

1. INTRODUCTION

The Portfolio Committee on Education, Culture, Sport and Recreation has a mandate in terms of Section 114 (2) (b) of the Constitution of South Africa (Act No 108 of 1996) to oversee the performance of the Department of Culture Sport and Recreation and hold the Executive accountable for the Departments usage of allocated funds.

Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature requires a Member of the Executive council to table Quarterly Reports of a Department to the Speaker of the Legislature, within 30 days after the end of the quarter.

The committee considered the 1st quarterly performance report of the Department (April-June) 2019/20 financial year to assess progress made in terms of the actual outputs and expenditure against planned targets and allocated budget.

2. METHOD OF WORK

The MEC tabled the 1st Quarterly performance report in the Legislature which was subsequently, referred it to the Portfolio Committee for consideration. The Committee was briefed by the Cross Functional team and met with the Department to deliberate on the report on the 29 August 2019. Thereafter the Portfolio Committee met to adopt its report.

Invitations to the meeting were issued to the MEC and HOD of the Department of Culture Sport and Recreation, the Department of Public works roads and transport, (DPWR&T) and the Auditor General of South Africa (AGSA).

3. GENERAL OBSERVATION.

The Committee made the following observations from the interaction with the Department:

(a).The Departments spending on capital assets was very low, it was allocated R133 988 ,000.00 and manage to spend only R21 800 000.00 or 16.3 %, as such that 5 capital projects were affected.

(b).The Department spend an amount of R 2,146 000 .00.that was not budgeted for.

(c).Payment of invoices within 30 days of receipt is still a problem, 620 invoices were received and only 440 were paid.

(d)The Department lost 6 employees due to attrition at Kghodwana Cultural Village in the 1st quarter of 2019/20.

(e).There are six Libraries that were not connected with Internet and WI FI.

(f).The Departments spending on minor assets was slow in the 1st quarter of 2019/20.It manage to spend R262.000.00 or 4.1 % of the R6, 446.000.00 budget that was allocated.

(g)The department did not support the 70 clubs participating in the rural sport development programme.

4. COMMENTS BY THE MEC.

The MEC OF Culture, Sport and Recreation Hon.LL Ntshalinshali arrived while the meeting was in progress and was given an opportunity at the end of the meeting and she made the following comments:

(a).The portfolio committee must stick to the scheduled and communicated time for meetings and not change times since this interferes with other planned commitments, her office was not informed about the changes. This does not display professionalism and should not be repeated again.

(b).The department raised a concern on the issue of the unauthorised expenditure as per the by Provincial treasury and wondered if it followed the normal processes.

(c) .The Department does not have control over the Budget for capital projects, procurement processes and payment of services since implementation is done by the Department of public works roads and Transport. This makes it difficult for the Department to account on behave of Public works this matter need to be looked at and be discussed in the EXCO meeting.

(d).The Department did not review the Organogram as they presented the budget. The Department is still operating with an outdated Organogram of 2010 and has exceeded the 35 % norm on salaries of employees. Currently the Department is at 48% which is not normal.

(e).The Department will be going for a strategic planning session on the 04th to the 6th September 2019 and will be expected to review the Organogram, and cut on redundant posts.

(f).The Department through the HOD should provide a detail report on the findings of the AG and the report should indicate how the department plans to address the findings.

(g).The Department through the HOD was requested to provide details on the responses as they were briefed, such that no follow ups are made and the document be send back to the legislature by the 30th August 2019 as per the chairperson’s request.

(h).The MEC requested the HOD, to enrich the document, provide specific information and assured the Portfolio committee that it is for the last time that such happen.

5. ANALYSIS OF THE QUARTERLY BUDGET EXPENDITURE

5.1. Table: 1: 1st quarter budget and expenditure per programme as at 30 June 2019.

According to the 2019/20 Annual Performance Plan (APP), the Department has four service delivery programmes

Programme	Main Budget 2019/20 R'000	Actual to the end of Jun 2019	Outcome as of Budget	Projections % to end of Mar 2020

Administration	112 389	25 088	22,3%	87 301
Cultural affairs	133 631	26 894	20,1%	106 737
Library and archives services	193 688	66 338	34,2%	127 350
Sport and recreation	104 731	21 707	20,7%	83 024
TOTAL	544 439	140 027	25,7%	404 412

According to the first quarter budget and expenditure report by Provincial Treasury 2019/20 financial year, the DCSR was allocated a budget of **R544, 439, 000.00** for the financial year 2019/20 and spent **R140, 027, 000.00** constituting **25.7%**, which is within the benchmark norm of 25% for the Quarter. Conversely, there is relatively low spending on the payment for capital assets under economic classification due to delays in the appointment of service providers by the implementing agent.

The department paid accruals amounting to 59 million during the 1st Quarter of the financial year. In terms of the national treasury benchmark, the department was expected to be at 25% expenditure for the 1st Quarter, however the accruals have resulted in an over expenditure of 0.7 % which is immaterial.

To avert accruals from recurring, the Department is implementing the following measures:

- a. In year monitoring system for monthly tracking of expenditure.
- b. Monitoring the implementation of the APP and OP's Plans and quarterly reviews.
- c. Pay invoices on the time in order to avoid recurrence of accruals.
- d. Monitor the underlying factors behind slow expenditure on capital assets caused by the delay of the appointment of service providers.

5.2. TABLE 2: Conditional Grant and Expenditure by 30 June 2019

Conditional Grant	2019/20	Actual Expenditure	Actual
	Allocation	by 30 June	Expenditure
		R'000	%

Community Library Service Grant	166 389	60 939	36.6 %
Mass Participation and sport Development Grant	48 791	14 371	29.6%
Expanded Public Works Programme Integrated Grant for Provinces	2158	499	23.1%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	1 728	331	19.1%
TOTAL	219 066	76 140	34.7 %

Conditional Grants allocated to the department for the financial year 2019/20 amount to **R219, 066, 000.00**. By the 30th of June 2019/20 and the sum of **R76, 140, 000.00** was spent as follows:

- 1) Community Library Services Grant allocated an amount of **R166, 389, 000.00** of which **R60, 939, 000.00** or **(36.6%)** was spent.
- 2) For Mass Participation and Sport Development Grant a budget **R48, 791, 000.00** was allocated and spent **R14, 371, 000.00** or **(29.6%)**.
- 3) Expanded Public Works Programme Integrated Grant for Provinces - Culture, Sport and Recreation allocated an amount of **R2, 158, 000.00** and spent **R499, 000.00** or **(23.1%)**
- 4) Social Sector Expanded Public Works Programme Incentive Grant for Provinces - Culture, Sport and Recreation allocated an amount of **R1, 728, 000.00** and spent **R331, 000.00** or **(19.1%)**.

5.3. Table 3: budget and expenditure per economic classification

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Economic Classification:	Budget Allocation R'000	Expenditure by the end of Q1 R'000	Expenditure %
Compensation of employees	209 059	45 955	22,0%
Goods and services	188 360	65 301	34,7%
Interest and rent on land	-	-	
Total transfers and subsidies	13 032	6 971	53,5%
Payments for capital assets	133 988	21 800	16,3%
Payments for financial assets	-	-	
Total	544 439	140 027	25,7%

The Department is not performing well, regardless of the achievements on the planned targets because of the duration between the initial budgeting and realisation of an output on capital projects. The department spent only **R1, 598, 000.00 or (15.7%)** of the **R10, 200, 000.00** budget on maintenance and repairs on existing infrastructure. This indicates challenges within the department failure to maintain its facilities.

On new Infrastructure assets the Department only spent **R15, 809,000.00 or (13.8%)** of the **R114, 710,000.00** allocated budget.

According the Provincial Treasury Budget and Expenditure for the Quarter ended 30 June 2019, the Department acquired an unauthorised expenditure by spending Funds not budgeted for on the following areas:

- 1) An amount of **R2, 000, 000.00** was spent on planning and design for the new Libraries.
- 2) An amount of **R146, 000.00** emanates from previous years accruals on the Nelson Mandela centenary Project 2018.

The Department has requested the provincial treasury to issue an allocation letter for the shifting of expenditure from projects during the 2019/20 budget adjustment which will be used for mitigation.

1. ANALYSIS OF PROGRAMME PERFORMANCE

1.1. PROGRAMME 1: ADMINISTRATION

This programme provide overall management and administrative support to the Department, in accordance with in the National and provincial policies, the PFMA, the Public Service Act and other prescripts.

Programme 1 consists of four sub-programmes as follows: Strategic Management, Office of the CFO, Human Resources Management and Information Technology Support which is denoted as Corporate Services in the Quarterly Report.

Expenditure analysis

Programme 1 is allocated a total budget of **R112, 389, 000.00** for 2019/20 financial year in order to provide overall management and administrative support of the department. This programme comprises of two sub-programmes that is Office of the MEC allocated a budget of **R11, 030, 000.00** and Corporate Services with a budget of **R101, 359, 000.00**. According to DCSR 1st quarter performance report 2019/20 and the Provincial Treasury Estimates and Expenditure for the quarter ended 30 June 2019, the department spent an amount of **R25, 088.000.00 (22.3%)**. Exclude statutory appropriation from the office of the MEC.

5.4. TABLE: 4 Programme expenditure analysis.

Sub Programme	2019/20 Main Budget	Actual by end of June 2019	Outcome as %
Administration	112 389	25 088	22.3 %

The payments of supplier's within 30 days of receipt of invoices is still a problem, 620 Invoices were received and only 440 or (78.9 %) were paid. This is due to the late transfer of the Sport mass participation grant that had an effect on the cash flow of the Department. The department will conduct regular follow ups with the National Department of Sport, Art and Culture to transfer the budget timeously, ensure that all the contracted work have an open order so that invoices can be paid upon receipt and conduct weekly monitoring to track paper tray on the payment of invoices.

The Department did not achieve on the appointment of the 28 internship that were due to be appointed because 1 intern rejected the post and 4 interns could not meet the requirements and the Department envisage to finalise the appointments in the 2nd Quarter.

The Department managed to enrol 23 interns instead of 28 as per their plan. Four posts for Archives were advertised because the applicants did not meet the requirements and 1 did not comply, a letter was then issued to the respective directorate to effect disciplinary measures.

The Department did not conduct the 4th Quarter risk review report because the contract of the risk committee chairperson has lapsed. The external risk chairperson to be appointed in the 2nd Quarter.

Programme performance in relation to planned targets

The programme achieved out 15 of the 19 planned targets or (78.9%) for the quarter.

1.1. PROGRAMME 2: CULTURAL AFFAIRS

The purpose of this programme is to promote cultural diversity for socio-economic development and transformation for the citizens on Mpumalanga. The program consist of four (4) sub-programmes.

5.5. TABLE 5: Programme 2 Expenditure analysis.

Sub programme	Main Budget 2019/20	Actual by June 2019 R'000	Outcome as %
Management	2 059	471	22.8
Arts and Culture	96 548	18 128	18.7
Museum and Heritage	31 969	7 841	24.5
Language Services	3 055	454	14.8
Total	133 631	26 894	20.1

Programme 2 had a budget of **R133, 631, 000.00** and an amount of **R26, 894, 000.00** was spent during the 1st quarter of 2019/20 which constitute **20.1%**.

According to the 1st quarter report on page 12, the department failed to create 194 EPWP jobs opportunities, instead 165 jobs were created indicating a decline in employment in the country and the province. This is because the monthly stipend of the beneficiaries was increased from R2000.00 to R2448.00 per month per beneficiary, hence the number decreased by 29 volunteers.

The department manage to support 2 community cultural structures (Inn Ibos National Arts Festival and the provincial prayer concert for general elections) out of the 10 it planned for because of the delay in the finalisation of the adjudication for cultural institutions, which will be concluded in the next Quarter.

On the protection of, conversing, promotion of heritage and museums in the province, the Portfolio Committee on Education, Culture sport and Recreation made the following discoveries:

- 1) According to the DCSR Museum Policy, museum services fails to coordinates museum activities; museum standards; render professional practice; provision of specialized skills and uphold professional practices. The failure to coordinates museum activities jeopardizes the achievement of outcome 14 which is Social Cohesion since the place has lost its attraction to tourist and local visitors.
- 2) The department failed to provide Kghodwana with personnel, financial support and infrastructure maintenance. Hence, the village cannot operate effective, efficient and economical.
- 3) The museum governance is not clearly outline as per the museum policy. As a results, collection of artefacts is compromised, there are no public education and marketing programs.
- 4) According to the museum policy, the department should employ museum personnel in terms of the Public Service administration Act, 1994 as amended. The department has not done so and most of its personnel are sourced from the EPWP programme which run for a certain period.

The department could not support the Language coordinating structures it planned for because the proposal that were submitted did not meet the required standards. It will be concluded in the next Quarter.

Programme performance in relation to planned targets

The programme achieved 9 out of 15 planned targets or (60%) for the quarter.

1.2. PROGRAMME 3: LIBRARY AND ARCHIVES SERVICES

The main purpose of this programme is to provide and promote public libraries, archives and records management in the province. Its priorities include the improvement of access to facilities, the promotion of sustainable reading culture and increasing compliance to legislation and policies by the governmental bodies and parastatals on records management.

5.6. TABLE: 6 Expenditure analysis

Sub Programme	2019/20 Main Budget	Actual by end of June 2019	Outcome as %
Library	190 102	65 458	34.4%
Archive Services	3 586	880	24.5 %
Total	193 688	66 338	34.2 %

According to table 6 above, programme 3 is allocated an amount of **R193, 688, 000.00** for the financial year 2019/20 and spent **R66, 338, 000.00 or 34.2%** by the end of 30 June 2019. This programme overspent by 9.2% from the 25% benchmark and the library sub programme contributed to the over expenditure at 43.4 %.

During the first Quarter of 2019/20 the Department has planned to connect 100 community libraries with internet and WI FI and of the 100 only 6 community libraries are not connected.i.e. (Ekulundeni, Mafemeni, Grootvlei, Bethal, Thuthukani and Loopspruit.The ICT Section will conduct a feasibility Study to ascertain the root cause for the instabilities.

The new Library system has not been rolled out for the effective cataloguing of books at Kanyamazane Public and MP Stream public Libraries in Thembisile Hani Local Municipality, as a result minor assets are still recorded and counted manually.

The first quarter report on page 16 indicates that all library facilities under construction are progressing well surpassing the planned completion percentages.

Progress noted in percentages.

1. Thulamahashe is at 100 % against the 70 % planned target.
2. Sakhile is at 90% against the 70% planned target.
3. Thubelihle is at 85 % against the 80 % planned target.

The payments for capital assets remained at R21, 800,000.00 or 16.3% of the R133, 988,000.00 allocated which might hamper the delivery of library facilities in time. The low spending on the payment for capital assets affected the following projects:

- ✓ Kwa Mhlanga Public Library.
- ✓ Thandukukhanya Public Library.
- ✓ Malvijan Public Library.
- ✓ Mtfuntini Cultural Village.
- ✓ Kghodwana cultural village.

The slow spending has been caused by the procurement processes by the Department of public works and Transport. They assured the department that the contractor will be on site by September 2019.

For payment of minor assets the department spend **R262, 000, 00 or (4.1%)**. Of the **R6, 446,000.00** allocated budget. The remainder of the budget will be incurred in the 3rd quarter of 2019 when new library materials will be purchased. The book exhibition to select materials to be purchased has already been held in June 2019.

According to the research conducted at Thembisile Hani Local Municipality, Kanyamazane and MP Streams public libraries, reveals that a new library system has not been rolled out for the effective cataloguing of books.

The Department in consultation with the office of the premier and SITA, is in a process of finalizing the implementation of a new library Management System using this phase in approach:

PHASE 1: Six (6) regional libraries,

PHASE 2: Seventeen (17) main libraries,

PHASE 3: One hundred (100) public libraries.

Programme performance in relation to planned targets

The programme achieved 8 out of the 9 planned targets or (78.9 %) for the quarter.

6.4 .PROGRAMME 4 : SPORT AND RECREATION

The purpose of this programme is to develop sporting and recreation capabilities of the people of Mpumalanga.

The departmental strategic goals on program 4 are “Promoting social cohesion across society through increased interaction across race and class; Improving active Sports and Recreation; Increased access to Sport Infrastructure; Increased athletes participating in community sport in the Province; Improved competitiveness of learners in school sport; Sustain and support Sport and Recreation Structures; and Improved number of athletes participating at National and International championships. The programme consist of four (4) sub programmes.

5.7. TABLE 7: Programme Expenditure analyses

Sub Programme	2019/20 Main Budget	Actual by end of June 2019	Outcome as %
Management	3 588	855	23.8 %
Sports	47 417	5 989	12.6.%
Recreation	33 239	3 217	9.6 %
School Sports	20 487	11 646	56.8%
Total	104 731	21 707	20.7%

During financial year 2019/20 the budget allocation is **R104, 731, 000.00** and expenditure at the end of 30 June 2019 amounts to **R21, 707, and 000.00** (20.7%). And the two sub programmes that did not perform well are Sport at 12.6% and recreation at 9.6 %, meanwhile the sub programme on School Sports overspent at 56.8%.

The Department failed to provide Financial and non-financial support to Sport and Recreation Bodies because the proposals submitted did not meet the required standards. Support for these structures will be concluded in the next Quarter of the 2019/20 financial year.

In increasing and involving athletes in community Sport, the department did not achieve because a less number of people turned up for the events. The Target will be archived in the 2nd Quarter.

One boxing league was supported and the Netball federation was rescheduled to accommodate the National Netball league. This will be achieved in the 2nd Quarter.

On the number of clubs participating in the rural sport development programme, the department did not achieve, 70 clubs were not supported due to delays in the finalisation of registration process by Traditional Councils. Registration will be finalised in the 2nd Quarter of the financial year.

Programme Performance in relation to planned targets

The programme achieved 10 out of 15 of planned targets or (66 %) for the 1st quarter of 2019/20.

6. FINDINGS

The Committee made the following findings on the 1st Quarterly Performance report of the Department:

6.1. The Department spend funds that were not budgeted for (**R2, 000, 000.00** for infrastructure planning and **R146, 000** on Heritage assets) this resulted in an unauthorised expenditure of **R2, 146 000.00**.

6.2. The Department still have a challenge of paying suppliers within 30 days of receipt of invoices.

6.3. The 4th Quarter risk review report was not conducted because the Risk committee Chairpersons contract has lapsed.

6.4. The Department did not provide support to the 6 language coordinating structures it has planned for, in the 1st Quarter of 2019/20 financial year because the submitted proposals did not meet the required standards.

- 6.5. The Department enrolled only 23 of the 28 interns they planned for employee development for Archive services due to applicants who were not meeting requirements.
- 6.6. The Department has no immediate plans of establishing governance structures for the Museums, which are currently managed by the Provincial DCSR or the local Municipalities.
- 6.7. The Department has recently developed the provincial Museum Policy that prompted the establishment of a bill which is still working progress.
- 6.8. Did not facilitate the signing of 7 performance agreements with employees because 6 officials retired, some resigned and 1 did not comply.
- 6.9. The Department did not address the challenges of library cataloguing system at Thembisile Hani Local Municipality, Kanyamazane and MP streams Public Libraries, as a result minor assets are still recorded and counted manually.
- 6.10. The ongoing moratorium on the appointment of personnel has a negative impact on recruitment.

7. RECOMMENDATIONS

Based on the above findings the Committee recommends that the Department must:

- 7.1. Ensure that the incurred expenditure is corrected during the Budget adjustment and take effective and appropriate steps to prevent it from happening in future.
- 7.2. Conduct regular follow up with the National Department of Sport, Art and Culture to ensure that the budget is transferred timeously, ensure that all contracted work have an open order so that invoices can be paid upon receipt and conduct weekly monitoring to track paper tray on the payment of invoices.
- 7.3. Fast track the appointment of the External Risk chairperson and ensure that it is achieved by the end of the 2nd Quarter of 2019/20 financial year.
- 7.4. Ensure that all submitted proposals meet the required standards and it be concluded in the 2nd quarter of 2019/20.
- 7.5. Re advertise and fill the vacant posts for Achieves interns as a matter of urgency and ensure that the process is finalized in the 2nd Quarter of 2019/20.

- 7.6. Outline their future plans with the establishment of Governance structures for libraries as required by policy and provide a progress report to the portfolio committee.
- 7.7. Provide a detailed plan on all the processes to be followed and time frames for the bill and provide a progress report to the committee.
- 7.8. Advertise, fill in vacant positions of the (employees who retired and resigned), ensure that the all performance agreements are signed and that a letter is issued to the respective Directorate to effect disciplinary measures for the official who did not comply.
- 7.9. Ensure that the library Management system is budgeted for and is implemented in phases as per the departments plan.
- 7.10 Ensure that the matter receives attention of the Exco, through the MEC for filling of critical posts and a report be provided to the Portfolio Committee.

The Department must implement the house resolutions and provide a progress report to the Legislature by 31 October 2019:

8. CONCLUSION

The Chairperson expressed her gratitude towards Honourable Members of the Committee for their robust engagement during the consideration of the 1st Quarterly report of the Department for the financial year 2019/20 and appreciated the leadership of Honourable L.L.Ntshalintshali the MEC for Culture Sport and Recreation, as well the efforts of the HOD and his senior management team for their timeous response when called by the Portfolio committee.



DATE: 11/09/2019

HON. NE HLOPHE

CHAIRPERSON: PORTFOLIO COMMITTEE

ON EDUCATION; CULTURE, SPORT AND RECREATION

