	1,000	1,500
<b>Transfers received</b>	<b>56,063</b>	<b>57,254</b>	<b>61,841</b>	<b>67,590</b>	<b>67,849</b>	<b>71,468</b>	<b>75,276</b>
<b>TOTAL REVENUE</b>	<b>83,687</b>	<b>88,290</b>	<b>94,228</b>	<b>100,761</b>	<b>101,349</b>	<b>106,643</b>	<b>112,210</b>
<b>Expenditure by Economic classification</b>							
<b>Current payments</b>	<b>83,033</b>	<b>82,229</b>	<b>88,022</b>	<b>87,139</b>	<b>101,349</b>	<b>106,643</b>	<b>112,210</b>
Compensation of employees	34,083	36,160	38,770	38,831	44,833	47,302	49,901
Salaries and wages	34,083	36,160	38,770	38,831	44,833	47,302	49,901
Social contributions	-	-	-	-	-	-	-
Goods and services	<b>48,950</b>	<b>46,069</b>	<b>49,252</b>	<b>48,308</b>	<b>56,516</b>	<b>59,341</b>	<b>62,309</b>
Of which 1							
Agency and support / outsourced services	2,344	7,487	8,291	7,878	8,272	8,685	9,120
Advertising	-	5,484	2,622	2,855	3,141	3,298	3,462
Audit Costs	-	2,516	2,538	2,447	2,692	2,826	2,968
Bank charges	-	324	343	504	377	396	416
Board costs	-	577	675	989	1,038	1,090	1,145
Communication	4,442	432	490	534	561	589	618
Computer services	330	20	105	95	100	105	110
Consultants	-	2,119	2,598	2,509	2,112	2,218	2,328
Entertainment	-	217	233	243	267	281	295
Inventory	1,427	1,148	1,365	948	995	1,045	1,097
Lease payments	331	384	346	479	527	553	581
Legal fees	-	345	346	362	380	399	419
Non-file insurance	-	102	383	235	247	259	272
Repairs and maintenance	3,533	3,330	5,873	6,532	7,287	7,651	8,034
Training and staff development	204	124	62	300	315	331	347
Travel and subsistence	1,306	171	311	338	355	373	391
Other	35,033	21,289	22,671	21,060	27,850	29,243	30,705
Depreciation	<b>10,502</b>	<b>9,693</b>	<b>6,890</b>	<b>6,900</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>
Losses from	<b>(145)</b>	<b>(1,977)</b>	<b>148</b>	-	-	-	-
Sale of fixed assets	202	165	1,781	-	-	-	-
Impairments and Adjustments to Fair Value	(347)	(2,142)	(1,633)	-	-	-	-
Adjustments to Fair value of financial assets	567	(1,534)	(1,684)	-	-	-	-
Impairments to non-financial assets	(914)	(608)	51	-	-	-	-
Interest, dividends and rent on land	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>93,390</b>	<b>89,945</b>	<b>95,060</b>	<b>94,039</b>	<b>108,849</b>	<b>114,143</b>	<b>119,710</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>(9,703)</b>	<b>(1,655)</b>	<b>(832)</b>	<b>6,722</b>	<b>(7,500)</b>	<b>(7,500)</b>	<b>(7,500)</b>



Kwesta and Sjara  
Image by Sammy Shoots Photography

### 3.2 RECONCILING EXPENDITURE TRENDS TO STRATEGIC GOALS

#### Programme 1: Administration

The purpose of this programme is to engage in commercial activities which ensure self-generated revenue to augment the Government Grant, to maintain and upgrade our unique Theatre facilities to ensure its long-term economic sustainability and to comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA in support of our Artistic ambitions.

The programme aims to achieve the following SAST goals:

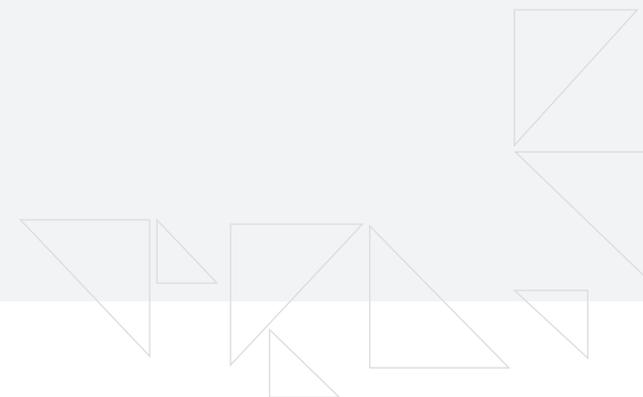
Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Strategic Targets 3 Year	Audited/Actual Performance						Planned Performance		MTEF					
				2015/2016		2016/2017		2017/2018 (BASELINE)		2018/2019		2019/2020		2020/2021		2021/2022	
				Actual	Expenditure	Actual	Expenditure	Actual	Expenditure	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation
Goal Statement: To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses	<b>Raise revenue from Sponsorships and Donations</b>																
	SPI1	Raise Sponsorship and donor revenue.	R 1,500,000	R750,000	Component of SPM	R716,000	Component of SPM	R454,450	Component of SPM	R2,000,000	Component of SPM	R500,000	Component of SPM	R500,000	Component of SPM	R500,000	Component of SPM
	<b>Rental revenue from the Immovable Property Portfolio</b>																
	SPI2	Generate rental revenue from the SAST immovable property portfolio, i.e. Kinerton, Office Blocks, Restaurants and other spaces.	R 17,049,762	R7,570,951	R 6,394,999	R8,573,881	R 6,308,139	R8,841,579	R 5,954,631	R8,617,326	R7,625,604	R5,251,898	R8,083,140	R5,672,050	R8,568,129	R6,125,814	R9,082,216
	<b>Rental revenue from Décor and Wardrobe hire</b>																
	SPI3	Generate rental revenue from Décor and Wardrobe.	R 3,713,821	R1,501,377	R 2,801,630	R1,727,713	R 2,560,499	R1,111,169	R 2,330,906	R912,800	R 1,732,138	R1,172,283	R 1,836,066	R1,236,758	R 1,946,230	R1,304,780	R 2,063,004
	<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>																
	SPI4	Generate revenue from ticket sales of in-house productions and from Theatre rentals.	R 22,801,986	R2,499,802	Component of SPM	R3,786,047	Component of SPM	R4,030,585	Component of SPM	R2,427,256	Component of SPM	R7,197,540	Component of SPM	R7,593,404	Component of SPM	R8,011,042	Component of SPM
<b>Parking Revenue</b>																	
SPI5	Generate revenue from the Parking garage.	R 45,363,969	R11,511,022	R 1,761,414	R13,664,137	R 1,100,713	R13,701,219	R 1,146,043	R11,167,205	R 1,505,727	R 14,249,268	R 1,596,071	R15,104,224	R 1,660,064	R16,010,477	R 1,743,067	
<b>Front of house Revenue</b>																	
SPI6	Generate revenue from Front of House sales.	R 7,628,467	R2,312,153	R 4,610,345	R1,616,527	R 4,148,197	R2,282,423	R 3,465,899	R1,916,870	R 2,672,868	R2,407,957	R 3,900,854	R2,540,394	R 4,095,897	R2,680,116	R 4,300,692	

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Strategic Targets 3 Year	Audited/Actual Performance						Planned Performance		MTEF					
				2015/2016		2016/2017		2017/2018 (BASELINE)		2018/2019		2019/2020		2020/2021		2021/2022	
				Actual	Expenditure	Actual	Expenditure	Actual	Expenditure	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation
<b>Goal Statement: To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability</b>	<b>Maintenance Programme in compliance with statutory regulations</b>																
	SPB2	Implement the Maintenance Programme.	21	7	R 16,242,349	7	R 14,440,692	7	R 15,740,649	7	R 18,211,818	7	R 19,304,527	7	R 20,462,799	7	R 21,690,567
	<b>Secure environment provided to Customers and Staff</b>																
SPB3	Secure SAST property to provide a safe environment for both SAST staff and SAST patrons and to safeguard SAST assets.	Maximum acceptable number of incidents: 0	1 incident	Component of SPI2	1 incidents	Component of SPI2	No incidents occurred during the year.	Component of SPI2	Maximum acceptable number of incidents: 0	Component of SPI2	Maximum acceptable number of incidents: 0	Component of SPI2	Maximum acceptable number of incidents: 0	Component of SPI2	Maximum acceptable number of incidents: 0	Component of SPI2	
<b>Goal Statement: To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA</b>	<b>SPR Governance</b>																
	<b>Compliance with PFMA and Treasury Regulations</b>																
	SPR1	Achieve an Unqualified Audit report.	Unqualified Audit report for each Financial Year completed	Qualified audit report issued by AG-SA for the 2014/15 Financial Year.	R 16,239,183	Auditor-General has raised a Disclaimer Audit Opinion for the 2015/16 Financial Year.	R 9,065,676	Qualified Audit report for the 2016/17 Financial Year.	R 16,375,331	Unqualified Audit report (2017/18 Financial Year)	R 20,605,385	Unqualified Audit report (2018/19 Financial Year)	R 21,841,708	Unqualified Audit report (2019/20 Financial Year)	R 23,152,211	Unqualified Audit report (2020/21 Financial Year)	R 24,541,343
	<b>Compliance with all South African Labour Acts</b>																
SPR2	Comply with South African Laws and Regulations governing labour relations.	Maximum acceptable number of incidents: 0	0 incidents	R 1,740,479	0 incidents	R 1,733,716	Two Incidents occurred during the year.	R 3,256,593	Maximum acceptable number of incidents: 0	R 3,451,989	Maximum acceptable number of incidents: 0	R 3,659,108	Maximum acceptable number of incidents: 0	R 3,878,654	Maximum acceptable number of incidents: 0	R 4,111,374	



## Programme 2: Business Development

This programme aims to stage the very best In-house developed and externally sourced Performing Arts work, to promote audience diversity and growth by implementing Audience Development Programmes and to promote the outcomes of the government's programme of action by creating job opportunities.

The programme aims to achieve the following SAST goals:

Goal 1: Present In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

Programme Strategic Objectives	Code	Programme Measurable Objectives  (Key Output - SMART)	Strategic Targets  3 Year	Audited/Actual Performance						Planned Performance		MTEF						
				2015/2016		2016/2017		2017/2018 (BASELINE)		2018/2019		2019/2020		2020/2021		2021/2022		
				Actual	Expenditure	Actual	Expenditure	Actual	Expenditure	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation	
<b>Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work</b>	SPA	<b>Artistic Productions</b>			R 12,410,981		R 15,416,340		R 13,995,587		R 13,415,964		R 14,220,922		R 15,074,177		R 15,978,628	
	SPA2	Stage In-house produced Festivals.	12	3	Component of SPA	3	Component of SPA	3	Component of SPA	3	Component of SPA	4	Component of SPA	4	Component of SPA	4	Component of SPA	
	SPA3	Stage Indie-Spotlight Productions.	5	18	Component of SPA	11	Component of SPA	2	Component of SPA	5	Component of SPA	5	Component of SPA	Programme ends 2019/2020.				
	SPA1	Stage In-house Productions, including the Rendezvous programme.	300	82	Component of SPA	80	Component of SPA	79	Component of SPA	35	Component of SPA	100	Component of SPA	100	Component of SPA	100	Component of SPA	
	<b>Job creation</b>																	
	SPR3	Short term job opportunities created by In-house Productions.	3,000	1,588	Component of SPA	1,773	Component of SPA	1,164	Component of SPA	700	Component of SPA	1,000	Component of SPA	1,000	Component of SPA	1,000	Component of SPA	

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Strategic Targets 3 Year	Audited/Actual Performance						Planned Performance		MTEF						
				2015/2016		2016/2017		2017/2018 (BASELINE)		2018/2019		2019/2020		2020/2021		2021/2022		
				Actual	Expenditure	Actual	Expenditure	Actual	Expenditure	Target	Resource Allocation							
<b>Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes</b>	<b>SPM</b>	<b>Marketing and Audience Development</b>			R 5,955,874		R 8,342,753		R 2,614,550		R 2,754,750		R 2,920,035		R 3,095,237		R 3,280,951	
	SPM1	Implement the marketing strategy.	Plans developed and implemented.	Plans developed and implemented.	Component of SPM	Plans developed and implemented.	Component of SPM	Plan prepared accordingly.	Component of SPM	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	
	SPM2	Establish media partnerships to promote SAST and productions.	12	5	Component of SPM	9	Component of SPM	3	Component of SPM	2	Component of SPM	4	Component of SPM	4	Component of SPM	4	Component of SPM	
	<b>Audience Development</b>																	
	SPM3	Implement the audience development strategy.	Plans developed and implemented.	Plans developed and implemented.	Component of SPM	Plans developed and implemented.	Component of SPM	Plan prepared accordingly.	Component of SPM	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.
	SPM4	Increase audience attendance.	435,000	120,105	Component of SPM	134,049	Component of SPM	134,833	Component of SPM	125,000	Component of SPM	140,000	Component of SPM	145,000	Component of SPM	150,000	Component of SPM	
	<b>Patron Satisfaction</b>																	
SPM5	Conduct surveys of patron satisfaction.	12	3	Component of SPM	4	Component of SPM	4	Component of SPM	4	Component of SPM	4	Component of SPM	4	Component of SPM	4	Component of SPM		

### Programme 3: Public Engagement

This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development.

The programme aims to achieve the following SAST goals:

Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes

Programme Strategic Objectives	Code	Programme Measurable Objectives (Key Output - SMART)	Strategic Targets 3 Year	Audited/Actual Performance						Planned Performance		MTEF						
				2015/2016		2016/2017		2017/2018 (BASELINE)		2018/2019		2019/2020		2020/2021		2021/2022		
				Actual	Expenditure	Actual	Expenditure	Actual	Expenditure	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation	
<b>Goal Statement: To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development</b>	SPD	<b>Development Programme</b>			R 1,473,859		R 913,821		R 1,194,539		R 3,221,102		R 3,414,368		R 3,619,230		R 3,836,384	
	SPD1	Implement the Community Arts Dramaturgy Outreach Fieldwork programme.	45	15	Component of SPD	15	Component of SPD	15	Component of SPD	15	Component of SPD	15	Component of SPD	15	Component of SPD	15	Component of SPD	
	SPD3	Provide dramaturgy to in-house production's creative team members.	30	59	Component of SPD	88	Component of SPD	37	Component of SPD	10	Component of SPD	10	Component of SPD	10	Component of SPD	10	Component of SPD	
	SPD4	Stage School set-works.	12	2	Component of SPD	4	Component of SPD	3	Component of SPD	3	Component of SPD	4	Component of SPD	4	Component of SPD	4	Component of SPD	
	<b>Learning and Development</b>																	
	SPR4	Provide internship positions.	18	6	Component of SPR2	12	Component of SPR2	7	Component of SPR2	6	Component of SPR2	6	Component of SPR2	6	Component of SPR2	6	Component of SPR2	

### 3.3 PUBLIC ENTITY BUDGETED RECEIPTS

	2019/2020	2020/2021	2021/2022
	R'000	R'000	R'000
<b>DAC Operational Grant</b>	<b>R 59,065</b>	<b>R 62,314</b>	<b>R 65,741</b>



# PART B: PROGRAMME AND SUB-PROGRAMME PLANS

## 4. PROGRAMME AND SUB-PROGRAMME PLANS

### 4.1 STRATEGIC OBJECTIVES AND ANNUAL TARGETS

#### Programme 1: Administration

The purpose of this programme is to engage in commercial activities which ensure self-generated revenue to augment the Government Grant, to maintain and upgrade our unique Theatre facilities to ensure its long-term economic sustainability and to comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA in support of our Artistic ambitions.

The programme aims to achieve the following SAST goals:

Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation

Programme Strategic Objectives	Code	Programme Performance Indicator	Audited/Actual Performance			Planned Performance	MTEF		
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022
		(Unit of Measure)	Actual	Actual	Actual	Target	Target	Target	Target
<b>Goal Statement:</b> To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses		<b>Raise revenue from Sponsorships and Donations</b>							
	SPI1	Sponsorship and donor revenue recognised.	R750,000	R716,000	R454,450	R2,000,000	R500,000	R500,000	R500,000
		<b>Rental revenue from the Immovable Property Portfolio</b>							
	SPI2	Property rental revenue recognised.	R7,570,951	R8,573,881	R8,841,579	R8,617,326	R5,251,898	R5,672,050	R6,125,814
		<b>Rental revenue from Décor and Wardrobe hire</b>							
	SPI3	Décor and Wardrobe rental revenue recognised.	R1,501,377	R1,727,713	R1,111,169	R912,800	R1,172,283	R1,236,758	R1,304,780
		<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>							
	SPI4	Ticket sales and theatre rental revenue recognised.	R2,499,802	R3,786,047	R4,030,585	R2,427,256	R7,197,540	R7,593,404	R8,011,042
		<b>Parking Revenue</b>							
	SPI5	Parking garage revenue recognised.	R11,511,022	R13,664,137	R13,701,219	R11,167,205	R14,249,268	R15,104,224	R16,010,477
	<b>Front of house Revenue</b>								
SPI6	Front of House sales revenue recognised.	R2,312,153	R1,616,527	R2,282,423	R1,916,870	R2,407,957	R2,540,394	R2,680,116	

Programme Strategic Objectives	Code	Programme Performance Indicator	Audited/Actual Performance			Planned Performance	MTEF		
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022
		(Unit of Measure)	Actual	Actual	Actual	Target	Target	Target	Target
<b>Goal Statement: To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability</b>		<b>Maintenance Programme in compliance with statutory regulations</b>							
	SPB2	Number of Maintenance Programme activities completed.	7	7	7	7	7	7	7
		<b>Secure environment provided to Customers and Staff</b>							
	SPB3	Number of incidents of crime occurring on SAST property affecting SAST staff, SAST patrons or SAST assets.	1 incident	1 incidents	No incidents occurred during the year.	Maximum acceptable number of incidents: 0			

Programme Strategic Objectives	Code	Programme Performance Indicator	Audited/Actual Performance			Planned Performance	MTEF		
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022
		(Unit of Measure)	Actual	Actual	Actual	Target	Target	Target	Target
<b>Goal Statement: To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA</b>	SPR	<b>Governance</b>							
		<b>Compliance with PFMA and Treasury Regulations</b>							
	SPR1	Audit opinion	Qualified audit report issued by AG-SA for the 2014/15 Financial Year.	Auditor-General has raised a Disclaimer Audit Opinion for the 2015/16 Financial Year.	Qualified Audit report for the 2016/17 Financial Year.	Unqualified Audit report (2017/18 Financial Year)	Unqualified Audit report (2018/19 Financial Year)	Unqualified Audit report (2019/20 Financial Year)	Unqualified Audit report (2020/21 Financial Year)
		<b>Compliance with all South African Labour Acts</b>							
	SPR2	Number of incidents of non-compliance with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and the Income Tax Act.	0 incidents	0 incidents	Two Incidents occurred during the year.	Maximum acceptable number of incidents: 0			



## Programme 2: Business Development

This programme aims to stage the very best In-house developed and externally sourced Performing Arts work, to promote audience diversity and growth by implementing Audience Development Programmes and to promote the outcomes of the government's programme of action by creating job opportunities.

The programme aims to achieve the following SAST goals:

Goal 1: Present In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

Programme Strategic Objectives	Code	Programme Performance Indicator	Audited/Actual Performance			Planned Performance	MTEF		
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022
		(Unit of Measure)	Actual	Actual	Actual	Target	Target	Target	Target
<b>Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work</b>	SPA	<b>Artistic Productions</b>							
	SPA2	Number of In-house Festivals staged.	3	3	3	3	4	4	4
	SPA3	Number of Indie-Spotlight productions staged.	18	11	2	5	5	Programme ends 2019/2020.	
	SPA1	Number of In-house Productions staged, including the Rendezvous programme.	82	80	79	35	100	100	100
		<b>Job creation</b>							
	SPR3	Number of short term job opportunities created by In-house Productions.	1,588	1,773	1,164	700	1,000	1,000	1,000
<b>Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes</b>	SPM	<b>Marketing and Audience Development</b>							
	SPM1	Developed, approved and implemented marketing plans for each production of the annual artistic calendar.	Plans developed and implemented.	Plans developed and implemented.	Plan prepared accordingly.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.
	SPM2	Number of media partnerships established.	5	9	3	2	4	4	4
		<b>Audience Development</b>							
	SPM3	Developed, approved and implemented audience development plan for each production of the annual artistic calendar.	Plans developed and implemented.	Plans developed and implemented.	Plan prepared accordingly.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.
	SPM4	Audience attendance numbers for both In-house Artistic Productions and Rental Productions.	120,105	134,049	134,833	125,000	140,000	145,000	150,000
		<b>Patron Satisfaction</b>							
SPM5	Number of patron satisfaction surveys conducted.	3	4	4	4	4	4	4	

### Programme 3: Public Engagement

This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development.

The programme aims to achieve the following SAST goals:

Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes

Programme Strategic Objectives	Code	Programme Performance Indicator	Audited/Actual Performance			Planned Performance	MTEF		
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022
		(Unit of Measure)	Actual	Actual	Actual	Target	Target	Target	Target
<b>Goal Statement:</b> To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development	SPD	<b>Development Programme</b>							
	SPD1	Number of Community Arts Groups participating in the programme.	15	15	15	15	15	15	15
	SPD3	Number of in-house production's creative team members provided with dramaturgy.	59	88	37	10	10	10	10
	SPD4	Number of School set-works staged.	2	4	3	3	4	4	4
		<b>Learning and Development</b>							
	SPR4	Number of interns appointed.	6	12	7	6	6	6	6



## 4.2 PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS

### Programme 1: Administration

The purpose of this programme is to engage in commercial activities which ensure self-generated revenue to augment the Government Grant, to maintain and upgrade our unique Theatre facilities to ensure its long-term economic sustainability and to comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA in support of our Artistic ambitions.

The programme aims to achieve the following SAST goals:

Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fund-raising and Front of House Sales

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation

Programme Strategic Objectives	Code	Responsible person & department	Key Outcome	Programme Measurable Objectives	Programme Performance Indicator  (Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	Strategic Targets	Audited/Actual Performance			Planned Performance	MTEF			
							2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022	
							(Goal)	(Key Output - SMART)	(Unit of Measure)	3 Year	Actual	Actual	Actual	Target
<b>Goal Statement: To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses</b>	SPI1	CEO / Business Development Department	Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales	<b>Raise revenue from Sponsorships and Donations</b>	<b>Raise revenue from Sponsorships and Donations</b>									
				Raise Sponsorship and donor revenue.	Sponsorship and donor revenue recognised.	R 1,500,000	R750,000	R716,000	R454,450	R2,000,000	R500,000	R500,000	R500,000	
	SPI2	Artistic Director / Bookings and Events		<b>Rental revenue from the Immovable Property Portfolio</b>	<b>Rental revenue from the Immovable Property Portfolio</b>									
				Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Restaurants and other spaces.	Property rental revenue recognised.	R 17,049,762	R7,570,951	R8,573,881	R8,841,579	R8,617,326	R5,251,898	R5,672,050	R6,125,814	
	SPI3	Artistic Director / Décor and Wardrobe Department		<b>Rental revenue from Décor and Wardrobe hire</b>	<b>Rental revenue from Décor and Wardrobe hire</b>									
				Generate rental revenue from Décor and Wardrobe.	Décor and Wardrobe rental revenue recognised.	R 3,713,821	R1,501,377	R1,727,713	R1,111,169	R912,800	R1,172,283	R1,236,758	R1,304,780	
	SPI4	CEO / Sales Department		<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>	<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>									
				Generate revenue from ticket sales of in-house productions and from Theatre rentals.	Ticket sales and theatre rental revenue recognised.	R 22,801,986	R2,499,802	R3,786,047	R4,030,585	R2,427,256	R7,197,540	R7,593,404	R8,011,042	
	SPI5	Snr. Maintenance Manager / Parking Department		<b>Parking Revenue</b>	<b>Parking Revenue</b>									
Generate revenue from the Parking garage.			Parking garage revenue recognised.	R 45,363,969	R11,511,022	R13,664,137	R13,701,219	R11,167,205	R 14,249,268	R15,104,224	R16,010,477			
SPI6	CEO / Front of House Department	<b>Front of house Revenue</b>	<b>Front of house Revenue</b>											
		Generate revenue from Front of House sales.	Front of House sales revenue recognised.	R 7,628,467	R2,312,153	R1,616,527	R2,282,423	R1,916,870	R2,407,957	R2,540,394	R2,680,116			

Programme Strategic Objectives	Code	Responsible person & department	Key Outcome  (Goal)	Programme Measurable Objectives  (Key Output - SMART)	Programme Performance Indicator	Strategic Targets  3 Year	Audited/Actual Performance			Planned Performance	MTEF			
					(Programme performance indicators must be read in conjunction with Annexure C, Technical Indicators)		2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022	
					(Unit of Measure)		Actual	Actual	Actual	Target	Target	Target	Target	
<b>Goal Statement: To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability</b>	SPB2	Shr. Maintenance Manager / Maintenance Department	Goal 4: Ensure long term sustainability of Buildings and Assets	<b>Maintenance Programme in compliance with statutory regulations</b>	<b>Maintenance Programme in compliance with statutory regulations</b>									
				Implement the Maintenance Programme.	Number of Maintenance Programme activities completed.	21	7	7	7	7	7	7	7	
	<b>Secure environment provided to Customers and Staff</b>	<b>Secure environment provided to Customers and Staff</b>												
	SPB3	Shr. Maintenance Manager / Security Department		Secure SAST property to provide a safe environment for both SAST staff and SAST patrons and to safeguard SAST assets.	Number of incidents of crime occurring on SAST property affecting SAST staff, SAST patrons or SAST assets.	Maximum acceptable number of incidents: 0	1 incident	1 incidents	No incidents occurred during the year.	Maximum acceptable number of incidents: 0				
<b>Goal Statement: To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA</b>	SPR		Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation	<b>Governance</b>	<b>Governance</b>									
				<b>Compliance with PFMA and Treasury Regulations</b>	<b>Compliance with PFMA and Treasury Regulations</b>									
	SPR1	CFO /Finance Department		Achieve an Unqualified Audit report.	Audit opinion	Unqualified Audit report for each Financial Year completed	Qualified audit report issued by AG-SA for the 2014/15 Financial Year.	Auditor-General has raised a Disclaimer Audit Opinion for the 2015/16 Financial Year.	Qualified Audit report for the 2016/17 Financial Year.	Unqualified Audit report (2017/18 Financial Year)	Unqualified Audit report (2018/19 Financial Year)	Unqualified Audit report (2019/20 Financial Year)	Unqualified Audit report (2020/21 Financial Year)	Unqualified Audit report (2020/21 Financial Year)
				<b>Compliance with all South African Labour Acts</b>	<b>Compliance with all South African Labour Acts</b>									
	SPR2	CEO /HR Department		Comply with South African Laws and Regulations governing labour relations.	Number of incidents of non-compliance with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and the Income Tax Act.	Maximum acceptable number of incidents: 0	0 incidents	0 incidents	Two Incidents occurred during the year.	Maximum acceptable number of incidents: 0				

## Programme 2: Business Development

This programme aims to stage the very best In-house developed and externally sourced Performing Arts work, to promote audience diversity and growth by implementing Audience Development Programmes and to promote the outcomes of the government's programme of action by creating job opportunities.

The programme aims to achieve the following SAST goals:

Goal 1: Present In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

Programme Strategic Objectives	Code	Responsible person & department	Key Outcome	Programme Measurable Objectives	Programme Performance Indicator	Strategic Targets	Audited/Actual Performance			Planned Performance	MTEF			
					(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)		2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022	
					(Unit of Measure)		Actual	Actual	Actual	Target	Target	Target	Target	
<b>Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work</b>	<b>SPA</b>	Artistic Director /Artistic Department	Goal 1: Present In-house Performing Arts productions	<b>Artistic Productions</b>	<b>Artistic Productions</b>									
	SPA2			Stage In-house produced Festivals.	Number of In-house Festivals staged.	12	3	3	3	3	4	4	4	
	SPA3			Stage Indie-Spotlight Productions.	Number of Indie-Spotlight productions staged.	5	18	11	2	5	5	Programme ends 2019/2020.		
	SPA1			Stage In-house Productions, including the Rendezvous programme.	Number of In-house Productions staged, including the Rendezvous programme.	300	82	80	79	35	100	100	100	
				<b>Job creation</b>	<b>Job creation</b>									
	SPR3			Short term job opportunities created by In-house Productions.	Number of short term job opportunities created by In-house Productions.	3,000	1,588	1,773	1,164	700	1,000	1,000	1,000	
<b>Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes</b>	<b>SPM</b>	CEO / Business Development Department	Goal 5: Develop Theatre going Audiences	<b>Marketing and Audience Development</b>	<b>Marketing and Audience Development</b>									
	SPM1			Implement the marketing strategy.	Developed, approved and implemented marketing plans for each production of the annual artistic calendar.	Plans developed and implemented.	Plans developed and implemented.	Plans developed and implemented.	Plan prepared accordingly.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	
	SPM2			Establish media partnerships to promote SAST and productions.	Number of media partnerships established.	12	5	9	3	2	4	4	4	
				<b>Audience Development</b>	<b>Audience Development</b>									
	SPM3			Implement the audience development strategy.	Developed, approved and implemented audience development plan for each production of the annual artistic calendar.	Plans developed and implemented.	Plans developed and implemented.	Plans developed and implemented.	Plan prepared accordingly.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	
	SPM4			Increase audience attendance.	Audience attendance numbers for both In-house Artistic Productions and Rental Productions.	435,000	120,105	134,049	134,833	125,000	140,000	145,000	150,000	
				<b>Patron Satisfaction</b>	<b>Patron Satisfaction</b>									
	SPM5			Conduct surveys of patron satisfaction.	Number of patron satisfaction surveys conducted.	12	3	4	4	4	4	4	4	

### Programme 3: Public Engagement

This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development.

The programme aims to achieve the following SAST goals:

Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes

Programme Strategic Objectives	Code	Responsible person & department	Key Outcome	Programme Measurable Objectives	Programme Performance Indicator	Strategic Targets	Audited/Actual Performance			Planned Performance	MTEF		
					(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)		2015/2016	2016/2017	2017/2018 (BASELINE)	2018/2019	2019/2020	2020/2021	2021/2022
					(Unit of Measure)		3 Year	Actual	Actual	Actual	Target	Target	Target
<b>Goal Statement: To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development</b>	SPD	Artistic Director / EYCT Department	Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes	<b>Development Programme</b>	<b>Development Programme</b>								
	SPD1			Implement the Community Arts Dramaturgy Outreach Fieldwork programme.	Number of Community Arts Groups participating in the programme.	45	15	15	15	15	15	15	15
	SPD3			Provide dramaturgy to in-house production's creative team members.	Number of in-house production's creative team members provided with dramaturgy.	30	59	88	37	10	10	10	10
	SPD4			Stage School set-works.	Number of School set-works staged.	12	2	4	3	3	4	4	4
	SPR4	CEO / HR Department	<b>Learning and Development</b>	<b>Learning and Development</b>									
			Provide internship positions.	Number of interns appointed.	18	6	12	7	6	6	6	6	



### 4.3. PROGRAMME QUARTERLY TARGETS

#### Programme 1: Administration

The purpose of this programme is to engage in commercial activities which ensure self-generated revenue to augment the Government Grant, to maintain and upgrade our unique Theatre facilities to ensure its long-term economic sustainability and to comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA in support of our Artistic ambitions.

The programme aims to achieve the following SAST goals:

Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation

Programme Strategic Objectives	Code	Programme Performance Indicator	Operational Plan		Reporting Period	Quarterly Targets 2019/2020			
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2019/2020			1st	2nd	3rd	4th
		(Unit of Measure)	Target	Resource Allocation					
<b>Goal Statement:</b> To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses		<b>Raise revenue from Sponsorships and Donations</b>							
	SP11	Sponsorship and donor revenue recognised.	R500,000	Component of SPM	Annually	n/a	n/a	n/a	R500,000
		<b>Rental revenue from the Immovable Property Portfolio</b>							
	SP12	Property rental revenue recognised.	R5,251,898	R8,083,140	Quarterly	R 1,050,380	R 1,050,380	R 1,575,569	R 1,575,569
		<b>Rental revenue from Décor and Wardrobe hire</b>							
	SP13	Décor and Wardrobe rental revenue recognised.	R1,172,283	R 1,836,066	Quarterly	R 351,685	R 351,685	R 234,457	R 234,457
		<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>							
	SP14	Ticket sales and theatre rental revenue recognised.	R7,197,540	Component of SPM	Quarterly	R2,159,262	R2,159,262	R1,439,508	R1,439,508
		<b>Parking Revenue</b>							
SP15	Parking garage revenue recognised.	R 14,249,268	R 1,596,071	Quarterly	R 3,562,317	R 3,562,317	R 3,419,824	R 3,704,810	
	<b>Front of house Revenue</b>								
SP16	Front of House sales revenue recognised.	R2,407,957	R 3,900,854	Quarterly	R 722,387	R 722,387	R 481,591	R 481,591	
<b>Goal Statement:</b> To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability		<b>Maintenance Programme in compliance with statutory regulations</b>							
	SPB2	Number of Maintenance Programme activities completed.	7	R 19,304,527	Annually	n/a	n/a	n/a	7
		<b>Secure environment provided to Customers and Staff</b>							
SPB3	Number of incidents of crime occurring on SAST property affecting SAST staff, SAST patrons or SAST assets.	Maximum acceptable number of incidents: 0	Component of SPI2	Quarterly	Maximum acceptable number of incidents: 0	Maximum acceptable number of incidents: 0	Maximum acceptable number of incidents: 0	Maximum acceptable number of incidents: 0	
<b>Goal Statement:</b> To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA	SPR	<b>Governance</b>							
		<b>Compliance with PFMA and Treasury Regulations</b>							
	SPR1	Audit opinion	Unqualified Audit report (2018/19 Financial Year)	R 21,841,708	Annually	n/a	Unqualified Audit report (2018/19 Financial Year)	n/a	n/a
		<b>Compliance with all South African Labour Acts</b>							
SPR2	Number of incidents of non-compliance with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and the Income Tax Act.	Maximum acceptable number of incidents: 0	R 3,659,108	Quarterly	Maximum acceptable number of incidents: 0	Maximum acceptable number of incidents: 0	Maximum acceptable number of incidents: 0	Maximum acceptable number of incidents: 0	

## Programme 2: Business Development

This programme aims to stage the very best In-house developed and externally sourced Performing Arts work, to promote audience diversity and growth by implementing Audience Development Programmes and to promote the outcomes of the government's programme of action by creating job opportunities.

The programme aims to achieve the following SAST goals:

Goal 1: Present In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

Programme Strategic Objectives	Code	Programme Performance Indicator	Operational Plan		Reporting Period	Quarterly Targets 2019/2020			
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2019/2020			1st	2nd	3rd	4th
		(Unit of Measure)	Target	Resource Allocation					
<b>Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work</b>	SPA	<b>Artistic Productions</b>		R 14,220,922					
	SPA2	Number of In-house Festivals staged.	4	Component of SPA	Quarterly	2	1	1	0
	SPA3	Number of Indie-Spotlight productions staged.	5	Component of SPA	Quarterly	n/a	2	3	n/a
	SPA1	Number of In-house Productions staged, including the Rendezvous programme.	100	Component of SPA	Quarterly	32	32	32	4
		<b>Job creation</b>							
	SPR3	Number of short term job opportunities created by In-house Productions.	1,000	Component of SPA	Quarterly	320	320	320	40
<b>Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes</b>	SPM	<b>Marketing and Audience Development</b>		R 2,920,035					
	SPM1	Developed, approved and implemented marketing plans for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	Quarterly	A marketing plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.
	SPM2	Number of media partnerships established.	4	Component of SPM	Quarterly	1	1	1	1
		<b>Audience Development</b>							
	SPM3	Developed, approved and implemented audience development plan for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	Quarterly	An audience development plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar performed in the quarter.
	SPM4	Audience attendance numbers for both In-house Artistic Productions and Rental Productions.	140,000	Component of SPM	Quarterly	50,000	50,000	30,000	10,000
		<b>Patron Satisfaction</b>							
	SPM5	Number of patron satisfaction surveys conducted.	4	Component of SPM	Quarterly	1	1	1	1

### Programme 3: Public Engagement

This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development.

The programme aims to achieve the following SAST goals:

Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes

Programme Strategic Objectives	Code	Programme Performance Indicator	Operational Plan		Reporting Period	Quarterly Targets 2019/2020			
		(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2019/2020			1st	2nd	3rd	4th
		(Unit of Measure)	Target	Resource Allocation					
<b>Goal Statement: To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development</b>	<b>SPD</b>	<b>Development Programme</b>		R 3,414,368					
	SPD1	Number of Community Arts Groups participating in the programme.	15	Component of SPD	Annually	n/a	n/a	n/a	15
	SPD3	Number of in-house production's creative team members provided with dramaturgy.	10	Component of SPD	Quarterly	3	3	3	1
	SPD4	Number of School set-works staged.	4	Component of SPD	Annually	n/a	n/a	n/a	4
		<b>Learning and Development</b>							
	SPR4	Number of interns appointed.	6	Component of SPR2	Annually	n/a	6	n/a	n/a

#### 4.4 RECONCILING PERFORMANCE TARGETS WITH BUDGET AND MTEF

	Audited Outcome			Approved budget	MTEF		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Revenue</b>							
<b>R Thousand</b>							
<b>Revenue</b>							
<b>Entity revenue</b>	<b>27,624</b>	<b>31,036</b>	<b>32,387</b>	<b>33,171</b>	<b>33,500</b>	<b>35,175</b>	<b>36,934</b>
Sale of goods and services other than capital assets	25,947	28,792	29,958	31,317	33,000	34,650	36,383
Entity revenue other than sales	1,677	2,244	2,429	1,854	500	1,000	1,500
<b>Transfers received</b>	<b>56,063</b>	<b>57,254</b>	<b>61,841</b>	<b>67,590</b>	<b>67,849</b>	<b>71,468</b>	<b>75,276</b>
<b>Total revenue</b>	<b>83,687</b>	<b>88,290</b>	<b>94,228</b>	<b>100,761</b>	<b>101,349</b>	<b>106,643</b>	<b>112,210</b>
<b>Objective/Activity</b>							
Administration	63,908	65,505	73,225	75,778	72,958	76,770	80,777
Business Development	18,834	23,536	20,551	21,612	24,946	26,250	27,620
Public Engagement	10,648	904	1,284	3,371	3,444	3,624	3,813
<b>Total expenses</b>	<b>93,390</b>	<b>89,945</b>	<b>95,060</b>	<b>100,761</b>	<b>101,349</b>	<b>106,643</b>	<b>112,210</b>
<b>(Deficit)/Surplus</b>	<b>(9,703)</b>	<b>(1,655)</b>	<b>(832)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.4.1 RECONCILING STRATEGIC GOALS, PERFORMANCE INDICATORS AND TARGETS TO THE 2019/20 - 2021/22 BUDGET AND MTEF

##### Programme 1: Administration

The purpose of this programme is to engage in commercial activities which ensure self-generated revenue to augment the Government Grant, to maintain and upgrade our unique Theatre facilities to ensure its long-term economic sustainability and to comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA in support of our Artistic ambitions.

The programme aims to achieve the following SAST goals:

Goal 3: Generate revenue from commercial activities which includes Ticket Sales, Rentals, Fundraising and Front of House Sales

Goal 4: Ensure long term sustainability of Buildings and Assets

Goal 6: Ensure compliance with applicable Laws, Regulations and Statutory Legislation

Programme Strategic Objectives	Code	Programme Measurable Objectives  (Key Output - SMART)	Programme Performance Indicator  (Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)  (Unit of Measure)	MTEF					
				2019/2020		2020/2021		2021/2022	
				Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation
<b>Goal Statement:</b> To engage in commercial activities which generate revenue that combined with the Government Grant funds operational expenses		<b>Raise revenue from Sponsorships and Donations</b>	<b>Raise revenue from Sponsorships and Donations</b>						
	SPI1	Raise Sponsorship and donor revenue.	Sponsorship and donor revenue recognised.	R500,000	Component of SPM	R500,000	Component of SPM	R500,000	Component of SPM
		<b>Rental revenue from the Immovable Property Portfolio</b>	Rental revenue from the Immovable Property Portfolio						
	SPI2	Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Restaurants and other spaces.	Property rental revenue recognised.	R5,251,898	R8,083,140	R5,672,050	R8,568,129	R6,125,814	R9,082,216
		<b>Rental revenue from Décor and Wardrobe hire</b>	<b>Rental revenue from Décor and Wardrobe hire</b>						
	SPI3	Generate rental revenue from Decor and Wardrobe.	Décor and Wardrobe rental revenue recognised.	R1,172,283	R1,836,066	R1,236,758	R1,946,230	R1,304,780	R2,063,004
		<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>	<b>Revenue from In-house Productions' Ticket Sales and from Theatre Rentals</b>						
	SPI4	Generate revenue from ticket sales of in-house productions and from Theatre rentals.	Ticket sales and theatre rental revenue recognised.	R7,197,540	Component of SPM	R7,593,404	Component of SPM	R8,011,042	Component of SPM
		<b>Parking Revenue</b>	<b>Parking Revenue</b>						
	SPI5	Generate revenue from the Parking garage.	Parking garage revenue recognised.	R14,249,268	R1,596,071	R15,104,224	R1,660,064	R16,010,477	R1,743,067
	<b>Front of house Revenue</b>	<b>Front of house Revenue</b>							
SPI6	Generate revenue from Front of House sales.	Front of House sales revenue recognised.	R2,407,957	R3,900,854	R2,540,394	R4,095,897	R2,680,116	R4,300,692	
<b>Goal Statement:</b> To maintain and upgrade our unique Theatre facilities in support of our Artistic ambitions and to ensure its long-term economic sustainability		<b>Maintenance Programme in compliance with statutory regulations</b>	<b>Maintenance Programme in compliance with statutory regulations</b>						
	SPB2	Implement the Maintenance Programme.	Number of Maintenance Programme activities completed.	7	R19,304,527	7	R20,462,799	7	R21,690,567
		<b>Secure environment provided to Customers and Staff</b>	<b>Secure environment provided to Customers and Staff</b>						
SPB3	Secure SAST property to provide a safe environment for both SAST staff and SAST patrons and to safeguard SAST assets.	Number of incidents of crime occurring on SAST property affecting SAST staff, SAST patrons or SAST assets.	Maximum acceptable number of incidents: 0	Component of SPI2	Maximum acceptable number of incidents: 0	Component of SPI2	Maximum acceptable number of incidents: 0	Component of SPI2	

Programme Strategic Objectives	Code	Programme Measurable Objectives  (Key Output - SMART)	Programme Performance Indicator	MTEF					
			(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2019/2020		2020/2021		2021/2022	
			(Unit of Measure)	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation
Goal Statement: To comply with applicable Laws, Regulations and Statutory Legislation including the PFMA, the Cultural Institutions Act, Treasury Regulations and the LRA	SPR	<b>Governance</b>	<b>Governance</b>						
		<b>Compliance with PFMA and Treasury Regulations</b>	<b>Compliance with PFMA and Treasury Regulations</b>						
	SPR1	Achieve an Unqualified Audit report.	Audit opinion	Unqualified Audit report (2018/19 Financial Year)	R 21,841,708	Unqualified Audit report (2019/20 Financial Year)	R 23,152,211	Unqualified Audit report (2020/21 Financial Year)	R 24,541,343
		<b>Compliance with all South African Labour Acts</b>	Compliance with all South African Labour Acts						
	SPR2	Comply with South African Laws and Regulations governing labour relations.	Number of incidents of non-compliance with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and the Income Tax Act.	Maximum acceptable number of incidents: 0	R 3,659,108	Maximum acceptable number of incidents: 0	R 3,878,654	Maximum acceptable number of incidents: 0	R 4,111,374

## Programme 2: Business Development

This programme aims to stage the very best In-house developed and externally sourced Performing Arts work, to promote audience diversity and growth by implementing Audience Development Programmes and to promote the outcomes of the government's programme of action by creating job opportunities.

The programme aims to achieve the following SAST goals:

Goal 1: Present In-house Performing Arts productions

Goal 5: Develop Theatre going Audiences

Programme Strategic Objectives	Code	Programme Measurable Objectives  (Key Output - SMART)	Programme Performance Indicator  (Unit of Measure)	MTEF					
				2019/2020		2020/2021		2021/2022	
				Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation
<b>Goal Statement: To present the very best In-house developed and externally sourced Performing Arts work</b>	SPA	<b>Artistic Productions</b>	<b>Artistic Productions</b>		R 14,220,922		R 15,074,177		R 15,978,628
	SPA2	Stage In-house produced Festivals.	Number of In-house Festivals staged.	4	Component of SPA	4	Component of SPA	4	Component of SPA
	SPA3	Stage Indie-Spotlight Productions.	Number of Indie-Spotlight productions staged.	5	Component of SPA	Programme ends 2019/2020.			
	SPA1	Stage In-house Productions, including the Rendezvous programme.	Number of In-house Productions staged, including the Rendezvous programme.	100	Component of SPA	100	Component of SPA	100	Component of SPA
		<b>Job creation</b>	<b>Job creation</b>						
	SPR3	Short term job opportunities created by In-house Productions.	Number of short term job opportunities created by In-house Productions.	1,000	Component of SPA	1,000	Component of SPA	1,000	Component of SPA
<b>Goal Statement: To promote audience diversity and growth by implementing Audience Development Programmes</b>	SPM	<b>Marketing and Audience Development</b>	<b>Marketing and Audience Development</b>		R 2,920,035		R 3,095,237		R 3,280,951
	SPM1	Implement the marketing strategy.	Developed, approved and implemented marketing plans for each production of the annual artistic calendar.	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	A marketing plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM
	SPM2	Establish media partnerships to promote SAST and productions.	Number of media partnerships established.	4	Component of SPM	4	Component of SPM	4	Component of SPM
		<b>Audience Development</b>	<b>Audience Development</b>						
	SPM3	Implement the audience development strategy.	Developed, approved and implemented audience development plan for each production of the annual artistic calendar.	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM	An audience development plan developed, approved and implemented for each production of the annual artistic calendar.	Component of SPM
	SPM4	Increase audience attendance.	Audience attendance numbers for both In-house Artistic Productions and Rental Productions.	140,000	Component of SPM	145,000	Component of SPM	150,000	Component of SPM
		<b>Patron Satisfaction</b>	<b>Patron Satisfaction</b>						
	SPM5	Conduct surveys of patron satisfaction.	Number of patron satisfaction surveys conducted.	4	Component of SPM	4	Component of SPM	4	Component of SPM

### Programme 3: Public Engagement

This programme is intended to provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development.

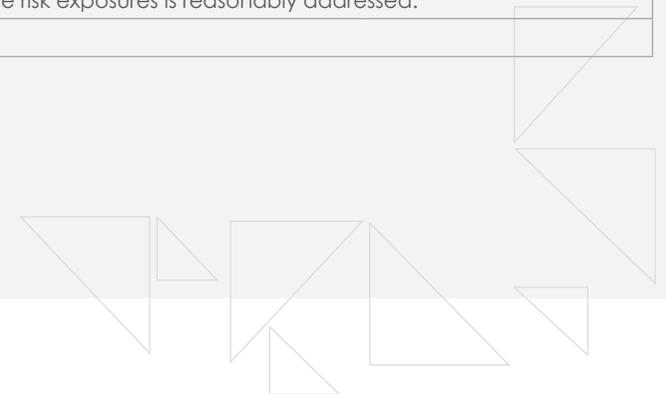
The programme aims to achieve the following SAST goals:

Goal 2: Provide development opportunities for emerging Arts Practitioners in the context of our programmes

Programme Strategic Objectives	Code	Programme Measurable Objectives  (Key Output - SMART)	Programme Performance Indicator	MTEF					
			(Programme performance indicators must be read in conjunction with Annexure G, Technical Indicators)	2019/2020		2020/2021		2021/2022	
			(Unit of Measure)	Target	Resource Allocation	Target	Resource Allocation	Target	Resource Allocation
<b>Goal Statement:</b> To provide development opportunities for emerging Arts Practitioners to learn, perform and stage their Productions thereby encouraging Socio-Economic Development	SPD	<b>Development Programme</b>	<b>Development Programme</b>		R 3,414,368		R 3,619,230		R 3,836,384
	SPD1	Implement the Community Arts Dramaturgy Outreach Fieldwork programme.	Number of Community Arts Groups participating in the programme.	15	Component of SPD	15	Component of SPD	15	Component of SPD
	SPD3	Provide dramaturgy to in-house production's creative team members.	Number of in-house production's creative team members provided with dramaturgy.	10	Component of SPD	10	Component of SPD	10	Component of SPD
	SPD4	Stage School set-works.	Number of School set-works staged.	4	Component of SPD	4	Component of SPD	4	Component of SPD
		<b>Learning and Development</b>	<b>Learning and Development</b>						
	SPR4	Provide internship positions.	Number of interns appointed.	6	Component of SPR2	6	Component of SPR2	6	Component of SPR2

## 4.5. RISK MANAGEMENT

Risk	Root cause	Objective	Initial Inherent Risk Rating
1. Lack of financial resources (In-house developed and externally sourced Performing Arts work)	Lack of adequate funds to compete for the same scarce resources.	SPA: Artistic Productions	16-20 / High
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	2 / Unlikely / The risk is unlikely to occur in the next three years / Highly unlikely that adverse event will occur.		
<b>Inherent Risk Rating:</b>	1 - 5 / Insignificant		
<b>Control Effectiveness:</b>	80% / Very good / Risk exposure is effectively controlled and managed		
<b>Change (Improved/ (-) regressed):</b>	<b>75%</b>		
Risk	Root cause:	Objective	Initial Inherent Risk Rating
2. Lack of funding for the EYCT programme	Budget constraints affecting the EYCT programme.	SPD: Development Programme	16-20 / High
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	1 / Insignificant / The risk will have a negligible impact on the achievement of objectives / Ignore: impact of adverse event is negligible.		
<b>Likelihood:</b>	1 / Rare / The risk is unlikely to occur even in the long run / Adverse event will not occur.		
<b>Inherent Risk Rating:</b>	1 - 5 / Insignificant		
<b>Control Effectiveness:</b>	80% / Very good / Risk exposure is effectively controlled and managed		
<b>Change (Improved/ (-) regressed):</b>	<b>94%</b>		
Risk	Root cause	Objective	Initial Inherent Risk Rating
3. Poor turn out at our shows.	Poor marketing of productions to the target market. Lack of diverse appropriate Sales staff. Poor brand positioning.	SPM4: Increase audience attendance	16-20 / High
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	4 / Likely / The risk is likely to occur at least once in the next 12 months / Highly likely that adverse event will occur.		
<b>Inherent Risk Rating:</b>	6 - 10 / Low		
<b>Control Effectiveness:</b>	50% / Satisfactory / There is room for significant improvement although the risk exposures is reasonably addressed.		
<b>Change (Improved/ (-) regressed):</b>	<b>50%</b>		



Risk	Root cause	Objective	Initial Inherent Risk Rating
4. Insufficient ticket sales	Incorrect target market as per marketing strategy. Short lead times to market productions. Economic realities: Theatre is a luxury expense and there are alternate entertainment options. Poor brand perception.	SPI4: Generate revenue from ticket sales.	16-20 / High

**Current Assessment - after implementation of mitigating activities**

<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.
<b>Likelihood:</b>	2 / Unlikely / The risk is unlikely to occur in the next three years / Highly unlikely that adverse event will occur.
<b>Inherent Risk Rating:</b>	1 - 5 / Insignificant
<b>Control Effectiveness:</b>	80% / Very good / Risk exposure is effectively controlled and managed
<b>Change (Improved/ (-) regressed):</b>	<b>75%</b>

Risk	Root cause	Objective	Initial Inherent Risk Rating
5. Insufficient property rental income	Improper internal facility management. Short term duration of contracts. Lack of marketing of property/facilities. Timeous issuing of rental agreements. Understaffed Facilities department.	SPI2: Generate rental revenue from the SAST immovable property portfolio, i.e. Kilnerton, Office Blocks, Theatres, Restaurants and other spaces.	6 - 10 / Low

**Current Assessment - after implementation of mitigating activities**

<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.
<b>Likelihood:</b>	3 / Moderate / The risk is likely to occur in the next 2-3 years / It is more likely that adverse event will occur than not.
<b>Inherent Risk Rating:</b>	6 - 10 / Low
<b>Control Effectiveness:</b>	40% / Weak / Some of the risk exposure is controlled, but there are major deficiencies
<b>Change (Improved/ (-) regressed):</b>	<b>33%</b>

Risk	Root cause	Objective	Initial Inherent Risk Rating
6. Lack of Fundraising and sponsorship	Inadequate internal capacity to identify fund raising and sponsorship opportunities. Misperception of funding by government. Lack of sponsorship strategy. Lack of tax incentives for donations.	SPI1: Raise Sponsorship and donor revenue.	21-25 / Catastrophic

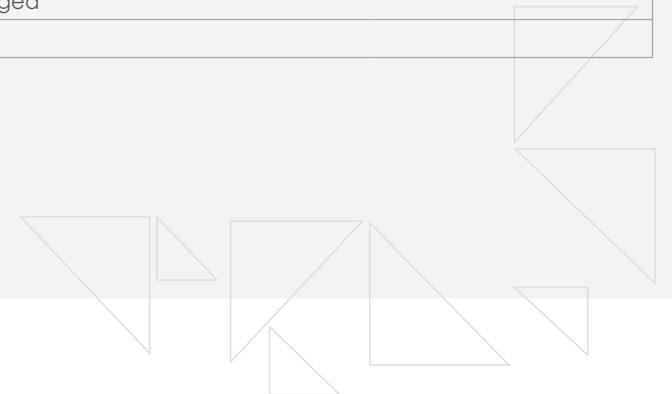
**Current Assessment - after implementation of mitigating activities**

<b>Impact:</b>	1 / Insignificant / The risk will have a negligible impact on the achievement of objectives / Ignore: impact of adverse event is negligible.
<b>Likelihood:</b>	5 / Common / The risk is already occurring or is likely to occur more than once in the next twelve months / Adverse event will definitely occur.
<b>Inherent Risk Rating:</b>	1 - 5 / Insignificant
<b>Control Effectiveness:</b>	80% / Very good / Risk exposure is effectively controlled and managed
<b>Change (Improved/ (-) regressed):</b>	<b>80%</b>

Risk	Root cause	Objective	Initial Inherent Risk Rating
7. Sales potential not achieved in Front of House	Insufficient controls over Front of House Sales. Loss in inventory.	SP16: Generate revenue from Front of House sales.	6 - 10 / Low
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	3 / Moderate / The risk is likely to occur in the next 2-3 years / It is more likely that adverse event will occur than not.		
<b>Inherent Risk Rating:</b>	6 - 10 / Low		
<b>Control Effectiveness:</b>	40% / Weak / Some of the risk exposure is controlled, but there are major deficiencies		
<b>Change (Improved/ (-) regressed):</b>	<b>33%</b>		

Risk	Root cause	Objective	Initial Inherent Risk Rating
8. Deteriorating theatre and building infrastructure and equipment.	Unsecured funding from the DAC. Backlog of maintenance projects. Department of Infrastructure Development (DID) not taking responsibility to maintain building. Insufficient operational funds. Insufficient number of maintenance personnel.	SPB1: Implement CAPEX projects, per UAMP.	16-20 / High
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	3 / Moderate / The risk is likely to occur in the next 2-3 years / It is more likely that adverse event will occur than not.		
<b>Inherent Risk Rating:</b>	6 - 10 / Low		
<b>Control Effectiveness:</b>	80% / Very good / Risk exposure is effectively controlled and managed		
<b>Change (Improved/ (-) regressed):</b>	<b>63%</b>		

Risk	Root cause	Objective	Initial Inherent Risk Rating
9. Non-compliance with statutory requirements	Non submission of statutory requirements. Inaccurate records.	SPR2: Comply with South African Labour Acts.	6 - 10 / Low
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	2 / Unlikely / The risk is unlikely to occur in the next three years / Highly unlikely that adverse event will occur.		
<b>Inherent Risk Rating:</b>	1 - 5 / Insignificant		
<b>Control Effectiveness:</b>	60% / Good / Majority of risk exposure is effectively controlled and managed		
<b>Change (Improved/ (-) regressed):</b>	<b>56%</b>		



Risk	Root cause	Objective	Initial Inherent Risk Rating
10. Non-compliance with policy and legislation.	Instability of Finance department. Capacity in Finance Department. Lack of understanding, interpretation and implementation of policies and legislation. Lack of recordkeeping. Lack of operational processes. Lack of accurate capturing and management review. Lack of consequence management. Non implementation of policy procedures.	SPR1: Achieve an Unqualified Audit report.	16-20 / High

**Current Assessment - after implementation of mitigating activities**

<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.
<b>Likelihood:</b>	4 / Likely / The risk is likely to occur at least once in the next 12 months / Highly likely that adverse event will occur.
<b>Inherent Risk Rating:</b>	6 - 10 / Low
<b>Control Effectiveness:</b>	60% / Good / Majority of risk exposure is effectively controlled and managed
<b>Change (Improved/ (-) regressed):</b>	<b>60%</b>

Risk	Root cause	Objective	Initial Inherent Risk Rating
11. Risk of reportable safety and security incidents on the premises/Off premises on duty	Lack of proper maintenance of safety equipment. Nature of the industry. Lack of induction of new staff.	SPB3: Secure environment for both staff and patrons to ensure no incident of violence or crime occurs in the entity.	11 - 15 / Medium

**Current Assessment - after implementation of mitigating activities**

<b>Impact:</b>	3 / Moderate / The risk will have a moderate impact on the achievement of objectives / Significant: minimal loss of jobs.
<b>Likelihood:</b>	4 / Likely / The risk is likely to occur at least once in the next 12 months / Highly likely that adverse event will occur.
<b>Inherent Risk Rating:</b>	11 - 15 / Medium
<b>Control Effectiveness:</b>	20% / Unsatisfactory / Control measures are ineffective
<b>Change (Improved/ (-) regressed):</b>	<b>20%</b>

Risk	Root cause	Objective	Initial Inherent Risk Rating
12. Inadequate asset management.	Lack of compliance to asset management policy. Nature of the business. Lack of capacity to enforce policy.	SPR1: Achieve an Unqualified Audit report.	11 - 15 / Medium

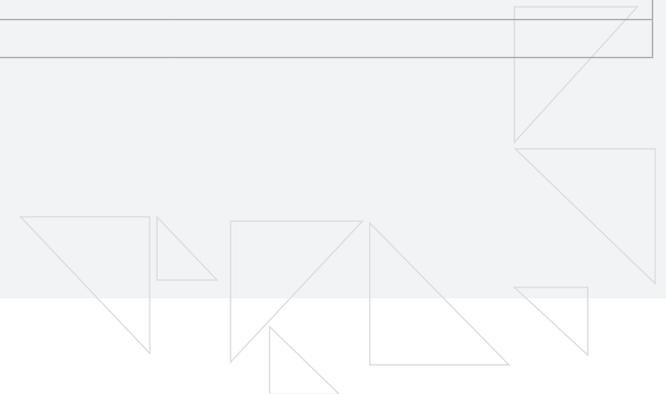
**Current Assessment - after implementation of mitigating activities**

<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.
<b>Likelihood:</b>	4 / Likely / The risk is likely to occur at least once in the next 12 months / Highly likely that adverse event will occur.
<b>Inherent Risk Rating:</b>	6 - 10 / Low
<b>Control Effectiveness:</b>	40% / Weak / Some of the risk exposure is controlled, but there are major deficiencies
<b>Change (Improved/ (-) regressed):</b>	<b>33%</b>

Risk	Root cause	Objective	Initial Inherent Risk Rating
13. Inadequate staff complement to meet operational requirements.	Inability to attract and retain skilled staff due to inadequate financial resources.	SPR2: Comply with South African Labour Acts.	6 - 10 / Low
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	3 / Moderate / The risk is likely to occur in the next 2-3 years / It is more likely that adverse event will occur than not.		
<b>Inherent Risk Rating:</b>	6 - 10 / Low		
<b>Control Effectiveness:</b>	20% / Unsatisfactory / Control measures are ineffective		
<b>Change (Improved/ (-) regressed):</b>	<b>0%</b>		

Risk	Root cause	Objective	Initial Inherent Risk Rating
14. Risk of fraud and corruption	Weak control environment. Lack of segregation of duties. Culture of entitlement in the organisation,	Entity	16-20 / High
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	3 / Moderate / The risk is likely to occur in the next 2-3 years / It is more likely that adverse event will occur than not.		
<b>Inherent Risk Rating:</b>	6 - 10 / Low		
<b>Control Effectiveness:</b>	80% / Very good / Risk exposure is effectively controlled and managed		
<b>Change (Improved/ (-) regressed):</b>	<b>63%</b>		

Risk	Root cause	Objective	Initial Inherent Risk Rating
15. ICT Vulnerability	Lack of capacity in the ICT Department. Inadequate security controls due outdated equipment. Lack of funding for new IT equipment. Disregard of ICT as a business enabler.	Entity	16-20 / High
<b>Current Assessment - after implementation of mitigating activities</b>			
<b>Impact:</b>	2 / Minor / The risk will have a low impact on the achievement of objectives / Minor: event will be coped with. No loss of jobs.		
<b>Likelihood:</b>	2 / Unlikely / The risk is unlikely to occur in the next three years / Highly unlikely that adverse event will occur.		
<b>Inherent Risk Rating:</b>	1 - 5 / Insignificant		
<b>Control Effectiveness:</b>	80% / Very good / Risk exposure is effectively controlled and managed		
<b>Change (Improved/ (-) regressed):</b>	<b>80%</b>		



# PART C: LINKS TO OTHER PLANS



*Thandiswa Mazwai*  
Image by Sammy Shoots Photography

## 5. LINKS TO LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

### 5.1 CAPITAL INVESTMENT REQUESTS (UAMP)

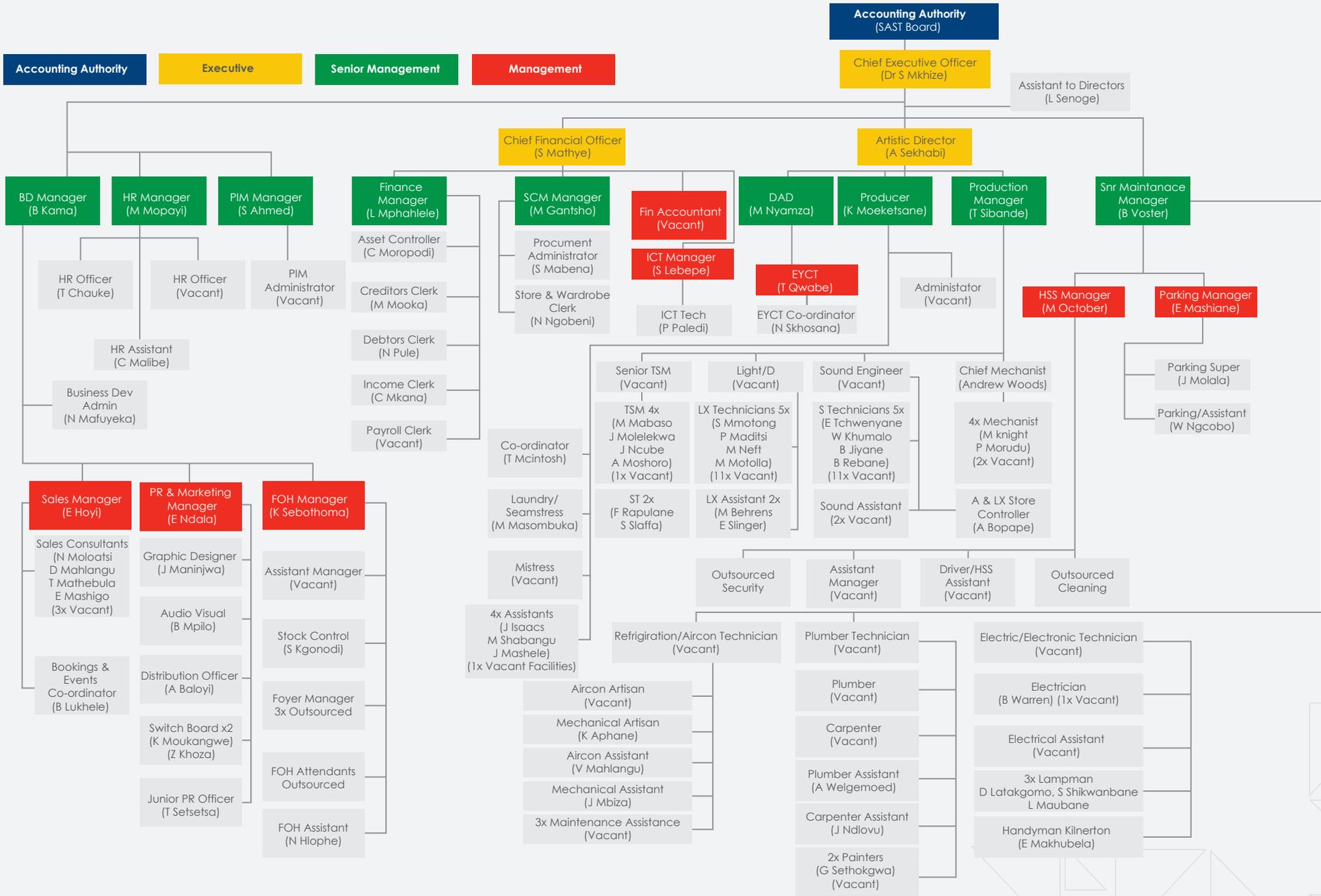
Description	Infrastructure Classification (Construct / Refurbishment / Upgrade / Reconfiguration)	Project Status Type (e.g. In Planning, Under Construction, Practical Completion, Final Delivery etc.)	Expenditure Estimate (Year 1) 2019/2020	Expenditure Estimate (Year 2) 2020/2021	Expenditure Estimate (Year 3) 2021/2022	Total Estimated Expenditure
Replacement of stage lighting equipment	Upgrading	In progress	R4,900,000	R0	R1,500,000	R6,400,000
Upgrading of AV equipment	Upgrading	In planning	R1,950,000	R1,950,000	R2,100,000	R6,000,000
Refurbishment of foyer&ablutions	Refurbishment	In progress	R6,000,000	R0	R0	R6,000,000
IT network development	Upgrading	In progress	R2,500,000	R0	R1,500,000	R4,000,000
Upgrade security radio system	Upgrading	In planning	R1,350,000	R1,240,000	R240,000	R2,830,000
Renovations of Kilnerton stores	Refurbishment	In planning	R1,500,000	R2,000,000	R1,500,000	R5,000,000
Surfacing of parking space	Upgrading	In planning	R550,000	R0	R800,000	R1,350,000
Upgrading of Drama theatre sound system	Upgrading	In progress	R2,000,000	R0	R2,000,000	R4,000,000
Air-con ducting replacement	Refurbishment	In planning	R0	R7,000,000	R7,000,000	R14,000,000
Repainting of State Theatre parking	Refurbishment	In planning	R2,500,000	R2,500,000	R0	R5,000,000
Air-con cooling towers and parking ventilation	Upgrading	In planning	R9,500,000	R0	R1,500,000	R11,000,000
Waterproofing	Refurbishment	In planning	R2,500,000	R0	R500,000	R3,000,000
Building management system	Upgrading	In progress	R2,500,000	R0	R500,000	R3,000,000
Domestic hot water system	Upgrading	In planning	R1,800,000	R0	R500,000	R2,300,000
Penthouse	Refurbishment	In planning	R1,500,000	R0	R150,000	R1,650,000
Replacement of Drama theatre seats	Refurbishment	In planning	R0	R3,500,000	R0	R3,500,000
Structural repairs to V42 fan shaft (air-con)	Refurbishment	In planning	R1,800,000	R250,000	R250,000	R2,300,000
Upgrading of Fan and pump motors & drives	Upgrading	In planning	R3,000,000	R1,000,000	R1,000,000	R5,000,000
Replacement of Stairwell and Parking lighting	Upgrading	In planning	R500,000	R500,000	R500,000	R1,500,000
Replacement of stage curtaining	Refurbishment	In planning	R2,500,000	R2,500,000	R2,500,000	R7,500,000
			<b>R48,850,000</b>	<b>R22,440,000</b>	<b>R24,040,000</b>	<b>R95,330,000</b>



# ANNEXURES

*Kwesta and Sjava*  
Image by Sammy Shoots Photography

ANNEXURE A: ORGANISATIONAL CHART



## ANNEXURE B: NUMBER OF EMPLOYEES

YEAR	2019/2020	2020/2021	2021/2022
Staff complement	130	130	130

## ANNEXURE C: STATEMENT OF FINANCIAL PERFORMANCE

Rand thousand	Audited Outcome			Approved budget	MTEF		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Revenue</b>							
<b>Entity revenue</b>	<b>27,624</b>	<b>31,036</b>	<b>32,387</b>	<b>33,171</b>	<b>33,500</b>	<b>35,175</b>	<b>36,934</b>
Sale of goods and services other than capital assets	25,947	28,792	29,958	31,317	33,000	34,650	36,383
Entity revenue other than sales	1,677	2,244	2,429	1,854	500	1,000	1,500
Transfers received	<b>56,063</b>	<b>57,254</b>	<b>61,841</b>	<b>67,590</b>	<b>67,849</b>	<b>71,468</b>	<b>75,276</b>
<b>TOTAL REVENUE</b>	<b>83,687</b>	<b>88,290</b>	<b>94,228</b>	<b>100,761</b>	<b>101,349</b>	<b>106,643</b>	<b>112,210</b>
<b>Expenditure by Economic classification</b>							
<b>Current payments</b>	<b>83,033</b>	<b>82,229</b>	<b>88,022</b>	<b>87,139</b>	<b>101,349</b>	<b>106,643</b>	<b>112,210</b>
Compensation of employees	34,083	36,160	38,770	38,831	44,833	47,302	49,901
Salaries and wages	34,083	36,160	38,770	38,831	44,833	47,302	49,901
Social contributions	-	-	-	-	-	-	-
Goods and services	<b>48,950</b>	<b>46,069</b>	<b>49,252</b>	<b>48,308</b>	<b>56,516</b>	<b>59,341</b>	<b>62,309</b>
Of which 1							
Agency and support / outsourced services	2,344	7,487	8,291	7,878	8,272	8,685	9,120
Advertising	-	5,484	2,622	2,855	3,141	3,298	3,462
Audit Costs	-	2,516	2,538	2,447	2,692	2,826	2,968
Bank charges	-	324	343	504	377	396	416
Board costs	-	577	675	989	1,038	1,090	1,145
Communication	4,442	432	490	534	561	589	618
Computer services	330	20	105	95	100	105	110
Consultants	-	2,119	2,598	2,509	2,112	2,218	2,328
Entertainment	-	217	233	243	267	281	295
Inventory	1,427	1,148	1,365	948	995	1,045	1,097
Lease payments	331	384	346	479	527	553	581

Rand thousand	Audited Outcome			Approved budget	MTEF		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Legal fees	-	345	346	362	380	399	419
Non-file insurance	-	102	383	235	247	259	272
Repairs and maintenance	3,533	3,330	5,873	6,532	7,287	7,651	8,034
Training and staff development	204	124	62	300	315	331	347
Travel and subsistence	1,306	171	311	338	355	373	391
Other	35,033	21,289	22,671	21,060	27,850	29,243	30,705
Depreciation	<b>10,502</b>	<b>9,693</b>	<b>6,890</b>	<b>6,900</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>
Losses from	<b>(145)</b>	<b>(1,977)</b>	<b>148</b>	-	-	-	-
Sale of fixed assets	202	165	1,781	-	-	-	-
Impairments and Adjustments to Fair Value	(347)	(2,142)	(1,633)	-	-	-	-
Adjustments to Fair value of financial assets	567	(1,534)	(1,684)	-	-	-	-
Impairments to non-financial assets	(914)	(608)	51	-	-	-	-
Interest, dividends and rent on land	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>93,390</b>	<b>89,945</b>	<b>95,060</b>	<b>94,039</b>	<b>108,849</b>	<b>114,143</b>	<b>119,710</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>(9,703)</b>	<b>(1,655)</b>	<b>(832)</b>	<b>6,722</b>	<b>(7,500)</b>	<b>(7,500)</b>	<b>(7,500)</b>



**ANNEXURE D: STATEMENT OF FINANCIAL POSITION**

Rand thousand	Audited Outcome			Approved budget	MTEF		
	ASSETS	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>ASSETS</b>							
<b>Current assets</b>	<b>19,714</b>	<b>28,253</b>	<b>27,689</b>	<b>32,685</b>	<b>34,579</b>	<b>36,319</b>	<b>38,317</b>
Inventory	182	282	852	488	516	544	574
Trade and other receivables from exchange transactions	783	1,729	2,643	1,787	1,890	1,994	2,104
Cash and cash equivalents	18,749	26,242	24,194	30,410	32,173	33,781	35,639
<b>Non-current assets</b>	<b>142,450</b>	<b>147,552</b>	<b>151,292</b>	<b>133,680</b>	<b>132,514</b>	<b>123,016</b>	<b>129,676</b>
Property, plant and equipment	123,369	100,433	98,589	122,075	120,236	99,958	105,350
Heritage assets	-	26,566	30,411	-	-	-	-
Intangible assets	186	124	179	410	434	58	61
Investment property	18,895	20,429	22,113	11,195	11,844	23,000	24,265
<b>Total assets</b>	<b>162,164</b>	<b>175,805</b>	<b>178,981</b>	<b>166,365</b>	<b>167,093</b>	<b>159,335</b>	<b>167,993</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>	<b>25,155</b>	<b>31,087</b>	<b>31,383</b>	<b>5,210</b>	<b>5,512</b>	<b>18,033</b>	<b>18,961</b>
Trade and other payables from exchange transactions	6,521	8,260	11,157	3,465	3,666	3,666	3,868
Current provisions	1,178	-	-	1,224	1,295	1,295	1,366
Leave	1,178	-	-	1,224	1,295	1,295	1,366
Other current financial liabilities	534	472	436	392	415	450	410
Capital fund/ Deferred government grant	16,922	22,274	19,567	-	-	12,500	13,188
Current portion of finance lease liability	-	81	223	129	136	122	129
<b>Non-current liabilities</b>	<b>3,665</b>	<b>3,110</b>	<b>3,044</b>	<b>7,386</b>	<b>7,812</b>	<b>7,879</b>	<b>8,271</b>
Finance lease liability	-	108	148	363	384	384	405
Non-current provisions	3,665	3,002	2,896	7,023	7,428	7,495	7,866
<b>Total liabilities</b>	<b>28,820</b>	<b>34,197</b>	<b>34,427</b>	<b>12,596</b>	<b>13,324</b>	<b>25,912</b>	<b>27,232</b>
<b>NET ASSETS</b>	<b>133,344</b>	<b>141,608</b>	<b>144,554</b>	<b>153,769</b>	<b>153,769</b>	<b>133,423</b>	<b>140,761</b>
Accumulated surplus / (deficit)	133,344	131,901	130,997	153,769	153,769	133,423	140,761
Revaluation surplus	-	9,707	13,557	-	-	-	-
<b>Total net assets and liabilities</b>	<b>162,164</b>	<b>175,805</b>	<b>178,981</b>	<b>166,365</b>	<b>167,093</b>	<b>159,335</b>	<b>167,993</b>
Contingent liabilities	-	-	-	-	-		

## ANNEXURE E: CASH FLOW STATEMENT

The budget information (Medium term estimate) is done on accrual basis:	Audited Outcome			Approved budget	MTEF		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Cash flow data</b>							
<b>R Thousand</b>							
<b>Cash receipts from stakeholders</b>	<b>74,465</b>	<b>89,104</b>	<b>93,955</b>	<b>81,619</b>	<b>86,129</b>	<b>90,670</b>	<b>95,657</b>
<b>Sales of goods and services other than capital assets</b>	<b>26,162</b>	<b>29,607</b>	<b>29,685</b>	<b>25,041</b>	<b>26,428</b>	<b>27,749</b>	<b>29,275</b>
Sales of goods and services produced by department (excl. capital assets)	26,162	29,607	29,685	25,041	26,428	27,749	29,275
Sales by market establishments	26,162	29,607	29,685	25,041	26,428	27,749	29,275
<b>Transfers received</b>	<b>47,099</b>	<b>57,253</b>	<b>61,841</b>	<b>55,453</b>	<b>58,558</b>	<b>61,778</b>	<b>65,176</b>
Other government units	47,099	57,253	61,841	55,453	58,558	61,778	65,176
Departmental transfers	47,099	57,253	61,841	55,453	58,558	61,778	65,176
Executive Authority (DAC)	47,099	57,253	61,841	55,453	58,558	61,778	65,176
Adjustments	-	-	-	-	-	-	-
Other national departments	-	-	-	-	-	-	-
<b>Interest and rent on land</b>	<b>1,204</b>	<b>1,293</b>	<b>1,632</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>844</b>
Interest	1,204	1,293	1,632	800	800	800	844
<b>Unclassified revenue</b>	<b>-</b>	<b>951</b>	<b>797</b>	<b>325</b>	<b>343</b>	<b>343</b>	<b>362</b>
<b>Cash paid to stakeholders</b>	<b>76,424</b>	<b>77,808</b>	<b>88,946</b>	<b>74,301</b>	<b>78,492</b>	<b>82,117</b>	<b>86,634</b>
<b>Current payments</b>	<b>76,424</b>	<b>77,808</b>	<b>88,946</b>	<b>74,301</b>	<b>78,492</b>	<b>82,117</b>	<b>86,634</b>
Compensation of employees	34,083	36,417	39,228	39,016	41,531	43,313	45,695
Salaries and wages	34,083	36,417	39,228	39,016	41,531	43,313	45,695
Social contributions	-	-	-	-	-	-	-
Goods and services	42,341	41,391	49,718	35,285	36,961	38,804	40,939
Administrative fees							
Agency and support / outsourced services	2,344	7,487	8,291	7,878	8,214	8,666	9,142
Advertising	-	5,484	2,622	2,855	2,909	3,069	3,238
Audit Costs	-	2,516	2,538	2,447	2,631	2,776	2,928
Bank charges	-	324	343	504	336	254	374
Board costs	-	577	675	989	1,041	1,098	1,159
Communication	4,442	432	490	534	551	581	613
Computer services	330	20	105	95	83	88	93
Consultants	-	2,119	2,598	2,509	2,112	1,932	2,350
Entertainment	-	217	233	243	256	271	286
Inventory	1,427	1,148	1,365	948	612	646	681
Lease payments	331	384	346	479	505	533	562
Legal fees	-	345	346	362	382	403	425
Non-file insurance	-	102	383	235	248	262	276
Repairs and maintenance	3,533	3,330	5,873	6,532	7,287	7,689	8,111

The budget information (Medium term estimate) is done on accrual basis:	Audited Outcome			Approved budget	MTEF		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Cash flow data</b>							
Training and staff development	204	124	62	300	316	333	352
Travel and subsistence	1,306	171	311	338	356	374	395
Other unclassified expenditure	28,424	16,611	23,137	8,037	9,122	9,829	9,954
Interest and rent on land	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Cash flow from operating activities</b>	<b>(1,959)</b>	<b>11,296</b>	<b>5,009</b>	<b>7,318</b>	<b>7,637</b>	<b>8,553</b>	<b>9,023</b>
<b>Cash flow from investing activities</b>	<b>(6,621)</b>	<b>(3,803)</b>	<b>(7,057)</b>	<b>(19,742)</b>	<b>(20,886)</b>	<b>(13,991)</b>	<b>(14,761)</b>
Acquisition of property, plant, equipment & intangible assets	(6,621)	(3,803)	(7,057)	(19,742)	(20,886)	(13,991)	(14,761)
Other fixed structures	(6,503)			(6,725)	(7,115)		
Other machinery and equipment		(3,854)	(7,191)	(4,168)	(4,409)	(4,629)	(4,884)
Software and other intangible assets	(118)						
Computer equipment		51	134	(8,849)	(9,362)	(9,362)	(9,877)
Other flows from Investing Activities	-	-					
Cash flow from financing activities	-	-	-	5,900	17,168	9,484	10,006
Deferred Income	-	-	-	5,900	17,168	9,484	10,006
Departmental transfer	-	-	-	-	-	-	
Repayment of finance leases							
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,580)</b>	<b>7,493</b>	<b>(2,048)</b>	<b>(6,524)</b>	<b>3,919</b>	<b>4,046</b>	<b>4,268</b>

**ANNEXURE F: 2016/17 AUDIT FINDINGS ACTION PLAN**

<b>Arts &amp; Culture</b>			Select
<b>The South African State Theatre</b>	Audit Opinion	Unqualified	Yes
<b>Audit Findings Action Plan Monitoring Tool</b>	Audit Issues	Qualification	No
<b>Update: 01 August 2018</b>		Emphasis of matter	Yes

**FINANCIAL REPORTING AND MANAGEMENT UNIT**

Finding #	Audit Findings	Description	Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
1	Long outstanding debtors: Non-collection of revenue due to the entity	During the audit of a sample of trade and other receivables, it was noted that below indicated debtors with debts outstanding for more than 60 days were not handed over to debt collectors for the recovery of the debts due, as required by the SAST Finance policy. This was also not in line with the requirements of the PFMA in that the inadequate steps were taken to collect all revenue due to SAST.	1	Review the Pastel debtors age analysis weekly for long outstanding debtors	1 August 2018	On going	Ms	Lebogang	Mphahlele	Financial Manager	20% - Task started	Some contracts still to signed and be enforceable.
			2	Follow up on debtors balances outstanding for more than 30 days	1 August 2018	On going	Ms	Lebogang	Mphahlele	Financial Manager	20% - Task started	Meeting held with tenants for payments arrangement.
			3	Hand over to lawyers debtors under disputes, collection fees should not exceed the amount to be recovered.	1 August 2018	On going	Ms	Lebogang	Mphahlele	Financial Manager	60% - Task progressing well	One main debtor was handed over to lawyers, settlement underway
			4	Create debtors files for any collection correspondence	1 August 2018	On going	Ms	Lebogang	Mphahlele	Financial Manager	100% - Task complete	
			5	Recommend write off of unresolved debtors accounts to EXCO.	1 August 2018	On going	Ms	Lebogang	Mphahlele	Financial Manager	20% - Task started	Certain long outstanding debtors have been identified.

Finding #	Audit Findings	Description	Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
17	Discrepancies in the quantity of stock recorded	During the audit of inventory disclosed in the AFS, a sample of inventory items was selected for testing and the following quantity discrepancies were identified on comparison of the valuation report quantities per Pastel and the stock count list quantities, thus the accuracy of the quantities used in the valuation of inventory could not be confirmed.	1	Weekly (every Monday) stock counts to be introduced, counted quantities to be updated in Pastel and reasons for variances to be provided.	August	On going	Mr	Klaas	Sebothoma	FOH manager	0% - No progress	
			2	Integration of the Pastel and GAAP(Point of sale) system	1 August 2018	31 September 2018		Nhlanhla	Mzila	Financial Accountant	40% - Task partially complete	Meetings with Pastel and GAAP were held, implementation is underway.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
18	Income from ticket sales and related expenditure recognised at gross amount	<p>Revenue from ticket sales is collected by Computicket on behalf of South African State Theatre (SAST) and the producer. Computicket then deposits the money due to SAST and the producer after deduction of the commission due to Computicket. The money received from Computicket is thereafter split between SAST and the producer according to the percentages indicated in the contract between SAST and the producer. The monetary split referred to above is documented on a reconciliation, indicating the gross inflows received by Computicket as well as commission fee charged by Computicket.</p> <p>During the audit of a sample of revenue from the rendering of services items, it was noted that income and the related commission expenditure from ticket sales were recognised at gross amounts without taking into account amounts that were collected on behalf of producers. This resulted in an overstatement of revenue and expenditure</p>	1	Completed	Completed	Ms	Lebo	Mphahlele	Financial Manager	100% - Task complete	The matter was cleared at year-end. Controls are in place to avoid recurrence.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
19	Deferred grant income: Interest portion not recognised as revenue	During the audit of deferred grant income disclosed, it was noted that the deferred grant income comprised of grants received from the Department of Arts and Culture (DAC) for capital maintenance expenditure. Upon inspection of the DAC approval of funds for maintenance confirmation letter, the condition stated was that capital works funds not spent by 31 March 2018 should be recognised as deferred income. There were no conditions specified for the interest portion earned from the unspent funds, thus it should not have been recognised as deferred grant income as SAST has no performance obligation to meet on the interest portion amount	1 Guidance relating to interest earned on special grant will be sought from DAC.	31 August 2018	31 September 2018	Mr	Sizwe	Mathye	CFO	60% - Task progressing well	DAC confirmation letter will be sent.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
20	Internal control deficiencies identified pertaining to artistic productions	<p>a) Conflict of interest During the audit of a sample of employee related costs it was noted that the Artistic Director received royalties from the South African State Theatre (SAST) during the financial year from original and adapted productions directed by him from 2006 to 2017, this poses a potential conflict of interest risk.</p> <p>b) Intellectual property ownership Another issue noted pertains to the ownership of the stage productions (Intellectual property) developed by the employee(s) of SAST in the carrying out of their employment duties. As there was no approved intellectual property policy in place, ownership of such intellectual property was not ascertained, to indicate whether it belongs to SAST or the employee. This has an impact on the way in which such productions are to be accounted for in the AFS as once they are identifiable (in terms of GRAP 31). Intellectual Property that should be owned by SAST.</p>	1 Develop an intellectual property policy to govern royalties from South African State Theatre.		7 August 2018	Mr	Aubrey	Sekhabi	Artistic Director	100% - Task complete	Policy was approved by Council.
			2 GRAP 31 guidance on recognition of intellectual property as an Intangible will be investigated	1 September 2018	31 October 2018	Mr	Sizwe	Mathye	CFO	100% - Task complete	Based on the IP policy there is no SAST Intangibles expected.



Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
21	Discrepancies noted in the cash flow statement		1 Cash flow statement will be prepared monthly based on the trial balance	31 August	On going	Mr	Sizwe	Mathye	CFO	20% - Task started	A Pastel functionality will be activated

			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
22	Understatement of lease commitments where the entity is the lessor		1 Financial statements were adjusted during the audit.	20 October 2018	20 May 2019	Mr	Nhlanhla	Mzila	Financial Accountant	0% - No progress	
			On the half year/year end financial statements, supporting schedules based on lease agreements will be prepared and agreed with the disclosed amounts in the financial statements.	20 October 2018	20 May 2019	Mr	Nhlanhla	Mzila	Financial Accountant	0% - No progress	
			3 CFO and internal auditors will review the financial statements before submission	20 October 2018	20 May 2019	Mr	Sizwe	Mathye	CFO	0% - No progress	

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
28	Revenue from rental of facilities: Letting of state assets	During the audit of revenue from rental of facilities and equipment, it was noted that SAST assets were let in the form of rental of office space. The process followed in obtaining tenants was not found to be in line with the Treasury Regulations as the tenants were sourced through applications from anyone who wanted to rent space, as opposed to the supply chain management process being followed on acquisition of tenants.	1 Review the Facilities policy to allow transparency	1 August 2018	31 October 2018	Mr	Brian /Vusimuzi		SCM/BD Manager	0% - No progress	

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
29	No policy in place for the issuing of complementary tickets by SAST		1 Review the business development policy to include complementary tickets	1 August 2018	30 September 2018	Mr	Brian/Lebo		FM/BD Manager	0% - No progress	

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
30	Lack in controls over processing of journals	In the testing performed on journals, it was noted that the following journals do not indicate the preparer and the reviewer/ authoriser of the journal processed. This was found to indicate a control deficiency as it could not be verified whether the correct process of processing and recognising journals in the general ledger was followed.	1	All journals must be signed by management	1 August 2018	On going					100% - Task complete	All manual journal requisitions from April are signed and filed.
			2									

#### SUPPLY CHAIN MANAGEMENT UNIT

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative		
						Title	First Name	Surname					
2	Investigations of irregular, fruitless and wasteful expenditure not conducted	During the audit of consequence management compliance, no evidence could be found to indicate that management investigated instances of irregular, fruitless and wasteful expenditure identified in the prior financial years, to reflect effective and appropriate disciplinary action being taken as required by the PFMA.  As a result of there being no proof of investigations being carried out, there was no way of assessing whether the sanctions and recommendations on the investigation outcomes were implemented.  The above has resulted in a material non-compliance with the section 51 of the PFMA, which will be reported in the audit report.	1	Form a investigation committee for irregular expenditure	1 August 2018	31 August 2018				CEO & CFO	100% - Task complete	5 members were appointed.	
			2	Investigations will be conducted for the incurred irregular expenditure and appropriate actions be taken	1 September 2018	31 December 2018				Committee	0% - No progress		
			3	Review the procurement policy and ensure it encompasses all matters relating to irregular and fruitless expenditure	1 September 2018	31 September 2018	Mr	Vusimuzi	Mthembu	SCM Manager	0% - No progress		
			4	Alignment of the procurement checklist with the payment checklist	1 August 2018	31 August 2018		Nhlanhla & Vusimuzi		Managers	20% - Task started		Payment checklist to be developed



Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
3	Expenditure not incurred in accordance with the approved budget	As per guidance included in paragraph 21 of the NT Guideline on Irregular Expenditure any expenditure incurred over and above the approved budgeted expenditure will result in irregular expenditure.  Upon inspection of the Statement of Comparison of Budget and Actual Amounts it was noted that SAST's expenditure had exceeded the budget by R10,8 million as indicated below. Such expenditure was incurred in contravention of section 53(4) of the PFMA.	1	Purchase orders must be processed only after confirming budget availability.			Mr	Nhlanhla	Mzila	Financial Accountant	0% - No progress	5 months financial report was presented to EXCO
			2	Variance analysis between actual spending and budget must be done monthly.			Mr	Nhlanhla	Mzila	Financial Accountant	40% - Task partially complete	
			3	Alignment of the procurement checklist with the payment checklist					Nhlanhla & Vusimuzi	Managers	20% - Task started	
			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
4	Irregular, fruitless and wasteful expenditure not prevented as required by the PFMA	During the review of SAST annual financial statements it was noted that note 31 on Irregular expenditure reflected expenditure to the value of R10 912 491 for the current financial year and R22 286 195 for the prior financial years as disclosed in note 31. Upon verification of the indicated irregular expenditure it was noted that the irregular expenditure was incurred as a result of procurement processes not being followed, as well as due to expenditure incurred on expired contracts.  Upon inspection of note 30 on Fruitless and wasteful expenditure in the AFS it was also noted that SAST had incurred fruitless and wasteful expenditure to the value of R199 962 for the current financial year and R72 680 relating to prior year identified in the current year, consisting of fines, penalties and interest.  The above contraventions with section 51(1)(b) of the PFMA result in a material non-compliance that will be reported in the audit report.	1	Form an investigation committee for irregular expenditure	1 August 2018	31 August 2018				CEO & CFO	20% - Task started	5 members were appointed.
				Investigations will be conducted for the incurred irregular expenditure and appropriate actions be taken	1 September 2018	31 October 2018				Committee	20% - Task started	Irregular expenditure was updated and ready for investigation.
			3									
			4	Review the procurement policy and ensure it encompasses all matters relating to irregular and fruitless expenditure	1 September 2018	31 September 2018	Mr	Vusimuzi	Mthembu	SCM Manager	0% - No progress	
			5									
			6	Alignment of the procurement checklist with the payment checklist	1 August 2018	31 August 2018			Nhlanhla & Vusimuzi	Managers	20% - Task started	

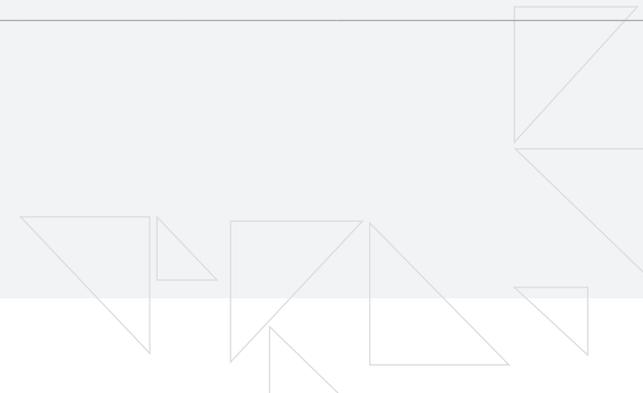
Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
5	Suppliers not registered with the CIDB	<p>During the audit of five construction contracts / quote awards above R30 000, it was noted that the following service providers were awarded quotations for construction work as defined in the Construction Industry Development Board Act, 30 of 2000 without submitting CIDB registration certificates.</p> <p>Furthermore, a search on the CIDB website was conducted and the service providers mentioned in the table below could not be found on the database.</p>	1	For all construction projects, include CIDB compliance in the specifications.	1 September 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	100% - Task complete	CIDB training to assist staff to identify construction that needs CIDB compliance.
			2	CIDB registration documents must be verified before purchase order processing or tender award.	1 September 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	80% Task virtually complete	Exemption to CIDB was drafted and will be submitted to for approval.
			3	Update SCM checklist.	1 September 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	100% - Task complete	

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
6	Supply Chain Management: irregular expenditure (conflict of interest)	<p>During the planning phase of the audit, it was noted that the former Chief Financial Officer was charged for failure to disclose an interest in a bidder and failure to excuse herself from all procurement processes pertaining to the award. The Disciplinary Committee had identified and proven that she had an interest in the winning bidder of a short-term insurance contract.</p> <p>The CFO was found guilty of gross negligence, unethical conduct and violation of the SAST Procurement Policy, Treasury Regulations and the Public Finance Management Act.</p> <p>On further testing being performed it was noted that the winning bidder had submitted a completed and signed declaration of Interest (SBD 4) which declared no interest in the form of family, friend or other. Details of the award are as follows;</p> <p>As the CFO was part of the procurement process and had not disclosed her interest in the award, the contract is found to be irregular.</p> <p>The expenditure arising from the contract should be disclosed as irregular expenditure in the notes to the Annual Financial Statements.</p>	1	Signing of declaration of interest forms in the Bid evaluation and adjudication meetings.	1 August 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	100% - Task complete	This a continuous process in all meetings.
			2	A central register for declarations of interest for all employees to be introduced.	1 September 2018	31 September 2018	Ms	Millicent	Mopayi	HR Manager	0% - No progress	

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
23	Irregular expenditure prior period error erroneously accounted for	<p>During the audit of the Irregular Expenditure note on the annual financial statements, it was noted that SAST disclosed an amount of R22.3 million as irregular expenditure for prior year identified in the current year, being a 2017/18 movement in the note.</p> <p>Upon further discussions being held with management it was noted that the amount was a correction to the 2015/16 previously disclosed irregular expenditure, on which a modified audit opinion was expressed.</p> <p>The inclusion of this amount as a current year movement represents an error as the amount relates to the correction of a prior period error (2015/16), and does not represent newly discovered irregular expenditure that was unknown in the prior periods.</p>	1	The prior year error note was updated						100% - Task complete		
			2	All prior year irregular expenditure will be investigated and appropriate action (condonation or disciplinary action) be taken.	1 August 2018	31 October 2018	Mr	Vusimuzi	Mthembu	SCM Manager	20% - Task started	5 members were appointed.
			3								20% - Task started	Irregular expenditure was updated and ready for investigation.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
24	Fruitless and wasteful expenditure, and irregular expenditure incurred as a result of a lack of contract management and compliance with SCM procurement processes	During the audit of a sample of quotations, it was noted that the auditee terminated a waste removal contract with Swa Mina N Vhone due to failure of the supplier to disclose subcontracting arrangements to the contract. Due to the urgency of the waste removal services being required, the auditee temporarily used the services of another service provider with payments being paid from the petty cash account on an ad hoc basis. The contract with Swa Mina Na Vhone subsequently resumed on 7th February 2018 after making the required representations as per Preferential Procurement Regulations. The service provider was paid the full monthly cost of R20 666,75 as per competitive bid during the months of December 2017 and February 2018 during which the contract was terminated. As a result of the December 2017 and February 2018 payments to Swa Mina Na Vhone not being adjusted for the period in which the service provider did not collect waste, such payments made for that period in which waste was not collected were found to be fruitless and wasteful as they could have been avoided.	1	Contract register will be maintained by the SCM unit.	1 August 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	100% - Task complete	
			2	SCM matrix/checklist will be implemented for all purchase orders	1 August 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	100% - Task complete	This will be monitored going forward.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
26	No purchase orders attached to supporting evidence provided	Management has failed in consistently implementing proper record keeping controls to ensure that complete, relevant and accurate information supports all payments made.	1	Develop a payment checklist, all supporting documents must be signed off in the payment checklist before any payment can be released.	1 August 2018	31 August 2018	Mr	Nhlanhla	Mzila	Financial Accountant	0% - No progress	



Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
27	Suppliers not paid within 30 days	There is a lack in the monitoring controls in place to ensure that payment days are tracked and that corrective measures be taken when payment days are approaching 30 days.	1	All invoices are stamped and captured on receipt for proper monitoring of the 30 days payment requirement. A separate Excel spreadsheet will be maintained.	1 April 2018	On going	Mr	Nhlanhla	Mzila	Financial Accountant	0% - No progress	
			2	The age analysis will be reviewed weekly and the separate spreadsheet will be used track the 30 days payment requirement.	1 April 2018	On going	Mr	Nhlanhla	Mzila	Financial Accountant	0% - No progress	
				An SCM central email to receive invoices will also be introduced, email date will be used a date of receipt.	1 April 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	100% - Task complete	

			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
31	Contractor grading not specified on RFQs	During the audit of a sample of construction contracts/ awards it was noted that the Request for Quotation documents (RFQs) relating to items tabled below did not stipulate the minimum grading which the bidders must be registered at with the CIDB to qualify for evaluation. The description and specifications section of the RFQs only mentioned the nature of construction work requested by the SA State Theatre (SAST).	1	Construction specifications should include the level of CIDB grading for quotations/bids.	1 September 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	80% Task virtually complete	Exemption to CIDB was drafted and will be submitted to for approval.
			2	The CIDB grading should be validated before a purchase order is processed.	1 September 2018	On going	Mr	Vusimuzi	Mthembu	SCM Manager	80% Task virtually complete	Exemption to CIDB was drafted and will be submitted to for approval.
			3	Arrange training for staff on CIDB requirements	1 August 2018	31 September 2018	Mr	Vusimuzi	Mthembu	SCM Manager	100% - Task complete	CIDB training to assist staff to identify construction that needs CIDB compliance.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
32	No consequence management policy	During the audit of the consequence management compliance subject matter, it was noted that the South African State Theatre does not have a consequence management policy document nor set of procedures to hold employees accountable for the incurring irregular, fruitless and wasteful expenditure as required by the PFMA.	1	A consequence management policy on irregular and fruitless will be developed and implemented.	1 September 2018	31 October 2018	Mr	Sizwe	Mathye	CFO	40% - Task partially complete	

**ASSET MANAGEMENT UNIT**

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
1	Kilnerton property not valued consistently with prior years	<p>During the audit of investment property disclosed in the annual financial statements, the following inconsistencies were noted in the valuation of the Kilnerton property:</p> <p>1. The inclusion of land in the current period which was not included in the prior year valuation. No prior period error was accounted for to indicate this as a conceptual correction nor was there a change in the legal form.</p> <p>2. The inclusion of Capital expenditure in the current period which was not included in the prior year valuation.</p>	<p>1 Property valuation inputs to be reviewed and aligned with the GRAP accounting standards</p>	1 March 2019	31 March 2019	Mr	Sizwe	Mathye	CFO	0% - No progress	Can only be implemented at year end



Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
2	Kilnerton property valuation not considering current operating conditions	<p>In terms of GRAP 16 paragraph 53, the fair value of investment property reflects, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected in the liability whereas others relate to outflows that are not recognised in the financial statements until a later date (e.g. periodic payments such as contingent rents).</p> <p>Upon further research being performed, the capitalization rate was defined as "a fundamental concept used in the world of commercial real estate. It is the rate of return on a real estate investment property based on the income that the property is expected to generate. This metric is used to estimate the investor's potential return on his or her investment. The capitalization rate of an investment can be calculated by dividing the property's net operating income (NOI) by the current valuator acquisition cost of a property - expressed in the following formula:</p> <p>Capitalization Rate = Net Operating Income / Current Market Value...</p>	1	Property valuation inputs to be reviewed and aligned with the GRAP accounting standards	1 March 2019	31 March 2019	Mr	Sizwe	Mathye	CFO	0% - No progress	Can only be implemented at year end

Finding #	Description	Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
					Title	First Name	Surname				
3	Assets that could not be verified for existence	1	Develop a disposal plan in order to reduce the high volume of unused assets	1 August 2018	15 August 2018	Ms	Lebo	Mphahlele	Financial Manager	100% - Task complete	
		2	A full physical verification of all assets will be conducted using an electronic scanner and the asset register be updated accordingly.	1 September 2018	31 October 2018	Mr	Clement	Moropodi	Asset controller	0% - No progress	
		3	Review the asset management policy	1 September 2018	31 October 2018	Mr	Sizwe	Mathye	CFO	40% - Task partially complete	

Finding #	Description	Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
					Title	First Name	Surname				
4	Completeness of asset register could not be confirmed	1	Develop a disposal plan in order to reduce the high volume of unused assets	1 August 2018	15 August 2018	Ms	Lebo	Mphahlele	Financial Manager	100% - Task complete	
		2	A full physical verification of all assets will be conducted using an electronic scanner and the asset register be updated accordingly.	1 September 2018	31 October 2018	Mr	Clement	Moropodi	Asset controller	0% - No progress	
		3	Review the asset management policy	1 September 2018	31 October 2018	Mr	Sizwe	Mathye	CFO	0% - No progress	

Finding #	Description	Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
					Title	First Name	Surname				
5	Misstatements identified in the testing of Work in progress	1	Monthly reconciliation of the asset register and general ledger and review by the CFO.	1 August 2018	On going	Mr	Clement	Moropodi	Asset controller	0% - No progress	To be implemented after the disposal process is completed.
		2	Monthly asset management report highlighting progress on any Work in progress. CFO to review the report.	1 August 2018	On going	Mr	Clement	Moropodi	Asset controller	0% - No progress	To be implemented after the disposal process is completed.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
6	Inaccurate reassessment of useful lives.	Fully depreciated assets were still in use.	1	A full physical verification of all assets will be conducted using an electronic scanner and the asset register be updated accordingly.	1 August 2018	31 October 2018	Mr	Clement	Moropodi	Asset controller	0% - No progress	To be implemented after the disposal process is completed.
			2	At year end, a re-assessment of useful lives on fully depreciated assets will be conducted and adjustments be made in the asset register.	1 March 2019	1 March 2019	Mr	Clement	Moropodi	Asset controller	0% - No progress	To be implemented after the disposal process is completed.

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
7	Assets that could not be verified for existence	Certain Heritage assets (Clay pot and Paintings) could not be verified for existence.	1	Develop a disposal plan in order to reduce the high volume of unused assets	1 August 2018	15 August 2018	Ms	Lebo	Mphahlele	Financial Manager	0% - No progress	To be implemented after the disposal process is completed.
			2	A full physical verification of all assets will be conducted using an electronic scanner and the asset register be updated accordingly.	1 September 2018	31 October 2018	Mr	Clement	Moropodi	Asset controller	0% - No progress	To be implemented after the disposal process is completed.
			3	Review the asset management policy	1 September 2018	31 October 2018	Mr	Sizwe	Mathye	CFO	0% - No progress	

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative	
						Title	First Name	Surname				
8	Assets not valued according to valuator's report	During the audit of the valuation of heritage assets as per the valuator's report, certain artwork items were traced from the valuator's report to the asset register and differences in the valuation were identified.	1	Monthly reconciliation of the Heritage Assets register against the general ledger balance.	1 August 2018	On going	Mr	Clement	Moropodi	Asset controller	0% - No progress	To be implemented after the disposal process is completed.
			2	CFO review of any entries in the Heritage Assets general ledger before processing.	1 August 2018	On going	Mr	Sizwe	Mathye	CFO	0% - No progress	

Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
						Title	First Name	Surname			
9	Not all Heritage assets were revalued as required by GRAP	During the audit of heritage assets, it was noted that the revaluation was not performed on the entire class of heritage assets as required by GRAP 103, but only a part of the assets	1 No action to be taken, reasons were provided for the exclusion of certain artworks by the artwork expert.							100% - Task complete	Resolved during the audit
Finding #	Audit Findings	Description	Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
10	No policy in place for Heritage Assets	During the audit of heritage assets, we noted that the entity does not have an approved policy for the handling of Heritage Assets.	1 Develop a policy on Heritage assets for approval by Council.	1 August 2018	31 October 2018	Mr	Sizwe	Mathye	CFO	40% - Task partially complete	A draft was done will be approved by Council in November
Finding #			Action Plan Description	Start Date	Completion Date	Person Responsible			Position	Progress	Narrative
25	Assets on the asset register without asset numbers		1 Develop a disposal plan in order to reduce the high volume of unused assets	1 August 2018	15 August 2018	Ms	Lebo	Mphahlele	Financial Manager	100% - Task complete	
			2 A full physical verification of all assets will be conducted using an electronic scanner and the asset register be updated accordingly.	1 September 2018	31 October 2018	Mr	Clement	Moropodi	Asset controller	0% - No progress	To be implemented after the disposal process is completed.



## ANNEXURE G: TECHNICAL INDICATORS

CODE	SPA1
Indicator title	Number of In-house Productions staged, including the Rendezvous programme.
Short definition	The number of in-house productions presented during the reporting period, including the Rendezvous programme.
Purpose/importance	This performance indicator reports on the number of in-house productions, including the Rendezvous programme, that are presented by SAST.
Source/collection of data	Computicket reporting system / Production contracts / Production budget.
Method of calculation	Each in-house production is counted as 1.
Data limitations	No specific limitations identified.
Type of indicator	Output.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Artistic Director.
CODE	SPA2
Indicator title	Number of In-house Festivals staged.
Short definition	The number of In-house Festivals, incorporating various internal productions, presented and hosted during the reporting period.
Purpose/importance	This performance indicator reports on the number of in-house festivals that are presented by SAST.
Source/collection of data	Computicket reporting system / Festival contracts / Festival budget.
Method of calculation	Simple count of the number of festivals.
Data limitations	No specific limitations identified.
Type of indicator	Output.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Artistic Director.
CODE	SPA3
Indicator title	Number of Indie-Spotlight productions staged.
Short definition	The number of Indie-Spotlight productions that are presented during the reporting period.
Purpose/importance	Reports on the number of Indie-Spotlight productions that are presented.
Source/collection of data	Computicket reporting system / Production contracts / Production budget.
Method of calculation	Each Indie-Spotlight production is counted as 1.
Data limitations	No specific limitations identified.

Type of indicator	Output.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Artistic Director.
<b>CODE</b>	<b>SPD1</b>
Indicator title	Number of Community Arts Groups participating in the programme.
Short definition	The number of community arts groups participating in the SAST Community Arts Dramaturgy Outreach programme during the reporting period.
Purpose/importance	To record the progress made in the community outreach programme by reporting on the number of community arts groups that participate in the programme.
Source/collection of data	Progress report.
Method of calculation	Simple count.
Data limitations	No specific limitations identified.
Type of indicator	Effectiveness.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Artistic Director.
<b>CODE</b>	<b>SPD3</b>
Indicator title	Number of in-house production's creative team members provided with dramaturgy.
Short definition	The number of in-house production's creative team members provided with dramaturgy support during the reporting period.
Purpose/importance	Reports on the number of in-house production's creative team members that have been provided with dramaturgy support.
Source/collection of data	Dramaturgy progress report.
Method of calculation	Simple count.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Artistic Director.



CODE	SPD4
Indicator title	Number of School set-works staged.
Short definition	The number of school set-work productions presented during the reporting period.
Purpose/importance	Reports the number of school set-works presented In-house and/or through co-productions and/or through external entities.
Source/collection of data	Computicket reporting system / Production contracts / Production budget.
Method of calculation	Simple count.
Data limitations	No specific limitations identified.
Type of indicator	Output.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	Yes.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Artistic Director.

CODE	SPI1
Indicator title	Sponsorship and donor revenue recognised.
Short definition	The Rand Value of Sponsorship and Donor revenue received during the reporting period.
Purpose/importance	Reports on the progress of SAST efforts to secure sponsorship and donor funding.
Source/collection of data	Sponsorship/Donation Contracts. / Income Statement.
Method of calculation	The total rand value of the sponsorship/donation reflected on the contract/income statement is reported during the reporting cycle in which it was secured and is not subject to an amortized disbursement period.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	CEO

CODE	SPI2
Indicator title	Property rental revenue recognised.
Short definition	The Rand Value of Rental revenue derived from rentals of the SAST immovable property portfolio.
Purpose/importance	Reports on the Rand Value of revenue generated from the rental of SAST immovable property.
Source/collection of data	Accounting System: Income Statement.
Method of calculation	The rental revenue rand value reflected on the income statement for Kilnerton, Office Blocks, Restaurants and other spaces for the reporting period is reported. Opcosts, electricity and water and other operating costs recovered are included in the calculation.
Data limitations	No specific limitations identified.

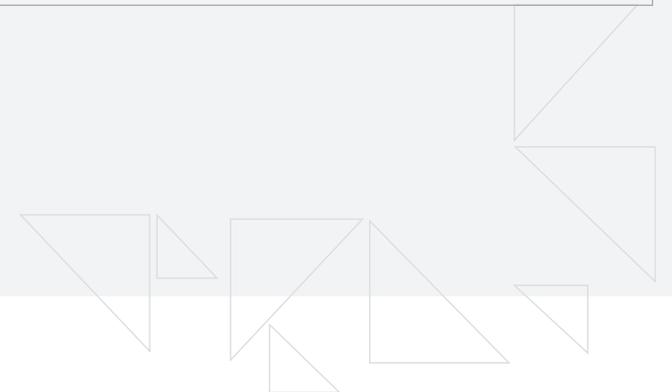
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Business Development Manager.
<b>CODE</b>	<b>SPI3</b>
Indicator title	Décor and Wardrobe rental revenue recognised.
Short definition	The Rand Value of revenue derived from the rental of Décor and Wardrobe items and facilities during the reporting period.
Purpose/importance	Reports on the Rand Value of revenue generated from the rental of SAST movable and immovable property.
Source/collection of data	Accounting System: Income Statement.
Method of calculation	The rand value reflected on the income statement for the reporting period is reported.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Artistic Director.
<b>CODE</b>	<b>SPI4</b>
Indicator title	Ticket sales and theatre rental revenue recognised.
Short definition	The Rand Value of revenue derived from the sale of Tickets for SAST Productions as well as Rental Revenue from the rental of theatres during the reporting period.
Purpose/importance	Reports on the Rand Value of revenue generated from the sale of tickets for SAST Productions and the revenue generated from the rental of the SAST theatres.
Source/collection of data	Accounting System: Income Statement.
Method of calculation	The rand value reflected on the income statement for the reporting period is reported for in-house productions' tickets sales and for theatre rentals (including "percentage income" which is based on the rental productions ticket revenue).
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Business Development Manager.

CODE	SPI5
Indicator title	Parking garage revenue recognised.
Short definition	The Rand Value of revenue derived from the rental of parking space in the SAST parking garage at 320 Pretorius Street Pretoria during the reporting period.
Purpose/importance	Reports on the Rand Value of revenue generated from the rental of SAST immovable property.
Source/collection of data	Accounting System: Income Statement.
Method of calculation	The rand value reflected on the income statement for the reporting period is reported.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Parking Manager.

CODE	SPI6
Indicator title	Front of House sales revenue recognised.
Short definition	The Rand Value of revenue derived from sales at the Front of House during the reporting period.
Purpose/importance	Reports on the Rand Value of revenue generated from sales at the Front of House.
Source/collection of data	Accounting System: Income Statement.
Method of calculation	The rand value reflected on the income statement for the reporting period is reported. The rebate from Computicket is included in the calculation.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Business Development Manager.

CODE	SPB2
Indicator title	Number of Maintenance Programme activities completed.
Short definition	The implementation status of the Maintenance programme as at the end of the reporting period.
Purpose/importance	Provides an update on the progress of the maintenance programme for the Theatre facilities, Office blocks and Kilnerton.
Source/collection of data	Progress report.
Method of calculation	Status reported according to the progress report.
Data limitations	No specific limitations identified.
Type of indicator	Efficiency.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Maintenance Manager.

CODE	SPB3
Indicator title	Number of incidents of crime occurring on SAST property affecting SAST staff, SAST patrons or SAST assets.
Short definition	The maximum acceptable number of incidents of crime during the reporting period that resulted in SAST or South African Police Services taking action.
Purpose/importance	Reports incidents of crime where SAST had to implement disciplinary action or where a case is opened with the South African Police Services.
Source/collection of data	SAST Security report together with the relevant HR disciplinary report and/or a SAPS case number.
Method of calculation	Simple count.
Data limitations	No specific limitations identified.
Type of indicator	Effectiveness.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Targeted performance is desired.
Indicator responsibility	Technical Director.



CODE	SPM1
Indicator title	Developed, approved and implemented marketing plans for each production of the annual artistic calendar.
Short definition	A marketing plan must be developed for each production of the annual artistic calendar which is presented during the reporting period.
Purpose/importance	Reports on the progress made with implementing the marketing strategy by ensuring the development of marketing plans for each production on the artistic calendar which is presented during the reporting period.
Source/collection of data	Progress report.
Method of calculation	Progress reported according to the progress report.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
New indicator	Yes.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Business Development Manager.

CODE	SPM2
Indicator title	Number of media partnerships established.
Short definition	The number of partnerships secured with media organizations during the reporting period.
Purpose/importance	Reports on the progress made with securing partnerships with media organizations including print, online, radio and TV.
Source/collection of data	Concluded contract with the media partner.
Method of calculation	Simple count.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Business Development Manager.

CODE	SPM3
Indicator title	Developed, approved and implemented audience development plan for each production of the annual artistic calendar.
Short definition	An audience development plan must be developed for each production of the annual artistic calendar which is presented during the reporting period.
Purpose/importance	Reports on the progress made with implementing the audience development strategy by ensuring the development of marketing plans for each production on the artistic calendar which is presented during the reporting period.
Source/collection of data	Progress report.

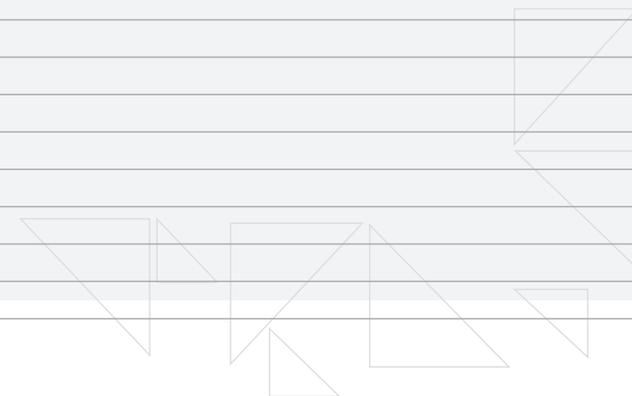
Method of calculation	Progress reported according to the progress report.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
New indicator	Yes.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Business Development Manager.

<b>CODE</b>	<b>SPM4</b>
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Indicator title	Audience attendance numbers for both In-house Artistic Productions and Rental Productions.
Short definition	The audience attendance numbers for both internal and rental productions for the reporting period.
Purpose/importance	Tracks the movement in total audience attendance for all productions presented at SAST.
Source/collection of data	Computicket Reports. Audience Attendance Summary.
Method of calculation	The number indicated on the audience attendance summary for the reporting period is reported.
Data limitations	No specific limitations identified.
Type of indicator	Outcome.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	Business Development Manager.

<b>CODE</b>	<b>SPM5</b>
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Indicator title	Number of patron satisfaction surveys conducted.
Short definition	The number of research surveys conducted on patron satisfaction during the reporting period.
Purpose/importance	Provides an analysis of patron satisfaction.
Source/collection of data	Research Survey Report / Progress report.
Method of calculation	Simple count.
Data limitations	No specific limitations identified.
Type of indicator	Outcome.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Business Development Manager.

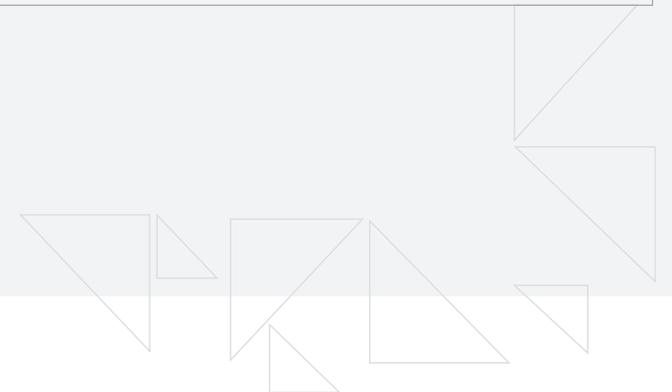


CODE	SPR1
Indicator title	Audit opinion
Short definition	The audit opinion expressed by the Auditor General for the financial year being audited.
Purpose/importance	Reports on the adequacy and accuracy of the annual financial statements of the financial year being audited by the external auditors.
Source/collection of data	Auditors Report.
Method of calculation	Opinion as per the auditors report.
Data limitations	No specific limitations identified.
Type of indicator	Effectiveness.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	No.
Desired performance	Targeted performance is desirable.
Indicator responsibility	Chief Financial Officer.

CODE	SPR2
Indicator title	Number of incidents of non-compliance with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and the Income Tax Act.
Short definition	The maximum acceptable number of incidents where the organisation is non-compliant with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and the Income Tax Act in administrating and managing employee affairs during the reporting period.
Purpose/importance	Reports the number of incidents where the organisation is non-compliant with the Labour Relations Act, Basic Conditions of Employment Act, Employment Equity Act, Public Employment Services Act and Income Tax Act in administrating and managing employee affairs to such an extent where the relevant authority has made a written ruling, issued a penalty or fine or a notice of non-compliance against SAST.
Source/collection of data	HR quarterly report together with the relevant written ruling, notice of penalty or fine or a notice of non-compliance.
Method of calculation	Simple count of the number of incidents.
Data limitations	No specific limitations identified.
Type of indicator	Effectiveness.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Targeted performance is desirable.
Indicator responsibility	HR Manager.

CODE	SPR3
Indicator title	Number of short term job opportunities created by In-house Productions.
Short definition	The number of short term job opportunities created by the Artistic department for internal productions during the reporting period.
Purpose/importance	Reports SAST contribution to nation building by job creation in the artistic department where short term job opportunities are created for internal productions.
Source/collection of data	Artistic department report comprising a summary schedule and ID copies.
Method of calculation	The number indicated in the report is reported for the period.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Higher than targeted performance is desirable.
Indicator responsibility	Artistic Director.

CODE	SPR4
Indicator title	Number of interns appointed.
Short definition	The number of internship positions filled during the reporting period.
Purpose/importance	Reports SAST contribution to nation building by providing internship positions.
Source/collection of data	Internship Contract.
Method of calculation	Simple count.
Data limitations	No specific limitations identified.
Type of indicator	Activity.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	No.
Desired performance	Higher performance than that targeted is desirable.
Indicator responsibility	HR Manager.



## ANNEXURE H: MATERIALITY SIGNIFICANCE FRAMEWORK

Important Note: The continued appropriateness of this Framework will be assessed at least annually against SAST (1) Strategic Plan (2) Budget (3) Risk Management Strategy and (4) Fraud Prevention Plan.

### 1. BACKGROUND

This document was developed to give effect to the May 2002 amendment to the Treasury Regulations, whereby the following new requirement was set for public entities:

"For purposes of material [sections 50(1), 55(2) and 66(1) of the Public Finance Management Act (PFMA)] and significant [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors."  
[Section 28.1.5]

Public entities are required to include the Materiality and Significance Framework in the Strategic Plan to be submitted to its Executive Authority. [TR 30.1.3] Furthermore, the Materiality and Significance Framework must be detailed in the public entity's annual report. [TR 28.2.1]

No definitions for the concepts "material" and "significant" are included in either the PFMA or in the Treasury Regulations. Accordingly, in compiling this framework the South African State Theatre has sought guidance from, inter-alia International Standards on Auditing 320 (ISA 320) paragraph A2, which indicates the following considerations specific to the public entity when determining materiality:

In the case of a public sector entity, legislators and regulators are often the primary users of its financial statements. Furthermore, the financial statements may be used to make decisions other than economic decisions. The determination of materiality for the financial statements as a whole (and, if applicable, materiality level or levels for particular classes of transactions, account balances or disclosures) in an audit of the financial statements of a public sector entity is therefore influenced by law, regulation or other authority and by the financial information needs of legislators and the public in relation to public sector programs."

Materiality can be based on a number of financial indicators. However guidance in terms of Practise Note on Applications under Section 54 of the PFMA Act No 1 of 1999 dated 13 July 2006, paragraph 3.7 states the following:

"In arriving at acceptable levels of significance, the guiding principles set out below should be applied:

3.7.1 The parameters are derived from the rand values of certain elements of the individual public entity's audited financial statements, as follows:

Elements % range to be applied against rand value

Total Assets 1% - 2%

Total Revenue 0.5% - 1%

Profit after tax 2% - 5%

## 2. BROAD FRAMEWORK FOR SOUTH AFRICAN STATE THEATRE

South African State Theatre will be dealing with this framework under two main categories, being quantitative and qualitative aspects.

### 2.1 Overall Quantitative materiality

Materiality level

The SAST assesses the level of a material loss as being 0.5% of total revenue as disclosed on the 2017/18 audited financial statements

Total revenue as per the 2017/18 audited financial statements = R 94 228 187

Materiality @ 0.5% = R R471 142

Factors considered

In determining the said materiality value of 0.5% of total revenue, SAST took into account factors that include:

Base Amount Consideration

Revenue is considered to be the most appropriate Base amount. Revenue comprises of grants received from Department of Arts and Culture and self-generated income. Revenue is the most appropriate due to it being the key driver for SAST financial sustainability.

Financial data to be used

The 2017/18 audited financial statements is considered to be the most appropriate financial data to be used in determining the materiality of SAST in compliance with National Treasury's Practice Note.

Reason for 0.5% of total revenue

The SAST elects to give preference to a lower level of materiality due to the following:

- Unqualified 2017/18 audit and qualified for 2016/17, coming from a disclaimer in 2015/16

Based on the above, SAST has undertaken a conservative approach by assessing the materiality at lower level of materiality in consultation with the Auditor General.

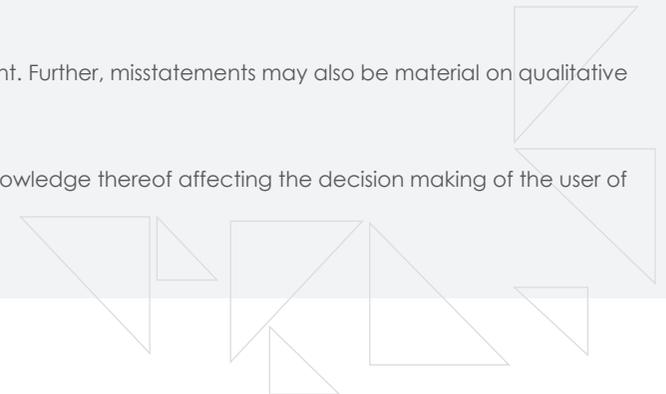
Furthermore a lower materiality is considered appropriate due to SAST being closely governed by various acts and the public accountability responsibility it has to its stakeholders.

## 3. SAST GENERAL APPROACH TO QUALITATIVE ASPECTS

Materiality is not confined to the size of the entity and the elements of its financial statements.

The SAST recognises that misstatements that are large either individually or in the aggregate may affect a "reasonable" user's judgement. Further, misstatements may also be material on qualitative grounds. These qualitative grounds include amongst other:

- New ventures that SAST may enter into.
- Unusual transactions entered into that are not of a repetitive nature and are disclosable purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of the financial statements.



- Transactions entered into that could result in reputational risk to SAST.
- Any fraudulent or dishonest behaviour of an officer or staff of SAST.
- Any infringement of the SAST's agreed performance levels.
- Procedures/processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations).
- Items of a non-financial nature, which would impact on the continued operation and deliverables of the SAST.
- The acquisition or disposal of a significant asset; and
- The beginning of a significant business activity.

The SAST further expands on these aspects under Annexure A, to this document.

The policy contained in this framework will be appropriately presented in the Annual Report of the SAST as required.

#### Definitions and Abbreviations

Accounting Authority: South African State Theatre Council

Executive Authority: Department of Arts and Culture

Entity: South African State Theatre

PFMA: Public Finance Management Act (Act 1 Of 1999 as amended by act 29 of 1999)

Treasury Regulations: Public Finance Management Act, 1999: amendment of Treasury Regulations in Terms of Section 76 as published in Government Gazette No. 7372

#### Annexure A: Detailed/Specific SAST Responses to Requirements

##### 4.1 SAST Response to Fiduciary duties of the Accounting Authority Requirements

The accounting authority must on request, disclose to the **executive authority** responsible for that public entity or the legislature to which the public entity is accountable, **all material facts**, including those reasonable discoverable, which in any way influence the decisions or actions of the executive authority or that legislature.

Further/Specific Requirement (PFMA section 5a))	Quantitative (Amount)	Qualitative
None	<p><b>SAST Response:</b> Any fact discovered of which the amount exceeds the determined materiality figure as calculated under par 2.1</p>	<p><b>SAST Response:</b></p> <ol style="list-style-type: none"> <li>1. Any item or event of which specific disclosure is required by law</li> <li>2. Any fact discovered of which its omission or misstatement, in the Council's opinion, could influence the decisions or actions of the executive authority or legislature.</li> </ol>

#### 4.2 SAST Response to Annual Report and Financial Statements Requirement

<b>General/Principal Requirement (PFMA section 55)</b>		
The annual report and financial statements referred to in subsection (1) (d) must (a) fairly present the state of affairs of the public entity, <u>its business</u> , <u>its financial results</u> , <u>its performance against predetermined objectives</u> and its <u>financial position</u> as at the end of the financial year concerned:		
<b>Further/Specific Requirement (PFMA section 55 (a))</b>	<b>SAST Response: Quantitative</b>	<b>SAST Response: Qualitative</b>
(b) include particulars of:  (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;  (ii) any criminal or disciplinary steps taken consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;  (iii) any losses recovered or written off;  (iv) any financial assistance received from the state and commitments made by the state on its behalf; and  (v) any other matters that may be prescribed.	<ol style="list-style-type: none"> <li>Losses through criminal conduct: any loss identified.</li> <li>Losses through irregular, fruitless, wasteful expenditure: Where combined total exceeds the planning materiality figure used by the external auditors for the year under review.</li> </ol>	All identified losses through criminal conduct will be disclosed. Fruitless and wasteful expenditure and financial misconduct.

#### 4.3 SAST Response to Information to be submitted by Accounting Authority Requirement

<b>General/Principal Requirement (PFMA section 54)</b>		
Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and <u>in writing</u> inform the relevant <u>treasury</u> of the transaction and submit relevant particulars of the transaction to <u>its executive authority</u> for approval of the transaction:		
<b>Further/Specific Requirement (PFMA section 54)</b>	<b>SAST Response: Quantitative</b>	<b>SAST Response: Qualitative</b>
(b) participation in a <b>significant</b> partnership, trust, unincorporated joint venture or similar arrangement.	Qualitative aspect is more relevant	Any participation, <u>outside of the approved strategic plan and budget</u> .
(c) acquisition or disposal of a <b>significant</b> shareholding in a company.	Qualitative aspect is more relevant	Any acquisition or disposal, <u>outside of the approved strategic plan and budget</u> .
(d) acquisition or disposal of a <b>significant</b> asset.	Qualitative aspect is more relevant	<ol style="list-style-type: none"> <li>Any asset that would increase or decrease the overall operational functions of the SAST, <u>outside of the approved strategic plan and budget</u>.</li> <li>Disposal of the major part of the assets of the SAST <u>outside of the approved strategic plan and budget</u>.</li> </ol>
(e) Commencement or cessation of a <b>significant</b> business activity.	Qualitative aspect is more relevant	Any business activity that would increase or decrease the overall operational functions of the SAST, <u>outside of the approved strategic plan and budget</u> .

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## 1. INTRODUCTION

- 1.1 The Minister of Arts and Culture declared The Renaissance Theatre, a cultural institution, in terms of section 3(1) of the Cultural Institutions Act, 1998, on 22 April 2005.
- 1.2 The Renaissance Theatre, a cultural institution, trading as the South African State Theatre (the SAST)
- 1.3 In terms of the provisions of the Cultural Institutions Act, all cultural institutions must be placed under the control, management and direction of a Council, appointed by the Minister of Arts and Culture.
- 1.4 The Council has been appointed by the Minister of Arts and Culture.
- 1.5 In terms of the Public Finance Management Act, 1999, the SAST is a government business enterprise as listed in Schedule 3 and the Council is the accounting authority for the SAST.
- 1.6 In adherence to good governance practices it is the Council's intention to adopt this Charter to act as the Council's terms of reference.

## 2. PURPOSE OF THE CHARTER

- 2.1 To clearly define the Council's roles, responsibilities and functions, including the Council's responsibilities for:
  - 2.1.1 The adoption of strategic plans;
  - 2.1.2 Monitoring of operational performance and management;
  - 2.1.3 Determining policy and processes to ensure the integrity of the SAST's risk management and internal controls;
  - 2.1.4 Communication policy; and
  - 2.1.5 Council member's orientation and evaluation.
- 2.2 In addition to the Charter, the Council will be subject to the provisions of the following:
  - 2.2.1 The Cultural Institutions Act, 1998;
  - 2.2.2 The Public Finance Management Act, 1999;
  - 2.2.3 The Shareholders Compact;
  - 2.2.4 The White Paper on Arts, Culture and Heritage;
  - 2.2.5 The Protocol on Corporate Governance in the Public Sector, as issued by the Department of Public Enterprises;
  - 2.2.6 The King IV Report; and
  - 2.2.7 Any other applicable law, regulatory provisions or government policies or any directives.

## 3. MEMBER OF THE COUNCIL

(In terms of the provisions of section 5 of the Cultural Institutions Act)

- 3.1 Composition and appointment
  - 3.1.1 At least seven members appointed by the Minister of Arts and Culture, in the prescribed manner.
  - 3.1.2 The Chief Executive Officer will serve ex officio and has no voting powers.
  - 3.1.3 Appointment to the Council must be in accordance with the principles of transparency and representivity.



### 3.2 Skills

3.2.1 At least one of the members appointed to the Council must have experience in financial matters.

### 3.3 Termination

3.3.1 A member of the Council is appointed for a period of three years, unless a shorter period is prescribed.

3.3.2 A member of the Council whose period of office has expired, may be reappointed.

3.3.3 If a member of the Council dies or vacates office before the expiry of the period for which the member has been appointed, another person may be appointed to fill the vacancy for the unexpired portion of the period for which the member was appointed.

3.3.4 A member of the Council must vacate office if:

3.3.4.1 that member resigns in writing;

3.3.4.2 that member has been absent from three consecutive meetings of the Council without its leave;

3.3.4.3 that member is an un-rehabilitated insolvent;

3.3.4.4 that member is found to be of unsound mind by a court of law;

3.3.4.5 that member is convicted of an offence involving dishonesty or bodily harm and is sentenced to imprisonment without the option of a fine;

3.3.4.6 that member materially breaches the code of ethics of the institution; or

3.3.4.7 on reasonable grounds, the majority of the Council so recommends and the recommendation is accepted by the Minister of Arts and Culture.

3.3.5 The Minister of Arts and Culture may dissolve the Council on any reasonable grounds.

## 4. DUTIES, FUNCTIONS AND RESPONSIBILITIES OF THE COUNCIL

4.1 Statutory functions in terms of the provisions of section 8 of the Cultural Institutions Act

4.1.1 To formulate policy.

4.1.2 To hold, preserve and safeguard all movable and immovable property of whatever kind placed in the care of or loaned or belonging to the SAST.

4.1.3 To receive, hold, preserve and safeguard all movable property placed under the care and management of the SAST by the Minister of Arts and Culture, in terms of section 10(1) of the Cultural Institutions Act.

4.1.4 To raise funds for the SAST.

4.1.5 To manage and control money received by the SAST and to utilise those monies for defraying expenses in connection with the performance of the SAST's functions.

4.1.6 To keep a proper record of the property of the SAST and to submit to the Director-General any returns required by him or her in regard thereto and to cause proper books of account to be kept.

4.1.7 To determine, subject to the Cultural Institutions Act and with the approval of the Minister of Arts and Culture, the objects of the SAST.

4.1.8 To generally carry out the objects of the SAST.

4.1.9 The Council may determine the hours during which and the conditions and restrictions subject to which the public may visit the SAS, or portion thereof, and the admission charges to be paid.

4.1.10 The Council may appoint such persons as it considers necessary to perform the functions of the SAST.

4.1.11 The determination of the remuneration and other conditions of service of persons appointed under section 4.1.10 above must be in accordance with a scheme approved by the Minister of Arts and Culture in consultation with the Minister of Finance.

4.1.10 above must be in accordance with a scheme approved by the Minister of Arts and Culture in consultation with the Minister of Finance.

4.1.12 The Council must no later than one month before the commencement of each financial year, submit a business plan covering the next three years and containing such information as may be prescribed by the Minister of Arts and Culture for his or her approval.

- 4.1.13 The Council must submit an annual report to the Minister of Arts and Culture which must contain such information regarding the activities and financial position of the Council as may be prescribed, to be tabled in Parliament by the Minister of Arts and Culture.
- 4.1.14 Within five months after the report has been tabled at Parliament, a delegation consisting of the Council Chairperson and at least two other Council members must brief the relevant committee of Parliament on the annual report.

4.2 Statutory functions in terms of the provisions of Chapter 6 of the Public Finance Management Act

- 4.2.1 The Council must exercise the duty of utmost care and ensure reasonable protection of the assets and records of the SAST.
- 4.2.2 The Council must act with fidelity, honesty, integrity and in the best interests of the SAST in managing the financial affairs of the SAST.
- 4.2.3 The Council must on request, disclose to the Minister of Arts and Culture all material facts, including those responsibly discovered, which in any way may influence the decisions or actions of the Minister of Arts and Culture.
- 4.2.4 The Council must seek, within its sphere of influence to prevent any prejudice to the financial interests of the state.
- 4.2.5 The Council members may not act in any way that is inconsistent with the responsibilities assigned to the Council in terms of any legislature.
- 4.2.6 The Council members may not the position of privileges of, or confidential information obtained as a Council member for personal gain or to improperly benefit another person.
- 4.2.7 The Council members must disclose to the Council any direct or indirect personal or private business interest that that Council member or any spouse, partner or close family member may have in any matter before the Council and with draw from the proceedings of the Council when that matter is considered, unless the Council decides that the Council member's direct or indirect interest in the matter is trivial or irrelevant.
- 4.2.8 The Council must ensure that that the SAST has and maintains effective, efficient and transparent systems of financial and risk management and internal controls.
- 4.2.9 The Council must ensure that the SAST has and maintains a system of internal audit under the control and direction of an audit committee.
- 4.2.10 The Council must ensure that an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective, is adopted.
- 4.2.11 The Council must ensure that a system for properly evaluating all major capital projects prior to making a final decision on the project.
- 4.2.12 The Council must take effective and appropriate steps to collect all revenue due to the SAST.
- 4.2.13 The Council must take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the SAST.
- 4.2.14 The Council must take effective and appropriate steps to manage available working capital efficiently and economically.
- 4.2.15 The Council is responsible for the management, including the safe-guarding, of the assets and for the management of the revenue, expenditure and liabilities of the SAST.
- 4.2.16 The Council must comply with any tax, levy, duty, pension and audit commitments as required by legislation.
- 4.2.17 The Council must take effective and appropriate disciplinary steps against any employee of the SAST who
  - 4.2.17.1 Contravenes or fails to comply with any provision of law;
  - 4.2.17.2 Commits an act which undermines the financial management and internal controls system of the SAST; or
  - 4.2.17.3 Makes or permits an irregular expenditure or a fruitless and wasteful expenditure.
- 4.2.18 The Council is responsible for the submission by the SAST of all reports, returns, notices and other information to Parliament or the Department of Arts and Culture as may be required by the Public Finance Management Act.
- 4.2.19 The Council must promptly inform the National Treasury on any new entity which the SAST intends to establish or in the establishment of which it takes the initiative, and allow the National Treasury a reasonable time to submit its decision prior to the formal establishment thereof.



- 4.2.20 The Council must comply, and ensure compliance by the SAST with the provisions of Public Finance Management Act and any other legislation applicable to the SAST.
- 4.2.21 If the Council is unable to comply with any of the responsibilities set out in Part 6 of the Public Finance Management Act, the Council must promptly report the inability, together with reasons, to the Minister of Arts and Culture and treasury.
- 4.2.22 The Council must submit to the Department of Arts and Culture and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year a projection of revenue, expenditure and borrowings for that financial year in the prescribed format; and a corporate plan in the prescribed format covering the affairs of the SAST for the following three financial years (Annual Performance Plan).
- 4.2.23 The Council must submit to the Department of Arts and Culture, at least six months before the start of the financial year or another period agreed to between the Minister of Arts and Culture and the SAST, a budget of estimated revenue and expenditure for that financial year, for approval by the Minister of Arts and Culture.
- 4.2.24 The Council is responsible for ensuring that expenditure of the SAST is in accordance with the approved budget.
- 4.2.25 The Council must submit to the relevant treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant treasury or the Auditor-General may require.
- 4.2.26 Before the SAST concludes any of the following transactions, the Council must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to the Minister of Arts and Culture for approval of the transaction:
  - 4.2.26.1 Establishment or participation in the establishment of a company;
  - 4.2.26.2 Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
  - 4.2.26.3 Acquisition or disposal of a significant shareholding in a company;
  - 4.2.26.4 Acquisition or disposal of a significant asset;
  - 4.2.26.5 Commencement or cessation of a significant business activity; and
  - 4.2.26.6 A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.
- 4.2.27 The Council must keep full and proper records of the financial affairs of the SAST.
- 4.2.28 The Council must prepare financial statements for each financial year in accordance with generally accepted accounting practice, unless the Accounting Standards Board approves the application of generally recognised accounting practice for the SAST.
- 4.2.29 The Council must submit those financial statements within two months after the end of the financial year to the Auditor-General and the relevant treasury.
- 4.2.30 The Council must submit within five months of the end of a financial year to the relevant treasury and the Minister of Arts and Culture:
  - 4.2.30.1 An annual report on the activities the SASR during that financial year.
  - 4.2.30.2 The financial statements for that financial year after the statements have been audited; and
  - 4.2.30.3 The report of the Auditor-General on those statements.
- 4.2.31 The Council must submit the annual report and annual financial statements for tabling in Parliament or the provincial legislature, to the Minister of Arts and Culture.

#### 4.3 Other duties:

- 4.3.1 Act as the focal point for and custodian of corporate governance by managing the relationship with management and stakeholders along sound corporate governance principles.
- 4.3.2 Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
  - 4.3.2.1 Contributing to and approving the strategy;
  - 4.3.2.2 Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;

- 4.3.2.3 Identifying key performance and risk areas;
- 4.3.2.4 Ensuring that the strategy will result in sustainable outcomes; and
- 4.3.2.5 Considering sustainability as a business opportunity, that guides strategy formulation.
- 4.3.3 Provide effective leadership on an ethical foundation.
- 4.3.4 Ensure that the SAST is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the SAST but also the impact that business operations have on the environment and the society within which it operates.
- 4.3.5 Ensure that the Council's ethics are managed effectively.
- 4.3.6 Ensure that the Council has an effective and independent Audit Committee.
- 4.3.7 Be responsible for the governance of risk.
- 4.3.8 Be responsible for Information Technology (IT) governance.
- 4.3.9 Ensure that there is an effective risk-based Internal Audit.
- 4.3.10 Appreciate that stakeholder perceptions affect the SAST's reputation.
- 4.3.11 Ensure the integrity of the SAST's Annual Integrated Report.
- 4.3.12 Act in the best interests of the SAST by ensuring that individual Council members:
  - 4.3.12.1 Adhere to legal standards of conduct; and
  - 4.3.12.2 Are permitted to take independent advice in connection with their duties following an agreed procedure.
- 4.3.13 Commence business rescue proceedings as soon as the SAST is financially distressed.
- 4.3.14 Appoint and evaluate the performance of the Chief Executive Officer.
- 4.3.15 The Council should do everything necessary to fulfil its role as stipulated above

#### 4.4 General

- 4.4.1 The Council shall at all times:
  - 4.4.1.1 Give due consideration to the relevant legal provision and good corporate governance protocols;
  - 4.4.1.2 Retain a copy of the current Charter at the registered office of the SAST and provide stakeholders with a copy of the same if required; and
  - 4.4.1.3 Consider such other topics and fulfil such other duties as defined by the Minister of Arts and Culture.
- 4.4.2 In order to discharge its responsibilities and fulfil its duties the Council will engage in the specific activities in accordance with the Councils approved work plan.

### 5. POWERS AND DELEGATION OF POWERS

- 5.1 In respect of the duties of the Council as set out in section 4 above, the Council will report to the Minister of Arts and Culture
- 5.2 The Council may in writing delegate any of the duties, functions, responsibilities and powers entrusted or delegated to the Council to a sub-committee or an official at the SAST or instruct a sub-committee or an official at the SAST to perform any of the duties assigned to the Council.
- 5.3 A delegation or instruction to a sub-committee or official of the SAST is subject to any limitations and conditions that the Council may impose and does not divest the Council of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty.
- 5.4 The Council may confirm, vary or revoke any decision taken by a sub-committee or an official of the SAST as a result of a delegation or instruction, subject to any rights that may have become vested as a consequence of the decision.
- 5.5 Delegation is formal and involves the following:
  - 5.5.1 Formal charters to be established and approved for each sub-committee of Council, to act as their terms of reference.
  - 5.5.2 The sub-committees' charters are reviewed at least once a year or when necessary.
  - 5.5.3 The sub-committees are appropriately constituted with due regard to the skills required by each committee.



## 6. CULTURE AND INTERPERSONAL DYNAMICS

- 6.1 The Council contains a collection of diverse minds that need to speak as one voice and therefore requires Council members to be mindful of the diversity and differences of fellow Council members.
- 6.2 Council members shall treat each other with mutual respect.
- 6.3 Any form of racism or sexism will not be tolerated.
- 6.4 Openness and equality between Council members is essential.
- 6.5 Debates on critical issues are brought to a clear and consensual conclusion.
- 6.6 Threats and intimidation of any kind will not be tolerated.

## 7. COUNCIL CHAIRPERSON

### 7.1 Appointment

- 7.1.1 The Chairperson of the Council is appointed by the Minister of Arts and Culture from the appointed Council members and holds office for the period or the unexpired portion of the period for which he or she has been appointed as a Council member.
- 7.1.2 If the Council Chairperson vacates the office as Chairperson before the expiration of the period for which he or she is appointed, another Council member must be appointed by the Minister of Arts and Culture from the remaining Council members.

### 7.2 Role of the Council Chairperson

- 7.2.1 To guide Council members to participate as a cohesive and effective team.
- 7.2.2 To create awareness with Council members' in order for a mutual understanding of roles, responsibilities and accountability, including the need to comply with the Code of Conduct.
- 7.2.3 To inform members about developments in government policy, priorities and financial reporting.
- 7.2.4 To manage the evaluation of the performance of the Chief Executive Officer along with the Chairperson of the Audit and Risk Committee and one other appointed Council member and present the result of the evaluation to the Council members in a Council meeting for further action, if required.
- 7.2.5 To represent the Council to external parties as an official spokesperson for the Council, unless otherwise delegated to another Council member.

### 7.3 Council Chairpersons duties related to the media

- 7.3.1 The Council Chairperson is the only Council member authorised to communicate or express thoughts and opinions to the media, unless otherwise delegated to another Council member.
- 7.3.2 The Council Chairperson will inform Council members of any and all interviews granted or comments made to the media.
- 7.3.3 The Council Chairperson in co-operation and understanding with the Chief Executive Officer will compile information regarding the discussion of certain matters before addressing the media or releasing a media statement.

### 7.4 Chairperson's responsibilities and duties within a meeting

- 7.4.1 To preserve order, determine quorum, approve proxies, voting procedures, adjournments and to declare outcomes of voting and resolutions.
- 7.4.2 To monitor the progress of the meeting by ensuring everyone has an opportunity to give his or her opinion, thus facilitating all-around participation.
- 7.4.3 To encourage robust and productive debate and ensure interactive participation by all Council members.
- 7.4.4 To make sure the discussion of the agenda does not drift to irrelevant issues unconnected with the objectives of the meeting.
- 7.4.5 To keep track of the time allocated to participants to avoid stretches in discussions that may lead to long, perennial meetings and at the same time listen attentively to the information discussed in the meeting.
- 7.4.6 To seek the opinion of the Council members on their responses to the meeting and possible recommendations or concerns.
- 7.4.7 To encourage all Council members to be always mindful, adhere to professional courtesy and conduct at all times, also to illustrate the necessary respect regarding the importance of professional time.

## 8. MEETINGS

### 8.1 Frequency

- 8.1.1 The Council will meet at least four times a calendar year.
- 8.1.2 The dates for the four meetings will be agreed upon by the Council members and disseminated to the Council members at the beginning of every calendar year.
- 8.1.3 Any member of the Council or the Chief Executive Officer, may request a meeting if deemed necessary and a meeting will then be arranged in consultation with the Chairperson of the Council.

### 8.2 Agenda

- 8.2.1 The Chief Executive Officer and the Company Secretary shall, in consultation with the Chairperson of the Council, draft an agenda, which shall be circulated with supporting documentation and notice of the meeting preferably seven days before the meeting.
- 8.2.2 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. The annual work plan must ensure proper coverage of the matters referred to in this Charter.
- 8.2.3 Council members must be fully prepared for Council meetings, to provide appropriate and constructive input on matters tabled at meetings.

### 8.3 Minutes and reporting procedures

- 8.3.1 The Company Secretary shall attend and minute all meetings.
- 8.3.2 The minutes of the Council meetings shall be completed within fourteen days of such meeting and shall be circulated to all members of the Council and other relevant personnel as directed by the Council Chairperson.
- 8.3.3 The official minutes shall consist of those duly signed by the Council Chairperson and Company Secretary after approval by the Council members.

### 8.4 Resolutions

- 8.4.1 Decisions of the Council will be made by resolution of the 50% plus 1 of the Council members present at the Council meeting.
- 8.4.2 In the event of an equality of votes on any matter, the Council Chairperson will have an additional casting vote.
- 8.4.3 A written resolution (round robin resolution) signed by 50% plus 1 of the Council members shall be as valid and effectual as if it has been passed at a duly constituted meeting of the Council, provided that each Council member shall have been afforded 7 ordinary days opportunity to express an opinion on the matter to which such resolution relates.
- 8.4.4 Once a resolution has been approved, it may not be challenged or impugned by any person in any forum on the grounds that it did not satisfy sections 8.4.1, 8.4.2 and 8.4.3 above.

### 8.5 Quorum and postponement

- 8.5.1 A quorum for meetings of the Council shall be 50% plus 1 of the Council members.
- 8.5.2 If the Chairperson of the Council is not present within 15 (fifteen) minutes of the stipulated start time for such meeting, then the Council members present shall elect a Chairperson from among them to act as Chairperson of the meeting.
- 8.5.3 If after 30 minutes of the stipulated time for such meeting to commence, quorum has not been met, the Chairperson may, without obtaining consent of those present at the meeting declare that the meeting be postponed, for one week.
- 8.5.4 If at the time appointed for the postponed meeting to begin, the requirements of section 8.4.1 have not been satisfied, then the member of the Committee present will be deemed to constitute quorum.



## 8.6 Attendance and apologies

- 8.6.1 The Chief Financial Officer and any other senior member of management may be invited to attend Council meetings.
- 8.6.2 The Council may, if deemed fit, confer and meet by telephone, closed circuit television or video conferencing and decision taken at such meeting shall constitute a proper resolution of the Council provided that the requirements of section 8.4 and 8.5 of this Charter have been met.
- 8.6.3 The Council and the Chief Executive Officer may in consultation with the Chairperson invite any other relevant person to attend Council meetings.
- 8.6.4 All Council members have an obligation to attend all Council meetings.
- 8.6.5 Absence of a Council member for whatever reason must be reported by way of a written apology via e-mail forwarded to the organiser of the meeting no later than 3 days (72 hours) before the meeting.
- 8.6.6 In circumstances beyond the control of the Council member, such as unexpected situations or emergencies, apologies may be accepted via telephone call, sms or text message forwarded to the organiser of the meeting, up to 1 hour prior to the meeting.
- 8.6.7 In the event that no apology is recorded for a meeting, the Council member will be recorded as absent.

## 9. REMUNERATION

- 9.1 A Council member who is not in the full-time employment of the State may receive out of the funds of the Council, in respect of his or her functions as a member, honoraria and reimbursement for expenses as the Council may determine.
- 9.2 The determination criteria for the payment of the honoraria and reimbursement of expenses contemplated in 9.1 above, is subject to the National Treasury's Instructions on cost containment measures as issued from time to time.

## 10. EVALUATION

The Council shall conduct a self-assessment or self-evaluation of its effectiveness on an annual basis. After completing its evaluation, the Council should review the results so that appropriate action can be taken on any recommendations resulting from the review.

## 11. TRAINING

- 11.1 Council members should receive a complete orientation that allows them to function effectively from the start.
- 11.2 Opportunities for continuous education and training should be actively pursued by each Council member.
- 11.3 All Council members will be required to keep up to date with developments affecting the areas of responsibility of the Council.

## 12. GENERAL

- 12.1 The use of complimentary tickets and house seats for a SAST production is a benefit afforded to Council members, and will be made available to Council members, in the event that there are tickets available for the production requested, from the office of the Chief Executive Officer.

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## 1. EXPLANATORY TERMS

### 1.1. What is Fraud?

#### "Fraud"

In the context of the South African State Theatre (SAST) includes, but is not limited to the following (Legal definitions): -

#### Legal definitions:

- 1.1.1. **Fraud: i.e. the unlawful and intentional making of a misrepresentation which causes actual prejudice or is potentially prejudicial to another;**
- 1.1.2. **Theft: i.e. a person commits theft if he unlawfully and intentionally appropriates moveable/corporeal property, which:**
  - a) Belongs to and is the possession of another;
  - b) Belongs to another but is in the perpetrators own possession; or
  - c) Belongs to the perpetrator but is in another's possession and such other person has a right to possess it which legally prevails against the perpetrator's own right of possession;
  - d) Provided that the intention to appropriate the property includes an intention permanently to deprive the person entitled to the possession of such property.
- 1.1.3. **Offences in respect of corrupt activities as defined in the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, including the general offence of corruption which could be summarised as: directly or indirectly accepting or agreeing to accept any gratification from another person; giving or agreeing to give any other person any gratification in order to influence that person directly or indirectly to exercise his powers, duties or legal obligations in a manner which is/amounts to:**
  - a) Illegal, dishonest, unauthorised, incomplete, or biased;
  - b) Misuse or selling of information or material acquired;
  - c) Abuse of position of authority;
  - d) Breach of trust;
  - e) Violation of a legal duty or set of rules;
  - f) Designed to achieve an unjustified result; and
  - g) Any other unauthorised or improper inducement to do or not to do anything.

Further references to fraud and fraud prevention in the body of the strategy include the definitions of fraud, corruption and theft.

Fraud may manifest itself in various areas and thus for the purpose of fraud management at the SAST, the following categories were applied:

#### 1.1.4. **Systems issues: where a process/system exists, which is prone to abuse by employees, contractors and/or other stakeholders, e.g.:**

- a) Misrepresentation of qualifying criteria in order to secure funding e.g. for research purposes;
- b) Manipulation of sales figures to achieve sales and revenue targets; and
- c) Deliberate non-compliance and/or irregularities in the application of policies, procedures and processes e.g. the procurement process, human resource process etc.

#### 1.1.5. **Financial issues: i.e. where individuals or entities have fraudulently obtained money from the SAST, e.g.:**

- a) Collusion between the staff and customers to granting of irregular discounts;
- b) Misappropriation of funding e.g. research grants;
- c) Money laundering;
- d) Deliberately creating dummy accounts to facilitate irregular activities; and
- e) Diversion of payroll payments to personal accounts.

**1.1.6. Equipment and resource issues: i.e. where the SAST's equipment and/or resources is stolen or utilised for personal benefit, e.g.:**

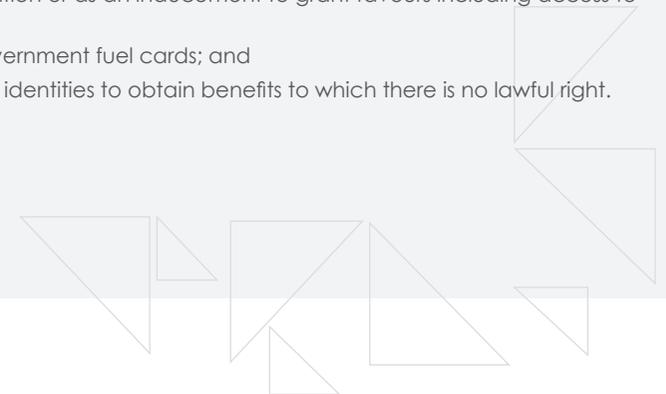
- a) Misrepresentation of the use of funding e.g. using specific research grants for unrelated research/personal expenses, purchase of assets/equipment unrelated to research, in order use funds before end of allocation period;
- b) Selling of product information in exchange for personal gain e.g. to competitors;
- c) Soliciting funds using the SAST's credentials for personal gain;
- d) Theft of or deliberate damage to assets, resources and products; and
- e) Submission of false credentials and experience by applicants, e.g. false qualifications, employment history etc.

**1.1.7. Other issues: i.e. activities undertaken by the SAST's employees, suppliers and other stakeholders, which may be against policies or fall below established ethical standards, e.g.:**

- a) Deliberate breach of confidentiality clauses and restraints of trade agreements;
- b) Cyber fraud;
- c) Intimidation of witnesses in disciplinary/criminal proceedings;
- d) Fronting;
- e) Bribery;
- f) Collusion;
- g) Inflated financial requirements; and
- h) Conflict of interest.

The following illustrations are provided as a guide to fraudulent activities:

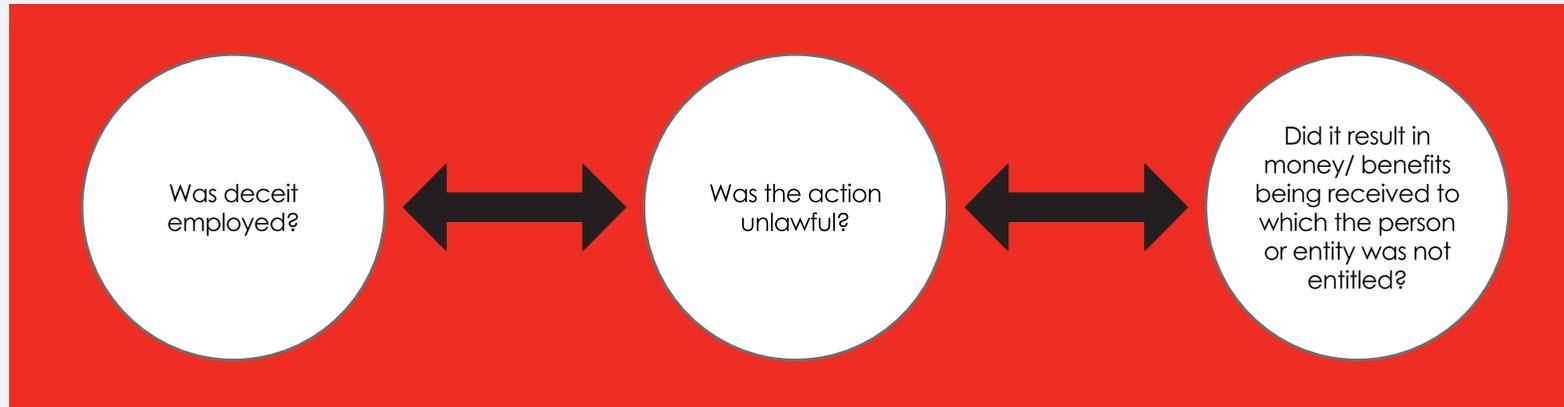
- 1.1.8. Evasion, by deceit, of payments owing to the SAST by omission or false statement. Example: Falsifying an application or statement in order to reduce a liability to pay tax or a license fee;
- 1.1.9. Obtaining, by deceit, benefits or documents to which the recipient is not entitled. Example: Welfare benefits, education benefits, travel allowances, license;
- 1.1.10. Forgery. Example: a document, signature on a document or cheque, submission of falsified receipts or invoices, forged certificates of competency or qualification;
- 1.1.11. Charging the SAST, by deceit, for goods and services not delivered or only delivered in part. Example: Fraud in procurement, specifications not met, substandard material used, false invoices, collusive tendering, skimming or under-delivery of products or service;
- 1.1.12. Theft or unlawful removal of the SAST's property. Example: Stealing equipment such as computers, other technical devices, stores, and furniture, property that should have been officially disposed of, forms or certificates or other valuables assets. Unlawful use of the SAST's vehicles, telephones or other property or services;
- 1.1.13. Theft of information for financial or other advantage. Example: Unlawful disclosure of information to contractors, the media or others including for use by a third party, theft of documents;
- 1.1.14. Theft and making off without payment with the collusion of, or by an official of the SAST. Example: Any unlawful act by an official of the SAST with the intention of stealing from the SAST or assisting someone else to steal. "Making off" is where a person, knowing that immediate payment for any goods or service supplied is required, dishonestly makes off without having paid and with intent to avoid payment;
- 1.1.15. Bribery, corruption, blackmail, secret commissions and extortion involving an official of the SAST in the performance of his/her duties. Example: Abuse of discretions, accepting a bribe or granting a license, approving a drug, or awarding a contract. Accepting payments to ignore non-performance of obligation or as an inducement to grant favours including access to confidential information;
- 1.1.16. Abuse of the SAST's facilities. Example: Using a vehicle of the SAST for unauthorised personal or business uses. Abuse of government fuel cards; and
- 1.1.17. Obtaining property by deception and obtaining financial advantage by deception. Example: The use of false or multiple identities to obtain benefits to which there is no lawful right. Passing off a cheque, obtaining benefits using false documents.



There are primarily three types of irregularities which the SAST has defined as areas of concern in this context:

- 1.1.18. **"Theft"**: Dishonesty appropriating the property of another with the intention of permanently depriving them of it. This may include removal or misuse of funds, assets or cash.
- 1.1.19. **"False Accounting"**: Dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive.
- 1.1.20. **"Bribery and Corruption"**: Offering a bribe to any public officer to influence his behaviour and similarly accepting such a bribe

A basic test for fraud could include the following questions:



## 1.2. Criteria for the SAST Fraud Prevention Strategy

The criteria established for fraud prevention at the SAST is to:

- 1.2.1. Adopt a plan based on legislation and policy;
- 1.2.2. Set up the base of information in order that deviations can be monitored and detected;
- 1.2.3. Reduce deviations and implement legal recourse where needed and improve controls as a response;
- 1.2.4. Incorporate fraud prevention as part of risk management practice.

## 1.3. Specific Terms applied to the SAST

- 1.3.1. **Management**: Refers to collective management group and includes the SAST's Council, senior, middle and junior management;
- 1.3.2. **Strategy**: The SAST's Fraud and Corruption Prevention Strategy; and
- 1.3.3. **Supplier**: refers not only to vendors providing services and materials to the organisation, but also consultants, financial institutions, advisors and any person or institution which does business with the SAST.

## 2. INTRODUCTION

### 2.1. Background

No organisation or administrative process is free of risk. It is management's responsibility to identify and control the risk which the organisation faces. Risk may be defined as the chance of an unwelcome outcome and may cover a wide range depending upon the nature of the organisation's business.

Fraud management refers to the processes, controls and mitigation strategies adopted by management in identifying, preventing and managing the risk of fraud, corruption and other irregularities through employing mechanisms to detect, prevent, mitigate and manage the identified fraud risks.

Fraud prevention is a component of the fraud management process which is concerned with the effective utilisation of resources and the mitigation of abusing of resources, mismanagement, fraud and corruption. Effective accountability mechanisms for the use of public funds act to bolster the fraud prevention environment.

Measures to prevent fraud should be developed, continually monitored and reviewed, particularly as new systems, benefit programs, contracting or arrangements are introduced or modified.

The Fraud and Corruption Prevention Strategy does not attempt to provide a complete approach to risk management but rather it forms part of the integrated approach to risk management. It concentrates on the management of fraud risks, which, on some aspects, require specific types of control measures aimed at tightening the control environment in respect of specific fraud risks. It is the deliberate nature of fraud which makes it more difficult to detect, prevent or completely eradicate.

While, on some aspects, the controls required to manage fraud risks are specific, many of the existing controls are adequately designed to have a wider application and will therefore form part of a general approach to risk management (including fraud risk) and financial management.

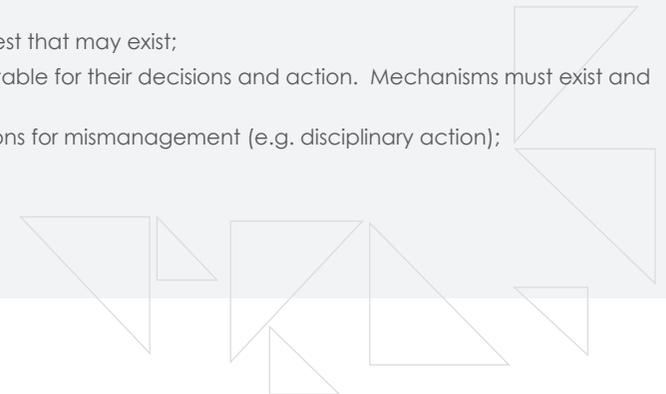
Top management must set the tone of the organisation by promoting an anti-fraud and corruption culture. The personnel function should ensure physical security and Information Technology services promote computer security.

The Fraud and Corruption Prevention Strategy is designed to protect public assets and resources, including money and property, protect the integrity, security and reputation of the SAST and maintain a high level of services to the community which consistently applies "good governance" principles as prescribed by the King IV Code.

### 2.2. Structure of the Fraud and Corruption Prevention Strategy

The first part of this document outlines how executive management can create the right conditions (based on the principle of setting the tone from the top) and encompasses the following principles of good governance and fraud management:

- 2.2.1. Sound political and management leadership is required to steer the SAST towards fulfilling its vision, mission and the desired objectives and outcomes;
- 2.2.2. Better service delivery through the principles of Batho Pele will underpin all the SAST's activities;
- 2.2.3. Corporate discipline is a commitment by the SAST executive management to adhere to behaviour that is universally recognised and accepted to be correct and proper;
- 2.2.4. Transparency is the ease with which an outsider is able to make meaningful analyses of the SAST's actions, its economic fundamentals and the non-financial aspects pertinent to the organisation. It reflects whether or not stakeholders obtain a true picture of what is happening within the organisation;
- 2.2.5. Independence is the extent to which mechanisms have been put in place to minimise or avoid potential conflicts of interest that may exist;
- 2.2.6. Individuals/committees that make decisions and take actions on specific issues on behalf of the SAST need to be accountable for their decisions and action. Mechanisms must exist and be effective to allow for the assigning of responsibility and accountability;
- 2.2.7. With regard to management, responsibility pertains to behaviour that allows for corrective action and for applying sanctions for mismanagement (e.g. disciplinary action);



- 2.2.8. The systems that exist within SAST must exhibit fairness and take into account all those that have an interest in the SAST and its future. The rights of the various individuals affected by/ involved in the activities of the SAST have to be acknowledged, respected and balanced against each other;
- 2.2.9. Reduction of losses through fraud by the vigorous implementation of fraud prevention procedures;
- 2.2.10. A commitment to a policy of detection, investigation, recovery and prosecution in individual cases of fraud; and
- 2.2.11. Respect for the civil rights of all citizens – including its employers and all civil servants who act as stewards of the public purse.

### **2.3. Public servants and public interest**

The Council, the Chief Executive Officer, executive management and Senior Management are responsible for setting the tone at the top by promoting an ethical culture for the organisation. Ultimately, it is the responsibility of employees to adhere to the organisation's ethical culture as defined in the Code of Conduct. All employees should abide by the legislative prescripts and laws applicable to; and all frameworks, policies and procedures of the SAST with the aim of minimising the risk of fraud, corruption and other irregularities.

It is incumbent on all employees but in particular management to develop, encourage, insist upon and implement sound financial, legal and ethical decision making within their departments. All employees of the SAST should familiarise themselves with the concepts and responsibilities of fraud prevention. Management should ensure that fraud awareness programmes are in place to help create awareness of and mitigate strategies in place to prevent, detect and take corrective action identified and potential fraud risks.

Relevant unions have an important role to play in the development and provision of fraud prevention training, particularly in the area of ethics and code of conduct. It is the responsibility of management to ensure that the management decision making process is as open and public as possible to enforce and demonstrate the four pillars of governance namely:

- 2.3.1. Transparency;
- 2.3.2. Fairness;
- 2.3.3. Accountability; and
- 2.3.4. Responsibility.

Implementation of the principles of good governance prescribed in legislation and the King IV Report on Corporate Governance for South Africa (2016), is key in strengthening the control environment to assist the SAST in its fight to combat fraud, corruption and other irregularities. This is essential due to the nature of fraudulent activities, i.e., fraudulent conduct breeds in an environment where systems, standards and procedures are open to exploitation.

It is in the best interest of good fraud management for the SAST's decision making to be visible and unambiguous to shareholders, employees, vendors and all other stakeholders.

### **2.4. Why is Fraud Prevention important: The legislative environment**

The National Government launched an anti-corruption strategy as far back as 1997. This was further enhanced by the incorporation of anti-corruption legislation in for example, the Public Finance Management Act. The Principles of good corporate governance as dictated by the King IV Code; also necessitate the establishment of a Fraud Prevention Plan.

The provisions of relevant and applicable regulatory and legislative prescripts which contain provisions and principles related to fraud prevention include:

- 2.4.1. The Public Finance Management Act, Act no. 1 of 1999;
- 2.4.2. King IV Report on Corporate Governance in South Africa, 2016 ("King IV");
- 2.4.3. The Prevention and Combating of Corruption Act, Act no. 12 of 2004;
- 2.4.4. Protected Disclosures Act, Act no. 26 of 2000; and
- 2.4.5. Anti-Corruption Conference Resolution of 1998 and 1999.

These principles and provisions can be summarised as follows:

**The Public Finance Management Act, no. 1 of 1999:** Section 38 of the Public Finance Management Act, Act no. 1 of 1999 requires that the accounting officer ensure that the organisation has and maintains an “effective, efficient and transparent systems of financial and risk management and internal control”. This includes the annual assessment of risk faced by the organisation including the risk of fraud and corruption, ethics risks, compliance risks and other irregularities.

This duty is operationally implemented by the risk management department with the assistance of all employees.

**2.4.6. The Public Finance Management Act, no. 1 of 1999:** Section 38 of the Public Finance Management Act, Act no. 1 of 1999 requires that the accounting officer ensure that the organisation has and maintains an “effective, efficient and transparent systems of financial and risk management and internal control”. This includes the annual assessment of risk faced by the organisation including the risk of fraud and corruption, ethics risks, compliance risks and other irregularities.

This duty is operationally implemented by the risk management department with the assistance of all employees.

#### **2.4.7. King IV Code**

Principle 8, Part 5.3, of the King IV Code outlines the responsibilities of the Audit and Risk Committee (State Theatre's Audit and Risk Committee) in respect of assessing the effectiveness of internal controls.

Principle 11, Part 5.4, of the King IV Code is dedicated to the governance of risk and stipulates that the governing body (in this case Council) should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Principle 15, Part 5.4, of the King IV Code addresses the responsibility of the internal audit department to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes under the supervision and oversight of the Audit and Risk Committee as delegated by Council.



**2.4.8. Prevention and Combating of Corrupt Activities Act, no. 12 of 2004:** aims to prevent and fight corruption in government and in the private sector and is applicable to a South African citizen or company registered in South Africa, even when outside South African borders as graphically illustrated below.



The purpose of Prevention and Combating of Corrupt Activities Act, no. 12 of 2004 is to:

- a) Strengthen measures to prevent and combat corruption;
- b) Provide for the offence of corruption and offences relating to corrupt activities;
- c) Provide for investigative measures in respect of corruption;
- d) Provide for the establishment of a register in order to place restrictions of people / entities from contracting with the state;
- e) Place a duty on people in authority to report corruption; and
- f) Provide for extraterritorial jurisdiction in respect of the offence of corruption.

**2.4.9. Protected Disclosure Act, no. 26 of 2000:** is a key piece of legislation in protecting employees and governing the manner in which to make a protected disclosure which is an important aspect of whistleblowing. The Protected Disclosure Act, no. 26 of 2000 defines a protected disclosure, provides guidance on how to make a protected disclosure, the responsibility of the employee and employer in respect of actions to be taken where a protected disclosure has been made and the applicability of the Act. Whistleblowing and its connection to the Protected Disclosure Act is a component to the Fraud management process. The National Treasury's Anti-Corruption Hotline is: **0800 701 701**.

**2.4.10. Anti-Corruption Resolution:** is one of government programme committee's tools to work on corruption. Another key tool in this regard is the Code of Conduct for the Public Service that had become part of the regulations for every public servant in June 1997. The 1998 resolution implemented the solutions addressing issues such as defining corruption, restoring a public service ethos, the role of civil society, the responsibilities of public sector managers, financial management and controls, and co-ordination of anti-corruption structures.

The 1999 Summit adopted a range of resolutions for implementation in the public, business and civil society sectors of the country. These resolutions relate to combating corruption, preventing corruption, building integrity and raising awareness.

## 2.5. The South African State Theatre's Fraud Prevention Strategy

Fraud prevention can be seen as the cumulative effect of both preventative and detection systems incorporated by management. Detection of fraud can only lead to the prevention thereof if the response thereto acts as a deterrent.

The components of the Strategy consist of:

- 2.5.1. Prevention: The action of stopping something from happening or arising.
- 2.5.2. Detection: The action or process of identifying the presence of something concealed.
- 2.5.3. Investigation: The action of investigating something or someone; formal or systematic examination or research; and
- 2.5.4. Response: A solution or explanation to examination from investigations or research.

The prevention of fraud is the most important component of the SAST Strategy in dealing with fraud, corruption and other irregularities.

## 2.6. Your duty in terms of legislation:

In deciding on an appropriate strategy to address fraud, management has considered the following factors which commonly result in fraud as graphically illustrated below by the "Fraud Triangle".



### 2.6.1. "Opportunity"

Lack of internal controls, poor control environment, lack of proper segregation of duties, etc. are all examples of opportunities in the work environment which increase the likelihood of fraud.

Opportunity to commit fraud within the SAST is under the control of management. The implementation of effective and efficient internal controls (both detection and prevention controls) is one of the mechanisms available to management.

Occurrence of fraud within the SAST should initiate a re-design, or if appropriate, a re-engineering of related internal controls.

### 2.6.2. "Incentive / Pressure"

Incentive / pressure is to a large extent unresponsive to management intervention. Management can however through increased focus on the control environment and internal controls increase the incentive / pressure threshold. The incentive/pressure threshold can be defined as the qualified cut-off before a person will commit fraud. Although each individual will have a different threshold, management can raise the average threshold of any activity by his or her attitude and response towards the occurrence of fraud.

### 2.6.3. "Attitude/Rationalisation"

Attitude is to a lesser extent under the control of management. Incorporating a zero-tolerance attitude and culture within the SAST will act as a powerful deterrent for fraud. A work culture embracing and rewarding dishonesty can be a fertile breeding ground for fraudulent activities.

Leading by example will be one of the tools used by management to create such a culture of **ZERO-TOLERANCE** towards fraud.

## 3. PRINCIPLES GOVERNING FRAUD PREVENTION AT THE SAST

### 3.1. Objectives of the Fraud Prevention Plan

The key objectives of Strategy are to:

- 3.1.1. Present detailed step by step actions to implement the Strategy and assign responsibilities and accountability; and
- 3.1.2. Address the risk of fraud on an on-going basis through the implementation of a sustainable plan to which employees and other stakeholders must comply not only with content but also the spirit of the plan.

The Strategy further aims to ensure that:

- 3.1.3. All risks associated with fraud and corruption are controlled;
- 3.1.4. Suspicion of dishonesty are detected, investigated quickly and efficiently in order to prevent or minimise losses. recovery is maximised where fraud and corrupt conduct was detected and investigated; and
- 3.1.5. Controls prevent the recurrence of fraud and corrupt conduct that has been detected in the past.

### 3.2. Fraud and Corruption Policy Statements

The SAST can use a fraud policy statement to communicate the organisation's approach to fraud. Such a statement, which also contributes to an anti-fraud culture, may include some or all of the following areas (this is just a summary of what follow in the document):

- a) Oversight by the Council;
- b) Corporate Governance;
- c) Audit and Risk Committee;
- d) Management; and
- e) Employees and other Stakeholders.

- 3.2.2. The procedures which staff should follow if fraud is discovered. Employees or other concerned individuals who suspect any act of fraud, corruption or other irregular conduct should report such suspicions to the following channels:
- a) Report suspicions to his supervisor or manager;
  - b) Should the employee have any reason to believe that the supervisor or manager to report to is somehow involved in the irregularities, the employee can report the suspicion to a manager in a higher rank, the manager's superior or to the risk management unit;
  - c) Where such superiors are involved, the matter must be reported directly to the office of the CEO; and
  - d) Reporting can also be made via the fraud prevention hotline.
- 3.2.3. Guidance on training for the prevention and detection of fraud, this includes:
- a) The promotion of the Code of Conduct;
  - b) Informing session about fraud awareness and prevention. Ethics, Corporate Governance;
  - c) Fraud risk assessments; and
  - d) Promoting Fraud Prevention Hotline within the SAST.
- 3.2.4. Reference to the response plans that have been devised to deal with and minimise the damage caused by any fraudulent attack.
- It is important that managers know what to do in the event of fraud so that they can act without delay. It is useful therefore that as part of our fraud management strategy, a fraud response plan is drafted and communicated to all managers.

The objective of a Fraud Response Plan is to ensure that timely and effective action is taken. These objectives are set out to address the following requirements:

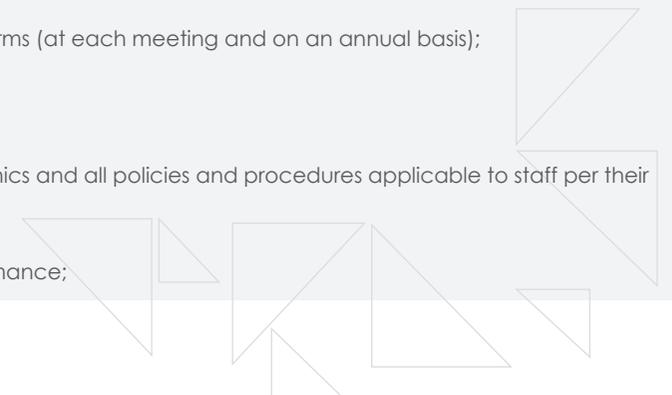
- a) To prevent losses of funds or other assets where fraud has occurred and to maximise recovery of losses;
- b) To minimise the occurrence of fraud by taking rapid action at the first signs of a problem;
- c) To identify the fraudsters and minimise any adverse publicity for the organisation, suffered as a result of fraud;
- d) To identify any lessons which can be acted upon in managing fraud in the future to reduce adverse impacts on the business of the organisation. The existence of a fraud response plan may, in itself, help to act as a deterrent as it shows that an organisation is prepared to defend itself against the risk of fraud;

It is evident from the successes in fraud prevention that all state entities should include a fraud and corruption prevention statement as part of their mission statement or core value statement. This will help ensure that the fraud prevention culture grows as part of the culture of the organisation.

### 3.3. Implementation of the SAST's Strategy

The Implementation of the strategy can only be effected through a series of interrelated steps defined in the SAST's original Fraud Management Plan. Key steps in the implementation process are listed below, some of which may require annual revision.

- 3.3.1. Annual review of Code of Conduct once this document has been finalised;
- 3.3.2. Annual review of the Fraud and Corruption Prevention Strategy;
- 3.3.3. Development of the annual fraud management implementation plan which sets out the annual fraud awareness and management activities. This plan must at a minimum include the following key components:
  - a) Development/review of the approved gifts register, declaration of interests register and the declaration of interest forms (at each meeting and on an annual basis);
  - b) Develop/review of the annual fraud risk, ethics risk and compliance risk registers;
  - c) Develop/review the register of third party transactions (Public Finance Management Act, no. 1 of 1999 requirement);
  - d) Register of non-payment of subscriptions or levies;
  - e) Annual/bi-annual and quarterly information sessions on fraud awareness and prevention, corporate governance, ethics and all policies and procedures applicable to staff per their job specifications;
  - f) Review and record of enforcement of the SAST's disciplinary processes;
  - g) Establishment of a Fraud Prevention Committee/annual review of committee charter/terms of reference and performance;



- h) Promoting Fraud Prevention Hotline within the SAST by creating awareness of the use, contact details and effectiveness of the Fraud Prevention Hotline;
- i) Introducing employee screening before appointment;
- j) Review of the Audit and Risk Committee's role, committee charter and performance;
- k) Review and amend (as required) the roles, charters/terms of reference and performance of the following divisions: Internal Audit, Forensics, Compliance, Governance, Risk and Secretariat; and
- l) Establishment/review of the role, mandate and performance of the combined assurance forum.

### 3.4. FRAUD RISK MANAGEMENT

Managing the risk of fraud is the same in principle as managing any other business risk. It is best approached systematically both at the organisational level, e.g. by using fraud policy statements and personnel policies, and at the operational level.

#### 3.4.1. Relationship between Risk Management and Fraud Management

The risk of fraud is seen as a sub-component of risk within an entity; as such, risk management activities will include the estimation of the likelihood of the occurrence of fraud.

Risk evaluation within the SAST is done using a business process approach. This entails in short, the identification of critical business processes, identification of risks associated within each process and the development of effective, efficient and transparent controls to reduce exposure to identified risks.

Each critical process identified during the business process approach should be evaluated for its susceptibility to fraud. The end result will be a fraud risk map for the SAST processes and this will inform management of potential problem areas and will direct management's attention and effort in the management of risk and thus improve controls.

#### 3.4.2. Risk Management Cycle in the context of Fraud Risk

When considering fraud risks and specific operations there are a number of steps which should be taken:

**a) Identify fraud risk areas**

Establish the area's most vulnerable to the fraud risk. Patterns of loss and areas of potential loss should be identified so that vulnerable areas can be pin-pointed. It may be useful to survey the staff involved in operating the system to establish all the risks of which they are aware. Areas where the risk of fraud may be particularly high are those where there is responsibility for managing contracts, handling cash and allocating or distributing resources.

**b) Assess scale of the risk**

Identify and assess what measures are already in place to prevent fraud; determine the level of residual risk.

**c) Allocate responsibility for risk**

Identify who has responsibility for the management of each fraud risk.

**d) Identify need for revised controls**

Evaluate adequacy of existing controls and establish what further mitigation strategies or improvements to existing controls are required to reduce or, if possible, eliminate the risk of fraud.

**e) Implement the revised controls.**

In areas where revised controls were identified, the relevant control owners would be responsible for the implementation of the set revised controls.

**f) Monitor implementation of controls**

Monitor the existing controls, revised controls and new mitigation strategies implemented to assess their effectiveness. This could be achieved by a number of means including internal audit reviews of systems controls and spot checks by managers to ensure that controls (such as supervisory controls or reconciliations) are in operation.

**g) Evaluate the effectiveness of control**

Assess whether the risk of fraud is lessened as a result of the implementation of revised controls or new mitigation strategies.

**f) Monitor implementation of controls**

Monitor the existing controls, revised controls and new mitigation strategies implemented to assess their effectiveness. This could be achieved by a number of means including internal audit reviews of systems controls and spot checks by managers to ensure that controls (such as supervisory controls or reconciliations) are in operation.

**g) Evaluate the effectiveness of control**

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**3.4.3. The Fraud Risk Management Cycle**

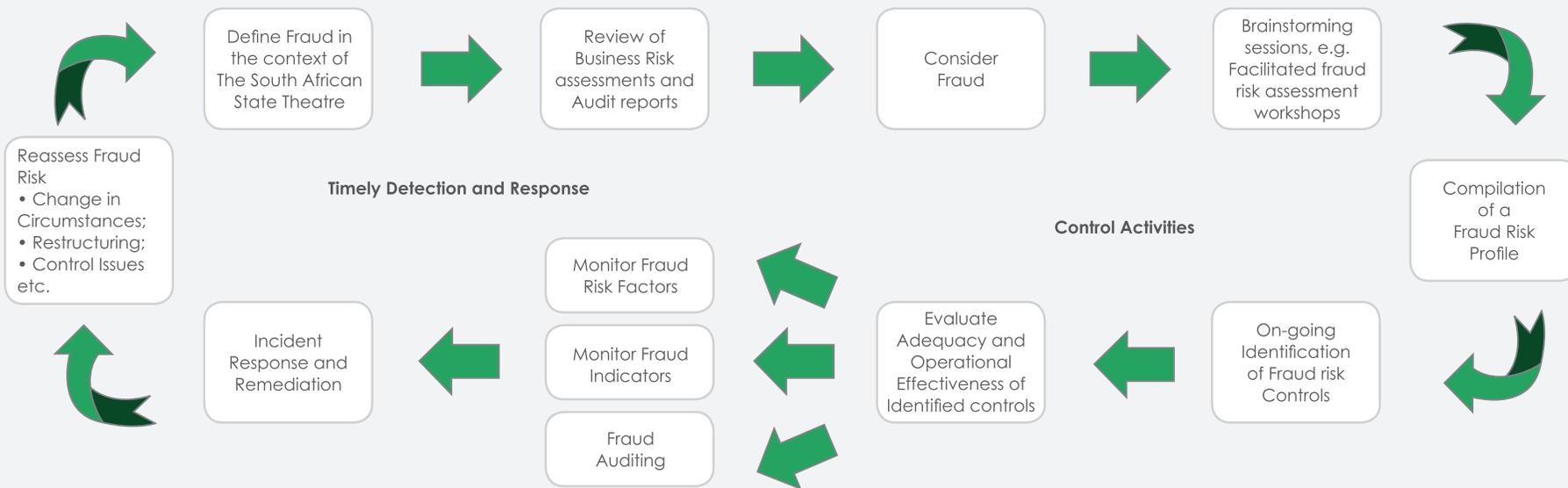
The fraud risk management cycle should be treated as an iterative process. If the implementation of revised controls or new mitigation strategy(ies) are not sufficient to reduce or, if possible, eliminate the risk of fraud, then the cycle must begin again. There are a number of key types of controls, which can be applied to individual systems and to the organisation as a whole depending on their desired outcome. Some of these are preventive, some detective and some have a combined role.

The fraud risk management cycle of the SAST is graphically illustrated as follows:

**a) Fraud control environment:**



**Event Identification, Risk Assessment and Risk Response**



Internal control is the processes affected by management into the governance and management of the SAST's operations in the achievement of the SAST's objectives and goals. There are essentially five (5) components of internal controls which includes the: control environment; risk assessment processes; information systems; control activities; and monitoring of these controls. All these internal control components are effected with the aim to ensure smooth operations and reduce the risk of potential fraud, corruption and other irregularities.

When risks and deficiencies in the levels of control are identified it is necessary to choose the most appropriate type of controls or mitigation strategies.

Fraud should be deterred wherever possible. Similarly, prevention is always preferable to detection. Strong preventative controls should therefore be applied wherever possible. However, preventative controls may not be sufficient to guard against determined fraudsters and detective controls are therefore important.

Detective controls are established to detect errors; omission and fraud after the events have taken place.

The SAST has effected a range of preventative, detective and corrective controls including but not limited to the following:

**i) Oversight by Council**

The function of the SAST's Council is to govern the SAST in terms of the Public Finance Management Act, no. 1 of 1999 and the Cultural Institutions Act no. 119 of 1998.

The Council's mandate is defined in the SAST Council Charter which holds Council ultimately responsible for ensuring that the business remains a going concern and that it thrives.

The role of the Council is to retain full and effective control over the SAST, therefore, it must ensure that it effectively directs and controls the management of the SAST and is involved in all material decisions affecting SAST.

The Council is committed to ensuring good corporate governance throughout the SAST in line with the requirements of the King IV Code and the principles of good corporate practice.

Furthermore, the Council Charter requires all members of Council to disclose any interests they have within or outside the SAST that might interfere or conflict with the performance of their duties.

The Council Charter governs the responsibilities of Council and its meetings. These meetings must include the discussion and presentation of reports on significant risks, including fraud risks, impacting on the SAST. Particular attention should be given to the critical fraud risks and areas that are core for the functioning of the SAST, such as, research, production and revenue.

The PFMA states that it is the responsibility of the accounting authority to ensure that appropriate and effective internal control systems are in place. In respect of the PFMA, the SAST's Enterprise Risk Management Framework and Policy, the Council is defined as the Accounting Authority.

The Accounting Authority must facilitate a risk assessment to determine material risks to which the entity may be exposed and to evaluate the strategy to manage these risks. A risk management plan, which must include a fraud prevention plan, must be used to direct the internal audit effort and priority

In terms of the Council Charter, the responsibilities of the Council include:

- **Corporate Governance:** Overseeing the establishment and administration of the SAST's system of corporate governance as outlined in Sections 4.1, 4.2 and 4.3 of the Council Charter. These functions are derived from Section 8 of the Cultural Institutions Act, 119 of 1998, as amended, and Chapter 6 of the Public Finance Management Act, 01 of 1999, as amended.

These responsibilities should be updated to include the responsibilities to manage and monitor fraud and corruption risk exposures, e.g. monitor compliance to fraud and corruption legislation.

**Strategy:** Providing direction to and equipping management to formulate a strategy and planning process to meet such strategy, and to adopt the recommended strategic plan. Regular review and evaluation of the strengths, weaknesses, opportunities and threats to the SAST as part of setting and reviewing the strategic direction of the SAST is also required.

These responsibilities should be updated to include the responsibilities to the consideration of fraud and corruption schemes during the development of strategy, policy and controls.

- **Risk management:** Entails establishing and monitoring the risk profile of the SAST. Further responsibilities include:
  - Providing input into, and approving of the mechanisms and methodology for identification and prioritising of the principle risks, key performance indicators of the SAST and ensuring the implementation and regular evaluation of systems to manage those risks;
  - Assessing whether the SAST has adequate systems of financial and operational internal controls and monitoring these controls for effectiveness. Executive management should also ensure that there are procedures and systems which act as checks and balances on the information reviewed by the Council; and
  - Identify non-financial elements impacting on the business and to take steps to manage and integrate these steps as part of the business process.

These responsibilities should be updated to include the Fraud Management responsibilities i.e.:

- Establishing and monitoring the fraud risk profile;
  - Providing input into and approving mechanisms and methodology for the identification, mitigation and monitoring of fraud and corruption risk exposures; and
  - Assessing whether the SAST has adequate systems of financial and operational internal controls/mitigation strategies and monitoring these controls for effectiveness in prevention, detecting and correcting the fraud risks faced by the SAST. The directors should also ensure that there are procedures and systems which act as checks and balances on the information reviewed by the Council; and
  - Providing input into and approval of mechanisms for prioritising fraud and corruption risk exposure in order to carry out further proactive procedures e.g. fraud detection reviews.
- **Accountability and sustainability:** Being accountable by providing open, prompt and meaningful reporting to the shareholder, the Department of Arts and Culture and other stakeholders, on financial and non-financial matters and by encouraging attendance at general meetings.

These responsibilities should be updated to include the responsibilities to report on activities undertaken in the management of fraud and corruption risk exposures.

## ii) Oversight by the Audit and Risk Committee and the Internal Audit Unit

**Audit and Risk Committee of Council:** In line with its Charter the SAST Council has the authority to delegate certain responsibilities to Council Committees which include the Audit and Risk Committee. The Audit and Risk Committee has thus been assigned the responsibility to assist the Council and executive management to:

- Comply with their obligations under the PFMA and the Protocol on Corporate Governance in the Public Sector and the King IV Code; and
- Secure transparency, accountability, and sound management of the operations, assets and liabilities of the SAST.

Furthermore, the purpose of the Audit and Risk Committee is to:

- Control and direct the Internal Audit Unit of the SAST;
- Provide a forum for effective communication between Council Members, executive management and Internal and External Auditors; and
- Ensure inter alia, the adequacy of the SAST's internal controls and risk management within the SAST.

In respect of the Enterprise Risk Management Framework and Policy the Audit and Risk Committee is responsible for:

- The total process of risk management, which includes a related system of internal control;
- Forming its own opinion on the effectiveness of the process;
- Providing monitoring, guidance and direction in respect of Enterprise Risk Management;



- Ascertaining the status of enterprise risk management within the SAST and providing oversight with regards to Enterprise Risk Management;
- Identifying and fully appreciating the risk issues and key risk indicators affecting the ability of the SAST to achieve its objectives;
- Ensuring that appropriate systems are implemented to manage the identified risks, by measuring the risks in terms of impact and probability, together with proactively managing the mitigating actions to ensure that the SAST's assets and reputation are suitably protected;
- Ensuring that the SAST's Enterprise Risk Management mechanisms provide it with an assessment of the most significant risks relative to strategy and objectives;
- Considering input from the internal auditors, external auditors and subject matter specialists regarding Enterprise Risk Management;
- Utilising resources as needed to conduct special investigations and having open and unrestricted communication with management, internal audit and the external auditors; and
- Disclosures in the annual report regarding Enterprise Risk Management.

Each member of the Audit and Risk Committee understands his/her accountability for Enterprise Risk Management within the SAST. Although the Audit and Risk Committee may choose to nominate one member of the committee as the coordinator of Enterprise Risk Management reporting requirements, it is clear that all members have accountability for Enterprise Risk Management in the SAST.

The responsibilities of the Audit and Risk Committee should be updated to include the management of fraud risk as part of the overall risk management processes. These responsibilities should include the following:

- Assist Council in the operation of adequate fraud risk management by ensuring that regular fraud risk assessments (at least annually) are conducted; and
- Ensure that fraud risk affecting the control environment and ethical leadership of the organisation are reported to Council and managed accordingly.

- **Internal Audit Unit:** According to the terms of reference of the Internal Audit Unit, its responsibilities include but are not limited to:

- Review the risk identification and assessment process;
- Assist executive management in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and developing recommendations for enhancement or improvement; and
- Assisting, facilitating or executing investigations of suspected fraudulent/irregular activities within the SAST through appropriate and relevant structures.

The Internal Audit Unit remains independent from management's influence and shall report administratively to the CEO and functionally to the Audit and Risk Committee. In addition, the Internal Audit Unit must not:

- have direct operational responsibility or authority over any of the activities they review;
- develop or install systems or procedures, prepare records, or engage in any other activity that would normally be audited; and
- initiate or approve accounting transactions external to the Internal Audit Unit.

Furthermore, in terms of the Strategy, the Internal Audit Unit has the following responsibilities:

- Delivering an opinion to the Audit and Risk Committee on the adequacy of arrangements for managing the risk of fraud and ensuring that the SAST promotes an anti-fraud culture;
- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of internal control measures commensurate with the extent of potential exposure/risk facing the SAST; and
- Ensuring that management has reviewed its risk exposure and identified the possibility of fraud as a business risk.

The Enterprise Risk Management Framework and Policy assigns risk responsibilities to Internal Audit Unit which required examination of the techniques used to identify risk including but not limited to the following aspects:

- The categories and the scope of risk assessments;
- The methodologies used to extract risk information;
- Assessing whether the monitoring processes are aligned with the results of risk assessments;
- Seeking evidence that the processes of risk identification are dynamic and continuous, rather than attempt to comply with governance expectations; and
- Auditing the effectiveness Enterprise Risk Management processes on an annual basis.

The SAST is responsible for developing and implementing its own Fraud Prevention and Anti-Corruption Plan. Confidential reporting of potential breaches and actual investigations should be reported to the CEO and the Audit and Risk Committee.

The responsibilities of the Internal Audit Unit should be updated to include the responsibility to test the effectiveness of anti-fraud controls and the risk management process including compliance to the PFMA in respect of conducting annual fraud risk assessments.

In addition, the responsibilities of the Internal Audit Unit should include the performance of proactive anti-fraud procedures e.g. conducting fraud detection reviews and suspicious transaction analysis.

### iii) Oversight by Chief Executive Officer and Management Committee

The Strategy assigns the following responsibilities to the CEO:

- Ensure that the appropriate and effective internal control systems are in place;
- Maintain annual fraud control plans covering risk assessment, awareness programs, and training;
- Demonstrate commitment to maintaining an honest, open and transparent atmosphere within the SAST; and
- Demonstrate commitment to the elimination of any fraud, by rigorous investigation of any cases of fraud, and to ensure that wrongdoers are appropriately dealt with where fraud has been committed.

The PFMA states that it is the responsibility of the accounting authority to ensure that appropriate and effective internal control systems are in place. The CEO thus assists Council, which is the Accounting Authority, to implement and monitor the operational appropriateness and effectiveness of the internal control systems.

In terms of the SAST's General Security Policy and the Information Security Policy, the CEO is responsible for bearing the overall accountability and responsibility for the provision and maintenance of security in the SAST, under all circumstances.

The CEO has been appointed to provide direction, guidance, support and to monitor executive managers and Senior Managers in effecting Enterprise Risk Management.

The Enterprise Risk Management Framework and Policy further assigns the responsibility for ensuring that all components of Enterprise Risk Management are in place. The CEO fulfils this duty by:

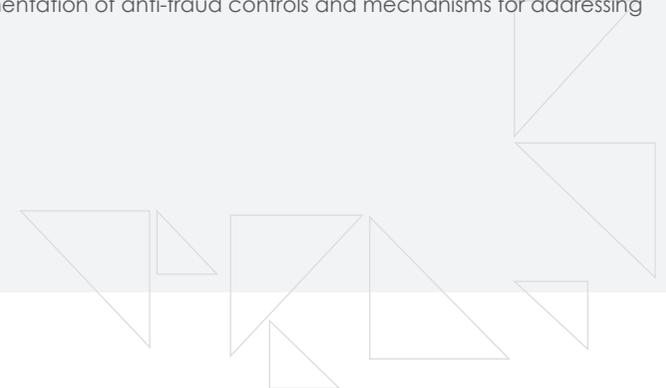
- Providing leadership and direction to management and staff. The CEO shapes the values, principles and major operating policies that form the foundation of Enterprise Risk Management and set strategic objectives and strategy to be implemented/oversight by Council, the Chief Financial Officer, executive managers and Senior Managers.

They also set broad-based policies and develop the SAST's the Enterprise Risk Management philosophy, risk appetite and culture. They take actions concerning the SAST's organisational structure, content and communication of key policies and the type of planning and reporting systems that the SAST will use; and

- Meeting periodically with executive management, Managers and Senior Managers responsible for major business units and functional areas to review their responsibilities, including how they manage risk. The CEO must gain knowledge of risks inherent to the organisations operations, risk responses and control improvements required and the status of efforts underway. To discharge this responsibility, the CEO must clearly define the information s/he needs.

The CEO is required to assess the SAST's Enterprise Risk Management capabilities, as he/she has ultimate ownership and responsibility for Enterprise Risk Management. One of the most important aspects of this responsibility is ensuring the presence of a positive internal environment. More than any other individual or function, the CEO sets the tone at the top that influences internal environmental factors and other components of Enterprise Risk Management.

These Enterprise Risk Management responsibilities should be updated to include the management of fraud risks and the implementation of anti-fraud controls and mechanisms for addressing reporting requirements.



#### iv) **The Risk Management Committee:**

The Enterprise Risk Management Framework and Policy assigns the risk management responsibilities to the Risk Management Committee. The committee is thus responsible for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the SAST.

Further responsibilities outlined in the Enterprise Risk Management Framework and Policy includes:

- Designing an Enterprise Risk Management programme in conjunction with the Risk Manager or Chief Risk Officer;
- Deciding on the manner in which risk mitigation will be embedded into management processes;
- Creating a culture of risk management within the SAST;
- Updating risk registers and providing risk management reports to the Risk Manager pertaining to risk and control;
- Identifying positive aspects of risk that could evolve into potential opportunities for the SAST by viewing risk as an opportunity, by applying the risk/ reward principle in all decisions impacting on the SAST;
- Taking responsibility for appropriate mitigation action and determining action dates;
- Utilising available resources to compile, develop and implement plans, procedures and controls within the framework of the SAST's Enterprise Risk Management Policy to effectively manage the risks within the SAST;
- Ensuring that adequate and cost-effective risk management structures are in place;
- Identifying, evaluating and measuring risks and where possible quantifying and linking each identified risk to key risk indicators;
- Developing and implementing risk management plans including:
  - actions to optimise risk/ reward profile, maximise reward with risk contained within the approved risk appetite and tolerance limits;
  - implementation of cost effective preventative and contingent control measures; and
  - implementing procedures to ensure adherence to legal and regulatory requirements.
- Monitoring of the Enterprise Risk Management processes on both a detailed and macro basis by evaluating changes, or potential changes to risk profiles
- Implementing and maintaining adequate internal controls and monitoring the continued effectiveness thereof;
- Implementing those measures as recommended by the internal and external auditors, which, in their opinion, will enhance control at a reasonable cost;
- Reporting to the Audit and Risk Committee on the risk process and resultant risk/ reward profiles;
- Defining roles, responsibilities and accountabilities at executive managers and Senior Managers; and
- Providing policies, frameworks, methodologies and tools to the business units and key functional areas for identification, assessment and management of risks.

The terms of reference for the Risk Management Committee must be amended to clearly articulate its functions and responsibilities and its role as the Fraud Prevention Committee mandated to be actively involved with the prevention of fraud within the SAST.

The executives of the various divisions/departments of the SAST must comply with their responsibilities in their terms of reference in respect of fraud risk management and, must play an integral role in the implementation of controls to monitor day to day operations of the SAST. The executives will be responsible for:

- Ensuring that appropriate internal controls are in place to minimise fraud and other irregularities;
- Ensuring that internal controls are operating effectively;
- Providing ethical advice and support to staff;
- Providing input for developing fraud control strategies and implementation timetable as required to address fraud and corruption risks identified in their area of responsibility during risk assessments; and
- Providing progress reports on the implementation of fraud control strategies when requested.

#### v) **Individual Supervisors and Managers**

The Fraud Management Plan assigns to individual Supervisors and Managers the responsibility for ensuring that there are mechanisms in place within their departments to:

- Assess the risk of fraud;

- Promote employee awareness of ethics; and
- Educate employees on fraud prevention.

The SAST's original Fraud Management Policy assigns the following responsibilities to supervisors and managers:

- Ensure that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- Assess the risk of fraud;
- Prevention and detection of fraud;
- Promote employee awareness of company ethics;
- Educate employees on fraud prevention;
- Ensure that controls are complied with and their system continue to operate effectively;
- Review and test the control systems regularly; and
- Implement new controls to reduce the risk of similar fraud occurring where fraud has taken place.

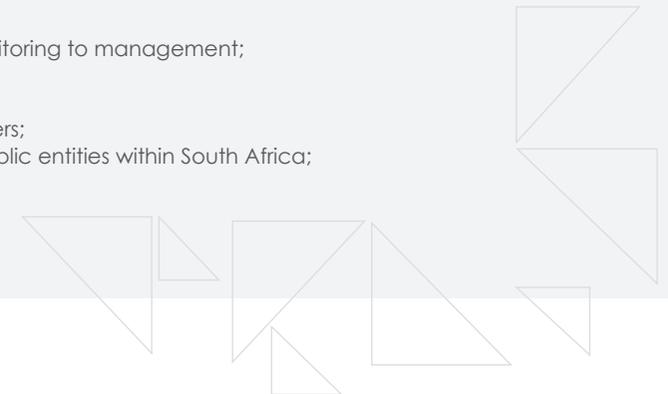
Divisional/departmental Managers of the various divisions /departments of the SAST must comply with their responsibilities in their terms of reference in respect of fraud risk management and play an integral role in the implementation of controls to monitor day to day operations of the SAST. Divisional/ departmental Managers will be responsible for assisting the Risk Management Committee to fulfil its responsibilities in respect of fraud prevention and management by i.e.

- Reporting to the Management Committee on the functioning of the internal controls in place, i.e. adequacy and effectiveness;
- Ensuring that internal controls are operating effectively;
- Providing ethical advice and support to staff;
- Providing input for developing fraud control strategies and implementation timetable as required to address fraud and corruption risks identified in their area of responsibility during risk assessments; and
- Providing progress reports on the implementation of fraud control strategies when requested.

#### vi) **The Risk Manager or Chief Risk Officer**

In line with the Risk Management Policy, the Risk Manager is responsible for:

- Deciding on a methodology and framework for Enterprise Risk Management;
- Undertaking a Gap Analysis of the entity's Enterprise Risk Management process at regular intervals;
- Performing reviews of the risk management process to improve the existing process;
- Facilitating risk assessments;
- Developing systems to facilitate risk monitoring and risk improvement;
- Ensuring that all risk categories are included in the risk assessment;
- Ensuring that key risk indicators are included in the risk register;
- Aligning the risk identification process with the SAST's business objectives;
- Obtaining agreement on a system of risk quantification;
- Identifying relevant legal and regulatory compliance requirements;
- Compiling a consolidated risk register on an annual basis;
- Costing and quantifying actual non-compliance incidences and losses incurred and formally reporting thereon;
- Formally reviewing the occupational health, safety and environmental policies and practices;
- Creating mechanisms for identifying modes of change;
- Consolidating all information pertaining to all risk related functions, processes and activities;
- Transferring the knowledge in respect of an effective and sustainable process of risk identification, quantification and monitoring to management;
- Recording the decisions regarding mitigation for every key risk facing the SAST in the risk register;
- Deciding upon central solutions for common risks and for risks where central facilities are available;
- Liaising closely with Internal Audit to devise a risk auditing programme, based on the information reflected in the risk registers;
- Benchmarking the performance of the risk management process to the risk management processes adopted by other public entities within South Africa;



- Implementing a formalised risk information system;
- Ensuring that risk management training is conducted at appropriate levels within the entity to inculcate a risk management culture;
- Assisting in compiling risk registers for all functional areas at strategic, operational and project levels;
- Communicating the risk framework and methodology to all management levels and to employees;
- Ensuring that the necessary risk management documentation is developed in respect of the risk management process;
- Enabling the Audit and Risk Committee to fulfil its responsibilities with regards to risk management;
- Communicating and managing the establishment and on-going maintenance of Enterprise Risk Management pursuant to the SAST's risk management vision;
- Ensuring proper risk management ownership by responsible managers;
- Validating that enterprise risk management is functioning in all functional areas and that all significant risks are being recognised and effectively managed on a timely manner;
- Informing the Audit and Risk Committee regarding the status of Enterprise Risk Management;
- Developing integrated procedures to report major risks;
- Developing a standardised risk information model and automated process and ensuring it is usable across the SAST;
- Maintaining a cost-benefit focus on Enterprise Risk Management; and
- Working with management to ensure business plans and budgets include risk identification and management.

The above responsibilities of the Risk Manager must be extended to include the management of fraud risks in conjunction with the management of enterprise risk as outlined above. An example of these responsibilities will be where the Risk Manager is responsible for "deciding on a methodology and framework for Enterprise Risk Management" he/she would also decide on the methodology and framework for fraud risk management.

#### vii) Employees

All employees of the SAST play a vital role in the success of this Fraud Prevention Plan. In terms of the SAST's original Fraud Management Policy, all employees are responsible for:

- Acting with propriety in the use of company resources;
- Preventing and detecting fraud;
- Being alert to the possibility that unusual events or transactions which could be indicators of fraud;
- Reporting details immediately through the appropriate channel if they suspect that fraud has been committed or see any suspicious acts or events; and
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

In addition, the Code of Conduct further states that, all employees are responsible for:

- **Complying with applicable laws:** It is the policy of the SAST to obey all laws and regulations applicable to its activities;
- **Being loyal to the SAST:** By not allowing personal interests or relationships to conflict or appear to conflict with the best interests of the SAST;
- **Observing high ethical standards:** By exercising the highest standards of ethical behaviour and good judgment when conducting the SAST's business; and
- **Acting in the interests of the SAST:** By not entering into any business arrangement which may place the bona fides of their actions or the SAST in question.

In terms of the SAST General Security Policy, all employees are expected to make contributions by adhering to the requirements of the policy relating to standards on information, assets and personnel security.

It is the responsibility of each employee to familiarise themselves with the contents of the Fraud and Corruption Prevention Strategy and their individual responsibility to comply with the requirements of the Strategy and Plan. Management should further embark on an awareness campaign aimed at emphasising the importance of fraud prevention and management of fraud, putting the tools and mechanisms in place to prevent, detect and investigate fraud and other irregularities as well as the consequences of non-compliance with fraud prevention and management policies and procedures.

#### viii) Other Stakeholders

The South African State Theatre has several stakeholders with whom it interacts including:

- Customers, contractors, suppliers, and other service providers; and
- Members of the general public.

**Customers, contractors, suppliers and other service providers:** It is a common perception that the SAST employees may face challenges in their normal business dealings where there is a potential of being offered bribes by unethical contractors, suppliers, and other service providers. Further, the potential for fraud and irregularities also exist in interactions with employees, customers and service providers, e.g.:

- Employees who are also service providers and have not declared their interest;
- Service providers who do not deliver in accordance with the agreement and are still paid;
- Customers soliciting undue discounts in exchange for undue benefit or employees offering undue discounts in exchange for undue benefit; and
- Customers paying at the sales office with counterfeit money.

Due to the influence of customers, external theatre producers, contractors, supplier, other service providers and the general public, the responsibilities of these stakeholders in complying with the fraud prevention documentation of the SAST has been defined. These stakeholders are thus also required to comply with the requirements of the Fraud and Corruption Prevention Strategy in any of their dealings with or involving the SAST.

Further the Fraud and Corruption Prevention Strategy is applicable to all parties including customers, contractors, external theatre producers, suppliers, and other service providers and members of the general public, in so far as they interact with the SAST.

Approaches to address the risk of fraud relating to contractors, suppliers and other service providers include the following:

- Ethics awareness;
- Employee disciplinary code;
- Appropriate anti-fraud terms and conditions in invitations to propose for services to the SAST;
- Appropriate pre-award screening of credentials supplied;
- Provisions for compulsory declaration of actual and/or potential conflict of interest by both suppliers and the SAST employees dealing with these suppliers;
- Appropriate contract terms and conditions indicating the conduct expected of the service providers appointed by the SAST;
- On-going communication of these standards;
- Sound contract management;
- Monitoring of breaches and/or non-compliance; and
- Taking sound action in the event of a breach and/or non-compliance such as
  - Prosecution;
  - Loss recovery; and
  - Placing of appropriate prohibition on future contracts and cancellation of existing contracts.

It is noted that the SAST will conduct continuous fraud awareness campaigns/trainings in this regard. Moreover, fraud reviews to detect red flags in procurement will be conducted regularly which may be on a rotational basis in order to assess the fraud risks in all processes within the business activities of the SAST. Fraud detection reviews should be considered in key fraud risk areas such as sales.

**Members of the general public:** In terms of the Fraud and Corruption Prevention Strategy of the SAST, appropriate fraud awareness levels should be maintained.

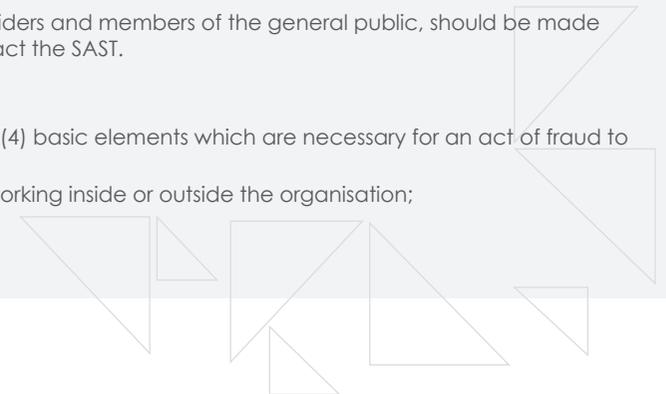
Appropriate hotline numbers where all suspected fraudulent activities and corrupt conducts must be reported will be established and enforced. The hotline number for the reporting of fraudulent activities or corrupt conduct will be published on the SAST's website for the members of the general public to see. The general public and all other stakeholders should be encouraged to report on matters related to fraud and corruption.

All other stakeholders namely: SAST employees, customers, contractors, external theatre producers, suppliers, other service providers and members of the general public, should be made aware of the Fraud and Corruption Prevention Strategy and must be encouraged to report fraudulent activities that might impact the SAST.

#### **b) Fraud detection and response approach**

This approach entails defining the actions that will lead the activation of fraud controls. The SAST has defined the following four (4) basic elements which are necessary for an act of fraud to occur:

- i) People to carry out the fraud – they may be within the organisation, outside the organisation, or a group of people working inside or outside the organisation;
- ii) Assets acquired fraudulently;



- iii) Intent to commit fraud; and
- iv) Opportunity

Managers must ensure that opportunities for fraud are minimised through proper separation of duties, effective procedures and checks to prevent or deter fraud from occurring. While some people would never contemplate perpetrating fraud, others may if they thought they could get away with it.

The high risk of being caught by detective controls will deter some acts of fraud arising as a result of a system weakness, such as a lack of proper control, e.g. weak controls over placing of purchase orders. Other acts of fraud are the result of failures to follow proper control procedures, e.g. carelessness in carrying out verification procedures on the details of a new supplier.

It may be that too much trust has been placed in an individual with no effective separation of duties. Fraud which results from collusion may be more difficult to prevent. Computer fraud, defined as acts where the computer was instrumental in the perpetration of the fraud, may arise because of the absence of human review of transactions. The lack of human involvement may allow transactions to be processed, which would be queried in a manual system.

The organisation can therefore be exposed to risk in a number of different ways illustrated as follows:

- i) Internal Fraud:** This is fraud perpetrated by individuals inside the organisation and is most often carried out by staff that have access to movable or liquid assets, such as cash or stocks. It is likely that the risk of fraud and its scale will increase if the member of staff is able to conceal the irregularities by also having access to accounting records. This type of fraud may be opportunistic but it may also be planned and committed over a long period.
- ii) External Fraud:** This is fraud which is perpetrated by individuals outside the organisation and covers activities such as burglary, theft, deception and computer hacking by external parties. It is very often systematic and continuous and may stem from the inherent problem of safeguarding some types of systems against attack.
- iii) Collusion:** This type of fraud involves two or more parties, either both internal or internal and external working together. This type of fraud can be difficult to detect as controls may at first appear to be working satisfactorily.

In response to the above-mentioned risk, the SAST has implemented key controls/mitigation strategies to address the fraud risks faced by the SAST. These include:

**i) Promotion of a Code of Conduct**

Human Resources management together with the Fraud Prevention Committee and also senior management are responsible for the promotion of this code by developing and presenting short courses to all employees. Senior Management should ensure that their subordinates attend these courses.

In today's business environment, pressure is increasing on government organisations to make the right financial decisions and to make those decisions faster than ever before. The success of the organisation is dependent on the quality of the decisions and the behaviour of individuals at all levels throughout the organisation.

The top management sets the culture of government. When senior management themselves are involved in fraudulent activities or unacceptable standards of business, employees at all levels are more easily able to justify their own dishonesty. It follows therefore, that if the SAST is to combat fraud, management should first look inwards and adopt standards that are scrupulously honest and fair.

This section is intended to reaffirm the importance of high standards of business conduct. Adherence to the Code of Conduct by all employees will increase the confidence of the public toward the SAST. It must be emphasised that while observance of this code and other business codes is important, common sense also plays a vital role.

Each employee should apply this code with common sense and the attitude of seeking full compliance with the letter and spirit of the rules presented. It is incumbent upon all the SAST employees to perform satisfactorily and to comply with policies and regulations as they are issued or modified from time to time.

This Code of Conduct is a general guide to acceptable and appropriate behaviour within the organisation and employees are expected to comply with its contents. This code does not imply an employment contract and it might be modified or revised from time to time. Staff members must familiarise themselves with the code so that they might readily distinguish any proposal or act that would constitute a violation.

It must be stressed that employees are responsible for their actions. Violation of the prescripts of the code can result in disciplinary action including dismissal, and criminal prosecution.

If any employee has doubts regarding a questionable situation that might arise, that employee should immediately consult his supervisor or higher level.

The purpose of a code of conduct is to guide employees in their day-to-day activities. It is further adopted by the SAST by including it as part of its fraud strategy document.

The SAST's Code of Conduct must be finalised if the above outcomes are to be realised.

## **ii) Information session about Fraud awareness and prevention, Ethics, Corporate Governance**

The report of the Committee on the Financial Aspects of Corporate Governance (the Cadbury Report) defined corporate governance as "the system by which organisations are directed and controlled". It identified the three fundamental principles of corporate governance as:

- Openness;
- Integrity; and
- Accountability.

These principles are as relevant to public-sector entities as they are to private sector entities. They apply equally to all public-sector entities, irrespective of whether governing bodies are elected or appointed, and whether or not they comprise a group of people or an individual. Therefore, management needs to be aware of these principles and inculcate them in their subordinates.

## **iii) Fraud risk assessments**

The fraud risk assessment is a process where fraud risks are identified and measures in place identified to mitigate the identified fraud risks. The fraud risk identification process considers the various ways in which fraud, corruption and other irregularities can occur. The fraud risk assessment also considers vulnerability to management override and potential schemes to circumvent existing control activities, which may require additional compensating control activities.

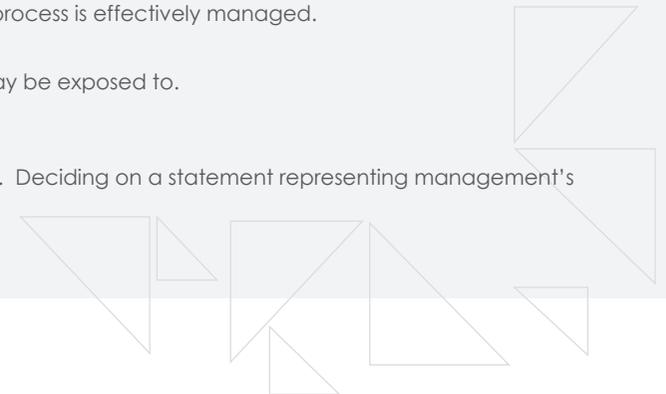
The SAST should conduct fraud risk assessments on a regular basis. Further, employees of the SAST should be informed about the fraud risks facing the SAST thus enhancing the prospect of detecting irregularities earlier.

This process should be carried out on an annual basis and updated regularly. This will alert management in ensuring that identified fraud risks are mitigated and controlled through the identification of existing and other additional controls. This will assist management in demonstrating that the risk management process is effectively managed.

An effective fraud risk assessment process can be seen as an early warning system to avert potential fraud risks that the SAST may be exposed to.

## **iv) Control environment: Key functions of anti-fraud and corruption mitigation strategies**

Communication of management's attitude towards fraud is of paramount importance in the fight against corruption and fraud. Deciding on a statement representing management's attitude and promoting such a statement to its stakeholders is of paramount importance.



**v) Promoting Fraud Prevention Hot-line within The South African State Theatre**

One of the resolutions taken at The National Anti-Corruption Summit held from 14-15 April 1999 was the development, encouragement and implementation of whistleblowing mechanisms such as a Whistleblowing Policy.

The Risk Management Committee is responsible for the management and promotion of the available whistle blowing channels within the SAST.

Since one of the possible detection mechanisms available to identify cases of fraud is whistle blowing, it is important to inform such officials of their rights as protected by the Protected Disclosure Act No 26 of 2000.

Mechanisms to report acts of corruption, misadministration and misconduct within the SAST should be implemented to assist officials with the reporting of such acts. The SAST must develop a Whistleblowing Policy to adhere to best practise in respect of promoting the reporting of incidences of fraud, corruption and other irregularities as well as providing guidance to staff on the process to be followed in reporting such incidences.

**vi) Introducing Employee Screening before Appointment**

The requirements of a security clearance certificate within the SAST should be applied to all positions of management up to supervisory and administrative level where such employees are responsible for handling and recording cash. This should be seen as an important prevention control.

**vii) Establishment of a Fraud Prevention Committee**

In an effort to create a culture of zero-tolerance within the SAST, management must lead by example. The appointment of top management to a Fraud Prevention Committee should be seen as the first step in creating such a culture. The Committee's function should include among other things, the implementation and co-ordination of the Fraud Strategy and Plan. Minutes of the meetings held by the committee must be kept for control and compliance purposes.

**viii) Compliance with Laws and Regulations**

It is incumbent upon every employee to observe and obey laws and regulations promulgated from time to time. Each employee is charged with the responsibility of acquiring sufficient knowledge of the laws and regulations relating to his duties in order to recognise potential dangers and to know when to seek legal advice.

When dealing with members of the public, employees must adhere to the highest ethical standards of business conduct. Employees may not offer, provide or solicit, directly or indirectly, any special treatment or favour in return for anything of economic value or the promise or expectation of future value or gain. In addition, there shall be no entertainment of the SAST employees by outsiders.

**ix) Monitoring Conflict of Interest**

There are several situations that could give rise to a conflict of interest. The most common are accepting gifts from suppliers, employment of an employee of the SAST by a private company or on a part-time basis, running of a private business while employed by the SAST, close or family relationships with suppliers and communication with tenderers.

A potential conflict of interest exists for employees who make decisions in their jobs that would allow them to give preference or favour to a supplier in exchange for anything of personal benefit to themselves or their friends and families. Such situations could interfere with the employee's ability to make judgements solely in the organisations best interest.

**x) Declaration and approval of Gifts and Entertainment**

Gifts can be defined as items and services of value that are given to or accepted from any outside parties. This does not include items such as normal business entertainment, e.g. meals and beverages, items of minimal value given in connection with sales campaigns and promotions or employees' service, safety or retirement awards and contribution or donations to recognised charitable and non-profit organisations.

The term supplier refers not only to vendors providing services and materials to the organisation, but also consultants, financial institutions, advisors and any person or institution which does business with the SAST. No employee or member of his immediate family shall solicit or accept from an actual supplier or prospective tenderer any compensation, advance loans (except from an established financial institution on the same basis as other customers) gifts, entertainment or other favours which are of more than token value. Under no circumstances should a gift or entertainment be accepted which would influence the employee's judgement.

Employees must avoid any interest in or benefit from any supplier that could reasonably cause them to favour that supplier over others. It is a violation of the SAST's Code of Conduct for any employee to solicit or encourage a supplier to give any item or services to the employee regardless of its value, no matter how small. Employees should act in such a way that suppliers are confident of the objectivity and integrity of the public sector.

An employee who receives or whose family member receives an unsolicited gift prohibited by these guidelines should report it to his supervisor and either return it to the person making the gift or give it to a non-profit making charitable organisation in the case of perishable gifts.

**xi) Reviewing Minutes of Business Meetings**

An employee may accept entertainment and services offered by a supplier or customer when they are associated with a business and the supplier or customer provides them to others as a normal part of its business. Examples of such entertainment and services are transportation to and from the employee or supplier's place of business, hospitality suites, and lodges at the supplier's place of business and business lunches and dinners for business visitors to the supplier's location.

**xii) Reviewing and Approving Outside Employment**

Any company that provides services to the SAST must not employ the organisation's employees, either in a manner which would affect their objectivity or where the outside employment would conflict with scheduled hours of duty including overtime, or the performance of the organisation's assignments.

**xiii) Developing and Maintaining Professional Relationships with Suppliers**

No employee can directly or indirectly benefit from his or her position as an employee of the SAST or from any sale, purchase or other activity of the SAST. Employees should avoid situations involving a conflict or the appearance of conflict between the SAST's duty and its self-interest.

No employee who deals with individuals or organisations doing or seeking to do business with the SAST or who makes recommendations with respect to such dealings should serve as an officer, director, employee or consultant, or own a substantial interest in any competitor of the SAST or any organisation doing or seeking to do business with the SAST.

In addition, no employee dealing with individuals or organisations doing or seeking to do business with the SAST or who makes recommendations with respect to such dealings might:

- Have any other direct or indirect personal interest in any business transactions with the SAST; and
- Provide telecommunications or information services or equipment, either directly or as a reseller, in a manner that would place the objectivity or integrity of the SAST at risk.

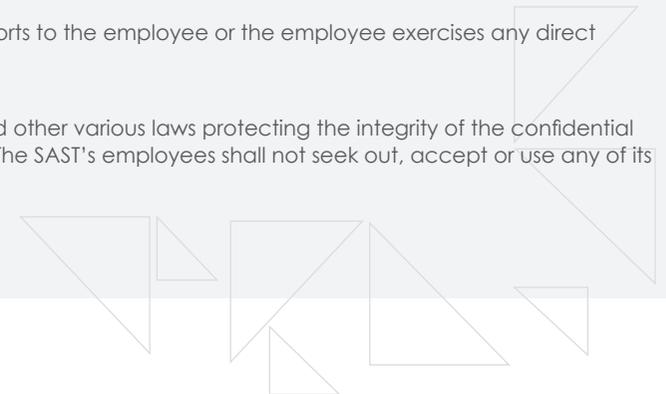
If an employee of the SAST or a member of his immediate family enters into a business agreement with a government organisation, this must be declared in the tender questionnaire.

**xiv) The employment of relatives of supervisors and management**

Relatives of employees should not be employed by the SAST on a permanent or temporary basis where the relative directly reports to the employee or the employee exercises any direct influence with respect to the relative's hiring, placement, promotions, evaluations or pay.

**xv) Confidential Information and Privacy of Communications**

While the South African Constitution provides that transparency must prevail within government sector, government policies and other various laws protecting the integrity of the confidential information, which must not be divulged except in strict accordance with established governmental policies and procedures. The SAST's employees shall not seek out, accept or use any of its confidential information.



#### **xvi) Cash and Banking**

All cash and bank account transactions must be handled so as to avoid any questions or suspicion of impropriety. All cash transactions must be recorded in the organisation's books of account.

All cash received shall be promptly recorded and deposited into the organisation's banking account. No funds shall be maintained in the form of cash except the authorised petty cash.

Employees are personally accountable for the organisation's funds over which they have control. Employees who spend the organisation's funds should ensure that the organisation receives good value for money and must maintain accurate records of such expenditures. Employees who approve or certify the correctness of a bill or voucher should know that the purchase and amounts are proper and correct. Obtaining or creating false invoices or other misleading documentation or the invention of or use of fictitious sales, purchases, services, loans, entities or other financial arrangements are prohibited.

Any person charged with the duty to collect and account for the organisation's funds shall ensure that the organisation's funds are properly accounted for and banked in accordance with the applicable regulations. Instances of theft or mismanagement of moneys shall constitute a dismissible offence.

Employees must pay for personal telephone calls and use, except to the extent that specifically defined benefit programmes or allowances otherwise provide.

#### **xvii) Software and Computers**

Computerised information and computer software appear intangible, but they are valuable assets and must be protected from misuse, theft, fraud, loss and unauthorised use or disposal, just as any other property of the SAST. Use of mainframe computers must be job related.

Misappropriation of computer space, time and software includes using a computer to create or run unauthorised jobs, operating a computer in an unauthorised mode or intentionally causing any kind of operational failure.

#### **xviii) Employee Conduct**

Conducting dishonest and illegal activities on the SAST's premises or while on official duty will not be condoned and can result in disciplinary action, including dismissal and criminal prosecution. The following are examples of activities that are unacceptable within the SAST's premises, in the SAST's vehicles or while engaged in the SAST's employment:

- Consumption and storage of alcoholic beverages, except where legally licensed or authorised by personnel with relevant authority;
- Consumption and storage of alcoholic beverages, except where legally licensed or authorised by personnel with relevant authority;
- The use of controlled substances such as drugs and alcohol. The unlawful manufacture, distribution, dispensation, possession, transfer, sale, purchase or use of controlled substances;
- Driving vehicles or operating the organisation's equipment while under influence of alcohol or controlled substances;
- Illegal betting or gambling; and
- Carrying weapons of any sort on business premises, in the SAST's vehicles or while on official business.

Even employees with permits or licenses cannot carry weapons on the SAST's property or while on official duty. The SAST reserves the right to inspect any property that might be used by employees for the storage of their personal effects. This includes desks, lockers and vehicles owned by the SAST. It is a violation of government regulations to store any contraband, illegal drugs, toxic materials or weapons on government property or while on official business.

#### **xix) Reporting Violations**

All the SAST's employees are responsible for compliance with these rules, standards and principles. In the area of ethics, legality and propriety, each employee has an obligation to the SAST that transcends normal reporting relationships. Employees should be alert to possible violations of the code anywhere in the organisation and are encouraged to report such violations promptly.

Reports should be made to the employee's supervisor or departmental personnel. Employees will also be expected to cooperate in an investigation of violations. All cases of questionable activity involving the Code of Conduct or other potentially improper actions will be reviewed for appropriate action, discipline or corrective steps. Whenever possible the SAST will keep confidential the identity of employees about or against whom allegations of violations are brought, unless or until it has been determined that a violation has occurred.

## **xx) Physical security**

This is a preventive measure which controls or monitors access to assets, documentation or Information Technology systems to ensure that there is no unauthorised use, loss or damage.

Assets can range from the computer terminal, which sits on the desk to the cheques sent out to pay suppliers. All assets should be held securely and access to them restricted as appropriate. The control should apply not only to the premises but also to computers, databases, banking facilities, documents and any other areas which are critical to the operation of the organisation. It may even be appropriate to restrict knowledge of the existence of some assets. Access to computer systems is an important area which should be very tightly controlled, not only to prevent unauthorised access and use, but also to protect the integrity of the data.

Computer and data owners should secure information held on their systems, especially personal information which concerns third parties. The threat to computers can come from both inside and outside an organisation as computer hackers may gain access in order to extract or corrupt information. The computer itself is also vulnerable to theft, both in terms of hardware and software. This type of theft has the additional cost of potential major disruption to the core operations of the organisation.

## **xxi) Assigning and delegations of responsibility to The South African State Theatre's employees**

Organising involves the allocation of responsibility to individuals or groups so that they work together to achieve objectives in the most efficient manner. Major principles in delegation relevant to fraud are clear definition of the responsibilities of individuals for resources, activities, objectives and targets. This includes defining levels of authority. This is a preventative measure which sets a limit on the amounts which may be authorised by individual officers.

To be effective, checks need to be made to ensure that transactions have been properly authorised - establishing clear reporting lines and the most effective spans of command allow adequate supervision; separating duties to avoid conflicts of interest or opportunities for abuse. This is also largely a preventative measure which ensures that the key functions and control over a process are not all carried out by the same member of staff, e.g. ordering goods should be kept separate from receipt of goods.

Similarly, there should be separation between authorisation and payment of invoices and undue reliance on any one individual should be avoided.

## **xxii) Management oversight**

Management oversight is the function by which managers scrutinise the work and performance of their staff. It provides a check that staff are performing to meet standards and in accordance with instructions. It includes checks over the operation of controls by staff at lower levels. These act as both preventative and detective measures and involve monitoring the working methods and outputs of staff.

These controls are vital where staff are dealing with cash or accounting records. Random spot checks by managers can be an effective anti-fraud measure.

## **xxiii) Audit trail**

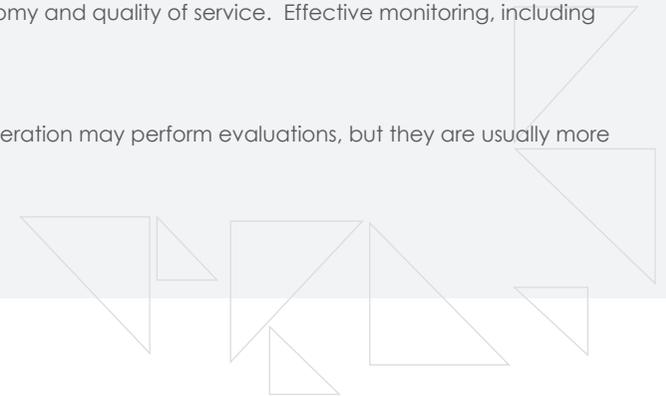
This is largely a detective control, although its presence may have a deterrent effect and thus prevent fraud. An audit trail should ensure that all transactions could be traced through a system from start to finish. In addition to allowing detection of fraud, it enables the controls to be reviewed.

## **xxiv) Monitoring**

Management information should include measures and indicators of performance in respect of efficiency, effectiveness, economy and quality of service. Effective monitoring, including random checks, should deter and detect some types of fraudulent activity.

## **xxv) Evaluation**

Policies and activities should be evaluated periodically for economy, efficiency and effectiveness. The management of the operation may perform evaluations, but they are usually more effective when performed by an independent team. Such evaluations may reveal fraud.



#### **xxvi) Human Resources and rotation of duties by employees**

Adequate processes and practice in the recruitment, selection and appointment of staff is essential for a system to function effectively. Weaknesses in these functions can negate the effect of other controls. Posts involving control of particularly high value assets or resources may need the application of additional vetting procedures. Rotation of staff between posts can help prevent or detect collusion or fraud.

#### **xxvii) Asset management**

Asset registers used for management accounting purposes can help detect losses, which may be caused by fraud. Other measures such as annual asset verification can also detect any mismanagement of assets, such as, e.g. theft and vandalism of assets.

#### **xxviii) Budgetary and other Financial Controls**

Use of budgets and delegated limits for some categories of expenditure and other controls should ensure that expenditure is properly approved and is properly accounted for by the responsible manager. This should limit the scope for fraud and should cause some types of fraud to be detected.

#### **xxix) Systems Development**

Controls over the development of new systems and modifications of existing systems or procedures are essential to ensure that the effect of changes is properly assessed at an early stage and before implementation. Fraud risks should be identified as part of this process and the necessary improvements in control introduced.

#### **xxx) Fraud and Corruption Response Plan**

It is important that managers know what to do in the event of fraud so that they can act without delay. It is useful therefore that as part of our fraud management strategy, a fraud response plan is drafted and communicated to all managers.

The objective of a Fraud and Corruption Response Plan is to ensure that timely and effective action is taken. These objectives are set out to address the following requirements:

- To prevent losses of funds or other assets where fraud has occurred and to maximise recovery of losses;
- To minimise the occurrence of fraud by taking rapid action at the first signs of a problem;
- To identify the fraudsters and minimise any adverse publicity for the organisation, suffered as a result of fraud;
- To identify any lessons which can be acted upon in managing fraud in the future to reduce adverse impacts on the business of the organisation. The existence of a Fraud and Corruption Response Plan may, in itself, help to act as a deterrent as it shows that an organisation is prepared to defend itself against the risk of fraud;
- To whom the fraud or suspicion should be reported in the first instance, for example, this may be senior managers, personnel or internal audit;
- How the organisation should investigate the fraud: depending on the nature of the fraud special investigation techniques or a fraud unit may be used, the facts should be established quickly by the operational managers, any threat of further fraud or losses should be removed immediately, for example, by changing procedures or suspending payments;
- How to secure the evidence in a legally admissible form;
- When and how to contact the police: the police should be alerted at any early stage so that joint investigation arrangements can be made if necessary. This will be facilitated if previous contact has been made with local police and formal liaison arrangements have been set up;
- How to initiate recovery action; and
- Who else to contact to advise, e.g. insurers, regulatory body, parent department, press office, the organisation as a whole. An effective fraud response plan should be closely tailored to the organisation's circumstances. It should reflect the likely nature and scale of losses.

### xxxi) Random fraud detection reviews

Fraud detection reviews assist in the detection and identification of indicators of potential fraud risks that the organisation may be exposed to. This is a proactive process followed by management to assist in the detection of potential and actual fraud risks. Performing random fraud detection reviews can enhance the risk management process and assist management in identifying areas requiring improvement. Additional controls can be identified, existing controls enhanced and other resources concentrated on mitigating certain fraud risks.

### xxxii) Reporting fraud

When fraud has been discovered, relevant information should be documented and used to inform others within the organisation so as to avoid re-occurrence. Some acts of fraud reveal weaknesses in systems which other managers should be informed about to make them alert. Internal auditors should also be informed.

- Employees or other concerned individuals who suspect any act of fraud, corruption or other irregular conduct should report such suspicions to the following channels:
- Report suspicions to his supervisor or manager;
- Should the employee have any reason to believe that the supervisor or manager to report to is somehow involved in the irregularities, the employee can report the suspicion to a manager in a higher rank, the manager's superior or to the risk management unit;
- Where such superiors are involved, the matter must be reported directly to the office of the CEO; and
- Reporting can also be made via the fraud prevention hotline.

Procedures applicable for the reporting of any irregularities by general members of the public should be incorporated in the Fraud and Corruption Response Plan.

### xxxiii) Fraud Investigation

At an early stage, it will be necessary to decide what type of investigation to hold, who is to lead it and what the main objectives are. The investigation of fraud is a special subject and should not be undertaken by people without the necessary skills and training. Safeguarding public funds is important and therefore steps should be taken to prevent further losses and to ensure recovery of funds where losses have already occurred. It is also important to secure evidence to the fraud, which will enable a successful prosecution. In some circumstances it may be appropriate to suspend individuals during the investigation and to prevent them from destroying or tampering with the evidence. Priorities will be determined by an understanding of what is immediately at risk. It may be necessary to get advice quickly on how to address these issues.

The SAST's objectives should be to:

- Prevent losses of funds, e.g. by freezing bank accounts;
- Maximise recovery of funds;
- Identify the fraudsters and maximise the success of any disciplinary / legal action; and
- Minimise adverse publicity – learn any lessons – minimise adverse impact on the business.

The SAST (Risk Management Unit) should decide on the criteria to be followed in determining when a matter should be reported to the South African Police Services.

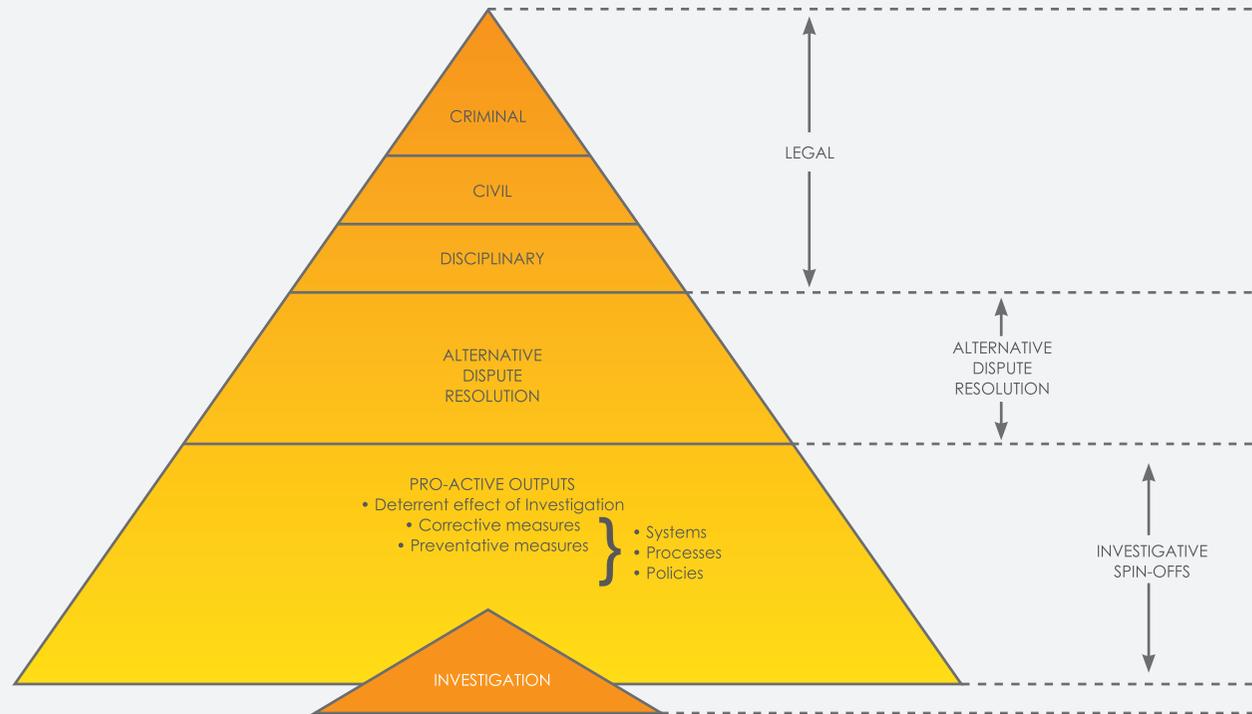
### xxxiv) Disciplinary process

The SAST disciplinary process is a key link in the accountability cycle as promoted by the Public Finance Management Act, no. 1 of 1999. It is also the tool used by the CEO to act on officials contravening policies and regulations or any other relevant legislation.

Consistent and swift reaction to all corruption/fraud cases should form the basis of the SAST's disciplinary actions.



The remediation mechanisms, which can be pursued, are illustrated below.



**xxxv) Recovery of losses**

The SAST should take appropriate steps, including legal action if necessary, to recover any losses arising from fraud, theft or misconduct. This may include action against third parties involved in fraud, or whose negligent actions contributed to the fraud.

**xxxvi) Feedback to stakeholders including reporters of fraud**

Reporting process: Provisions for providing feedback to the reporters of fraud, corruption and irregular conduct must be drafted and the form and content of feedback defined. The feedback must be written feedback to the person making the report (which includes the SAST's employees, service providers, customers or members of the public). This feedback may include:

- Acknowledging that the concern has been received;
- Indicating how (s)he proposes to deal with the matter and whether any initial enquiries have been made;
- Giving an estimate of how long it will take to provide a final response; and
- Informing them whether any further investigations will take place, and if not, why not.

A brief summary of only the facts (no names of persons involved or their positions) of proven wrong doing will be published on the intranet, to serve as deterrence to other employees.

Furthermore Council as the Accounting Authority must be informed of any cases of fraudulent or corrupt activities, including reporting on any unauthorised, irregular or fruitless and wasteful expenditure as required by section 38(1) (g) and 40(3)(b) of the Public Finance Management Act, no. 1 of 1999.

#### **xxxvii) Confidentiality**

All notifications should be treated as strictly confidential, including all information relating to fraud that is received and investigated.

The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. This is important in order to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct.

#### **xxxviii) Media statements**

In accordance with the Code of Conduct, the SAST expects its employees who are planning to make public statements that might have such negative effects to discuss their statement with the CEO before making it, and/or to make it clear that they are not speaking for or on behalf of the SAST.

No person is authorised to supply any information with regard to allegations or incidents of fraud to the media without the express permission of the CEO.

#### **xxxix) Remedies available to those making a protected disclosure**

When reporting fraud, corruption and other irregularities the reporter may remain anonymous should he/she so desire when reporting suspicious/actual fraud or corruption acts. However, concerns expressed anonymously are difficult to investigate; nevertheless, they will be followed up at the discretion of the SAST.

No person will suffer any penalty or retribution for reporting in good faith any suspected or actual incident of fraud which occurred within the SAST.

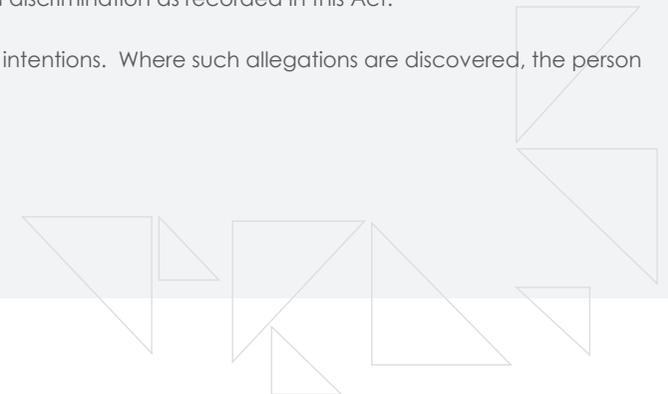
- **Harassment or victimisation:** The SAST acknowledges the importance of employees reporting their concerns relating to suspicions of fraud or corrupt conduct without fear of reprisal or victimisation and is aware of the means to do so. For those who voice genuine and legitimate concerns throughout the proper channels, appropriate action shall be offered by the SAST.
- **Confidentiality of identity:** The SAST's employees will be assured that their anonymity will be preserved, save for situations in which the SAST is required to disclose the information to the police or court of law. All notifications received will be kept confidential.

The SAST will endeavour to protect an individual's identity when he/she raises a concern and does not want his/her identity to be disclosed. It must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the employee may be required as part of the evidence.

- **Legal remedies:** The Protected Disclosure Act, No. 26 of 2000 makes provision for procedures in terms of which employees in the public sector may disclose information regarding unlawful or irregular conduct by their employers, to provide for the protection of employees who make a disclosure which is protected in terms of this Act; and to provide for matters connected therewith. The SAST will ensure that any employee, who reports fraud (whistle blower), will be protected from exposure and discrimination as recorded in this Act.

Managers should discourage employees or other individuals from making allegations, which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations will be subjected to firm disciplinary or other appropriate action.

#### **c) Information and Communication**



## i) Information Security

The SAST has a number of Information and Communication Technology and Security Policies in place. The purpose of these policies is to provide a framework for the establishment and implementation of the minimum security standards on information, assets and personnel security, and to ensure that the behaviour of all employees / structure / technology comply with the security procedures and measures. These policies provide access to and the proper use of the SAST's electronic mail system, internet system, data and computer system (s). It also provides for disclosure or interception of e-mails sent or received by the SAST's employees via its systems.

These policies attempts to address authorised use and protection of the SAST's information and communication technology facilities and systems and its applicable to all employees and contractors with access to ICT facilities.

All access to any ICT of the SAST is provided by ICT specialists to whom all Departmental/divisional Managers must request access in writing and must be approved by the Chief Financial Officer.

These ICT Policies include fraud control measures which are not limited to the following:

- **Access Security:** A person or any system component shall be granted access to only those information system resources and ICT necessary to perform the assigned task(s) and only when such access will not lead to a breach of this or any other security principle. All data, information, software and hardware shall be classified in accordance with the classification of the application system it supports. The access, transmission, transport, storage, disposal, publishing copying, changing and protection of data, information, software and hardware shall be performed in the prescribed manner and conditions as presented in these ICT Policies.
- **Dial-up, wireless, or remote access:** External access, meaning access from a computer outside the SAST's buildings/property to its networks or computers will not be allowed, except through the SAST's Virtual Private Network. Access to Virtual Private Network is controlled by means of the user access rights group policy.
- **Access to data and information:** Access to data and information will be granted by each respective Management Committee member in charge of the relevant data or information. Access to the SAST's computer systems shall be controlled by means of an approved computer access control system, which identified and verifies the identity of each authorised user.

Access to the SAST's Information Systems services shall be via a secure logon process as per the secure logon process detailed in the Information Technology Policy.

- **Password security and protection:** Passwords shall be individual and exclusive, allocated with discretion, and shall not be disclosed without authorisation; otherwise it shall constitute breach of security. The length of passwords should be a minimum of seven characters containing alpha numeric characters and subject to regular change.

Access to the SAST's network servers will be password controlled. The Information Technology department/division will ensure that passwords are valid for one calendar month only. Access to the network revoked by the system may only be invoked by ICT upon request of a user.

- **Use of The South African State Theatre's Information Technology and Information Systems:** All Electronic media and services are primarily for company business use.
- **Disposal of hardware:** If computer equipment and/or software become obsolete, unserviceable or damaged, approval per the delegation of authority shall be obtained for the disposal upon a written recommendation from the relevant department/division manager. The provisions as per the Fixed Assets Policy should be adhered to for assets included in the Asset Register.

The user and Information and Communication Technology must ensure that the SAST's data have been removed from any hard disk or storage device before disposal. If hard disk/storage device containing **sensitive information cannot be accessed electronically, it shall be stored in a safe until it can be destroyed in accordance with the prescribed procedures.**

- **Use of email:** The email facility is the SAST's property and to be utilised with care and not be abused. To reduce the risk of distributing viruses, or malicious code, no email message from an unknown or suspected source may be opened and must be deleted immediately and reported to the ICT. The mail server should not be used as a as an official archive facility.

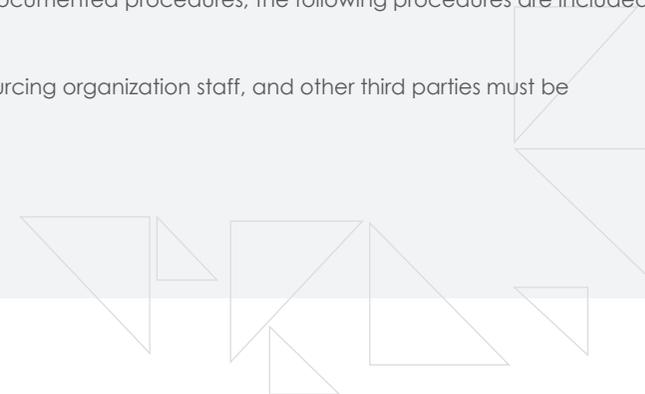
- **Use of Internet and Intranet:** Internet access is an official facility meant for official use only. Internet users may use this facility for the purpose described in the ICT Policy only. Approved internet users should refrain from visiting websites that are not regarded as official sites, during working hours. The ICT department will monitor internet usage patterns and the Information Technology department may inspect any and all files stored on the SAST's resources to the extent necessary to ensure compliance. The intranet shall not be linked to the internet and shall only be used for authorised purposes. It shall not be used as dissemination means for chain letters and/or as an unauthorised distribution platform for illegal software, shareware and/or freeware. Contractors, temporary employees needing access to the Intranet shall be approved by the CEO and shall be subjected to the same policy directives and security training applicable to the SAST's intranet users.
- **Information sensitivity:** All users of the SAST's ICT will ensure that the SAST owned information will be treated with utmost care and sensitivity at all times. Repeated non-compliance will result in disciplinary action.
- **Spam mail:** The ICT Department will ensure that the SAST's Spam server is fully functional at all times. Users must report any unwanted Spam mails received to the ICT Department.
- **Information Technology Risk and Control Framework:** All ICT risks should be the responsibility of an ICT Steering Committee who will identify, assess them in terms of their possible impact on the SAST as a whole and note them in the risk register. The SAST should consider establishing such a committee as it is currently not in place.

A severity code will be assigned to each risk to ensure that appropriate measures are taken to control and manage them. Risks will be assessed on an annual basis to determine if they are still applicable and if new risks may have arisen.

The ICT policies must address the following information security measures:

- **Classification:** Refers to the grading/arrangement, or re-grading/re-arrangement of a document, in accordance with its sensitivity or in compliance, with a security requirement. All official matters requiring the application of security matters (exempted from disclosure) must be classified. Confidential: relates to all information that may be used by malicious/opposing/hostile elements to harm the objectives and of an individual and/or department. The following are some examples:
  - Secret: relates to all information that may be used by malicious/opposing/hostile elements to disrupt the objectives and functions of the department and/or the state; and
  - Top Secret: relates to all information that may be used by malicious/opposing/hostile elements to neutralise the objectives and functions of the department and/or the state.
- **Contingency Planning:** Refers to the prior planning of any action, which has the purpose to prevent, and/or combat, or counteract the effect and results of an emergency situation where lives, property or information are threatened. This includes compiling, approving and distributing a formal written plan, and the practise thereof, in order to identify and rectify the gaps in the plan, and to familiarise personnel and the co-ordinators with the plan. The SAST's Disaster Recovery Plan must address the procedure to follow in case of disaster:
  - **Risk Analysis:** It includes the risks identified that could qualify as a disaster to the SAST, and the risk registers requires annual update with new risks;
  - **Reporting:** A contact list **must be available on site and off site for any employee to report to in case of a disaster;**
  - **Disaster recovery team:** A disaster recovery team must be appointed and their roles and responsibilities must be identified and defined in a business Continuity Plan/Policy. The purpose of this team is to ensure that the SAST is restored to its original state prior to the disaster;
  - **Prevention:** The best way to prepare for a disaster is to avoid the disaster. The SAST management should identify any potential risks or problem areas and actively manage or correct them. Some items to keep in mind or to look for include: Maintain good general housekeeping; observe physical security procedures; information security procedures; and identified disasters; and
  - **Recovery Plan after an event of disaster:** The Plan further addresses the recovery plan after an event of disaster in a form of documented procedures; the following procedures are included in case of total destruction of premises and equipment and partial disruption of operations.

The disclosure of sensitive information to consultants, external theatre producers, contractors, temporary staff, volunteers, outsourcing organization staff, and other third parties must be preceded by the receipt of a signed non-disclosure agreement.



The SAST regards the failure to comply, in whole or in part, with one or more of the provisions of this policy, to be a serious offence. Accordingly, any employee found guilty of violating this policy may face a number of penalties, including:

- Cancellation of access rights to the equipment and/or the SAST's Intellectual Property;
- Dismissal; and
- Prohibition of access to the location where the SAST carries on its operations.

Regular communiqués will be forwarded to employees pointing out security policies, with a particular emphasis on e-mail and internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed on prevailing policy in this regard, disciplinary action will be taken.

Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews must be addressed.

The SAST must regularly review security controls on ICT infrastructure and regularly update anti-virus software. This is to ensure that the fraud risks related to hacking and the deliberate misuse of Information Technology systems for personal gain are closely monitored and measures in place should be regularly reviewed annually and updated where necessary.

The policies should further address the following provisions:

- **Digital signatures:** Address the need for digital signatures as means to achieve data security within the organisation;
- **Identity Theft:** Address the prevention of identity theft and related attacks;
- **Firewalls:** Address the use of firewalls to prevent unauthorised internet users from accessing the SAST's private network through the internet, taking into account the Electronic Communication Act, No. 25 of 2002 and the Regulation of Interception of Communications and Provision of Communication-related Information Act, No. 70 of 2002;
- **Communication security, including telephones and fax machines:** Address issues related to the security of telephone and fax equipment; and
- **Intrusion Detection Systems:** Methods to detect malicious network traffic and computer usage.

## ii) Physical security

The SAST's main physical security threat arises in the area of control over its assets, namely movable and immovable assets. The SAST conducts regular assets verification of all its assets in order to identify and appropriately tag, log and value its assets.

The SAST further has in place physical security measures which includes security guards and access controls. The SAST should consider performing a physical security assessment on a regular basis. This security assessment is designed to identify areas of weakness around the physical protection of assets. Specific focus areas will be physical security over infrastructure, assets and staff. Based on the outcome of the physical security assessment, action plans can be developed to address this area of weaknesses identified.

Workstation security: Physical access control measures must be in place for all the SAST's workstations, and all unattended equipment is subject to appropriate security protection.

The SAST's Fixed Assets Policy must allocate department/division heads with the responsibility for the safeguarding of any fixed assets controlled or used by the department in question.

Procedures relating to the management and safeguarding of current assets should be documented and incorporated in the SAST's Asset Management Policies. The structure of the current Asset Register should be detailed in the relevant ICT Policy.

## iii) Change Management

The SAST's ICT Policy must address the following relating to Program Change Management:

- All changes to the SAST's ICT Infrastructure such as; operating systems, computing hardware and applications are subject to those Change Management Procedures and must follow the procedures described in the ICT Policy;
- Components and processes that could change the production environment and impact it negatively will be managed and controlled by the ICT department;

- Traceability will be built into all changes to the production environment.
- Rollback and restore procedures will be complied with in case of a fail change;
- Applications for changes will be considered and approved by the SAST's ICT Steering Committee once established/head of ICT and the CEO who should meet regularly to review change requests and to ensure that change reviews and communications are being satisfactorily performed;
- A formal written change request must be submitted for all changes, both scheduled and unscheduled;
- All scheduled change requests must be submitted in accordance with change management procedures so that the Information and Communication Technology Steering Committee has once established/head of Information technology in time to review the request, determine and review potential failures and make the decision to allow or delay the request;
- Each scheduled change request must receive formal approval by the Information and Communication Technology Steering Committee once established/head of Information and Communication Technology and the CEO before proceeding with the change;
- The appointed leader of the ICT Steering Committee, once established or head of ICT together with the CEO, may deny a scheduled or unscheduled change for reasons including, but not limited to: inadequate planning; inadequate back-up plans; the timing of the change will negatively impact a key business process such as year-end accounting; or if adequate resources are not readily available;
- Customer notification must be completed for each scheduled or unscheduled change following the steps contained in the Change Management Procedures;
- Users will test and authorise each change and certify that it does not negatively affect the production environment;
- A Change Management Log must be maintained for all changes; and
- Changes to production systems must be made in the development environment, tested in the environment before being released to the live system. Possible downtime should be clearly stated.

## 4. ADOPTION AND IMPLEMENTATION

### 4.1. Monitoring Implementation of the Strategy

Successful fraud prevention involves creating an environment which inhibits fraud. Taking immediate and vigorous action if fraud is detected is not only necessary to prevent future losses but also helps deter other acts of fraud. A manager who is alert to the possibility of fraud and who acts accordingly on a day-to-day basis is a powerful deterrent against fraud.

The SAST should maintain a consolidated record of allegations of fraud and corruption, which it receives to limit the risk of threats to the SAST being overlooked.

The SAST should consider developing an implementation plan to assist in the implementation of the actions recommended in the Fraud and Corruption Prevention Strategy and any actions identified to enhance controls of implement new mitigation strategies as highlighted in the annual fraud risk assessment and documented in the Fraud and Corruption Risk Register. Progress and outcomes of approved actions should be reported to Council.



#### **4.2. Administration: Custody of the Strategy**

The custodian of this Fraud and Corruption Prevention Strategy is the CEO who is ultimately responsible and accountable for the administration, revision and interpretation of the Fraud and Corruption Prevention Strategy.

This Fraud and Corruption Prevention strategy will be reviewed regularly and appropriate

#### **4.3. Effective Date**

This document shall come into effect on approval by Council and will be reviewed annually thereafter.

#### **4.4. Approval**

This Strategy will take effect from the date on which it is approved by the SAST's Council.

### **Annexure A: How Fraud Occurs and examples of fraud and fraud risks**

#### **A. Fraud Indicators and Warning Signs**

Managers should also be alert to any warning signs that might indicate that fraud is taking place. These include:

1. Unusually high personnel debts;
2. Living beyond one's means;
3. Desire to beat the system;
4. Always working late;
5. Reluctant to take leave;
6. Refusal of promotion;
7. Unexplained wealth;

8. Sudden change of lifestyle;
9. New staff resigning quickly;
10. Cosy or close relationship with suppliers/contractors; and
11. Suppliers / contractors who insist in dealing with one particular member of staff.

Indicators that the organisation may be a target for fraudsters or that may expose organisations to fraudsters:

1. An organisation that lacks competent employees;
2. No clear lines on authority and responsibilities;
3. No proper procedures in the authorisation of transactions;
4. Inadequate segregation of duties;
5. Operation on crisis bases;
6. Failure to discipline violations of policies, norms and standards;
7. Too much trust placed on key employees; and
8. Inadequate background and reference checking before hiring new employees.

Managers might consider using these sections as a checklist to assist in the risk management of their operations.

#### **B. Control actions plans to address fraud risks**

1. Fraud risk associated with Cash Handling

There are many risks associated with cash handling. Theft or misappropriation of cash may be assisted by the suppression, falsification or destruction of accounting records, or where no initial records are created at all.

This section suggests some controls, which should be in place in the handling of cash:

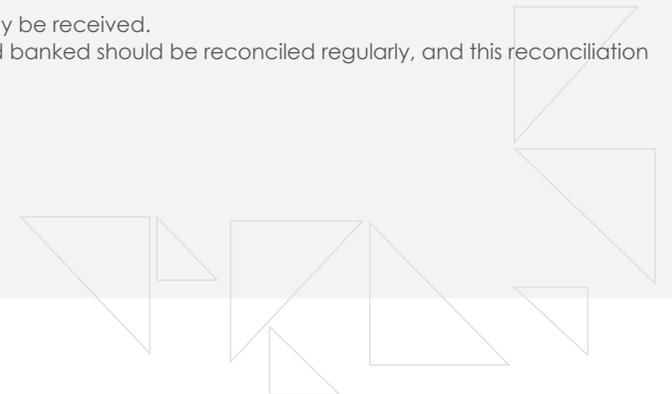
##### **a) Examples of fraud risks associated with cash handling and suggested mitigating controls:**

###### **i) Theft**

- Cash should be held securely at all times;
- Controls over keys should be set up and keys should only be issued to authorised personnel; and
- Cash balances should be kept to a minimum, recorded and checked periodically.

###### **ii) Cash received or brought to account**

- Cash received should be controlled by use of serially numbered receipts, which should be controlled stationery. These receipts should be prompt, accurate and complete. Where possible receipts should be generated automatically, dated, timed and numbered.
- Clearly visible displays should be used to show the customer the amount being registered. Restrictions on permissible pricing and levels of amount should be used to restrict error or fraud, e.g. through the use of bar codes.
- Post to be opened under controlled conditions. Two people should always open and record post where cash or cheques may be received.
- All funds received should be brought to account and banked as promptly as possible. Amounts received, accounted for and banked should be reconciled regularly, and this reconciliation should be subject to a supervisory review.



### iii) **Illegal transfer or diversion of money through Electronic Funds Transfer**

- This could be achieved by making duplicate payment, paying the wrong person or by increasing the value of some payments at the expense of others.
- Changes and additions to payee details and any other standing data should be independently authorised.
- System access to make and authorise these changes should be carefully restricted and logged.
- All payments should be independently authorised before they are made.
- Payment reports should be independently reviewed for accuracy immediately before the transfer of funds occurs.
- Separation of duties between those setting up payment accounts and those authorised to trigger payments should be maintained at all times; similarly, separate duties of receiving goods and services from the process of making payment.

### iv) **False creation of unauthorised updates to accounting records to allow unauthorised payment of funds**

- Amendments and deletions to accounting records should be independently authorised. This should be evidenced by signature, name and grade.
- Authorisation levels and frequency of checks, including the use of spot checks, should depend on: a) the amount involved and b) the degree of risk associated with the system.
- Accounting records and petty cash should be reconciled on a weekly basis. This reconciliation should be recorded and independently reviewed. Discrepancies should be investigated and resolved.
- Any discrepancies which cannot be resolved or any losses which have occurred should be reported as part of a formally defined process.
- Suspense accounts should be reviewed on a regular basis to confirm their validity.

### v) **Falsification and duplication in invoices in order to generate a false payment**

- There should be segregation of duties between ordering and payment of invoices.
- Checks for duplicate invoices should be carried out periodically.
- Invoices should be checked back to orders for evidence that the orders were genuine and properly authorised.

### vi) **Unauthorised use of the cheques and payable orders**

- Financial stationery should be held securely, and records kept of stock holdings, withdrawals and destruction of wasted stationery.
- Signatories and delegated powers should be established for cheques and payable orders.
- Use non-transferable payable instruments marked not negotiable.
- Cheques and payable orders should be checked to source documentation before issue.
- Use indelible tamper proof printing and other techniques to make manipulation detectable and more difficult.
- Ensure that addresses to which payable instruments are sent are correct. For large value payments check encashment to ensure that the intended recipient did receive the payment.

### vii) **Theft of proceeds on sale of assets or service**

- Prices for assets or services should be set to ensure best price is obtained.
- Supervisory controls should ensure that sale proceeds are recovered promptly and accurately and completely brought to account.
- Authority levels for write-offs should be established.
- Formal procedures for debt recovery should be established and adhered to.

## 2) **Fraud risk associated with payroll**

Risks which may be associated with the payroll function include the introduction of non-existent (ghost) employees, unauthorised amendments made to input data, and the payment of excessive overtime, bonus or travel claims. This section suggests some controls, which should be in place.

**a) Examples of fraud risks associated with payroll and suggested mitigating controls:**

**i) Creating fictitious employees whose pay is then obtained by the fraudster or by someone in collusion, or obtaining pay which is not consistent with employee grade:**

- All updates to the payroll system should be validated, logged and authorised;
- Access controls should ensure that only authorised personnel are able to update the payroll system;
- Controls to ensure the payroll or individual records on it cannot generate more than one payment for each period.
- Checks should be carried out on starters and leavers to ensure that they are correctly added to / deleted from the payroll;
- Budget holders should be provided with sufficient and timely information to enable them to monitor staffing costs against budget; and
- There should be segregation of duties between those responsible for authorised appointments and changes to standing data and authorising payments.

**ii) Making false claims for allowances and travel**

- The claimant should submit claims in writing;
- All claims should be checked to vouchers and any other supporting documentation prior to subsistence authorisation.
- Claims should be checked to ensure that the correct subsistence rates have been used;
- Any alterations to claim forms should be countersigned;
- Claims should not be returned to the claimant after they have been countersigned;
- Signatures of authorised counter-signatories should be checked before payment is made; and
- Budget holders should be provided with sufficient information to enable them to monitor travel costs against budget.

**3) Fraud risk associated with the procurement function**

Risk associated with the operation of purchasing systems includes the false input of invoices to diversion of payments and misappropriation of purchases. This section sets out some examples of controls, which should be in place to reduce the risk of fraud in the area.

**a) Examples of fraud risks associated with the procurements function and suggested mitigating controls**

**i) Unauthorised use of purchasing systems in order to misappropriate goods or use services for personal gain:**

- Restricted opportunity to generate payment by using sequentially numbered purchase order forms for all orders; perform independent checks to show that purchase orders are valid and accounted for;
- Authorised signatories and their authorisation limits should be established and adhered to;
- Invoices should be authorised and matched to orders before the invoices are certified for payment;
- Stock records should be maintained up to date so that stocks, stock usage and orders can be monitored;
- There should be separation of duties between those ordering and receiving goods and between those approving and paying invoices. This separation of duties should be reviewed regularly;
- The coding of invoices should be checked to ensure that the correct budget is debited;
- Authorised staff only makes amendments to standing data such as the supplier records; and
- Budget holders should regularly check items of expenditure charged against their budgets.

**ii) Short deliveries of goods**

- Payment for goods should not be made without confirming receipt or services may be accepted as a result of collusion.
- Stock records should be checked to confirm that deliveries have been accounted for.

**iii) Acceptance of unsolicited goods or expanded orders as a result of fraudulent acceptance of attractions such as free gifts**

Payment of goods should only be made after confirming that goods were properly ordered and properly authorised.



#### 4) Fraud risk associated with the use of contractors and consultants

This section sets out examples of controls which should be in place in addition to those which apply generally to cash handling and purchasing systems, to counter the fraud risks faced in relation to the use of contractors.

##### a) Examples of fraud risks associated with the use of contractors and consultants and suggested controls

###### i) Illegal tendering procedures which are ignored as a result of collusion in cosy relationships between staff and contractors

- An approved suppliers list should be considered. This list should be updated on a regular basis, and any amendments appropriately authorised.
- Clear and unambiguous tendering procedures should be established. Adherence to these procedures to be monitored closely.
- Tenders should be delivered to those responsible for selection without interference.
- Late tenders should not be accepted.
- Staff should be required to declare any personal interest that they may have which can affect the tendering process.

###### ii) Payments made of work not carried out as a result of collusion between the contractor and official

- Invoices paid only when accompanied by independent certification that work has been satisfactorily carried out.
- There is a register of contract in progress.
- Contracts are only added to the contract register when properly approved and authorised.
- All contract variations are documented, variation orders are sequentially numbered, produced in an agreed format and authorised before payment.
- Checks are made against budget and planned expenditure prior to approval of payment.

#### 5) Fraud risk associated with assets

Risks in the area include use of assets for personal gain, or misappropriation of assets. This section suggests some controls which should be in place to counter those risks.

##### a) Examples of fraud risks associated with the with the use of contractors and consultants and suggested controls

###### i) Theft or unauthorised use of assets

- Asset registers to be maintained up to date. Inventories to be used where possible and assets assigned to individual budget centres.
- There is adequate definition of assets on the asset register.
- Asset marking to be carried out where possible.
- Physical security of assets to be maintained.
- Spot checks on existence of assets to be carried out on a regular basis.
- Details of proposed sales, e.g. item, reason for sale, expected price, date of sale and results are reviewed and approved prior to sale and results are followed up in terms of price achieved and prompt banking of income.

#### 6) Fraud risk associated with sensitive information and Information Technology

Controls should be in place to reduce the threat of fraud or other irregularities arising from access to sensitive information or misuse of information for private gain. Other fraud risks associated with Information Technology include the unauthorised access to Information Technology systems, hacking, malicious damage to information systems, sabotage, etc.

##### a) Examples of fraud risks associated with sensitive information and consultants and suggested controls

- Theft or sale of sensitive / restricted documentation or information
- Controls over third party information, especially if of a personal nature and which is held on computer, should be particularly strict; staff should be informed of the SAST's information

security rules in writing.

- Official documentation should be held securely.
- Access to computer records should be logged and spot checks made to confirm that there were valid reasons for any unusual accesses.
- The use of secure passwords that are changed regularly.

## **7) Fraud risks associated with Human Resource practices**

Fraud risks associated with human resource practice include irregularities in the recruitment, selection and appointment processes such as, the submission of false credentials by applicants; irregular provision of confidential information to applicant by employees of the SAST, etc.

### **i) Deliberate submission of false credentials by applicants**

- Adequate implementation of policies and procedures relating to recruitment, selection and appointment of staff.
- Vetting of staff should be on an appropriate level depending on the nature of the post held.

## **C. Evaluating of Controls**

The earlier sections have given examples of the type of controls necessary to control fraud risks. Once a control regime has been established the adequacy and effectiveness of the controls should be monitored regularly. Advice on controls may be sought from security specialists and Internal Audit. Where weaknesses in controls are identified, cost-effective remedies should be devised and properly implemented.





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