

THE BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON ARTS AND CULTURE, DATED 25 OCTOBER 2016

The Portfolio Committee on Arts and Culture (hereinafter referred to as the Committee), having considered the performance of Vote 37: Department of Arts and Culture (hereinafter referred to as the Department), reports as follows:

1. INTRODUCTION

1.1. Mandate of Committee

The Portfolio Committee on Arts and Culture (the “Committee”) is empowered, through the Constitution, to ensure that executive organs of the state in the national sphere of government are accountable to it. The Constitution further empowers committees in the National Assembly to maintain oversight of the exercise of the national executive. In order for the Committee to provide oversight, the Budget Review and Recommendation Report (BRRR) is an essential tool to assess the Department’s performance and strategic direction. The BRRR also acts as a mechanism to measure service delivery and identify areas that require urgent interventions. This process enables the Committee to understand how the Department has implemented its appropriated budget.

1.2. Description of Core Functions of the Department

The Department derives its mandate from the Constitution with specific focus on language and culture, access to information and, to some extent, education. The Department further seeks to unleash the potential of the Arts, Culture and Heritage sector to contribute to job creation and economic growth and development through the Mzansi Golden Economy (MGE) strategy. In addition, the Department is also responsible for the promotion of the performing arts in South Africa; provision and promotion of official languages and enhancement of linguistic diversity in South Africa; and provision and maintenance of the declared cultural institutions, National Archives and Library of South Africa. The Department is responsible for 26 entities that were established to enable the Department to deliver on its mandate, amongst these entities is the Robben Island Museum, which is a World Heritage Site and also a site of historical importance in South Africa.

1.3. Purpose of the BRR Report

Section 5 of the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009) requires the National Assembly, through its Committees, to produce a Budgetary Review and Recommendation Report which assesses the performance of each national department with reference to the following:

- a) The Medium Term Estimates of Expenditure, Strategic Priorities and Measurable Objectives, as tabled in the National Assembly;
- b) Prevailing Strategic Plans;
- c) The Expenditure Report as published by the National Treasury in terms of section 32 of the Public Finance Management Act (No. 1 of 1999);
- d) The Financial Statements and Annual Reports;
- e) The Reports of the Committee of Public Accounts; and
- f) Any other information requested by or presented to a House of Parliament.

1.4. Method

In compiling the 2016/17 BRRR the Committee utilised the following documents:

- 2016 President's State of the Nation Address;
- 2014-2019 Medium Term Strategic Framework;
- 2015/16-2019/20 Strategic Plan of the Department of Art and Culture;
- 2016/17 Annual Performance Plan of the Department of Arts and Culture;
- 2016/17 first quarterly report of the Department of Arts and Culture and entities;
- 2015/16 Annual Report of the Department of Arts and Culture and entities;
- 2015/16 Budget Review and Recommendation Report of the Portfolio Committee on Arts and Culture; and
- The National Development Plan (NDP): Vision for 2030.

1.5. Portfolio Committee's Oversight Environment

The publication of the 2014 – 2019 Medium Term Strategic Framework (MTSF) was heralded by the establishment of the fifth Parliament and the fifth administration after the 2014 general and provincial elections. The 2014-2019 Medium Term Strategic Framework (MTSF) identified the following priorities:

- Radical economic transformation, rapid economic growth and job creation
- Rural development, land and agrarian reform and food security;
- Ensuring access to adequate human settlements and quality basic services;
- Improving the quality of and expanding access to education and training;
- Ensuring quality health care and social security for all citizens;
- Fighting corruption and crime;
- Contributing to a better Africa and a better world; and
- Social cohesion and nation building.

These priorities were then expounded into fourteen outcomes and their associated activities and targets. Outcome 14, '*a diverse, socially cohesive society with a common national identity*' which responds to the NDP is assigned to the Department of Arts and Culture.

The President emphasised that during the 2014-2019 MTSF sport and culture will play a major role as unifying factors as they both respond to Outcome 14. It also became pertinent for the government to promote inclusive heritage by erecting monuments as well as symbols that honour the heroes and heroines of the struggle who delivered the freedom and democracy in South Africa.

During his 2016 State of the Nation Address, President Zuma had this to say:

A committee has been established to coordinate the participation of our performing arts legends in nation building activities in the country. The Living Legends committee is chaired by playwright Mr Welcome Msomi working with music icon, Ms Letta Mbulu, as deputy chairperson. Musicians and actors amongst others heeded the county's call to unite and formed the Creative Industries Federation of South Africa. The Presidency has established the Presidential Creative Industries Task Team to support the artists.

1.5.1 The Portfolio Committee oversight approach

Since the beginning of the fifth parliament, the Committee has been actively involved on oversight functions that seek to ensure that the delivery of arts, culture and heritage services is accelerated and South Africans enjoy the value of their diverse heritage. The Committee has challenged Department's entities to align themselves with broader strategic priorities of government and the National Development Plan so as to contribute to economic growth and job creation. The Committee has robustly engaged its entities (Nelson Mandela Museum, Market Theatre, Windybrow Theatre, and Msunduzi Museum) in an attempt to assist the Department to ensure that these entities fulfil their constitutional mandate.

The Committee acknowledges that the Department has a pivotal role to play in realising the vision of the NDP. The Committee believes that the amplification of the current programmes of the Department could enhance the delivery of services and a realisation of a dream of a 'better life for all'. The President has set the target to increase the number of foreign visitor arrival to South Africa to be more than 15 million annually by 2017. In order to attain these targets, all sectors of society need to embark on various progressive interventions to create a sustainable tourism appetite for the country. This may enable the country to spur the economy. Thus, creative ways by museums and artists are needed to come with new ways of exhibiting their skills and prowess.

1.5.2 Oversight role of the Committee

As mandated by section 55 of the Constitution of the Republic of South Africa, 1996, the Committee exercised its oversight function through robust portfolio committee meetings where the executive accounts on regular basis. In addition, the Committee conduct oversight visits where members of the Committee visit institutions and projects that are implemented by those entities.

1.5.2.1 Oversight visits

An approach adopted by the Committee during oversight is to ensure that it meets with different level of staff in an institution so that it can ascertain the nature and the gravity of problems the institution has and also determines how to resolve them. From the Committee's perspective, in order for any institution to improve its performance, all staff members should strive towards a solution. The Committee undertook an oversight visit to the Nelson Mandela Museum in Mthatha from the 14 – 15 September 2016.

2. OVERVIEW OF THE KEY RELEVANT FOCUS AREAS

The following policy developments characterised the sector during the 2015/16 financial year:

2.1. White Paper review process

The Department embarked on consultative workshops on the White Paper on Arts, Culture and Heritage in provinces in year under review. Moreover, a National White Paper Review Summit was held in November 2015 during which wide-ranging recommendations were made to reshape the policy framework and a Reference Panel comprising experts and stakeholders in the sector was appointed to draft the revised White Paper.

2.2. Nation Building and Social Cohesion

The Department of Arts and Culture leads and co-ordinates efforts to reconstruct our fractured and divided past to a more socially and economically inclusive society that is proud of all its cultural expressions. This entails, among other things, mobilising people to act together to embrace diverse cultures and create new forms of engagement towards greater unity. In pursuit of these ideals, the Department continued to lead and implement the social cohesion programme during the year under review. The Department and 13 Delivery Sector Departments reviewed Outcome 14 indicators to ensure that the programmes implemented promote a socially inclusive society. Key highlights is that the Department was able to hold 33 community conversations and 4 quarterly reports were generated and submitted to Department of Performance Management and Evaluation, Cabinet and to the Portfolio Committee on Arts and Culture.

2.3. Placement of artists in schools

The Department's human capital development strategy entails initiatives that seek to entrench the appreciation of arts, culture and heritage at an early developmental stage of child development. The flagship programme in this regard is the placement of artists in schools. The year under review saw 352 arts practitioners placed in schools across all 9 provinces.

2.4. Living legends programme

The Living Legends Legacy Programme was launched in November 2015 to recognize and celebrate the role of Living Legends in arts, culture and heritage and provide opportunities between the legends and aspiring young artists. During the year under review, the Living Legends participated in a number of activities that included 18 master classes around the country, concerts and festivals. Moreover, a Living Legends Trust and interim governance committee were established.

2.5. Legacy projects

On 11 September 2015, President Jacob Zuma and Mozambican President, Filipe Nyusi, officially unveiled the Matola Monument and Interpretative Centre in memory of struggle heroes that were brutally killed during the Matola Raid in 1981. The centrepiece of the monument consists of three red obelisks, on which the names of the Matola martyrs are inscribed. Adjacent to the monument is a multimedia information centre containing photographs and documentation of the anti-apartheid struggle.

2.6. Community libraries

706 ICT infrastructures were upgraded and 532 libraries were connected with free public internet access. Library awareness programmes and projects that promote a culture of reading were regularly implemented in the community libraries. 33 libraries have established services for the visually impaired in the Eastern Cape (EC) and KwaZulu-Natal. 27 bursaries were provided to library staff (23 Free-State and 4 North West) in the reporting period in order to enhance skills and competencies in libraries. 827 employment contracts were renewed in the period under review.

2.7. Annual National Book Week

The Department in partnership with the South African Book Development Council (SABDC) hosted the National Book Week activities in Megoring Primary School on Wednesday, 09 September 2015 at Capricon Municipality- Limpopo under the theme #Goingplaces #BuyaBook. Various publishers such as Pan Macmillan SA, Penguin Random House SA, and NB Publishers offered discounted books that will be sold at a minimal cost of R20 in Bargain Books and Exclusive Books stores nationwide. Deputy Minister Rejoice Mabudafhasi gave a keynote address, donated books and also interacted with the learners, teaching them about the importance of national anthem and national symbols.

2.8. Funda Mzantsi National Championship

Funda Mzantsi National Championship is a Book Club reading competition where more than 30 book clubs were invited to compete for a prize. Participants included book clubs from correctional facilities whereby offenders participated in reading as part of the rehabilitation programme. Deputy Minister Rejoice Mabudafhasi announced the winners of the 6th Funda Mzantsi National Championship during the closing ceremony on Wednesday, 07 October 2015, in George, Western Cape. The Funda Mzantsi National Championship took place under the theme "Developing Creative Minds".

3. SUMMARY OF PREVIOUS KEY FINANCIAL AND PERFORMANCE RECOMMENDATIONS OF COMMITTEE

3.1. 2015 BRRR Recommendations

During the 2015 BRRR the Committee made the following recommendations:

- a) The Department must spend 100% of its appropriated budget;
- b) The Department to assist entities to comply with GRAP 103;
- c) Councils of the South African Heritage Resources Agency, Msunduzi Museum, National Library of SA, National Heritage Council and Artscape to account to the Committee why they incurred so much irregular expenditure and accounting authorities ensure that such irregularity is not repeated, and the Councils to submit turnaround plans with clearly defined time frame and consequences management plan;
- d) Councils of Freedom Park, National Heritage Council and PanSALB should inform the Committee why these institutions spent so much on fruitless and wasteful expenditure and accounting authorities to ensure that internal controls are established to prevent reoccurrence of such irregularity;
- e) Department to conduct an audit of all entities' audit committees and ensure that they adhered to the following:
 - o External member are a majority;
 - o They have members who possess relevant skills and knowledge; and
 - o They are chaired by an external member.
- f) The Department should ensure that all critical vacant positions are filled by not later than 31 March 2016;
- g) The Department to consider tapping into the Expanded Public Works Programme -Environment and Culture sector, to create additional job opportunities in the sector;
- h) The Department to develop customised national indicators for entities to ensure that government strategic goals are met;
- i) The Department should consider repositioning the National Archives in a manner that makes it more effective, efficient, visible and accountable;

- j) The Department to develop a new funding formula to ensure resources are distributed equitably among all entities and 9 South Africa's provinces; and
- k) The Department must continue to strengthen internal controls and work towards eliminating irregular, fruitless and wasteful expenditure incurred within the Department and its entities.

3.2. 2015/16 Committee Budget Report

The Committee supported the 2015/16 budget of the Department and its Annual Performance Plan (APP). It also supported the strategic alignment of the Department's programmes with the NDP.

4. OVERVIEW AND ASSESSMENT OF THE 2015/16 VOTE PERFORMANCE

4.1. Service Delivery Performance for 2015/16

The following are the highlights of the Department's achievements during the 2015/16 financial year:

- The Department hosted 104 izimbizo – 84 more than the target of 20 – due to Africa Month and demands from the communities to engage with political principals;
- In keeping with its responsibility to lead Outcome 14 of the MTSF, the Department has hosted 33 community conversations in different parts of the country; hosted 10 public platforms for social cohesion advocates; and supported one Moral Regeneration Movement (MRM) project;
- The Department, in collaboration with Business and Arts South Africa (BASA), has developed and submitted a proposal for the inclusion of the arts into section 18A of the Income Tax Act (No. 58 of 1962). If this proposal is successfully considered by the Davis Tax Commission, this would mean that any "taxpayer making a *bona fide* donation in cash or of property in kind to a section 18A-approved organisation, is entitled to a deduction from taxable income if the donation is supported by the necessary section 18A receipt issued by the organisation...";
- A movie dramatising the life of Nelson Mandela was completed;
- Three reading and writing programmes were supported – *Time of the Writer*; *National Book Week*; and the *South African Literary Awards*;
- Ten community arts centre (CAC) programmes were implemented;
- The number of arts practitioners placed in schools exceeded the planned target of 300 by 52;
- In partnership with the National Heritage Monument, 40 statues were produced and erected at the Groenkloof Nature Reserve;
- Concept documents for the National Heritage Monument and the National Liberation Heritage Route, i.e. heritage infrastructure, have been approved;
- 71 new bursaries were awarded to students pursuing studies in heritage; and
- 44 new community libraries were built.

4.2. Voted funds and expenditure patterns

Below is the Department's appropriation statement for the 2015/16 financial year. This shows appropriation per programme:

Voted funds and direct charges R'000	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
Programme							
1. Administration	242 412	7595	28 280	278 287	253 932	24 355	91.2%
2. Institutional Governance	397 558	(3 308)	(170 124)	224 126	231 730	(7 604)	103.4%
3. Arts and Culture Promotion and Development	1 076 224	(4 277)	(72 111)	999 836	973 035	26 801	97.3%
4. Heritage Promotion and Preservation	2 109 853	(10)	213 955	2 323 798	2 303 656	20 142	99.1%
TOTAL	3 826 047	-	-	3 826 047	3 762 353	63 694	98.3%

Source: Department of Arts and Culture (2016a), pg.132.

As reflected above, overall under-expenditure amounted to R63.7 million or 1.7 per cent of the final appropriation. All programmes, with the exception of Programme 2: Institutional Governance had not completely expended their respective budget allocations. It is of interest to note that in May this year, the Department reported expenditure for Programme 2 at 65.2 per cent during a presentation on its fourth quarter performance to the Committee.¹ However, the annual report reflects over-expenditure on this programme for the 2015/16 financial year.

4.3. Department's performance against the pre-determined objectives

The table below provides a concise overview of general performance for the period under review (note that the remarks of the AG on reliability and usefulness of performance information should be taken into consideration when studying this information):

Total budget spent*	98.3%
Total targets set**	76
Targets achieved**	51/76
Targets not achieved**	25
Success rate**	67%

¹ Department of Arts and Culture (2016b).

4.4. Contextualising the report of the Auditor General of South Africa and its implications

The Department has achieved a financially **unqualified audit opinion** with findings. The audit opinion thus remains unchanged from that achieved in 2014/15. The following section contains an overview of matters raised by Auditor-General of South Africa (AG).

The AG raised a number of matters that the Committee should explore in the presence of the Department. These include:

- Financial statements submitted to the AG were not supported by full and proper records. The Department subsequently corrected the material misstatements identified by the auditors. This resulted in the financial statements receiving an unqualified audit opinion (this is a matter that the AG also raised in the 2014/15 audit)²;
- Procurement and contract management was flagged by the AG. The Department violated several Treasury Regulations, including awarding quotations to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state.³ This concern was also flagged by the AG in the audit of the 2014/15 financial year;
- Expenditure management: The Department failed to settle contractual obligations and money owed within 30 days or the agreed period. In addition, there was weakness in the controls to prevent irregular, fruitless and wasteful expenditure. The AG raised this in the audit for the previous financial year as well;
- Deficiencies in internal control resulted in inadequate processes and monitoring controls to ensure that reliable performance and financial information is produced which subsequently meant that laws and regulations were not complied with at all times. In addition, inadequate systems were implemented which led to monthly performance and financial reports that are supported by adequate evidence. Further, monitoring controls prepared did not sufficiently ensure compliance to all laws and regulations including those related to supply chain management. These concerns relating to leadership and financial and performance management were also raised in the audit report for the 2014/15 financial year;
- The AG also highlights instances of investigations in the Department. One investigation relates to allegations of misappropriation of the Department's resources and funds. The Department has been provided with the results of the completed investigation. The second area of investigations was also raised in the 2014/15 audit. This involves several investigations by the internal audit unit arising from allegations against officials of the Department. Below is a table of the audit of the entities of the Department:

² Department of Arts and Culture (2015b), pg.98.

³ Department of Arts and Culture (2016a), pg.125.

Audit opinion	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Clean	6	6	8	9	9	7
Unqualified	17	15	14	9	6	7
Qualified	2	4	4	7	10	11
Adverse	1	0	0	0	0	0
Disclaimer	0	1	0	1	1	2
Audit outstanding	0	0	0	0	1	0

Figure 1: Audit history of the vote⁴

The Committee notes that two less institution received a clean audit. However, the Committee is concerned about the fact that the number of institutions that received a qualified audit and a disclaimer increased by one each.

The Committee observes that only three auditees improved their audit outcomes, with the Luthuli Museum receiving unqualified audit with no findings; Windybrow Theatre receiving an unqualified audit with findings and Pan South African Language Board receiving qualified audit. In total 6 institutions regressed, namely; Die Afrikaanstal Museum, Performing Arts of the Free State, National Museum, War Museum of the Boer Republic, State Theatre of South Africa and Ditsong Museum of South Africa.

⁴Presentation by the Auditor General of South Africa to the Portfolio Committee on Arts and Culture, Parliament of the Republic of South Africa, Cape Town, 14 October 2014.

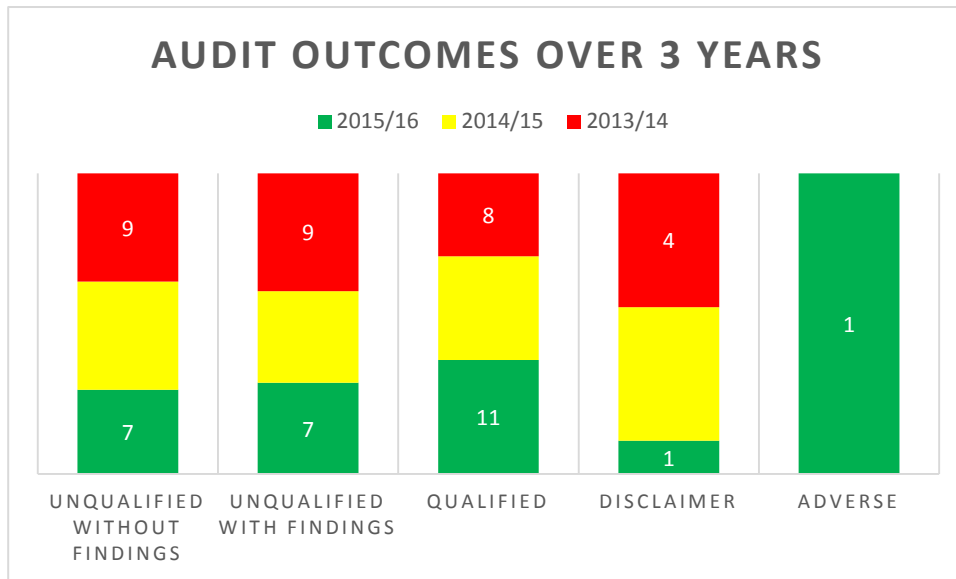


Figure 2: Audit outcomes over three years

4.5. Impact of General Recognised Accounting Practise (GRAP) 103 standard to the audit outcomes

The overall audit outcomes of the Arts and Culture portfolio regressed over the three years from 2013-14 to 2015-16.

The major contributor to this regression over the period has been the requirements of GRAP 103, Heritage Assets coming into effect in 2014-15, which affected 38% of the entities in the portfolio (2014-15: 31 %).

4.6. Proportion of irregular expenditure within the vote

While the Committee notes the overall decrease of committed irregular expenditure within the vote, it remains concerned that the Department and its entities still incur it. The following table illustrates the extent of irregular expenditure to auditees:

	Department/entity	Irregular expenditure		
		Movement	Amount R 2015/16	Amount R 2014/15
1	Artscape	↑	5 709 000	2 383 000
2	Ditsong Museums of South Africa	↑	1 242 000	821 000
3	Freedom park	↓	41 000	399 000
4	Iziko Museums	↑	83 000	0
5	Department of Arts and Culture	↓	111 493 000	120 641 000
6	Market Theatre Foundation	↓	213 000	604 000

7	Msunduzi/Voortrekker Museum	↓	194 000	1 102 000
8	National Film and Video Foundation of South Africa	↑	593 000	0
9	National Heritage Council	↓	4 148 000	6 471 000
10	National Library of South Africa	↓	9 423 000	12 900 000
11	Pan South African Language Board	↓	8 318 000	8 662 000
12	State Theatre	↓	13 344 000	16 139 000
13	Windybrow Theatre	↓	640 000	1 797 000
14	National Museum (Bloemfontein)	↓	0	556 000
15	Nelson Mandela Museum (Mthatha)	↑	738 000	309 000
16	The National English Literary Museum (Grahamstown)	↓	0	271 000
17	Performing Arts Centre of the Free State	↑	7 66 000	0
18	National Arts Council of South Africa	↓	0	1 258 000
19	Williams Humphreys Art Gallery (Kimberley)	↑	176 000	0
20	Die Afrikaanse Taalmuseum	↑	121 000	63 000
21	South African Heritage Resources Agency	↓	4 027 000	4 344 000
22	South Africa Library for the Blind	↑	971 000	0
	Total	↓	171 222 000	186 000 000

Figure 3: Irregular expenditure within the vote⁵

⁵ AGSA, PFMA audit outcome of the 2015-16 financial year: Arts and Culture Portfolio, presented to the Portfolio Committee on Arts and Culture, Parliament of RSA, 11 October 2016, pp.27-28.

The Committee notes that R171.2 million within the vote was incurred as irregular expenditure. While the Committee cannot conclude that this expenditure was spent on fraudulent activities, it is concerned by the Department's and entities' failure to comply with the supply chain management procedures as this could lead to potential fraud and corrupt activities. The Committee views perpetual irregular expenditure with displeasure as it has a malevolent impact on the public trust of the Department and its entities. The Committee is concerned that the accounting authorities of most entities (see the table above) did not prevent the irregular expenditure from taking place.

4.7. Fruitless and wasteful expenditure

The Committee notes the report by the AGSA that fruitless and wasteful expenditure has decreased from R3.7 million to R2.05 million. However, the Committee is concerned that the National Heritage Council, National Library South Africa and Nelson Mandela Museum in Mthatha spent more than half a million on Fruitless and Wasteful expenditure. The following table list institutions and their fruitless and wasteful expenditure's liabilities:

	Department/ Entity	Fruitless expenditure		
		Movement	Amount R 2015/16	Amount R 2014/15
1	Department of Arts and Culture	↓	220 000	330 000
2	Ditsong Museums of South Africa	↑	300 704	207 703
3	National Heritage Council	↓	530 000	954 000
4	National Library of South Africa	↓	7 000	58 331
5	Pan South African Language Board	↓	506 000	698 862
6	State Theatre	↑	52 333	20 024
7	Windybrow Theatre	↓	13 050	0
8	South African Library for the Blind	↑	3 000	0
9	National Museum (Bloemfontein)	↓	0	11 000

10	Nelson Mandela Museum (Mthatha)	↑	325 384	24 342
11	Performing Arts Centre of the Free State	↑	1 509	0
12	Robben Island Museum	↓	12 419	460 241
13	National Arts Council of South Africa	↓	55 221	116 846
14	Die Afrikaanse Taalmuseum	↑	12 419	3 099
15	Iziko Museums of South Africa	↑	55 221	4 421
16	South African Heritage Resources Agency	↓	174 884	178 059
17	Freedom Park	↓	80 427	669 061
18	Luthuli Museum	↑	16 000	0
19	Market Theatre Foundation	↑	3 750	0
20	National English Literary Museum	↑	13 000	0
	Total	↓	2 056 937	3 735 989

Figure 4: Fruitless and Wasteful expenditure within the vote

4.8. The function and independence of Audit Committees

The Committee notes that King III report stipulates that the audit committee should be chaired by an independent non-executive director. The Committee notes that some entities have Audit Committee that are chaired by a members of council who sometimes are neither a chartered accountant nor possessing extensive experience and knowledge of accounting. Furthermore, King III report also requires that the board should ensure that the company has an effective and independent Audit Committee, this is compromised as Audit Committees are dominated by council members. This affect the probability of the independence of the Audit Committee.

4.9. Personnel expenditure, vacancy profile and labour disputes at an executive level of management

4.9.1. Personnel expenditure

Personnel expenditure is necessary for Departments to function, however, the spending of personnel should not be too high. Departments should ensure investment instead of a consumerism. Thus, the percentage of personnel against operations should be far lower. In percentage terms, the cost of personnel should not go beyond 80%, which is happening in other entities of the Department. Spending more than 80% on personnel will hamstrung the operations of the Department.

4.9.2. Vacancy rate

The Committee notes that the Department has had a Director General position vacant for some time, such that there have been two acting people in the position. The Committee notes that the Department and its entities do not act swiftly to fill these very critical positions.

5. SERVICE DELIVERY ENVIRONMENT AND PERFORMANE OVERVIEW OF 2015/16

5.1. Service delivery environment

The year under review saw the country experience a number of incidents of defacing, vandalism and removal of heritage objects. In response to this, the Department hosted a national consultative workshop on the transformation of the heritage landscape. The Minister appointed a task team of heritage experts to inform and guide the process. In implementing the recommendations of the workshop the DAC hosted a series of consultative forums throughout all 9 provinces. The comprehensive response drafted includes specifics on the accelerated transformation of geographic names, monuments, statues and heritage sites and objects.

According to the South African Geographical Names Council Act, 1998, (Act No 118 of 1998), the Minister of Arts and Culture has appointed a new advisory body known as the South African Geographical Names Council (SAGNC) to advise on the transformation and standardisation of geographical names in South Africa. In the period under review 226 geographical names were standardised

5.2. Expenditure within the Vote

For the 2016/17 financial year, the total budget allocation is R4.1 billion. During the 2015/16 financial year the adjusted budget was R3.8 billion. While there has been a nominal increase of 6.4 per cent, or R244.9 million, compared to 2015/16, when considering the inflation rate, there has in fact been a slight year-on-year decrease of 0.2 per cent, or R7.1 million.

By the end of June 2016, the Department had spent R823.8 million or 20.2 per cent of the total budget for the financial year while in June 2015, the Department had spent 18.7%. The Department had projected spending R945.9 million or 23.2 per cent of the total budget. Slow spending is largely on Transfers and Subsidies and Payment for Capital Assets.

The Committee notes that spending on Capital Works projects remains poor as in the past. The National Treasury is concerned that the trend of shifting funds from these programme to augment other

programmes is likely to continue going forward if Department of Public Works does not fast track projects and the invoicing of these projects.

Programme 1: Administration has spent R3.2 million more than projected expenditure mainly due to additional spending of R10 million on goods and services mainly on operating leases, and property payments. This is as a result of the bulk of invoices from the 2015/16 financial year for operating leases and municipal recovery charges being received and processed in the 2016/17 financial year.

Programme 2: Institutional Governance had a spending variance of R46.6 million from projected spending due to delays in the processing and submission of invoices by the Department of Public Works (DPW) for the legacy projects.

Programme 3: Arts and Culture Promotion and Development had a spending variance of R65.3 million from projected expenditure due to delays in the process of selecting an institution to host the Venture Capital Fund.

Programme 4: Heritage Promotion and Preservation had a variance of R15.2 million from projected expenditure due to delayed processing and submission of invoices by DPW for the Heritage institutions' Capital Works projects.

6. RECOMMENDATIONS

In the light of the key performance issues raised in this report, the Committee recommends the following:

- Appointment of the Director General to ensure that there is leadership stability in the portfolio is crucial.
- Appointment of personnel in strategic and management positions in the Department and the entities should be prioritized.
- Auditees that submitted financial statements of poor quality for auditing should strengthen their processes and controls to create and sustain a control environment that supports reliable reporting.
- There should be effective consequence management relating to financial mismanagement within the Department and entities
- Management should act on recommendations made by the Auditor General South Africa in a timely manner and implement action plans for internal controls that are sustainable.
- Accounting officer or authority must successfully implement basic internal controls and accounting disciplines by preparing regular and accurate financial statements and performance reports.
- Senior management, leadership and oversight structures should continue to pay close attention to the occurrence of supply chain management transgressions.
- Senior Management should investigate the incidents of non-compliance and take appropriate corrective steps, and implement consequence management when required.
- Accounting authorities and the accounting officer should consult National Treasury and Accounting Standards Board for clear guidance on the application of GRAP 103 Standard for Heritage Assets.

7. APPRECIATION

The Committee thanks the support of the Department and entities that worked hard to produce documents that were required to generate this report.

Report to be considered.