



NOTES ON THE DAC'S THIRD QUARTERLY EXPENDITURE REPORT AND PERFORMANCE REVIEW

20 February 2013

INTRODUCTION

The late submission of the report by the Department of Arts and Culture (DAC) is concerning. It was only received by parliament on the afternoon of Monday 18 February 2013. This limits the opportunity to scrutinise the report thoroughly and does not afford members of the Portfolio Committee with enough time to familiarise themselves with the content of the document.

If DAC has only achieved 59% of its targets by 31 December 2012 there is a greater possibility that it will not meet all its targets by 31 March 2013.

The disparity between achieved targets during the second and third quarters is 8 or 6%. This could be interpreted as under achievement by the department as there was little endeavour to meet its set targets.

BUDGET VS EXPENDITURE

- The department seem to be striving towards a right direction in as far as its expenditure patterns during the 3rd quarter. However, there is a concern about the relatively low expenditure patterns on programmes 4, 5 & 6.

Matter of concern

- a) Why is DAC unable to fast track expenditure on programme 4, 5 & 6?

- It is worrying that the department has an extremely low expenditure in Capital Works (55%) and Capital Assets (46%)

Matter of concern

The expenditure on the refurbishment/maintenance of DAC's entities is worrying

- a) What has the department done to ensure that DPW speeds up the process so to spend voted funds?

- Expenditure by provinces on a conditional grant budget item is worrying. Although the department has effected transfer payments to provinces, there is an alarming under expenditure of funds by responsible provincial governments.



Matter of concern

With the exception of the Mpumalanga Provincial Government all provinces have recorded an under expenditure with the Eastern Cape and Limpopo provinces recording worst performance

a) What is DAC doing to ensure that conditional grant funds are spent by respective provinces?

- DAC budgeted R12.8 million for NGO during the 2012/13.

Matter of concern

a) Why is DAC funding NGO's yet it has agencies that should be dealing with NGO funding?

- .DAC has only spent 47% on households yet it has applied for a veriment which will add to this budget item. Given that DAC has not spent sufficiently on this budget item, there is a possibility that DAC will underspend on this budget line item.

Matter of concern

a) Caution should be exercised as transferring funds before the end of the financial year amount to 'financial warehousing'

PERFORMANCE INFORMATION

- The Auditor General is satisfied that the department is streamlining its performance indicators and is adhering with the SMART (**S**pecific, **M**easurable, **A**ttainable, **R**elevant & **T**imely) principles. However, it worrying that targets assigned to these indicators are not met by the department. By not meeting these targets the department contributes to the lack of service delivery which in known to have resulted to numerous service delivery strikes. The Portfolio Committee should ensure that the department delivers its mandate through the targets that it has set for itself.
- Department's indicators and targets have a potential to improve the lives of ordinary South Africans at a grass route level and contribute towards a better nation. It is however worrying that these targets are not met. The department had a target to



mount 500 flags and purchase 200 000 books respectively. Only 1 flag was installed by the department while the target to purchase books was not met.

Matter of concern

- a) In some indicators DAC is unable to comply with targets because it is unable to source service providers. Why it is difficult for DAC to appoint service providers?

Mzansi Golden Economy

Matters of concern

- a) How much is planned to be spent on Mzansi Golden Economy by 31 March 2013?
- b) Who and what institutions will benefit out of this payment?
- c) Is DAC be able to spend all it voted funds by 2013?

RISK MANAGEMENT

Risk identification and management is vital part for the survival of DAC. Although the report highlight very briefly on issues of risk, it does not provide a full picture of how DAC has managed it risk during the third quarter.

Matters of concern

- a) Strategic mitigation report does not assist the committee with sufficient knowledge as it does not indicate which mitigating circumstances were attended to.
- b) Operational mitigation factors are also not accurately indicated.
- c) Why has DAC not started with certain mitigating factors? What are these?

CONCLUSION

The following should be taken into consideration:

- a) The report does not convince the Portfolio Committee that DAC will spend all its voted funds by 31 March 2013.
- b) The APP sets a target of 47% females at Senior Management Level by the end of the third quarter - what is the actual figure?



- c) APP pg 27. What is the status of the SALPC bill? According to the APP, by the end of the 4th quarter, legislative process to introduce bill to Parliament have to be finalised. Has the memo to cabinet been made and what is the outcome? ✓
- d) APP, pg 22: Performing arts programme: DAC was to have implemented 1 basic education programme with the DBE in the third quarter, has this been achieved?
- e) APP pg 34. What is the progress made wrt the establishment of the Craft Council? Consultations should have been conducted by the end of the third quarter? Similarly, progress on Cultural Observatory, National Design Council, Indigenous rural cultural festival, etc...
- f) How does DAC choose people to attend the international book fairs? How many people attend and what is the cost benefit to South Africa? (pg 38 of the APP). ✓
- g) Update on situation in Mali. Manuscripts had to move into the new building and handover of building had to take place in the third quarter?
- h) Has the draft museum policy been completed?
- i) Section 38 (1) (k) of the Public Finance Management Act (Act No 1 of 1999, as amended) states that the Accounting Officer "MUST enforce compliance with any prescribe conditions if the department...gives financial assistance to any entity or person". Why is DAC not ensuring that provinces spend conditional grant within the required time frames? ✓
- j) It is suggested that presentations and support documents be submitted at least two (2) weeks prior to the meeting.