

ECPACC

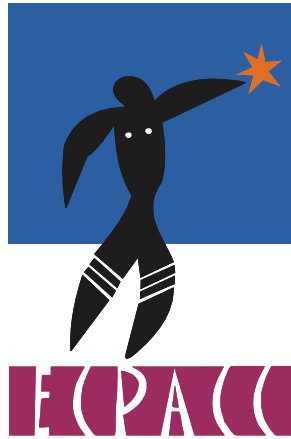
**EASTERN CAPE PROVINCIAL
ARTS & CULTURE COUNCIL**

ANNUAL Report

FOR THE YEAR ENDED 31 MARCH 2024

2 0 2 3

2024



**EASTERN CAPE PROVINCIAL
ARTS & CULTURE COUNCIL**

ANNUAL *Report*

FOR THE YEAR ENDED 31 MARCH 2024

2023
2024

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Part A

GENERAL
INFORMATION

PART A: GENERAL INFORMATION

1.1 PUBLIC ENTITY'S GENERAL INFORMATION

PHYSICAL ADDRESS:	Eastern Cape Provincial Arts and Culture Council 16 Commissioner Street East London 5200
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EXTERNAL AUDITORS:	Auditor-General South Africa 69 Frere Road Vincent 5247
INTERNAL AUDITORS:	Lunika Incorporated Selborne East London 5200
BANK:	First National Bank Bhisho Eastern Cape
COMPANY SECRETARY:	First Corporate Secretaries



1.2 List of Abbreviations

ABCD	Asset Based Community Development
ACT	Arts and Culture Trust
ADM	Amathole District Municipality
AFS	Annual Financial Statements
AG	Auditor-General South Africa
AO	Accounting Officer
APP	Annual Performance Plan
BCMM	Buffalo City Metropolitan Municipality
B Proc	Baccalaureus Procuratoris
CA (SA)	Chartered Accountant (South Africa)
CEAP	Creative Entrepreneurship Accelerator Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies Intellectual Property Commission
DSRAC	Department of Sport, Recreation, Arts and Culture
EC	Eastern Cape
ECAVC	Eastern Cape Audio Visual Centre
ECCACA	Eastern Cape Community Art Centre Association
ECCCI	Eastern Cape Cultural and Creative Industry
ECCI	Eastern Cape Craft Institute
ECDC	Eastern Cape Development Corporation
ECDP	Eastern Cape Development Vision 2030
ECITI	Eastern Cape Information Technology Institute
ECPACC	Eastern Cape Provincial Arts and Culture Council
EL	East London
HOD	Head of Department
MEC	Member of the Executive Council
MTSF	Medium Term Strategic Framework
MGE	Mzansi Golden Economy
NAC	National Arts Council
NAF	National Arts Festival
NDP	National Development Plan Vision 2030
NFVF	National Film and Video Foundation
NMII	Nelson Mandela ICT Institute
PFMA	Public Finance Management Act
RFP	Request for Proposals
SABC	South African Broadcasting Corporation
SAPS	South African Police Service
SEDA	Small Enterprise Development Agency
DTIC	Department of Trade and Industry and Competition



1.3 FOREWORD BY THE CHAIRPERSON OF THE ACCOUNTING AUTHORITY



*PG Zitumane
Chairperson of ECPACC Council*

I am pleased to submit the 2023/24 Annual Report outlining the activities of the Eastern Cape Provincial Arts and Culture Council (ECPACC/Entity) for the period April 1, 2023 to March 31, 2024. This is our last Annual Report in the sixth administration of government and in terms of our five-year Strategic Plan which commenced in the 2019/20 financial year. During this reporting period, the Council made considerable strides towards effectively fulfilling its mandate and meeting its immediate objectives, despite the overall organizational challenges that were experienced. The main overall organizational challenges included ICT weaknesses of the entity, budget constraints and also the human resources issues such as staff shortages. The available financial and human resources are not commensurate with the workload that the entity has to carry.

To address some of the above challenges, the Council and its Committees strengthened its oversight responsibility through the effective quarterly performance monitoring and detailed reviews of the quarterly financial reports to ensure that the available resources of the entity are used responsibly. The entity also entered into an agreement with the State Information and Technology Agency (SITA) to develop an Information, Communication and Technology Strategy and Policy, that will enhance the governance of ICT thereby utilising it as a powerful tool to ensure business retention and rescue at the times of prevalent disasters and pandemics. Finally, the entity also approved its new organizational structure and have made all the necessary changes to the structure to improve its efficiency and effectiveness. Despite the above challenges, the entity managed with difficulty, to provide financial support and tools for meaningful participation and practice of arts and culture in the province.

The report will show that the Council has significantly improved corporate governance within ECPACC, through developing and approving critical documents which are key to enable governance bodies to be more organized as they fulfil their responsibilities. ECPACC is continuously grateful for the support it received from the Department of Sport, Recreation, Arts and Culture ("DSRAC or the Department") despite deep fiscal challenges that face the sector. In addition, the Council developed and approved the Council Charter, Council Workplan as well as Charters for all its five committees, namely Audit and Risk Committee, Human Resources and Ethics Committee, Strategy Committee, Finance and Fundraising and EXCO.



During the year under review the entity's main budget amounted to R11 680 000, which comprised of the R11 120 000 for the equitable share and R560 000 of own revenue. The entity also received approval from the Provincial Treasury for the rollovers for the film sector development and other ECPACC projects amounting to R7 479 200. Finally, the entity also received a further R9 345 000 from DSRAC to be utilised on the film telenovela, Gqeberha: The Empire and other operational overheads. There has been a R1 525 000 increase in the equitable share compared to the prior year which represents a 13.71% increase. The equitable share increase by DSRAC is greatly appreciated.

However, having outlined the above figures, the baseline budget continues to remain inadequate to satisfactorily fulfil all the entity's financial requirements, and the limited equitable share allocation for the entity negatively affects the effective implementation of several programmes of the entity in terms of the approved mandate by the DSRAC. The Council is also particularly concerned with the limited prospects to continue with the film sector development in the province, as the film stimulus funding that had been received from DSRAC is almost fully utilised and there is currently no indication for additional funding for film sector development.

In closing, I am very pleased to report that the excellent work of the oversight structures, the sound internal controls implemented by management and the dedication of the entire staff of the entity resulted to the achievement of the clean audit outcome in the 2023/24 recent audit outcomes issued by the office of the Auditor General of South Africa (AG SA).

On behalf of the Council, I would like to express my sincere word of gratitude to the MEC for DSRAC, the Head of Department (HOD) for DSRAC and the entire DSRAC staff for the support that

has been provided to the entity throughout the reporting period. I would also like to express my profound word of appreciation to all the staff of ECPACC, as led by the CEO, the Council, including all its committees and the entire ECPACC stakeholders for their dedication and commitment to their work.



Phumzile Goodwin Zitumane
Chairperson: Accounting Authority
29 August 2024



1.4 CHIEF EXECUTIVE OFFICER'S OVERVIEW



M Nkasawe
ECPACC Chief Executive Officer,

The 2023/24 financial year was an exciting and inspiring year for us at the Eastern Cape Provincial Arts and Culture Council (ECPACC/Entity), in that we managed to achieve most of our plans as detailed in Part B of this report and in terms of our approved Annual Performance Plan (APP). It is also with great pleasure to report that ECPACC received a clean audit outcome in the audit of the 2023/24 financial year and the audit report is attached in Part E of this report. This is mainly attributable to the improvement in the internal control environment, the continued support we received from our mother department, DSRAC, the excellent work and dedication of our governance structures, management and the entire staff of the entity. We remain committed to fostering a workplace culture that inspires collaboration, empowers individuals, and cultivates the importance of diversity, equity and inclusion.

In view of my opening remarks above, it is therefore my absolute pleasure to present the Annual Report of the entity for the year ended 31 March 2024, and to provide an administrative overview of performance against targets. During the period under review, ECPACC received grant funding to the value of R20 465 000 from the

Department of Sport, Recreation, Arts and Culture (DSRAC). The transfer was inclusive of the R7 820 000 received for film sector development, as well as R12 645 000 for operational overheads. The entity also received approval from the Provincial Treasury for the rollovers for the film sector development and other ECPACC projects amounting to R7 479 200. The transfers to ECPACC are reflected in the Eastern Cape Estimates for Public Entities 2023/24 book issued by the Eastern Cape Provincial Treasury (ECPT), which affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operations at least up to and including 2025/26 financial year.

The total expenditure of the entity in the period under review amounted to R30 704 299 (2022/23: R26 265 621). The improvement in expenditure reported in the current year in relation to the previous year was due to the approval of the 2022/23 rollovers by the Eastern Cape Provincial Treasury and improved reporting in the film stimulus funding conditional grants.

Despite the above improvement in expenditure, the entity still had an unspent committed balance remaining in its film stimulus funding and this is due to the expenditure reports that were outstanding from some funded beneficiaries at year-end in respect of the funds paid to them in terms of the approved funding agreements. The entity has applied to the Department of Sport, Recreation, Arts and Culture and the Eastern Cape Provincial Treasury (ECPT) for the rollover of the committed funds to the 2024/25 financial year amounting to R541 000. In this regard, I would like to really urge our funded beneficiaries to adhere to reporting timelines, as per the approved funding agreements, to avoid the rollover of funds to the following financial year and, also to improve our financial reporting. Indeed, management remains very concerned with the limited prospects to continue with the film sector development in the province, as the film stimulus funding that had been received from DSRAC is almost fully utilised and there



is currently no indication for additional funding for film sector development.

In terms of the approved organisational structure of the entity, as detailed in paragraph 1.8 to this report, there are notable vacancies within the entity, some of which will be filled in the 2024/25 financial year. Despite the three vacancies that were filled during the year, there are still other critical vacancies that are not yet filled due to budget constraints and limited financial resources. The entity resolved to incrementally fill in these notable vacancies, prioritising the most critical and affordable vacancies first. During the year under review, ECPACC focused its efforts on further strengthening governance within the entity, especially through the review of policies, procedures and systems. Despite inadequate financial and human resources, the entity was able to provide support to Eastern Cape artists in line with its mandate. Of course, the report will also show that some targets have not been achieved due to the several factors such as capacity and budget constraints and also cost containment measures.

All the material audit findings that were raised by the Auditor General of South Africa (AG SA) in the audit of the 2022/23 financial year were resolved. The entity did not receive any material audit findings from the audit of the 2023/24 financial year, hence the achievement of a clean audit outcome from AG SA.

The entity has an approved supply chain management (SCM) policy in place which it uses as the basis for all its procurement requirements.

In the year under review, the entity had two (2) programmes, namely:

1. Programme 1: Institutional Development, Governance and Administration, with the following sub-programmes:
 - a) Organizational Development and Administration
 - b) Corporate Governance
2. Programme 2: Building a Vibrant Cultural and Creative Industry, with the

following sub-programmes:

- (a) Sub-Programme 1: Transformative Funds Administration
- (b) Sub-Programme 2: Sustainable Arts Capability
- (c) Sub-Programme 3: Promoting Market Access
- (d) Sub-Programme 4: Arts for Social Change

We also recognise that globally, a range of new technologies are impacting all disciplines, economies, and industries through the emergence of Fourth Industrial Revolution. The cultural and creative industry has also been greatly impacted on by this digital revolution and has provided contemporary artists with a golden opportunity to use innovative means to create and express themselves beyond the traditional means. To this end, ECPACC has made a breakthrough in the craft sector by developing an online market aimed at promoting exquisite craft products to domestic as well as international markets and is making a gradual progress in this regard. We also increased our footprint on the ground through direct interactions with artists and all stakeholders, through stakeholder engagement sessions and various means including online and social media platforms.

Looking ahead, the entity is focused on bringing Eastern Cape films back on our television screens. As detailed in the attached performance report, there are several local films which ECPACC funded in the current financial year, and these were produced and directed by our local film producers. In collaboration with DSRAC, the entity prides itself on funding the very first of its kind Eastern Cape based telenovela, Gqeberha: The Empire, which was launched in January 2023 and airs on Mzantsi Magic on weeknights at 21H00. The telenovela is now in its season 2.

We are also positioning the entity to play a bigger role in supporting the development of crafts, through the provincialization of crafts project. We will also continue to provide funding support to Eastern Cape artists. Using ECPACC Fundraising and Investment Strategy, we will continue to attract



investments needed to diversify our revenue streams. We will continue to elevate, create awareness and deepen the understanding of the contribution that the creative industry makes to the economy.

Finally, during the current financial year the review of the ECPACC Act, including extensive consultations with all the relevant stakeholders, was completed and the reviewed Act will be tabled in parliament at the beginning of the seventh administration by the Eastern Cape government. This is a significant milestone as this review took excessively long to complete due to various challenges.

In closing, I would like to extend a sincere word of appreciation to the ECPACC Council, DSRAC staff, ECPACC staff and all our stakeholders for the support provided throughout the year under review.



Monde Nkasawe
Chief Executive Officer
29 August 2024



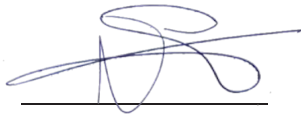
1.5 Statement of responsibility and confirmation of accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

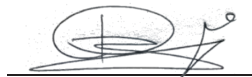
- ▶ All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.
- ▶ The annual report is complete, accurate and is free from any omissions.
- ▶ The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- ▶ The Annual Financial Statements (Part E) have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.
- ▶ The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- ▶ The accounting authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- ▶ The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

Yours faithfully



Monde Nkasawe
Chief Executive Officer
29 August 2024



Phumzile Goodwin Zitumane
Chairperson: Accounting Authority
29 August 2024



1.6 Strategic Overview

1.6.1 Vision, Mission and Values

1.6.1.1

Vision

A globally competitive cultural and creative economy underpinned by the principles of social cohesion and influenced by the rich culture and heritage of the Eastern Cape Province.

1.6.1.2

Mission

Developing, preserving and promoting Arts, Culture and Heritage and facilitate growth and excellence through the provision of high impact support services to the Creative and Cultural sectors of the Eastern Cape Province.

1.6.1.3

Values

The Eastern Cape Provincial Arts and Culture Council is committed to the following guiding principles and values:

Integrity	We strive to remain consistent, trustworthy and demonstrate respect and commitment in our intentions by setting an example of true professionalism and ethical propriety in our dealings.
Transparency	We undertake to embrace openness and transparency in conducting our business, through honest and meaningful consultation with stakeholders and communication of reliable information.
Responsive	We will seek to find innovative solutions and with the aim of improving efficiency and effectiveness by timeously responding to fast changing needs with limited resources.
Transformative	We will prioritize support to previously disadvantaged individuals and groups, as well as marginalized ethnic communities.
Resilience	We will be flexible and supple in delivering services to the sector.

1.7 Legislative and Other Mandates

The Eastern Cape Provincial Arts and Culture Council (ECPACC) was established by means of Act No.6 of 2000 (Eastern Cape) and is listed in the PFMA as a schedule 3C public entity of the Department of Sport, Recreation, Arts and Culture.

ECPACC is entrusted with the responsibility of fostering the arts and promoting the culture of the Eastern Cape, to allow for the expression of the unique identity of the province and enable its artists to realise their potential through their expression of the arts to build an improved quality of life for themselves and their communities.

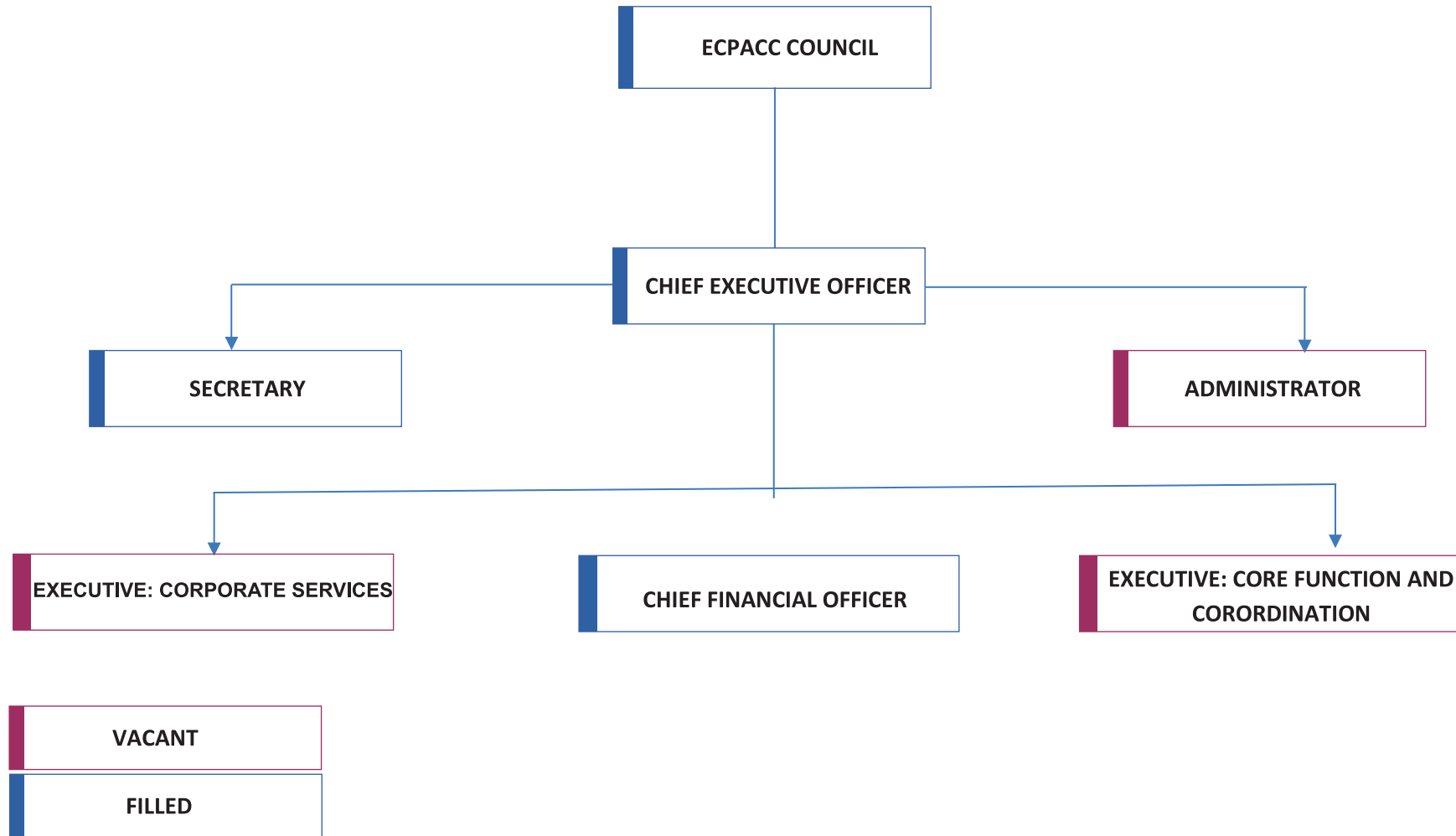
Accordingly, the main legislative and policy frameworks that guide ECPACC's mandate includes:

National and Provincial legislation	Implications for ECPACC
Public Finance Management Act No 1 of 1999	The act sets out procedures for efficient and effective management of revenue, expenditure, assets and liabilities. It further makes provisions for the promotion of good corporate governance.
Public Service Amendment Act No Act 30 of 2007	The Act makes provision for the organization and administration of the Department, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and related matters.
Division of Revenue Act	The Department receives conditional grants in terms of the Division of Revenue Act (DoRA) and is responsible for the management of these funds, including the annual allocation and transfer to ECPACC.
The Cultural Promotions Act 35, 1983	The Department is responsible for meeting the National norms and standards set in the legislation.
National Arts Council Act No 56, 1997	The Department is responsible for the nomination of an Eastern Cape provincial representative to serve in the National Arts Council, and that is mostly the Chairperson of the Provincial Arts Council.
National Heritage Council Act 11, 1999	The Department is responsible for the nomination of an Eastern Cape provincial representative to serve on the National Heritage Council (NHC), and for coordinating activities related to funding and projects that the NHC is conducting in the Eastern Cape through its entity, ECPACC.
National Heritage Resources Act 25, 1999	The ECPACC Act provides for the support and promotion of arts, culture and heritage and the promotion of the unique identity of the province.
National White Paper on Arts, Culture and Heritage (1996)	The policy paper provides a national framework for the preservation, promotion and advancement of arts, culture and heritage in all nine provinces for policy
National Film and Video Foundation Act (Act No. 73 of 1997)	The act establishes the National Film and Video Foundation, a public entity of the National Department of Arts and Culture that is responsible for the promotion of the audio-visual sector. As ECPACC was given the mandate to establish a Film Office, collaborating with NFVF is encouraged for the promotion of the film and television industry in the Eastern Cape Province towards the packaging and telling of local legendary stories through the medium of film.
Eastern Cape Use of Official Languages Act 2016	Meant to regulate and monitor the use of official languages in terms of Section 6(3) and (4) of the Constitution.

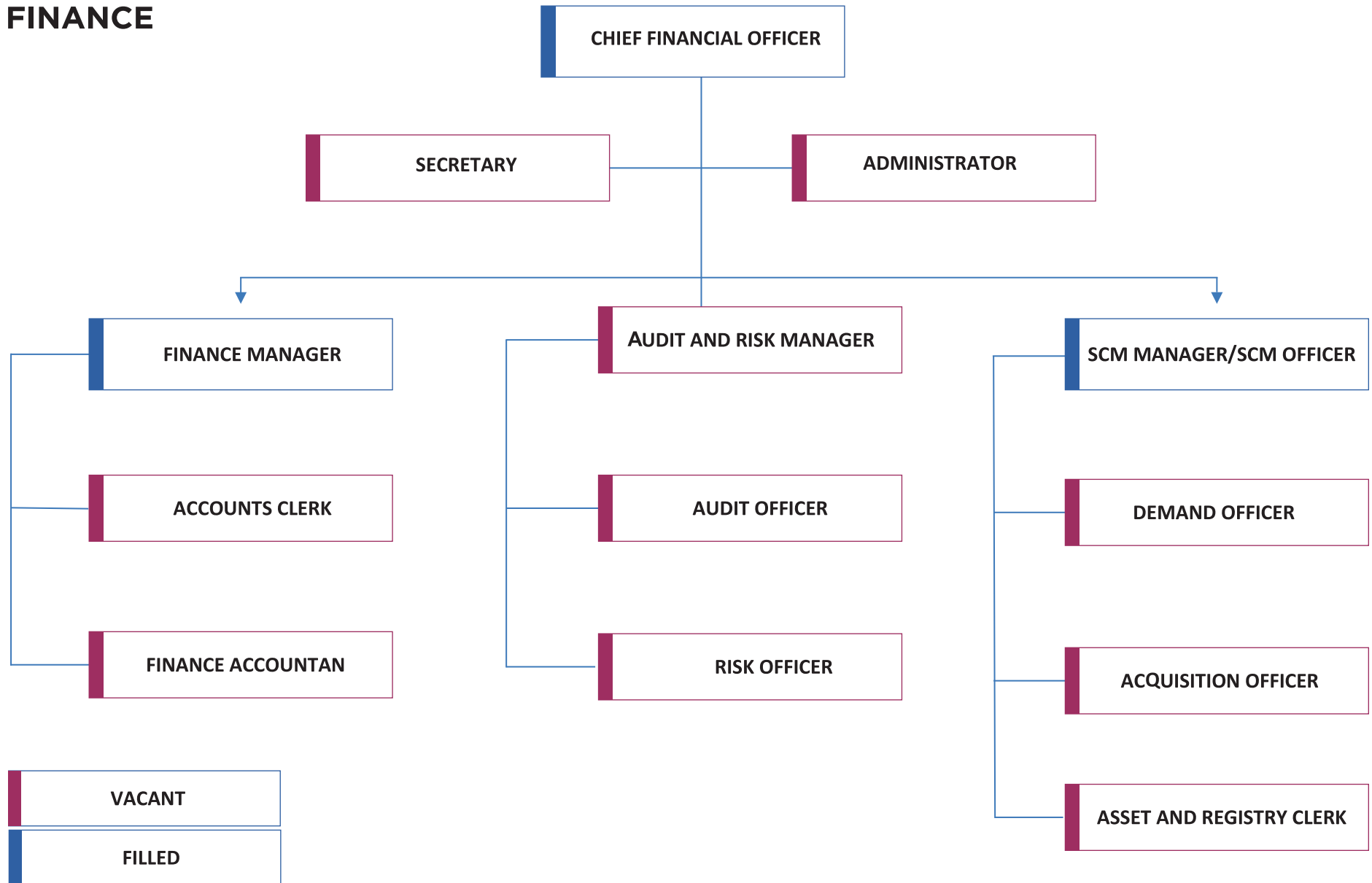
National and Provincial legislation	Implications for ECPACC
Eastern Cape Provincial Library and information services Act No 6 of 2003	This is the provincial Act that regulates the rendering of library services. ECPACC provides funding support to language and literature practitioners, whose products would be sold to the provincial libraries.
Eastern Cape Provincial Heritage Resources Act, 2000	Establishes the Eastern Cape Provincial Heritage Resources Agency (ECPHRA) and its Council to co-ordinate and promote the management of heritage resources at provincial level. It further introduces an integrated system for the identification, assessment and management of the heritage resources of the Eastern Cape Province.
Cultural Institutions Act 119 of 1998, as amended	This Act provides for the payment of subsidies to certain cultural institutions. It also provides for the establishment of certain institutions as declared cultural institutions under the control of councils.



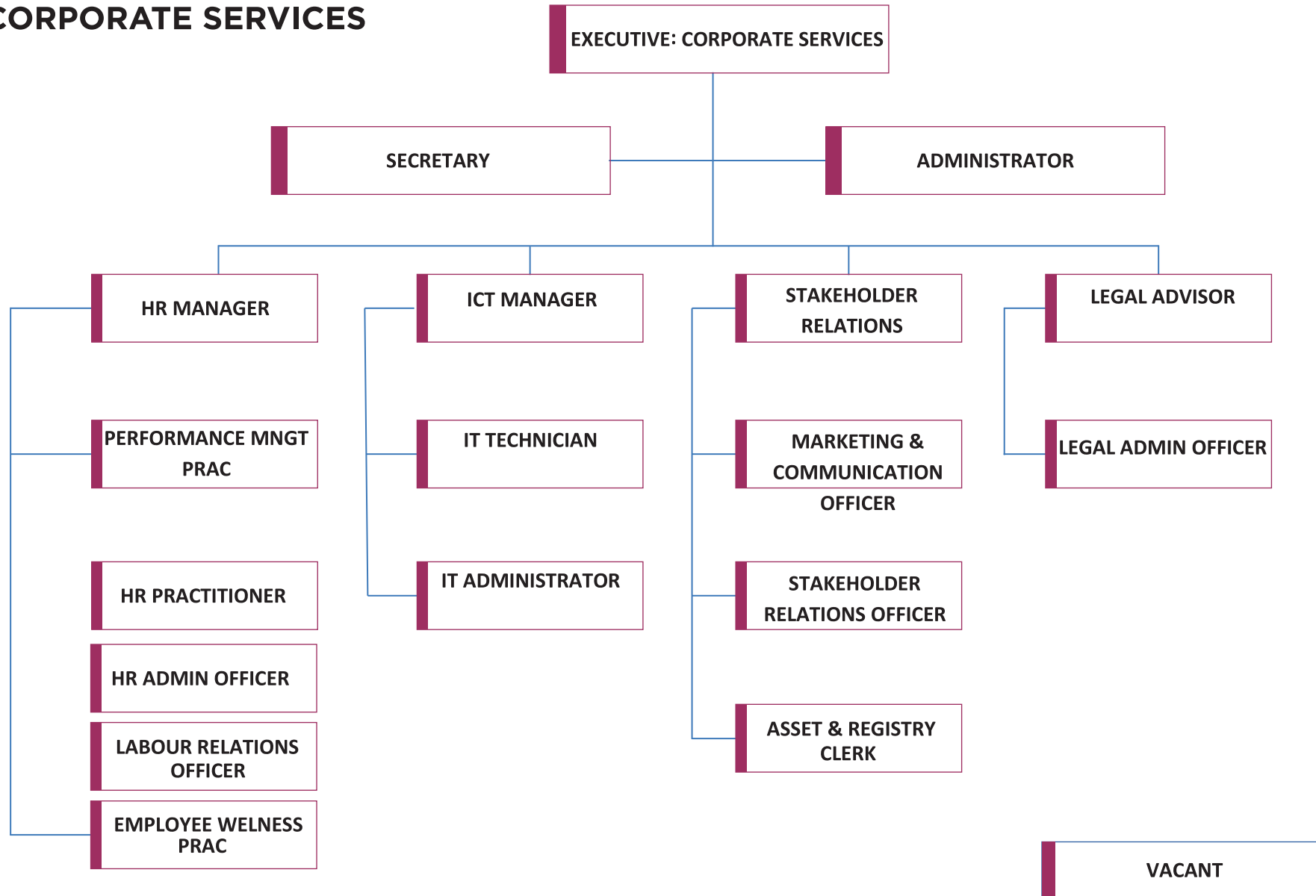
1.8 ORGANIZATIONAL STRUCTURE



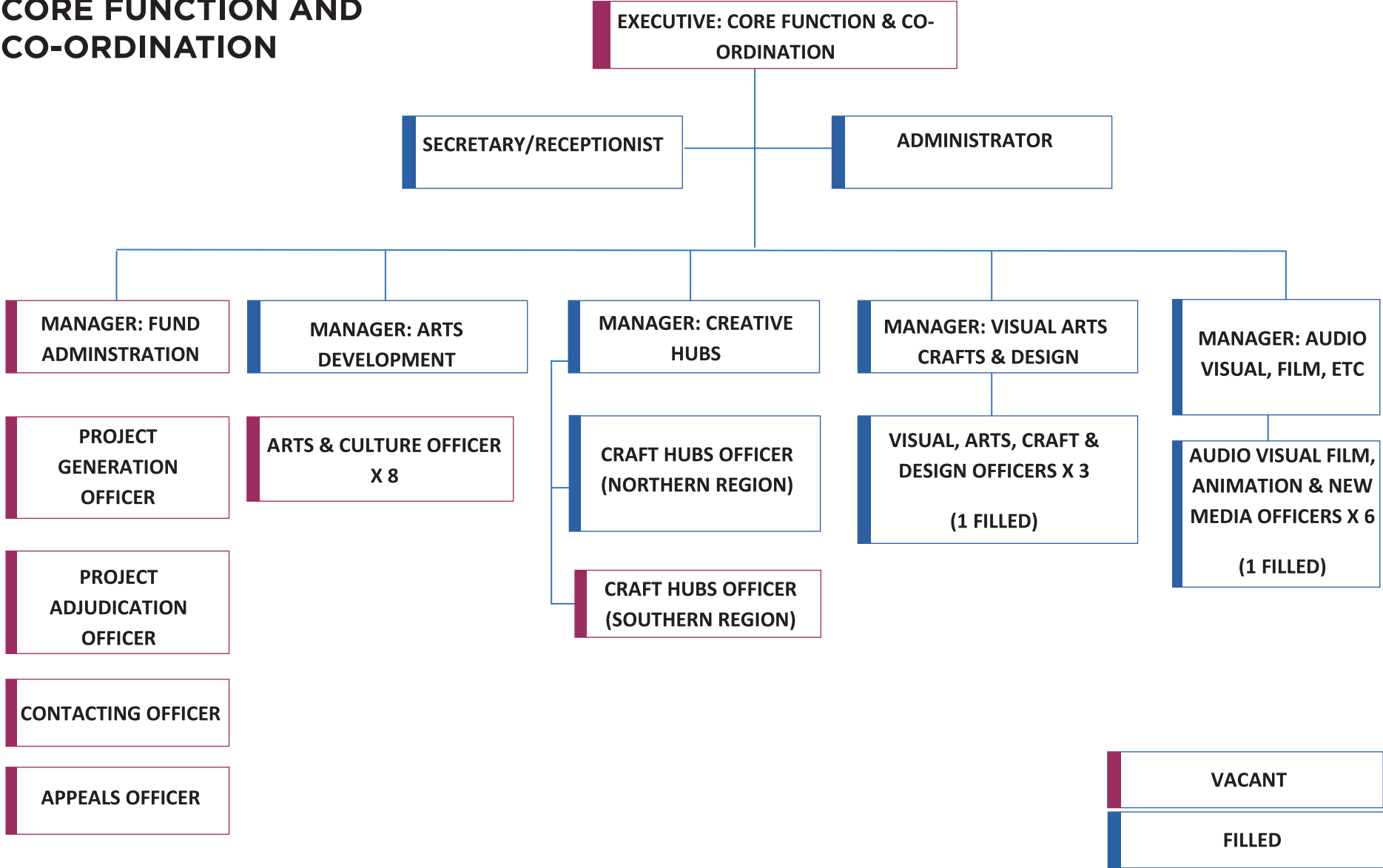
FINANCE



CORPORATE SERVICES



CORE FUNCTION AND
CO-ORDINATION





Part B

PERFORMANCE
INFORMATION

PART B: PERFORMANCE INFORMATION

2.1 Auditor's General's Report: Predetermined Objectives

The Auditor General currently performs the necessary audit procedures on the performance information to provide limited assurance in the form of an audit conclusion. The report on the audit of the annual performance report is included in the Report of the Auditor General, published under Part E: Financial Information of this report.

2.2. Situational Analysis

The situational analysis consists of an external and internal environmental analysis as illustrated below.

External Environment Analysis

From a macro-economic perspective, both South Africa and the Eastern Cape Province has experienced low levels of economic growth. The economy of the Eastern Cape has over the last couple of decades had a growth rate that is lower than that of the national economy in terms of Gross Value Add (GVA) and employment.

Additionally, low growth rates have also had a negative impact on the fiscus. In this regard low economic growth has reduced tax revenue which has resulted in a reduction in the fiscus, which in turn reduced available funding for government departments and public entities such as ECPACC.

This essentially resulted in a strategic environment where the spatial economy is characterised by low levels of economic growth and low levels of employment, which jointly increases levels of underdevelopment and socio-economic vulnerabilities. These socio-economic vulnerabilities drive the migration of creative talent out of the Eastern Cape which in turn negatively impacts the growth potential of cultural and creative industries.

In addition to the important social and cultural values that cultural and creative activities contribute to the identity and wellbeing of South Africans, the contribution of the Cultural and Creative Industries (CCIs) to economic growth, employment, and international trade has also been increasingly acknowledged.

In its 2019 presentation to Cabinet on South Africa's Re-imagined Industrial Strategy, the Department of Trade, Industry and Competition (DTIC) pointed to the potential the CCIs have for, *inter alia*, employment creation, skills development, promoting social cohesion.

Prioritisation of the CCI sector as one of seven focus areas in the country's revised industrial policy is intended to address the challenges and constraints that need to be overcome to allow the sector to reach its full potential.

The contribution of the CCIs to the South African GDP and Growth is measured using Gross Value Added (GVA).

The data also shows that, for every quarter of 2020, there were fewer people in cultural occupations than in 2019. 2020 Q2 saw the largest fall (COVID-19 lockdown began in March 2020) because of short-term cancellations and nonrenewal of contracts in response to the first hard lockdown.

Compared to non-cultural occupations, cultural occupations suffered larger relative decreases. For example, there were 30.1% fewer cultural occupations in 2020 Q2 than in the same quarter of 2019, and only 13.9% fewer non-cultural occupations over this same period.

In terms of the statistics issued by the South African Cultural Observatory (SACO) in 2023, the Gauteng Province is clearly dominant in terms of creative economy activity in the country and provides employment to



32% of South Africa's workers in cultural occupations. The Western Cape (14.4%) and KwaZulu-Natal (18.2%) also have significant shares of South Africa's workers in cultural occupations. As indicated below, the Eastern Cape province only contributes 8.7% to cultural occupations in the country.

Provincially, employment losses were recorded in the Eastern Cape (111 000), Limpopo (40 000), the North-West (30 000), and the Northern Cape (2 000). The largest employment increase was recorded in KwaZulu-Natal (62 000), followed by Mpumalanga (48 000) and the Western Cape (23 000) during the same period. The youth (15–34 years) remain vulnerable in the labour market; the end of the financial year 2023 results shows that the total number of unemployed youth increased by 87 000 to 4,7 million while there was a decrease of 97 000 in the number of employed youth to 5,9 million. This resulted in an increase in the youth unemployment rate by 0.9 percentage points, from 43.4% in Q3 2023 to 44.3% in Q4.

In terms of the report issued by the South African Cultural Observatory (SACO) on The Economic Mapping of the Cultural and Creative Industries in South Africa 2022, a bi-annual report, the contribution that CCIs make to the economy at a provincial level, including Gross Value Add (GVA), employment, and international trade. Gauteng contributed 36.3% to South Africa's CCI Gross Value Added, with the Western Cape (17.4%) and KwaZulu-Natal (15.6%) being the other two provinces that are substantial contributors. All provinces, including these three, have the potential to increase the production of CCIs and their contribution to the provincial economy.

The Free State had one of the lowest proportions of cultural occupations in the country, but the sector did show job creation between 2017 and 2019. Gauteng has the highest percentage of cultural occupations in South Africa, which increased between 2017 and 2019. The largest cultural employment domains are Visual Arts and Crafts and Intangible Cultural Heritage.

Gauteng, the Western Cape, and KwaZulu-Natal are the three leading provinces in terms of production and exports of cultural and creative industries (CCIs). Gauteng contributes 36.3% to South Africa's CCI Gross Value Added, while the Western Cape and KwaZulu-Natal are substantial contributors.

Gauteng has the highest percentage of cultural occupations in South Africa, with the Visual Arts and Crafts and Intangible Cultural Heritage domains employing the largest percentage of cultural workers. In 2020, Gauteng had the second highest cultural goods exports of R3.8 billion, representing 40.9% of South Africa's total cultural goods exports. KwaZulu-Natal had the third highest cultural goods exports of R931.1 million, representing 10.2% of South Africa's total cultural goods exports.

Limpopo has the fourth highest percentage of cultural occupations in South Africa, but the number of cultural occupations grew between 2017 and 2019. The province's largest export domain is the Cultural and Natural Heritage domain. Mpumalanga contributes 5% to South Africa's CCI GVA, ranking the province sixth in terms of its contribution to CCIs.

The Western Cape is clearly dominant in terms of exports of CCIs in the country and contributes 53.1% to South Africa's exports of CCI goods. Gauteng Province (32.4%) and KwaZulu-Natal (10.9%) also have significant shares of South Africa's CCI export basket. The Eastern Cape province only contributes 1.2% to the South African cultural goods exports.

Using the rebased 2015 GDP data released by Statistics South Africa in 2022, a Cultural Satellite Account showed that the CCIs directly contributed 2.97% of South Africa's GDP (R161 billion) in 2020.

Levels of underdevelopment and low economic growth, in turn reduces the ability of the state to raise adequate tax revenues to fund the production of public goods by government departments and entities. In this regard the reduction in funding creates a situation where the going-concern status of public entities are at risk as levels of public funding are reduced in the face of an increased mandate and need to address needs.



The emergence and recognition of the potential of the Cultural and Creative Economy, presents a strategic opportunity to ECPACC; due to its location in the sector, which could allow it to strategic leverage off the opportunities presented by the South African Cultural and Creative Economy.

Internal Environment Analysis

The internal strategic and operating environment facing ECPACC, is directly impacted by the fiscal situation described above. In this regard the reduction in the fiscus has resulted in a reduction of available funding to ECPACC. This in turn has reduced ECPACC's ability to support sustainable growth opportunities within the cultural and creative economy. Resulting in a situation where the levels of social and economic vulnerability of creative practitioners have increased. This in turn further increased the demand for support in the face of reduced levels of available resources.

The increase in demand and the reduction of funding has therefore negatively impacted the going-concern status of the ECPACC.

Additionally, the organisation, has limited capacity to engage in an effective and efficient manner with the emerging cultural and creative economy. Limited capacity in combination with limited available resources, has resulted in a situation where the efficiency of the organisation has been reduced to the level where it cannot maintain the legislative requirement of allocating 25% of its budget to operations, whilst ensuring that 75%¹ of its budget is allocated to beneficiaries.

This situation has been exacerbated by the perceptions that ECPACC is duplicating some functions of the Department of Sports, Recreation, Arts and Culture (DSRAC). Thus, further reducing the potential of additional resource allocation and funding unless ECPACC renders specialised and high impact services and occupy a more central space in the economic stream of creative industries, while promoting the social stream and embedding social cohesion values in all its functions.

As the Cultural and Creative Economy is a relatively new and emerging concept within the South African public sector strategic environment, there appears to be a lack of consolidated Provincial strategies to fully optimise and unlock the benefits located in the cultural and creative economy. This has created a strategic vacuum where specialised support is not being provided across the full spectrum of cultural and creative sectors.

SERVICE DELIVERY MODEL

ECPACC operates within the following key pillars:

Strong resources: In addition to the DSRAC allocation, ECPACC is in a process to immediately mobilise its own financial resources through the effective implementation of its fund raising strategy.

Organizational structure: The revised organizational structure of the entity was approved by the Council and is being implemented incrementally through the employment of the requisite skills that are aligned to the entity's mandate.

Partnerships: The entity is in a process to strengthen its existing partnerships through creating new partnerships, including international partnerships/cultural diplomacy.

Strong Programme design & implementation: This refers to capacity building, market access, product development, enterprise development and has been prioritized by the entity.

¹ Also referred to in this document as the 3:1 ratio. Please note that the 3:1 ratio and 75:25 ratio is used interchangeably but refers to the same ratio.



Governance: This mainly includes policy development and review, compliance with laws and regulations, establishment of Council and Council committees, including Audit and Risk Committee, effective records management and reporting. The entity has a fully constituted Council, including its Committees, and is now in a process to develop key policies such as the communication policy, stakeholder relations policy and ICT policies.

Brand currency and Equity: Through the development and the effective implementation of the stakeholder relations policy referred to above, ECPACC will improve its perceptive value and stakeholder relations.

Mandate: The entity is in a process of reviewing the ECPACC Act since its enactment and the draft discussion paper has already been developed. The mandate will be updated and aligned to the new mandate once the revised ECPACC Act has been promulgated.

The limited equitable share allocation for the entity had negatively affected the effective implementation of several programmes of the entity in terms of the approved mandate by the DSRAC. The entity therefore applied a value for money principle, using the budget allocated to it as efficiently and effectively as possible, to ensure that services continue to be delivered to the most vulnerable beneficiaries, despite the insufficient budget.

The main overall organizational challenges include ICT weaknesses of the entity, budget constraints and also the human resources issues such as staff shortages.

To address some of the above challenges, the entity performed a detailed review of its organizational structure and has made all the necessary changes to the structure in order to give effect to the strategy of the organization. The revised organizational structure which is aligned to the service delivery model and the mandate was approved by the Council. This approved structure is currently being implemented incrementally, prioritising critical vacancies, due to budget constraints. Despite the above challenges, the entity managed with difficulty, to provide financial support and tools for meaningful participation and practice of arts and culture in the province.

The Council has significantly improved corporate governance within ECPACC, through developing and approving critical documents which are key to enable governance structures to be more organized as they fulfil their responsibilities. The Council established Council Committees to assist with monitoring the effective implementation of the ECPACC strategy. The Council and its Committees are also assisted by the independent internal audit unit.

ECPACC is continuously grateful for the support it received from the Department of Sport, Recreation, Arts and Culture ("DSRAC or the Department") despite deep fiscal challenges that face the sector.

EMPLOYMENT EQUITY

The following employment took place in the 2023/24 financial year:

Salary levels	Females				Males				Total
	A	C	I	W	A	C	I	W	
14	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0
10	2	0	0	0	0	0	0	0	2
9	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0

Salary levels	Females				Males				Total
	A	C	I	W	A	C	I	W	
4-6	1	0	0	0	0	0	0	0	1
1 – 3	0	0	0	0	0	0	0	0	0
Grand Total	3	0	0	0	0	0	0	0	3

2.3. Progress towards Achievement of Institutional Impacts and Outcomes

Strategic Outcome Oriented Goals	Progress Made towards Achievement of Goals
A properly re-engineered, well governed and financially viable entity that is resilient and capable of executing its mandate.	▶ Reviewing organisational policies contributed a great deal to the development of a good organizational culture thereby enhancing effective management of the entity towards institutional growth. ▶ A Fundraising and Investment Strategy has been developed and will forge a way forward towards building a financially viable organisation. ▶ ECPACC continues to promote good financial management systems for accountability purposes and have strengthened corporate governance through the strategic leadership of the council.
Transformation of the sector through the empowerment of indigenous, previously disadvantaged and marginalized groups or individuals.	▶ Through its transformative funds distribution to previously disadvantaged and/or marginalized groups and/or individuals, the entity has continued to transform the cultural and creative industry in the Eastern Cape province.
A new breed of innovative and self-sufficient Creative Entrepreneurs and Craft industrialists.	▶ Through the Film Sector Development Fund, ECPACC has continued its contribution to development of a diverse film industry through capacitation of film makers in Intellectual Property and Contractual knowledge. This assisted in obtaining further knowledge in the interpretation of contracts aligned to industry norms and practices. Furthermore, film makers were able to present their contractual challenges which were addressed in real time by industry specialists. ▶ ECPACC has continued to implement an incubation programme that provides a holistic development support to crafters and fashion designers thereby creating sustainable visual arts and craft entrepreneurs. ▶ Provision of tools to equip creatives in improving their technical capacity and operational effectiveness.
A province -wide promotion of arts and culture supported to create strong string and cohesive values.	▶ Through its funding support to artists, the entity has continued to contribute to the development of sustainable skills and capabilities that enable the arts to inspire to grow and develop sustainable enterprises that provide livelihoods. ▶ This includes support rendered to support funding of previously marginalised ethnic groups.

2.4. Institutional Programme Performance Information

The mandate of the entity is the promotion of the development and preservation of arts and culture in the Eastern Cape Province. The entity also seeks to use its resources to create a better life for arts, culture and heritage practitioners in the Eastern Cape Province.

Summary of Programmes

The operations of the Eastern Cape Provincial Arts and Culture Council are organised around the following two programmes, Programme 1 with 2 Sub-Programs and Programme 2 with 4 sub-programmes.

Programme 1: Institutional Development, Governance and Administration

Purpose: The main purpose of the programme is to provide strategic leadership and administrative support to the units of the entity. This includes, but is not limited to, corporate governance, financial management, risk management and human resource management.

(a) Sub-Programme 1: Organisational Development and Administration

The main purpose of the sub-programme is streamlining the organisation design, human resources and processes to increase organisational efficiencies and thus reduce operating costs.

(b) Sub-Programme 2: Corporate governance

The main purpose of the sub-programme is to enhance corporate governance and accountability, which exponentially increases the attractiveness of the entity to secure additional funding and/or investment that would secure and retain a positive going concern.

Programme 2: Building a Vibrant Cultural and Creative Industry

- (a) Sub-Programme 1: Transformative Funds Administration
- (b) Sub-Programme 2 : Sustainable arts Capability
- (c) Sub-Programme 3: Promoting Market Access
- (d) Sub-Programme 4: Arts for social change

Performance overview

Programme 1 managed to achieve ten (10) indicators out of the thirteen (13) indicators that were planned for the 2023/24 financial year, which translates to a **76.92%** achievement rate. Furthermore, programme 2 managed to achieve twelve (12) indicators out of the fourteen (14) indicators that were planned for the current financial year, which translates to an **85.71%** achievement rate.

As detailed in the table below, there were various reasons for the non-achievement of some of the planned indicators.



Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

Annual Performance Plan

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 1: ORGANISATIONAL DEVELOPMENT AND ADMINISTRATION									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24(until date of re-tableting)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/output indicators/annual targets
A properly re-engineered, well governed and well-resourced entity that is resilient and capable of executing its mandate.	A reconfigured institutional structure.	Number of institutional development systems and/or administrative controls developed.	1	2	2	2	0	Target Achieved	N/A
		Number of Marketing plans developed.	New Indicator	0	1	1	0	Target Achieved.	N/A
		Number of key organizational policies reviewed.	0	0	-	-	-		Indicator eliminated for 2023/24

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 1: ORGANISATIONAL DEVELOPMENT AND ADMINISTRATION									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators /annual targets
	Increased performance and organizational effectiveness	Number of key organizational policies reviewed /developed with standard operating procedures(SOP's)	0	18	3	3	0	The target was achieved.	N/A
		Number of ICT systems developed.	0	1	1	0	(1)	ICT policies were developed but the ICT Governance Committee to review and recommend the policies to the Council is not yet established. This will be rolled over to the new financial year.	
		Number of HR administrative functions implemented.	4	2	2	2	0	Target Achieved	N/A

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 2: CORPORATE GOVERNANCE									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/output indicator s/annual targets
A properly well governed and well-resourced entity that is resilient and capable of executing its mandate.	Enhanced corporate governance and Accountability	Number of programmes to strengthen Council effectiveness implemented.	0	1	1	0	(1)	Target not achieved -This indicator was not achieved due to cost containment measures.	
		Number of stakeholder engagements undertaken with sector associations and practitioners	New indicator	1	2	2	0	Target Achieved.	
		Percentage of high residual risks addressed.	60%	50%	80%	80%	0	Target Achieved.	
		Percentage of quarterly programme expenditure	95%	93%	98%	106.36%	8.37%	Target Over-Achieved – As per the attached AFS, this target was over-achieved due to the recognition of project expenses in respect of the	

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION

SUB-PROGRAMME 2: CORPORATE GOVERNANCE

Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/output indicator/s/annual targets
		achieved against approved budget.						prior year project prepayments for the film stimulus funding as project expenses in the current year, in line with the requirements of GRAP 23, as all the conditions were met in the current year.	
		Number of SCM internal systems established to increase efficiencies.	1	0	1	1	0	Target Achieved	
		Percentage of previous year's audit findings addressed in the audit improvement plan.	70%	75%	80%	100%	20%	Target-over achieved – This target was over-achieved as all the audit findings raised in the prior year were resolved.	
		Quarterly and Annual	6	9	7	7	0	Target achieved	

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 2: CORPORATE GOVERNANCE									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (<i>until date of re-tabling</i>)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicator s/annual targets
		Financial & Performance Information Report submitted timeously to relevant authority.							

PROGRAMME 1: INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND ADMINISTRATION									
SUB-PROGRAMME 2: CORPORATE GOVERNANCE AND ADMINISTRATION									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tableting)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/annual targets
A properly well governed and well-resourced entity that is resilient and capable of executing its mandate	Diversified Revenue base	No. of Fundraising initiatives undertaken to mobilize resources.	1	0	6	0	(6)	Target not Achieved: The fundraising events could not be conducted due to cost containment measures.	The indicator No. of Fundraising & Investment strategies developed and implemented to be corrected on the Annual table as the indicator is misprinted. The indicator is Number of Fundraising initiatives undertaken to mobilize resources.

Key achievements in narrative form

The following key achievements were attained for the programme during the period under review:

(a) Human Resource Management functions:

This administrative function included the following:

- Administration of leave taken and the monitoring of the leave register.
- Administration of the performance evaluation to managers.
- Administration of employment equity
- Administration of the policies being reviewed.
- Administration of employee benefits.
- HR reporting to HRE Committee and to the Council

(b) Quarterly Performance and Financial Reports:

Performance Information and IYM Reports for the entire financial year under review were submitted to DSRAC. This follows adjusted laws and the regulatory framework of government that regulates government institutions and must account for use of allocated resources in accordance with their Strategic Plans and the Annual Performance Plans. The other purpose is to enable the executive authority a monitoring and evaluation mechanism to ensure that the approved Annual Performance Plan is implemented and appropriately applied by the entity. The annual report and the semester report were also submitted as legislated.

(c) Application for the rollover:

The entity submitted an application for the rollover of committed funds in respect of stimulus funding to the tune of R8 million. This has been informed by the improvement in procurement processes which occurred in quarter 3 and quarter 4. The roll-over application was approved by the Eastern Cape Provincial Treasury.

(d) Compliance submissions:

2023/24 Quarterly Performance Information Reports including the Annual Performance Information Report 2023/24, Finance Report 2023/24, Annual Financial Statements and Provincial Treasury IYM Report were finalized and submitted to DSRAC and Provincial Treasury on time. The entity also submitted the APP and the AOP within the legislated timeframes. This follows the laws and regulatory framework of government that requires government institutions to account for use of allocated resources in accordance with their Strategic Plans and the Annual Performance Plans. The other purpose is to enable the executive authority a monitoring and evaluation mechanism to ensure that the approved Annual Performance Plan is implemented and appropriately applied by the entity. The annual report and the semester report were also submitted as legislated.

(e) Film stimulus funding expenditure

The film stimulus funding expenditure significantly increased from prior year.

(f) Prior year audit findings:

All the prior year audit findings were resolved, including the cleaning up of the fixed asset register to clear the recurring audit finding on fixed assets.



Comment on all Deviations

The overall comment on all deviations is the same as the comments already provided in the detailed table above. Changes made were effected to targets.

Strategy to overcome areas of under-performance

The section above is presented with the strategies to overcome areas of under-performance. Specific timelines have also been considered.

Changes to planned targets

As presented above, there have been in-year changes to performance indicators and targets during the year under review for Programme 1 to respond to the circular on cost containment measures and also to address the internal audit findings.

Linking performance with budgets

Programme objective	2022/23			2023/24		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Institutional Development, Governance And Administration	10 398	12 345	(1 947)	12 428	12 868	(440)

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 1: TRANSFORMATIVE FUNDS ADMINISTRATION									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/annual targets
Transformation of the sector through the empowerment of indigenous, previously disadvantaged and marginalised groups or individuals.	A transformative Fund Distribution Model developed and implemented.	Number of Funding policies revised	0	0	0	0	-		The output indicator is on the APP for the year 2023/24 which was an error and amended on the Addendum to the APP.
		Percentage of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalised ethnic groups /communities,	New Indicator	48,96%	100%	89.48%	(10,62%)	Despite an extensive amount of work being made, certain beneficiaries have failed to comply with the conditions and obligations specified in the contract. The beneficiaries are therefore going to be subject to consequence management in adherence to the terms of the contract.	-

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 1: TRANSFORMATIVE FUNDS ADMINISTRATION									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/annual targets
		Number of funding awareness workshops organised.	6	14	6	10	4	The target was over-achieved by 4 additional workshops to raise awareness and provide guidance on how to apply for grant funding from ECPACC due to the huge need for capacitation especially artists residing in rural areas.	-
		Number of artist database updated on an annual basis.	New Indicator	1	1	1	0	Target Achieved	N/A
		Number of projects monitored and evaluated	New Indicator	17	20	20	0	Target Achieved	

Key Achievements in Narrative form.

(a) Number of funding awareness workshops organized:

Funding awareness workshops were scheduled to start early for the current financial year in order to prevent having to carry projects from the previous financial year to the next one, creating mayhem in regard to reporting efficiently and effectively. Ten (10) road awareness workshops were conducted across the Eastern Cape Province, with an over-achievement of 4 deviating from the planned target of six road awareness workshops hosted in 10 districts in the Eastern Cape province. The initially targeted groups were artists emanating from youth, women, people living with disabilities, previously marginalised ethnic groups and those residing in rural areas. Requests for the benefit of artists residing in rural and Metropolitan areas were received from artists formations across the province hence the over-achievement of the target. A special request for additional workshops was received from the Amathole District wherein they offered to provide travel arrangements to assist with sharing added funding opportunities in the sector. The workshops in consultation with their respective DSRAC districts and Local Municipalities were conducted successfully, and creatives were able to freely express themselves. Both IsiXhosa and English languages were the used main languages for presentations. Overall, the funding workshops were effective and successfully conducted. We have also reached the Northern areas that are Afrikaans speaking with a positive response.

(b) Percentage of funding benefiting previously disadvantaged individuals and/or groups:

The target is not achieved however extensive work was conducted. Siqaqambisa Ubugcisa Funding deliverables for the 2023/24 financial year in terms of its performance indicator stipulates that 89.48% of funding benefits previously disadvantaged individuals and/or groups. The grant application call was issued on 7th March, 2023, and concluded on 20th April 2023. Due to a high demand from artists, the deadline was extended to 27th April 2023. The tale of information was disseminated through multiple platforms, including ECPACC offices, websites, Facebook, and WhatsApp. Applications were submitted both electronically as well as physically. There were 492 applicants from all around the Eastern Cape province who submitted their requests for funding. The process was done in two stages as per the policy, which is Assessment and Adjudication stage. However there have been disruptions due to networking and loadshedding challenges, which delayed the whole process. The total budget for Siqaqambisa Ubugcisa funding was R1,192,000. All 23 beneficiaries received funding for this financial year and distributed to beneficiaries in two Tranches.

Impact: The Siqaqambisa Ubugcisa Funding has always been the best tool we currently have towards supporting our artists in the entire province. Throughout previous years, the artists experienced challenges completing out an application form as well as having information accessibility about the annual funding closure as well as open call days. For communication with the artist, we then publish our request for funding applications and the deadline for submission. We then circulated the request for proposals to all districts via our website and social media platforms with the goal to connect with all artists in the entirety of the province. The announcement proceeded to be disseminated through funding education seminars held all throughout the province working together with community legislative regions along with ward councillors. Then a volume of application response was well improved this financial year and the number of artists in the disadvantaged areas improved especially youth and women.



PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 2: Sustainable Arts Capability									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/annual targets
A new breed of innovative and self-sufficient Creative Entrepreneurs developed through province-wide talent cultivation and development.	A critical mass of skills developed	Number of artists supported to participate in short learning programmes that promote and advance arts education and knowledge.	3	0	0	-	-	Indicator eliminated for the year 2022/23 due to budget constraints.	N/A
		Number of film makers trained to develop their technical and theoretical understanding.	14	21	30	30	0	Target achieved:	N/A
		Number of creative entrepreneurs assisted through coaching and mentorship programme.	4	9	5	5	0	Target achieved.	N/A

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 2: Sustainable Arts Capability									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/annual targets
		Number of craft and visual arts flagship projects implemented.	1	1	1	1	0	Target Achieved	N/A

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 3: Promoting Market Access									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	
A new breed of innovative and self-sufficient Creative Entrepreneurs developed through province wide talent cultivation identification and development.	Local products reaching markets.	Number of film markets (festivals) hosted/ Attended.	New Indicator	0	4	4	0	Target Achieved	N/A
		Number of local films promoted nationally and Internationally.	New Indicator		5	5	0	Target Achieved	N/A
		Number of quality films produced and directed by local film producers.	7	0	3	3	0	Target Achieved.	N/A
		Number of visual art and crafts entrepreneurs marketed.	New Indicator	20	20	35	15	Target-over Achieved: Due to the opportunity presenting itself where 35 Visual arts and Craft	N/A

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 3: Promoting Market Access									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tabling)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	
								entrepreneurs were marketed.	

PROGRAMME 2: BUILDING A VIBRANT CULTURAL AND CREATIVE INDUSTRY									
SUB-PROGRAMME 4: Arts for Social Change									
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24 (until date of re-tableting)	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	
A province wide promotion of arts and culture supported to create strong and cohesive values.	Arts change for promoted.	Number of indigenous knowledge systems documented	New Indicator	0	1	1	0	Target Achieved.	N/A
		Number of public art installations commissioned.	New indicator	0	1	1	0	Target Achieved.	N/A

2. Key achievements in Narrative form

The following key achievements were attained for Sub-programme 2 during the year under review:

(a) Number of film makers trained to develop their technical and theoretical understanding

- Hosted a financial management workshop for film beneficiaries, 30 film makers were trained in order to capacitate beneficiaries with financial and technical reporting instruments and systems. The three-day hybrid physical and virtual workshop had attendees drawn from the pool of previously commissioned projects that could not complete due to administrative compliance challenges. Facilitated by financial and project management experts within the creative industry. This took place in the Nelson Mandela Metro Municipality. Please see the pictures below for more information:



(b) Number of creative entrepreneurs assisted through coaching and mentorship programme.

- ECPACC and BMW worked together on this indicator as well as the Installation on Public Art. The 2-day business training was conducted over 2 days, 28 – 29 September 2023 in East London. The training covered a wide spectrum of business concepts that include costing and pricing, customer service, market access in digital era and business compliance. The business coaching and mentoring programme will culminate in the development of business profiles and business plans for the participants in order to assist them in sustaining their businesses.

(c) Number of craft and visual arts flagship projects implemented.

The Computer Assisted Design (CAD) workshop was held at the Eastern Cape Arts & Craft Hub on 4-8 March 2024, partnering with the Council of Scientific and Industrial Research (CSIR) and Department of Trade and Industry and Competition (DTIC). The workshop aimed to close the skills gap between fashion designers and seamstresses and hone their entrepreneurial acumen. The FDIC consists of a CAD studio with 10 desktop computers, a digitiser, and a printer for pattern printing. It also has a Cut-Make-Trim (CMT) studio with sewing machines for garment production. The workshop focused on computer systems updates, computer skills assessment, and the introduction of AccuMark Explorer and Pattern Design System. The CAD training was a highly technical discipline provided by Intermarket, it included computer system updates, skills assessment, introduction of AccuMark Explorer and Pattern Design System, hipster pattern training exercises, cold shoulder pattern, men's shirt pattern training exercises, and skirt pattern draft exercises. 10 fashion designers attended the training.



3. Key achievements in Narrative form

The following key achievements were attained for Sub-programme 3 during the period under review:

a) Number of film markets (festivals) hosted and /or attended to promote local content:

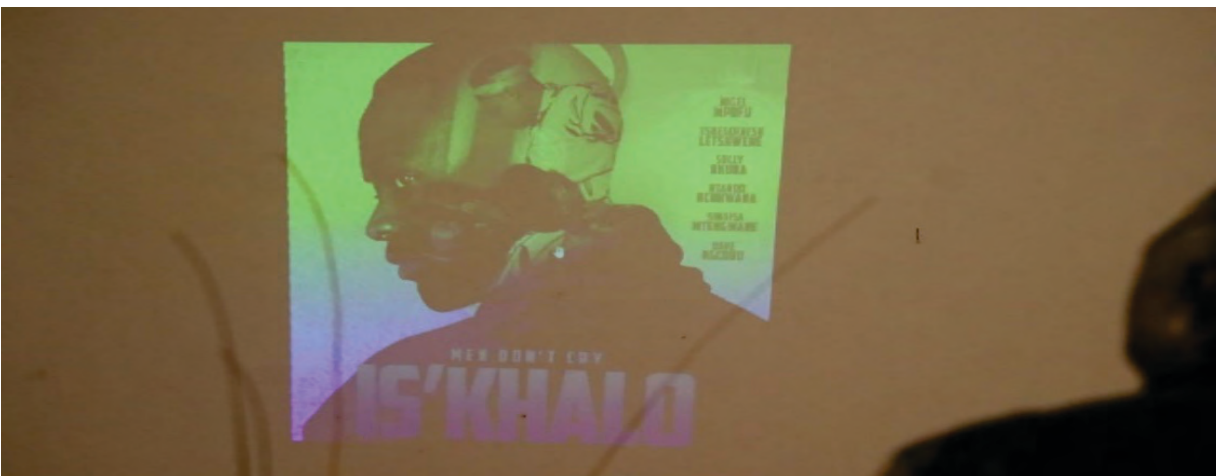
The ECPACC had successfully hosted and attended four Film Festivals:

The following are the festivals attended /hosted:

- **Eastern Cape Film Expo (National Arts Festival):** This is a collaborative endeavour, by the ECDC, NFVF and ECPACC. Where filmmakers flock to Makhanda during the National Arts Festival and deliberate on several issues concerning the Film sector. Locally produced content is consumed, and panel discussions are hosted by industry mandated stakeholders.
- **Durban International Film Festival:** The Durban International Film Festival is a flagship national festival that attracts global film players. Financers, creators of content, film directors and on-screen talent flocked to Durban in pursuit of generating new revenue streams. ECPACC was represented by Ms. Ayanda Gili & Mr. Bonga Marala.
- **Ulibo Youth Film Awards:** This festival was launched at OR. Tambo district in the financial year 2023. It seeks to recognize film talent and incentivize the creation of quality film productions. ECPACC's Film Unit was in attendance.
- **Cortex Hub African Film Festival:** This festival was hosted over a four-day period. The content that was curated for screenings are Films that have an Afrocentric flare. Cortex Hub and the National Film Foundation rolled this festival during African month. ECPACC, provided non-financial support.

Refer to the pictures below for more information:

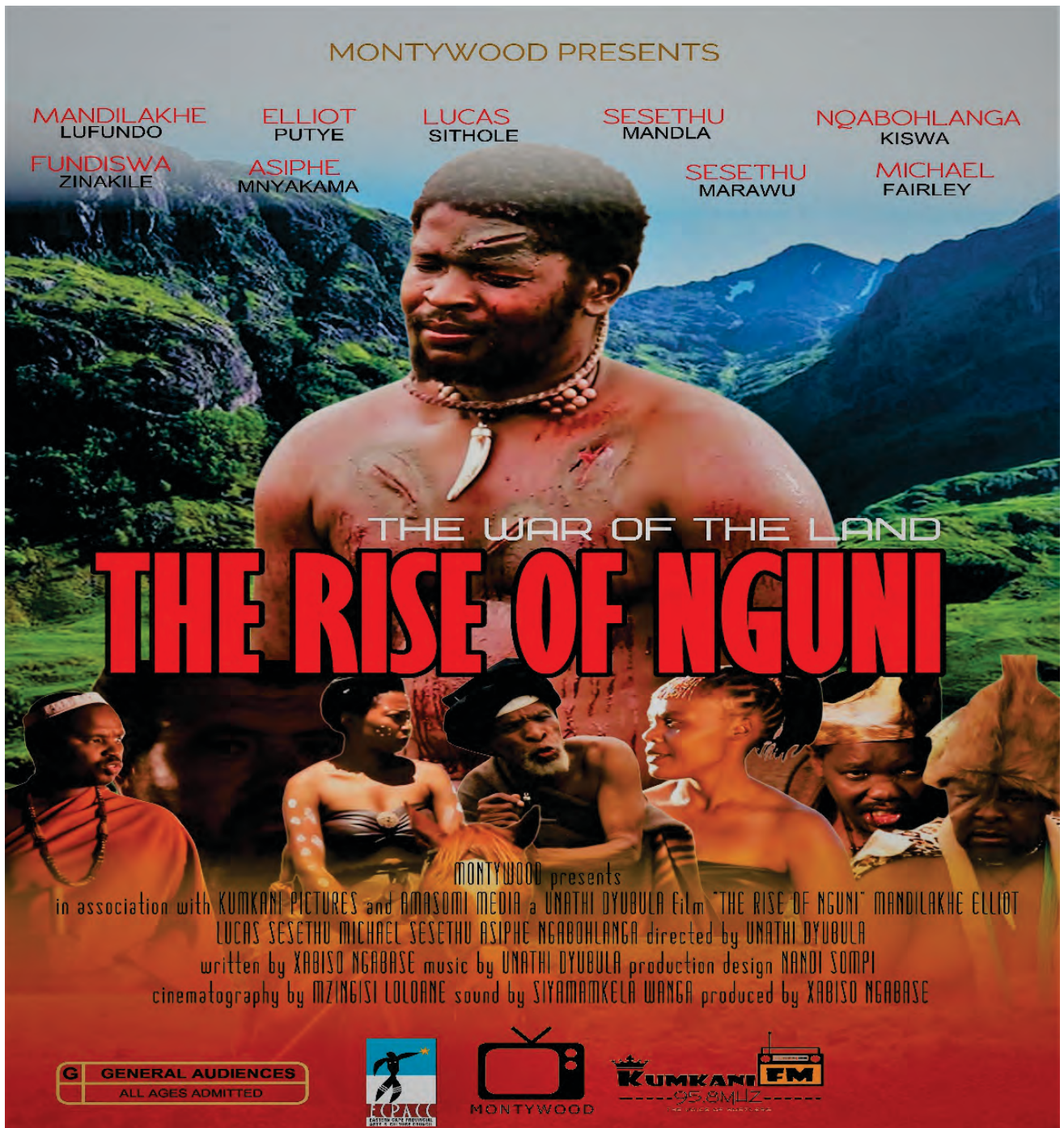




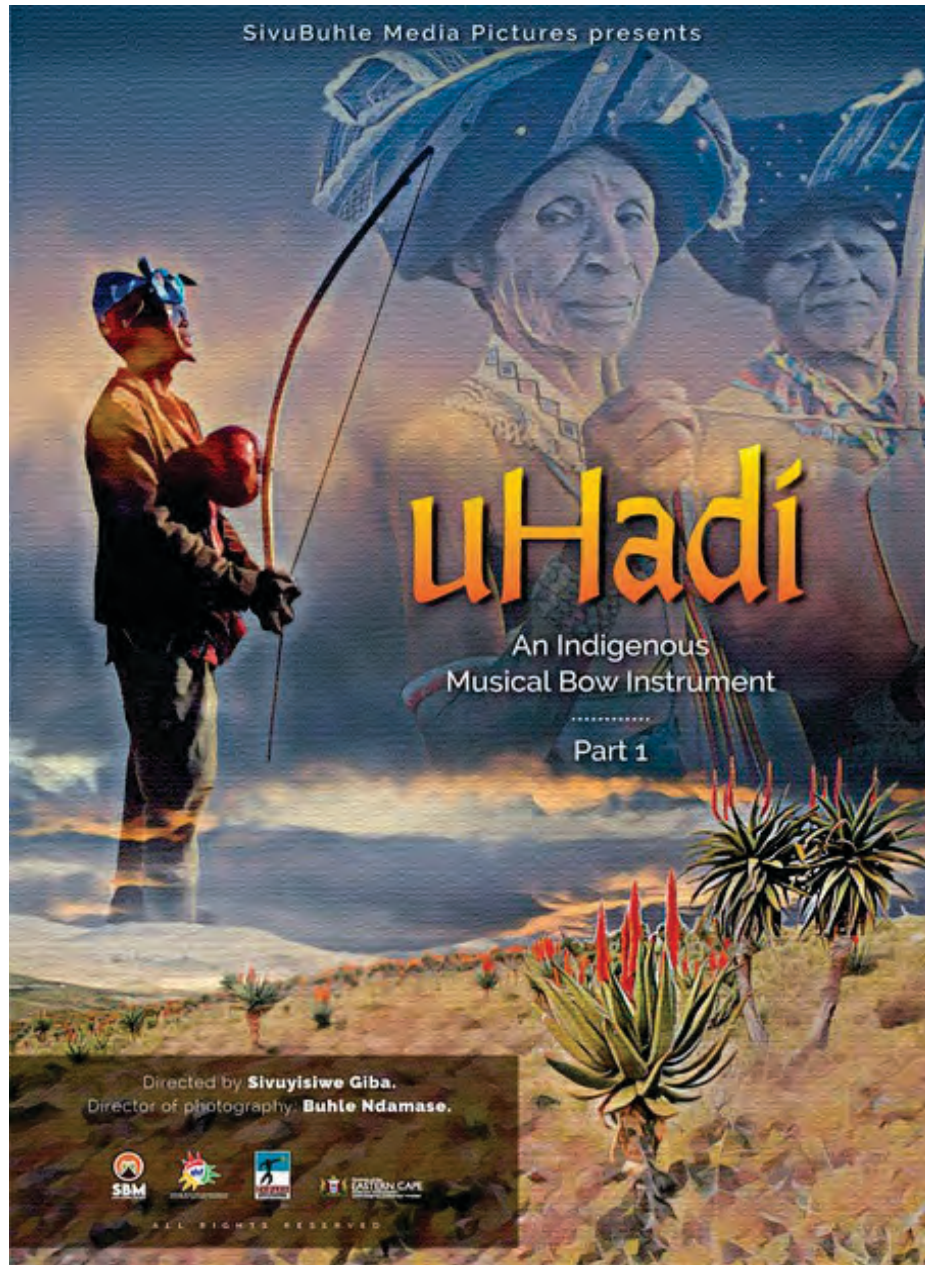
b) Number of local films promoted nationally and Internationally:

Five films promoted at the film festivals attended. The five films were the following:

- **Rise of Nguni** – This is a feature film dramatizing the life of Maqoma with aspects of precolonial settings and draws on the conquering spirit of our warrior. This film was shot in the Eastern Cape through a production of Kumkani TV. The film was directed by Unathi Dyubhula. This film was showcased at the Gompo Film Festival. Refer to the picture below for more information:



- **Uhadi** – This is a film that seeks to profile our African traditional musical instruments, borrowing from the traditional Xhosa bowl – Uhadi. The film was shot around OR Tambo and Chris Hani Districts. It features the legendary Dr. Latozi Madosini. This film was screened at the Eastern Film Expo at the National Arts Festival in Makhanda. Refer to the picture below for more information:



- **Madosini** – This is a documentary profiling the life and times of Dr. Latozi Madosini. The doccic consists of live interviews of artists such Dr. Dizu Plaatjies, Msaki, and music academics from Fort Hare University. The film seeks to celebrate and give an analysis of the contribution. This was screened at the Umthiza Film Festival in East London – Guild Theatre.
- **Silibalekile** – This is a documentary that seeks to highlight the agony and pain of the neglected elders in our society, with a focus on Mdantsane Township. The film was directed by Mwabisa Msikinya. This film screened at the 17th edition of the Kalasha International Film Festival in

Kenya. It further went on to scoop an award at the Mpumalanga International Film Festival in the category of Best Educational documentary.

- **Nelson** – This is a feature that was directed and produced by Princess Babalwa Dalindyabo. This is an emotional tale of two lovers who face an incredible challenge. A touching tale of love, lust, forgiveness and a conversation to address mental issues that are faced by men. The film encourages men to express their pain instead of resorting to gender-based violence and substance abuse. This film was launched and screened at the East London Golf course. Refer to the picture below for more information:



c) Number of quality films produced and directed by local film producers.

Refer to the narrative already provided in point (b) above as all the above films were produced and directed by the local film producers.

d) Number of visual art and crafts entrepreneurs marketed

The Eastern Cape Provincial Arts and Culture Council (ECPACC) collaborated with the Department of Sports, Recreation, Arts, and Culture (DSRAC) to identify and support Crafters, Visual Artists, and Designers (VAC&D) that would be taking part in the National Arts Festival 2023 in Makhanda. ECPACC had taken part in the OR Tambo District selections and not partake to other district selections due to financial limitations. DSRAC and SEDA OR Tambo Region provided accommodation and transportation for this project, while ECPACC provided meal allowances for the participating creatives. Practitioners from each district selected three VAC&D exhibitors, bringing the total number of VAC&D exhibitors supported by ECPACC to twenty-six(26). ECPACC also took part in the Africa Month Launch, a continental event organized by the Department of Sports, Arts, and Culture at the Nelson Mandela Museum in Qunu. On this platform, 9 (Nine) exhibitors displayed their garments, while the EC Craft hub supplemented the exhibition with products taken from the hub. We have successfully promoted thirty-five (35) Visual Arts and Craft entrepreneurs in total.



4. Key achievements in Narrative form

The following key achievements were attained for the Sub-programme 4 during the period under review:

a) Number of Indigenous Knowledge Systems Documented

This project was to implement one of ECPACC objectives to preserve the culture and heritage of the Eastern Cape province. ECPACC has undertaken to develop a booklet that will focus on the beadwork from the Eastern Cape which will be fully implemented in 2024/24 Financial year. The purpose of this booklet is to educate the reader about a selection of the most worn beads that will be profiled. The pieces will be described by their colours, materials used, shape and size as they are significant because they distinguish the meaning that is conveyed by that particular piece of beadwork. Simply put, this booklet will provide dashboard information on the original traditional beads from different cultures of the Eastern Cape. This booklet will assist in educating the reader on the original traditional beads from different cultures in the Eastern Cape. It will also be more accessible to the young and old as literature on this subject is very scanty. The actual beadwork is kept in the museums where most of it is locked away and not available to the public to view and learn about.

b) Number of Public Art Installations Commissioned

ECPACC has implemented Public Art Installation in partnership with BMW – East London. The vision of both entities is aligned and seeks to achieve a common goal of contributing to the development of visual artists in the Buffalo City and Amathole Districts. Two lead artists were identified to provide an apprenticeship to 5 (five) up and coming visual artists who responded to a public call to participate. The 5 that was selected had submitted their artworks, which were incorporated in the final public art that has been installed. The project was implemented over 2 weeks and was launched on 30 September 2023.



Comment on all Deviations

The overall comment on all deviations is the same as the comments already provided in the detailed table above.

Strategy to overcome areas of under-performance

The section above is presented with the strategies to overcome areas of under-performance. Specific timelines have also been considered.

Changes to planned targets

As presented above, there have been no in-year changes to performance indicators and targets during the year under review for Programme 2.

Linking performance with budgets

Programme objective	2022/23			2023/24		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Building a Vibrant Cultural and Creative Industry	30 616	22 094	8 522	16 439	17 836	(1 397)

NB: The above actual expenditure for programme 2 also includes prepaid expenditure for the prior year recognised as project expenses in the current year in terms of GRAP 23, as the conditions were met in the current year. Prepaid expenditure that has not yet met all the grant conditions has been recognised in the Statement of Financial Position as an asset.



Standard Bank
**Ovation
Awards**
National Arts Festival

FAITH IN LOVE

Living Glory Entertainment

Ibali Lam

LoveSeed Empire

IGOBEL'ESANDLENI

NKALA CREATIVE PRODUCTIONS

Mehlala

The Market Theatre Laboratory

Part C

GOVERNANCE

PART C: GOVERNANCE

3.1. INTRODUCTION

The ECPACC Council has a duty and judiciary responsibilities to ensure that transparency, accessibility and accountability with public resources at its disposal. It undertakes its obligations with integrity, care, honesty and a professional ethos acting in furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs.

During the year under review the council played its oversight role effectively. It provided sound leadership to management and staff. This enabled the entity to undertake its objectives of promoting the development and transformation of the arts and culture industry in the province.

3.2. PORTFOLIO COMMITTEES

During the year under review the entity submitted the following documents to the Portfolio Committee for Sport, Recreation, Arts and Culture at the Eastern Cape Legislature:

- (a) Annual Performance Plan and the Annual Operational Plan for 2024/25
- (b) 2022/23 Annual Report
- (c) Semester Performance and Financial Report 2023/24

3.3. EXECUTIVE AUTHORITY

ECPACC maintains a very good relationship with the Executive Authority, the MEC for the Department of Sport, Recreation, Arts and Culture. During the year under review, the entity has had various meetings with the MEC to discuss several matters pertaining to governance, strategy review of ECPACC as well as the execution of the strategy. Furthermore, ECPACC has fulfilled its statutory obligation to submit quarterly performance reports to the executive authority. These reports show how the entity has performed against the indicators and targets set in the annual performance plan for the year. During the year under review the entity submitted these reports with other statutory submissions to the Executive Authority as detailed below:

No	Type of report	Date of submission	Issues raised by the Executive Authority
1	Fourth Quarter Performance & Financial Report 2022/23	30 April 2023	None
2	First Quarter Performance & Financial Report 2023/24	31 July 2023	None
3	Audited Annual Financial Statements & Annual Performance Report 2022/23	31 July 2023	None
4	ECPACC 2024/25 Budget	September 2023	None
5	Second Quarter Performance & Financial Report 2023/24	31 October 2023	None
6	Annual Report 2022/23 Financial Year	31 August 2023	None
7	Semester Report 2023/24 – Performance and Finance	31 October 2023	None
8	Third Quarter Performance Report 2023/24	31 January 2024	None

3.4.THE ACCOUNTING AUTHORITY / THE COUNCIL

Introduction

The Council composed of ten (10) members was appointed by the Executive Authority in line with the ECPACC Act No. 06 of 2000, to serve as the accounting authority of the entity. Council members are appointed for three (3) years after which time fifty (50) % of the Council may be re-appointed for a further term of office to allow continuity {Section 5(5) of the Act}.

The role of the Council

In terms of the PFMA Act 1 of 1999 (as amended) the fiduciary duties of the accounting authority are as follows: exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity; act with fidelity, honesty, integrity and in the best interest of the public entity in managing the financial affairs of the public entity; on request disclose to the executive authority responsible for that public entity or the legislature to which that public entity is accountable, all material facts, including those reasonable discoverable, which in any way may influence the decisions or actions of the executive authority or that of the legislature; and seek, within the sphere of influence of that accounting authority to prevent any prejudice to the financial interests of the state.

The Council Charter

The council developed and approved its Charter in July 2022, and this was also reviewed in the current year. The purpose of the charter is to set out roles and responsibilities of the Council as articulated in the ECPACC Act, PFMA and Governance Protocol for Public Entities. In accordance with the charter, the Council committed itself to meeting its obligations and responsibilities by ensuring that, it:

- Sets the direction and formulate the strategic policies of the ECPACC in furtherance of its objects.
- Formulates and approve relevant policies that will guide the systems and the operations in the organization.
- Reports and accounts correctly and accurately to the MEC and all its stakeholders.
- Approves and monitors the priorities, programmes, plans and budget of the ECPACC.
- Considers and monitors the performance of the entity continuously including management of risk that may affect achievement of the strategic goals.
- Approves the financial statements of the entity on a going concern basis.
- Ensures that the ECPACC applies and manages its financial, human, and other resources with economy, efficiency, effectiveness, and transparency.
- Appoints a suitably qualified person to serve as Chief Executive Officer as detailed in the ECPACC Act.
- Delegates powers to any of its committees, or to the Chief Executive Officer and other staff of the Council.
- Establishes an internal audit function and a functioning Audit Committee which will also meet at least four (4) times a year.
- Establishes a number of committees to assist it in fulfilling its obligations and duties.
- Establishes a yearly work plan detailing the Council's activities.
- Evaluates itself, its committees, and individual Councillors once in two (2) years as recommended by King IV™.
- Submits a statement of its estimated income and expenditure projected over the following three (3) financial years to the MEC for approval.

The Council has complied with all the prescripts of the charter and has, during the reporting period adhered to its undertakings as stated above. However, the evaluation of the Council is envisaged to be conducted in the next financial year.



Composition of the Council/Board

The members of the Council were appointed by the MEC of the Department of Sports, Recreation, Arts and Culture and the following Council meetings and Special Council meetings were held during the period under review:

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Meetings Attended
Mr PG Zitumane	Chairperson	20 April 2022	- B Com - University of Fort Hare (1995) - Master of Business Leadership (M B L) - Unisa [Graduate School of Business Leadership. (1999)]	Governance and Administration	9/10
Ms B Tonise	Deputy Chairperson	20 April 2022	- Johannesburg Law School 2012 - Practical Legal Training - Walter Sisulu University 2010 - LLB	Legal	6/10
Lumko Mtimde	Member	20 April 2022	- Postgraduate Diploma in Telecommunications and Information Policy (Honours level) - Bachelor of Science (B.Sc.) - Executive Development Programme	- Policy and legislation - Telecommunications & broadcasting regulation (Licensing, compliance, monitoring & enforcement) - Corporate governance - Strategic Organisational Planning	10/10
Mduduzi Mzanywa	Member	20 April 2022	- In Progress - Post Graduate Diploma in Higher Education and Training, University of Fort Hare - 2021 - Master's in Business Administration (MBA), Nelson Mandela University - 2017 - Post-Graduate Diploma in Business Administration, Nelson Mandela University	- Strategic HR and HR planning - Performance Management and Monitoring - HR Administration - Labour Relations - Training and Development - HR Research	10/10

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Meetings Attended
			- 2014 - Bachelor of Administration Honours in Industrial Psychology, University of Fort Hare - 2013 - Bachelor of Administration in Human Resources Management, University of Fort Hare		
Dr N Khewu	Member	20 April 2022	- 2012 - PhD (Education) - 2001 - MPhil: Applied Ethics (Environmental Ethics), University of Stellenbosch - 1999 - Bachelor of Technology: Education Management, Tshwane University of Technology - 1997 - Diploma in Psychology, Intec College - 1995 - Secondary Education Diploma (English and History), Vista University (Bloemfontein)	- Education - Research and - Ethics	7/10
Mr Mshudulu	Member (Non remunerative)	20 April 2022	- Bachelor of Admin with Specialization in Development Studies, UNISA, Public Development Administration	Cultural & Creative Industry Administration	8/10
Landile Mbikhahlobo	Member	20 April 2022	- In Progress - Master's in Public Relations, Cape Peninsula University - PRISA 2021 - Professional Events Management	- Organisational and Administrative ability - Supervisory skills - Marketing and PRO skills - Ability to conceptualise and	9/10



Name	Designation	Date Appointed	Qualifications	Area of Expertise	Meetings Attended
			- 2019. Public Relations Institute of SA, Community Development Management - 2019. Social Media Management, PRISA2019	- implement innovative solutions - Budgeting, basic costing, credit control, a basic understanding of financial statements	
Dr Siphe Potelwa	Member	20 April 2022	National Certificate Obtained: - 2021. Certificate in Nyukela Public Service SMS Pre-entry Programme @National School of Government - 2019. Certificate in Human Resource: Skills Development Facilitator @ Academic of York College. - 2018. Certificate in Strategic Management (Strategic Planning, Implementation & Control) @ University of South Africa - 2003. Certificate in Project Management @ Border Technikon Postgraduate Obtained: 2019. Doctor of Philosophy: Education @University of Fort Hare. 2016. Masters Visual Art (Fine Art) by Coursework, Practical and Research, @University of South Africa 2006. B-Tech Degree (Fine Arts) by Coursework, Practical and Research, SHORT COURSES + WORKSHOPS 2006. National Certificate in Policing: Bisho SAPS College	- Strategic Planning and Management - Human Resources Skills Development - Leadership - Creative and Fine Arts	10/10

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Meetings Attended
			2012. Forensic Facial and Cranial Anatomy, University of Pretoria. 2014. Adobe Photoshop Facial Reconstruction by Lorpen Investments. - 2016 Advance Close Circuit Television by SAPS Image Analysis		
NomaXhosa Jongilanga	Member	20 April 2022	- 2019 - Judicial Skills for Traditional Leaders - 2002 - World Tourism Organization Practicum Diploma, WTO Madrid Spain - 2000 - Certificate in Marketing Management, Wits University, Johannesburg - 1990 - Honours in Sociology, Fort Hare University, Alice	- Marketing and Communications - Stakeholder Relations - Financial management. - Strategy Development	10/10
Portia Loyilane	Member	20 April 2022	- Fort Hare University Bachelor of Commerce 1980 – 1983 - UNISA Higher Education Diploma 1986 – 1987 - University of Cape Town - MPhil in Disability Studies 2003 – 2008	- Finance, Fundraising and Economics - Professional Communication - Leadership - Decision Making - Disability Empowerment	10/10

Committees

The Council has the following committees:

Committee	Members	No. of meetings held	Meetings attended
Strategy	Mr M Mzanywa (Chairperson)	6	5/6
	Dr S Potelwa		6/6
	Mr L Mtimde		5/6
	Dr N Khewu		6/6
	Mr V Mshudulu		2/6
	Mrs N Gobozi-Nibe		6/6
Human Resources and Ethics	Mr V. Mshudulu (Chairperson)	3	2/3
	Ms P Loyilane		3/3
	Ms B Tonise		1/3
	Mr L Mbikahlobo		3/3
	Mrs N Jongilanga		3/3
Finance and Fundraising	Ms P Loyilane (Chairperson)	5	5/5
	Dr N Khewu		2/5
	Mr L Mbikahlobo		4/5
	Dr S Potelwa		4/5
	Ms A Peared		2/5
Audit and Risk	Mr L Mtimde (Council member and Chairperson)	7	7/7
	Ms C Dali (Independent)		5/7
	Ms N Jongilanga (Council member)		7/7
	Mr W. Mushohwe CA(SA) (Independent)		7/7
	Mrs S Peter (Independent)*		4/7

* Ms Peter resigned from the Audit and Risk Committee on 30 April 2024.

Remuneration of Board/Council members

The remuneration of the Council members is disclosed in Note 17 of the Annual Financial Statements.

Surname	Initials			Travel & Disbursements	Sitting fee	Total
Zitumane	PG			6,000	104,225	110,225
Tonise	B			2,000	35,560	37,560
Mshudulu*	V			2,880	-	2,880
Jongilanga	N			3,240	81,648	84,888
Mzanywa	M			2,880	62,208	65,088
Mbikahlobo	L			3,240	66,096	69,336
Mtimde	L			3,240	89,424	92,664
Loyilane	P			3,240	73,872	77,112
Potelwa	S			3,240	89,424	92,664
Khewu	N			3,240	69,984	73,224
Total				33,200	672,441	705,641

3.5. RISK MANAGEMENT

In line with section 51 of the PFMA and Treasury Regulations, ECPACC has developed a Risk Management Policy. This is evidence of the high-level commitment to managing risks that may affect the provision of quality service delivery. The development of the Risk Management Policy is also aimed at ensuring that the entity is not exposed to risks that could negatively affect internal systems and operations. Through this policy, risk management is recognised as an integral part of responsible management and the entity therefore adopts a comprehensive approach to the management of risk. Consequently, the entity conducts annual risk assessments to identify new and emerging risks and determine mitigation measures to address risks.

The adoption of the risk management implementation meant that it is cascaded throughout the organisation so that all staff is aware and sensitised of impending risks. While the Chief Executive Officer has the ultimate responsibility for risk management, all programme managers have the following responsibilities:

- Integrating risk management into the planning, monitoring and reporting processes and the daily management of programmes and activities.
- Designing appropriate control measures to manage the identified risks.
- Reviewing acceptable levels for identified risks based on ongoing assessments.
- Evaluating the risk management strategies implemented.
- Reporting quarterly and annually on the performance standards set.

The Internal Audit function conducts the review of risk management processes for the entity as one of its fundamental roles. The Audit and Risk Committee plays an oversight role on risk management, advises management on the overall risk management system, especially the mitigation of unacceptable levels of risks and independently monitors the adequacy, efficiency, and effectiveness of the system of risk management.

3.6. INTERNAL AUDIT FUNCTION

The Internal Audit function at ECPACC is outsourced to an external private company for a three - year period. The key activities, in terms of the relevant sections of the Treasury Regulation 2001, of the internal audit function are the following:

- In consultation with the audit and risk committee, prepare rolling-year strategic internal audit plan based on its assessment of key areas of risk for the public entity, having regard to its current operations, the operations proposed in its corporate or strategic plan and its risk management strategy;
- Prepare a plan for the first year of the rolling plan which incorporates the scope of each audit in the annual internal audit plan;



- Provide the Audit and Risk Committee with the scope detailing its performance against the plan, to allow for effective monitoring and intervention when necessary;
- Report directly to the accounting authority and shall report at all Audit and Risk Committee meetings;
- Co-ordinate with other internal and external providers of assurance to ensure proper coverage and to minimise duplication of effort;
- Assist the accounting authority in maintaining effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.
- The controls subject to evaluation should encompass the information systems environment, the reliability and integrity of financial and operational information; and the effective review of the entity's risk management processes and provision of assurance to that effect to the entity.

During the reporting period, the internal audit performed the following internal audit reviews:

- Annual Financial Statements 2022/23
- Annual Performance Information Report 2022/23
- 4th Quarter 2022/23 Performance Information Report, 1st, 2nd, and 3rd Quarter 2023/24 Performance Information Report.
- 2023/24 Annual Performance Plan (APP)
- Supply Chain Management
- Financial Control Review
- Follow-Up reviews
- Strategic Risk Assessment
- Audit Improvement Plan
- Expenditure management
- Asset Management
- Irregular Expenditure investigation

3.7. AUDIT AND RISK COMMITTEE

Attendance of Audit and Risk Committee meetings

The internal audit attended all the seven (7) Audit and Risk Committee meetings.

Name	Qualifications	Designation	Internal/ External	Date Appointed	Date Resigned	Meetings Attended
Mr L Mtimde	Refer above	Council Member and Chairperson	Internal	July 2022	N/A	7/7
Ms N Jongilanga	Refer above	Council Member	Internal	July 2022	N/A	7/7
Mr W Mushohwe	CA (SA)	Member	External	25 November 2019	N/A	7/7
Mrs S Peter	LLB	Member	External	1 May 2021	N/A	4/7
Ms C Dali	CA(SA)	Member	External	August 2022	N/A	5/7

Roles and responsibilities of the Audit and Risk Committee

The roles and responsibilities of the Audit and Risk Committee are contained in the Audit and Risk Committee Charter. They are as follows:

- (a) Evaluation of management procedures regarding internal controls.
- (b) Evaluation of the Internal Audit Plan.
- (c) Review and confirmation of the independence of the external auditors by obtaining statements from the auditors on relationships with entity staff, including non-audit services and discussing the relationships with the auditors.
- (d) Review of the rolling three-year strategic internal audit plan of the internal audit function.
- (e) Review and approve the annual internal audit plan for the first year of the rolling three-year strategic audit plan.
- (f) Review the plans indicating the proposed scope of each audit in the annual audit plan.
- (g) Review quarterly reports submitted by the Internal Audit Function detailing its performance against the annual audit plan that will include the scope and depth of internal audit coverage.
- (h) Review the annual financial statements to ensure that they fairly represent the financial position of the entity.
- (i) Considers all significant matters arising out of all types of audits performed by the external auditors and determine in consultation with the Accounting Officer or his//her delegate whether or not additional actions are necessary in order to facilitate the finalisation of the annual financial statements.
- (j) Consider all significant matters arising out of other external audits.
- (k) Review and evaluate management comments on reports issued by the Internal Audit Function and management letters issued by the external auditors.
- (l) Assist management in evaluating the adequacy and effectiveness of risk management processes of the entity.
- (m) Review the entity's fraud prevention framework and related strategies, in order to direct internal audit effort and priority, and assist the Accounting Officer or his/her delegate in determining the skills required to improve controls and to manage fraud related risks.
- (n) Review the effectiveness of the systems of monitoring compliance with laws and regulations and the results of management's investigations and follow-ups.
- (o) Review with management the entity's philosophy with respect to business ethics and corporate governance.
- (p) Take into account International Standards on Auditing, International Standards for Professional Practice of Internal Auditors and Generally Recognised Accounting Practises in its operations and functioning.
- (q) Undertake such other reviews as the Audit and Risk Committee deems necessary in order to fulfil its responsibilities or as may be requested by ECPACC.
- (r) May refer any matter of concern to the Accounting Authority or its delegate for further evaluation.

In addition to the above, during the reporting period, the partnership with the State Information and Technology Agency (SITA) to conduct ICT Business discovery towards developing Corporate Governance of ICT Policy as well as the ICT Strategy for ECPACC continued. The Policy is an integral part of the ECPACC's corporate governance system and is therefore a responsibility of the Council and its committees, and Executive Senior management. The policy has the following objectives:

- (a) To create an enabling for environment for the deployment and adoption of ICT's across the organisation,
- (b) (b) To provide ICT governance and direction pertaining the use of ICTs within Eastern Cape Council of Arts and Culture's environment.
- (c) Provides mechanisms to deliver ICT value, manage performance and mitigate risk and assign accountability for ICT decision and performance.

The formulation of the ICT Policy shall take into consideration the Protection of Private Information (POPI) Act No 4 of 2013, which governs the collection, use, storage, deletion and otherwise handling of personal information. This will assist with establishing measures to ensure ECPACC's compliance with the POPI Act.



3.8. COMPLIANCE WITH LAWS AND REGULATIONS

ECPACC continually keeps abreast with National Treasury circulars and visit the National Treasury website in order to ensure compliance with regulatory framework. Personnel attend workshops organised by the Eastern Cape Provincial Treasury and the Office of the Premier to keep in tabs with statutory planning and reporting requirements.

However, it is disclosed that due to various reasons, the entity does not comply with the following:

Legislation	Prescripts	How the entity deals with non-compliance
PFMA – TR 31.2.1	Does the entity submit a list of all its banking accounts to the National Treasury by 31 May of each year?	ECPACC Bank Account has not changed therefore a list of banking accounts has not been submitted again.
ECPACC Act – 12(2a)	75/25% split of the annual budget allocation	The review of the ECPACC Act has been finalised and the reviewed Act will be tabled by the Eastern Cape government to Parliament.

3.9. INTEGRITY MANAGEMENT, FRAUD AND CORRUPTION

Integrity management is concerned with systematically and completely reviewing, analysing and developing or safeguarding the ability of organizations to combat breaches of integrity. Integrity within a corporate set up is a holistic approach that makes prudent and ethical decisions not only relating to finance but other areas as well, which include operations, marketing, human resources as well as manufacturing by adhering to the highest standards of product quality, open and clear communication and transparency in all operations as well as relationships. At the core of integrity management is the belief that companies have a strong interest, as well as a responsibility, to act with integrity at all times. To this end, ECPACC has the following integrity management systems in place:

FRAUD AND CORRUPTION

ECPACC's fraud prevention plan takes into account the high-risk areas as reflected in the entity's risk assessment. In the drive to fight fraud and corruption the entity will continuously make changes to promote ethical conduct. The mechanisms to report fraud and corruption can be done anonymously or through government's fraud and anti-corruption hotline 0800701701 or any other means. It can be reported as follows:

- Allegation referred the Internal Audit who will refer matter to either the Audit and Risk Committee or the Chief Executive Officer;
- The Audit and Risk Committee/Chief Executive Officer record the allegation in a manual and electronic register;
- Investigation file is opened;
- Investigation file is assigned to an investigator;
- Investigator studies file and prepares investigation plan;
- Investigation continues;
- If corroborating evidence against the perpetrator is found, investigation report is forwarded to the Chief Executive Officer;
- He/she forwards it to the Labour Relations of the Department for a disciplinary hearing;
- Forward and open a criminal case with the South African Police Service (SAPS) for criminal prosecution;
- Case is closed. (Internal - dismissal/acquittal and External - guilty verdict/prison sentence)
- Audit and Risk Committee updates filing, manual and electronic register.
- If no corroborating evidence is not found;



- (m) The Audit and Risk Committee updates filing, manual and electronic register;
- (n) Case investigation file is closed.
- (o) Protection of whistle-blowers; an employee who suspects or reports suspected fraud and corruption or any such activity that he / she has witnessed may remain anonymous should he/she so desire. No person may suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption.

CODE OF CONDUCT

ECPACC developed a Code of Ethics Policy aimed at assisting in the development of acceptable ethical and professional conduct by Management and all employees. The code is also intended to promote teamwork, exemplary behaviour, and good conduct and enhance the efficiency and effectiveness of the management of ECPACC. Compliance with the code can be expected to enhance professionalism and help to ensure confidence in the management and administration of ECPACC.

This code is intended for use to raise ethical awareness, and as a guide in day-to-day decisions. It contains ethical guidelines for everyday events that occur in business.

This code of conduct regulates the manner in which its employees should conduct themselves. It states that all ECPACC staff members shall abide by a code of confidentiality regarding the activities of the ECPACC. It requires that all staff members shall undertake to be unbiased, fair, objective and impartial in exercising their functions on behalf of the Council; to commit themselves to promoting the interests of the Eastern Cape Provincial Arts and Culture Council and arts and culture in the Eastern Cape in all areas; to take full responsibility for their work and conduct; to provide the council with all information of engagements or other developments which may be relevant to the work of the Eastern Cape Provincial Arts and Culture Council or lead to a potential conflict of interests.

It concludes that the ECPACC shall be entitled to take disciplinary action against any staff members who act against the interests of the ECPACC, the intentions of the Act, or the code of conduct. The disciplinary action may, at the discretion of the Full Council, take the form of a demand for reimbursement of funds or written letter of warning or a request to the Chairman and Member of the Executive Committee (MEC) to suspend the staff member concerned.

3.10. MINIMISING CONFLICT OF INTEREST

To minimise conflict of interest the entity requires those charged with governance to sign declaration of interest forms where their involvement with service providers can be certified. In addition, officials who carry out procurement duties sign the code of conduct form where they commit to always conducting themselves in an honest and transparent manner in line with the provisions of the Code of Ethics Policy. The Code of Ethics Policy further provides the following general obligations relating to Relationships and minimising Conflict of Interests:

- (a) Employees should always act in the best interest of ECPACC in all dealings with current or prospective customers, other clients, suppliers, contractors and consultants.
- (b) Situations must be avoided where an employee's personal interests' conflict or may conflict with those of ECPACC or where they may cause the employee not to act in the best interest of ECPACC.
- (c) Participation by an employee in the purchasing process, collection or evaluation of quotes, granting of tenders or the appointment of consultants where a husband, wife, blood relative, relative by marriage, family friend or business associate of the employee has an interest or is involved as a third party, is not permitted.
- (d) An employee who serves as a member of an appointment selection committee should withdraw from the committee if a candidate is the husband/wife, blood relative, relative by marriage or family friend of the member.
- (e) The appointment or promotion of a candidate as the subordinate or superior of an employee who is the husband, wife or a blood relative, or a relative by marriage of the candidate is not permitted, save where this fact is disclosed in writing to the Chairperson of ECPACC and the Chairperson approves the appointment or promotion in writing.



- (f) The appointment or promotion of a candidate in a work capacity where he/she liaises with a husband/wife or blood relative already in the service of ECPACC and where such liaison is of a financial nature, is not permitted save where this fact is made known in writing to the ECPACC Chairperson and the Chairperson approves the appointment or promotion in writing.
- (g) A member of an appointment selection committee should disclose beforehand to the committee any blood relationship; family relationship or business association he/she has with a candidate.
- (h) If the chairperson of an appointment selection committee believes that this Code of Ethics/Conduct will be or may be contravened he/she may request the committee member to withdraw from the committee.
- (i) A member of an appointment selection committee is obliged to recuse himself/herself from the said committee if there is a disciplinary hearing and/or grievance procedure pending in which the candidate and the member are involved, either as the complainant or as the accused.

3.11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

During the year under review, the entity did not incur any health, safety and environmental issues that may adversely impact on the wellbeing of the employees, the public and the environment under which the entity operates.

3.12. COMPANY SECRETARY

The function of Company secretariat was outsourced to an external company with the following key roles and responsibilities:

- (a) To appraise the Council in terms of any laws relevant to or affecting public entities that ECPACC must comply with.
- (b) To ensure that the Council and Council Committee Charters and terms of reference are kept up to date.
- (c) To ensure that the proceedings of the Council and Council Committee meeting are properly recorded.
- (d) To advise Council about the new industry developments and their legal implications for the Council and the entity.

3.13. SOCIAL RESPONSIBILITY

No social responsibility was undertaken during the year under review.



3.14. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control and Financial Concerns

Management periodically presents to the Audit and Risk Committee an audit tracking document whereby audit findings raised in the previous financial year by external auditors are monitored and action plans to address the audit findings are assessed.

The limited final baseline departmental allocation for the equitable share is a concern as the entity continues to operate under stringent budgetary conditions which affects effective implementation of mandated programmes.

This unfavourable going concern assumption is mitigated by the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities 2024/25 book issued by the Eastern Cape Provincial Treasury (ECPT). This document affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2025/26 financial year.

Our review of the internal audit work, which was based on the risk assessments conducted on the public entity revealed that the entity has a strong internal control environment. This has also been confirmed by the AG SA in their audit report attached in Part E to this report. The internal audit work completed during the year under review is detailed under Part C: Governance, paragraph 4.

In-Year Management and Quarterly Report

The Audit and Risk Committee met seven times during the year and performed the quarterly review of financial and performance information reports and Management has reported quarterly on these reports to the ECPT and DSRAC as is required by the PFMA.

Evaluation of Financial Statements and Performance Information

The Audit and Risk Committee has met to perform a review of the unaudited annual financial statements and the annual performance information report. In this respect we performed a high-level review of the annual financial statements and annual performance information. We confirmed that all the internal audit and the Committee findings were satisfactorily resolved. The entity did not receive any material findings from AG SA on the 2023/24 annual audit.

Review of the Eastern Cape Provincial Arts and Culture Council Act (Act No. 6 of 2000)

During the current financial year the review of the ECPACC Act, including extensive consultations, was completed and the reviewed Act will be tabled in parliament at the beginning of the seventh administration by the Eastern Cape government. This is a significant milestone as this review took excessively long to complete due to various challenges.



Auditor's Report

The AG SA report on the audit of the 2023/24 financial year is attached to Part E of this report. The excellent work of the Council and its Committees, the sound internal controls implemented by management and the dedication of the entire staff of the entity resulted to the achievement of the clean audit outcome in the 2023/24 recent audit outcomes issued by the office of the Auditor General of South Africa (AG SA).

CL Mtimde

eSignature

Mr Lumko Mtimde

Chairperson of the Audit & Risk Committee
Eastern Cape Provincial Arts and Culture Council
29 August 2024



3.15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry; and declares whether ECPACC applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Yes/No	Discussion
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	ECPACC does not provide any concessions or endorsements for economic activity. This will be considered when the provincial film office has been established whereby the Film Office may co-ordinate access to filming permits in line with the B-BBEE criteria.
Developing and implementing a preferential procurement policy?	Yes	The preferential procurement framework as prescribed by National Treasury is incorporated into the ECPACC supply chain management policy and implemented.
Determining qualification criteria for the sale of state-owned enterprises?	No	ECPACC does not have any subsidiary entities.
Developing criteria for entering into partnerships with the private sector?	Yes	ECPACC supply chain management policy prescribes the requirements for entering into public-private partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support Based Black Economic Empowerment?	Yes	A key aspect of the Broad Based Black Economic Empowerment is that of enhancing the economic participation of black people in the South African Economy. A key objective of ECPACC funding is to provide accurate, equitable and fair distribution of funds according to various artforms in the Eastern Cape Cultural and Creative Industry. Sound fund administration systems to increase efficiency and ensure optimal resource allocation in a transformative manner have been developed. Priority for funding is given to youth, people living with disabilities, women, marginalised ethnic groups which includes blacks. For the year under review, more than 90% of funding benefitted black entrepreneurs.



PART D: HUMAN RESOURCES MANAGEMENT

4.1. INTRODUCTION

ECPACC has a very lean human resource base with a total of twenty-nine (65) positions in the organogram, with only seventeen (17) of them filled in. In most cases, key programmes are implemented and overseen by one manager without any operational staff. While ECPACC has a position of a Human Resource Officer in its organogram, this remains vacant due to budgetary constraints. The lack of the Human Resources Management unit within the organisation resulted in the following challenges:

- Critical positions remain unfilled, which compounds workload on the existing few staff members.
- Critical functions of Employee Relations Management and Wellness are not effectively attended to due to budgetary constraints.
- Labour grievances continue to result in unresolved labour matters for a prolonged period.

However, since 2018, ECPACC introduced a strategic shift, which saw some positive gains for the entity. A critical position of the Supply Chain Management Officer was filled in and a Review of Organisational Policies was launched with a minimum of three policies reviewed in a financial year. During the reporting period ECPACC has drastically increased the number of policies reviewed to ensure the development of systems to govern and manage the organisation effectively and efficiently. Following the review of the new strategy, it has become necessary for ECPACC to revise its organizational structure to align it with the strategy. ECPACC launched a comprehensive Organisational Design (OD) Project, aimed at reinventing the entity for greater impact. The OD Project has the following critical facets:

1. Change Management.
2. Organizational Structure Design.
3. Job Profiling.
4. Job Evaluation.
5. Salary Benchmarking.
6. Skills Audit,
7. Performance Management System (design).
8. Performance Management Training.
9. Skills Development; and
10. Matching and Placement.

4.2. HUMAN RESOURCE OVERSIGHT STATISTICS

The entity had a staff complement of 17 employees on 31 March 2024. Personnel costs for the entity have been incurred as follows:

Unit	Total expenditure for entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	No of Employees**	Average personnel cost per employee (p/a)
All units of the entity	R30 704 299	R8 604 480	28%	17	R506 146

Personnel cost by salary band

Level	Personnel expenditure	% of personnel Expenditure to total personnel cost	No. of Employees	Average personnel cost employee (p/a) per
Level 9 – 16	R4 276 316	50%	7	R610 902
Level 6 – 8	R1 633 645	19%	3	R544 548
Level 3 – 5	R1 616 711	19%	3	R538 907
Level 1 – 2	R1 077 808	12%	4	R269 452
TOTAL	R8 604 480	100%	17	R506 146

4.3. PERFORMANCE REWARDS

No performance rewards were awarded to employees during the year under review.

4.4. TRAINING AND DEVELOPMENT COSTS

The entity invests in its employees through training and development which contributes to extending the employee's skills, knowledge, and experience, relative to ECPACC business and the employee's career aspirations.

4.5. EMPLOYMENT AND VACANCIES

During the year under review the entity made the following appointments:

1. Finance Manager – Female
2. Arts Development Manager – Female
3. Personal Assistant to the CEO - Female

The vacancy rate is sitting at **74%** due to budgetary constraints.

4.6. EMPLOYMENT CHANGES

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at the end of period
Lower skilled (levels 1-2)	4	0	0	4
Skilled (levels 3 -5)	2	1	0	3
Highly skilled (levels 6 -8)	3	0	0	3
Highly skilled supervision (levels 9 -12)	5	2	0	7
TOTAL	14	3	0	17

4.7. APPOINTMENTS

Refer to Section 5 above.

4.8. REASONS FOR STAFF LEAVING

There were no resignations in the period under review.



4.9. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

No disciplinary actions were taken against employees during the year under review, as there were no instances of employee misconduct identified.

4.10. EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS

LEVEL	MALES							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Lower skilled (levels 1-2)	2	3	0	0	0	0	0	0
Skilled (levels 3 - 5)	0	0	0	0	0	0	0	0
Highly skilled (levels 6 - 8)	0	0	0	0	0	0	0	0
Highly skilled supervision (levels 9 - 16)	4	4	0	0	0	0	0	0
TOTAL	6	7	0	0	0	0	0	0

LEVEL	FEMALES							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Lower skilled (levels 1-2)	2	3	0	0	0	0	0	0
Skilled (levels 3 - 5)	2	2	0	0	0	0	0	0
Highly skilled (levels 6 - 8)	4	4	0	0	0	0	0	0
Highly skilled supervision (levels 9 - 12)	3	3	0	0	0	0	0	0
TOTAL	11	12	0	0	0	0	0	0

4.11. STAFF WITH DISABILITIES

There were no persons with disabilities employed by the entity during the year under review, however, candidates with disabilities are encouraged to apply when the entity publishes advertisements for staff employment.





Part E

FINANCIAL
INFORMATION

PART E: FINANCIAL INFORMATION

5.1. REPORT OF THE EXTERNAL AUDITOR – Refer below.

5.2. ANNUAL FINANCIAL STATEMENTS – Refer to the attached AFS

Eastern Cape Provincial Arts and Culture Council

Audit Report

For the year ended 31 March 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to Eastern Cape Provincial legislature on Eastern Cape Provincial Arts and Culture Council

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Provincial Arts and Culture Council set out on pages 86 to 141 which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Provincial Arts and Culture Council as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the Auditor-General for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA and for such internal control as the public entity determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate

governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The public entity is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to building a vibrant cultural and creative industry presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Percentage of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalised ethnic group/communities
 - Number of funding awareness workshops organised
 - Number of projects monitored and evaluated
 - Number of film makers trained to develop their technical and theoretical understanding
 - Number of creative entrepreneurs assisted through coaching and mentorship programme
 - Number of craft and visual arts flagship projects implemented
 - Number of film markets (festivals) hosted/Attended
 - Number of local films promoted nationally and internationally
 - Number of quality films produced and directed by local film producers
 - Number of visual art and crafts entrepreneurs marketed

- Number of indigenous knowledge systems documented.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement.

18. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance

report. The reasons for any underachievement of targets are included in the annual performance report on pages 34 to 36.

Targets for key indicators not achieved

Targets achieved: 95%		
Budget spent: 100%		
Key indicators not achieved	Planned target	Reported achievement
Percentage of funding distributed to beneficiaries giving priority to previously disadvantaged individuals and marginalised ethnic groups/ communities	100%	89.48%

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report which includes the audit committee's report.
24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the

scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control

AUDITOR - GENERAL

East London

31 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2

Legislation	Sections or regulations
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



EASTERN CAPE PROVINCIAL
ARTS & CULTURE COUNCIL

ANNUAL

Financial

STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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2024

Eastern Cape Provincial Arts & Culture Council

Annual Financial Statements

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Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Report of the Chief Executive Officer at 31 March 2024

Introduction

The Councillors who constitute the Accounting Authority in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), Treasury Regulations and other relevant laws of the Republic of South Africa present their report which forms part of the unaudited annual financial statements for the year ended 31 March 2024.

The Eastern Cape Provincial Arts & Culture Council is established as a public entity in terms of the Eastern Cape Provincial Arts & Culture Council Act, 2000 (Act No. 6 of 2000) (Eastern Cape) and is listed as a provincial public entity in Schedule 3C of the PFMA.

2. Councillors

The members of the council detailed below are appointed for a three-year period.

Mr PG Zitumane (Chairperson)

Ms. B Tonise (Deputy-Chairperson)

Ms. P Loyilane

Dr S Potelwa

Dr N Khewu

Mr. M Mzanywa

Mr V Mshudulu (Non-remunerative member)

Mr. L Mtimde

Ms N Jongilanga

Mr. L Mbikahlobo

3. Members of the Audit and Risk Committee

The members serving on the Audit and Risk Committee during the year under review are as follows:

Mr L Mtimde (Chairperson)

Mr W Mushohwe CA (SA), MBA

Ms N Jongilanga

Ms C Dali CA (SA) (Non-remunerative member)

Mrs S Peter - LLB*

*Ms S Peter resigned from the Audit and Risk Committee with effect from 30 April 2024.



4. Principal Activities

The Council is entrusted with the responsibility of fostering the arts and promoting the culture of the Eastern Cape. The Council activities are developed to allow for the expression of the unique identity of the province and enable its artists to realise their potential through their expression of the arts to build an improved quality of life for themselves and their communities.

5. General review of the state of financial affairs

The Eastern Cape Provincial Arts & Culture Council's business and operations and the results thereof are clearly defined in the attached annual financial statements. The total adjusted budget of the entity amounted to R28 866 644, inclusive of the equitable share, film sector development funding, approved rollovers and administered funds. No material fact or circumstance has occurred between the accounting date and the date of this report.

6. Grant Funding and Rollovers

The Eastern Cape Provincial Arts & Culture Council has received grant funding to the value of R20 465 000 (2022/23: R13 120 000) from the Department of Sport, Recreation, Arts and Culture (DSRAC) for the year under review. The transfer is inclusive of the R7 820 000 for film sector development, specifically to support season 2 of Gqeberha: The Empire telenovela which is currently produced in Gqeberha, and also R12 645 000 for the equitable share. The entity also received approval from the Eastern Cape Provincial Treasury (ECPT) for the 2022/23 rollover request amounting to R7 479 200. Finally, the entity also received administered funds from its strategic partners amounting to R362 443. This brought the total adjusted budget of the entity to R28 866 644.

7. Events after reporting date

Management is not aware of any events after reporting date that require disclosure at 31 March 2024.

8. Going Concern

Based on the available information at 31 March 2024, the entity will continue to operate as a going concern over the twelve month period ending 31 March 2025. However, the entity continues to operate under unfavourable solvency conditions as its indicative baseline budget allocation proves to be inadequate.

The unfavourable operating conditions are mitigated by the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities 2024/25 book issued by the ECPT. This document affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2025/26 financial year.



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Report of the Chief Executive Officer at 31 March 2024

9. Auditors

The Auditor-General of South Africa will continue in office in accordance with Section 58 of the PFMA.

Lunika Chartered Accountants and Auditors are the current internal auditors of the entity.



Mr M. Nkasawe
Chief Executive Officer

31 July 2024



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

General Information at 31 March 2024

Country of incorporation and domicile: A Schedule 3C Public Entity listed in the PFMA and incorporated in Eastern Cape, South Africa.

Nature of business and principal activities: Development and promotion of Arts & Culture.

Accounting Authority: The Accounting Authority was appointed on 22 April 2022 for a three-year term.

Council members:

- Mr PG Zitumane (Chairperson)
- Ms B Tonise (Deputy-Chairperson)
- Ms P Loyilane
- Dr S Potelwa
- Dr N Khewu
- Mr L Mtimde
- Mr M Mzanywa
- Mr L Mbikahlobo
- Ms N Jongilanga
- Mr V Mshudulu (Non-remunerative member)

Business and Registered address:	Physical	Postal
	16 Commissioner Street	P. O. Box 18372
	EAST LONDON CBD	Quigney
	5200	EAST LONDON, 5211.

Lunika Chartered Accountants and Auditors (Internal Auditors)

Abbreviations:

ASB	Accounting Standards Board
CSIR	Council for Scientific and Industrial Research
CCMA	Commission for the Conciliation, Mediation and Arbitration
OTP	Office of the Premier
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
ECPACC	Eastern Cape Provincial Arts and Culture Council



DSRAC Department of Sports, Recreation, Arts and Culture
ECPT Eastern Cape Provincial Treasury
GRAP Generally Recognised Accounting Practice

PFMA Public Finance Management Act (Act No. 1 of 1999, as amended)

SPO Statement of Financial Position
SPR Statement of Financial Performance

AGSA Auditor General of South Africa



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Responsibility by the Accounting Authority at 31 March 2024

The annual financial statements are primarily the responsibility of the Accounting Authority.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Accounting Authority has reviewed the entity's budgets and cash flow forecasts for the year ended 31 March 2025. On the basis of this review, the Accounting Authority believes that the entity will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the annual financial statements.

During the year under review the entity's main budget amounted to R11 680 000 which comprised of the R11 120 000 for the equitable share and own revenue of R560 000. The adjusted budget amounted to R28 866 644, which comprised of the main budget and the R9 345 000 additional budget to be utilised on the entity's operations and the film sector development, the approved roll-over funds of R7 479 200 and finally the administered funds of R362 444.

There has been a R1 525 000 increase in the equitable share compared to the prior year which represents a 13.71% increase.

The Accounting Authority sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The entity maintains internal financial controls to provide assurance regarding:

- (a) The safeguarding of assets against unauthorised use or disposal; and
- (b) The maintenance of proper accounting records and the reliability of financial information used within the entity or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls.

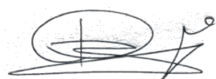
An effective system of internal controls, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statement presentation. Furthermore, because of changes in conditions, the effectiveness of internal financial control may vary over time.



The Accounting Authority has reviewed the entity's systems of internal control and risk management for the period from 1 April 2023 to 31 March 2024. The Accounting Authority is of the opinion that the entity's system of internal control and risk management were effective for the period under review. However, there is still room for improvement in view of the internal audit findings raised in the year under review and the high vacancy rate.

In the opinion of the Accounting Authority, based on the information available to date, the annual financial statements fairly present the financial position of the Eastern Cape Provincial Arts & Culture Council as at 31 March 2024, its financial performance and cash flow information for the year then ended and the Code of Corporate Practices and Conduct has been adhered to.

The audited annual financial statements set out on pages 10 to 58, which have been prepared on the going concern basis, were approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act 1999, (Act No. 1 of 1999) (PFMA) on 30 July 2024 and were signed on its behalf by:



Mr PG Zitumane
Chairperson of the Council
31 July 2024

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Audit and Risk Committee Report for the year ended 31 March 2024

Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2024.

Audit and Risk Committee and attendance

The Audit and Risk Committee consists of the members listed hereunder and meet per the schedule of meetings in its approved Audit and Risk Committee charter.

Name of member	Number of meetings attended
Mr L Mtimde (Chairperson)	7 of 7
Mr W Mushohwe CA (SA), MBA	7 of 7
Ms N Jongilanga	7 of 7
Ms C Dali CA (SA) (Non-remunerative member)	5 of 7
Mrs S Peter (LLB)*	4 of 7

*Ms S Peter resigned from the Audit and Risk Committee with effect from 30 April 2024.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit and Risk Committee further reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control and Financial Concerns

Management periodically presents to the Audit and Risk Committee an audit tracking document whereby audit findings raised in the previous financial year by both the external auditors and internal auditors are monitored and action plans to address the audit findings are assessed.

The limited final baseline departmental allocation for the equitable share is a concern as the entity continues to operate under stringent budgetary conditions which affects effective implementation of mandated programmes.

This unfavourable going concern assumption is mitigated by the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities 2024/25 book issued by the ECPT. This document affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2025/26 financial year.



Audit and Risk Committee Report at 31 March 2024

In-Year Monitoring and Quarterly Report

The Audit and Risk Committee met seven times during the year and performed the quarterly review of financial and performance information reports and Management has reported quarterly on these reports to the ECPT and DSRAC as is required by the PFMA.

Evaluation of Financial Statements and Performance Information

The Audit and Risk Committee has met to perform a review of the unaudited annual financial statements and the annual performance information report. In this respect we performed a high-level review of the annual financial statements and annual performance information.

The Audit and Risk Committee continues to be concerned with the lack of a dedicated Human Resources Management function in the entity which is a direct result of inadequate funding. This vacuum has resulted in the accumulation of various labour matters which remains unresolved.

Review of the Eastern Cape Provincial Arts and Culture Council Act (Act No. 6 of 2000)

During the current financial year the review of the ECPACC Act, including extensive consultations, was completed and the reviewed Act will be tabled in parliament at the beginning of the seventh administration by the Eastern Cape government. This is a significant milestone as this review took excessively long to complete due to various challenges.

Submission of the unaudited annual financial statements and annual performance report

The Audit and Risk Committee have considered the possible errors within the current unaudited annual financial statements and annual performance report and have concluded that the information should be submitted to the Eastern Cape Provincial Treasury and Auditor General by 31 May 2024.

CL Mtimde

eSignature

Chairperson of the Audit and Risk Committee
31 July 2024



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Financial Position (SPO) for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	2	886,894	1,181,700
Intangible assets	3	-	-
Trade and other receivables - Non-exchange transactions	5	77,733	77,733
		964,627	1,259,433
Current assets			
Inventory	4	155,664	158,784
Trade and other receivables	5	9,142,425	11,909,480
Cash and cash equivalents	6	1,812,487	8,940,208
		11,110,576	21,008,472
TOTAL ASSETS		12,075,203	22,267,908
LIABILITIES			
Current liabilities			
Unspent conditional grant	7	7,093,059	15,495,526
Administered funds	8	347,201	699,866
Trade payables and accruals	9	652,055	1,104,194
TOTAL LIABILITIES		8,092,314	17,299,586
NET ASSETS			
Reserves			
Accumulated surplus		3,982,889	4,968,322
TOTAL NET ASSETS AND LIABILITIES		12,075,203	22,267,908

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Financial Performance (SPR) for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023
REVENUE			
Revenue from exchange transactions	10.1/19	2,051	3,855
Revenue from non-exchange transactions	10.2	28,867,912	25,926,266
Other income	10.3/19	463,558	192,413
TOTAL REVENUE		29,333,521	26,122,534
EXPENSES*			
Employee benefit costs	18	8,604,480	7,191,164
Depreciation and amortisation expense	2/3	301,806	302,660
Project expenses	12	17,836,059	13,920,679
Other expenses	27	3,961,954	4,851,118
TOTAL EXPENDITURE		30,704,299	26,265,621
(DEFICIT) FROM OPERATIONS	12	(1,370,778)	(143,087)
Interest earned	13	466,094	728,673
Loss on assets written-off		(80,749)	-
SURPLUS/(DEFICIT) FOR THE YEAR		(985,433)	585,587

*Expenditure disclosed in the AFS has been analysed by nature.

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Changes in Net Assets for the year ended 31 March 2024

Figures in Rand	Note(s)	Accumulated surplus/(deficit)	Total Net Assets
Opening Balance at 1 April 2022		4,383,187	4,383,187
Surplus for the year		585,587	585,587
Opening Balance at 1 April 2023		4,968,322	4,968,322
Deficit for the year		(985,433)	(985,433)
Closing Balance at 31 March 2024		3,982,889	3,982,889



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Cash Flow Statement for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Cash receipts from customers and grants received		20,874,495	13,893,772
Cash paid to suppliers and employees		(28,386,971)	(33,434,569)
Interest earned	13	466,094	728,673
Net cash (outflow) / inflow from operating activities	15	(7,046,382)	(18,812,124)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(87,300)	(711,707)
Insurance proceeds		5,961	-
Net cash outflow from investing activities		(81,339)	(711,707)
Net (decrease) / increase in Cash and cash equivalents		(7,127,721)	(19,523,831)
Cash and cash equivalents at beginning of the year		8,940,208	28,464,039
Cash and cash equivalents at end of year	6	1,812,487	8,940,208

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Statement of Comparison of Budget and Actual Amounts

For the year ended 31 March 2024

Figures in Rand

2024						Note 19		
	Note	Approved	Adjustment	Roll-over	Final	Actual	Variance*	%
REVENUE								
Revenue from exchange transactions	10.1	-	-	-	-	2,051	2,051	-100.00%
Interest received	13	160,000	-	-	160,000	466,094	306,094	191.31%
Revenue from non-exchange transaction	10.2	11,120,000	9,707,444	7,479,200	28,306,644	28,867,912	561,268	1.98%
Other non-tax revenue	10.3	400,000	-	-	400,000	463,558	63,558	15.89%
Sub-total		11,680,000	9,707,444	7,479,200	28,866,644	29,799,615	932,971	3.23%
EXPENSES								
Employee benefit costs	18	7,047,000	1,584,402	-	8,631,402	8,604,480	(26,922)	-0.31%
Depreciation and amortisation expense	2/3	-	-	-	-	301,806	301,806	100.00%
Project expenses	12	1,627,000	7,332,714	7,479,200	16,438,914	17,836,059	1,397,145	8.50%
Other expenses	27	3,006,000	790,328	-	3,796,328	3,961,954	165,626	4.36%
Sub-total		11,680,000	9,707,444	7,479,200	28,866,644	30,704,299	1,837,655	6.37%
Loss on assets written-off						80,749		
DEFICIT FOR THE YEAR						(985,433)		

2023								
	Note	Approved	Adjustment	Roll-over	Final	Actual	Variance	%
REVENUE								
Revenue from exchange transactions	10.1	-	-	-	-	3,856	3,856	
Interest received	13	160,000	-	-	160,000	728,673	568,673	355.4%
Revenue from non-exchange transaction	10.2	11,120,000	2,000,000	27,334,780	40,454,780	25,926,266	(14,528,514)	-35.9%
Other non-tax revenue	10.3	400,000	-	-	400,000	192,413	(207,587)	-51.9%
Sub-total		11,680,000	2,000,000	27,334,780	41,014,780	26,851,208	(14,163,572)	-34.5%
EXPENSES								
Employee benefit costs	18	7,047,000	(1,206,659)	-	5,840,341	7,191,164	1,350,823	23.1%
Depreciation and amortisation expense	2/3	-	-	-	-	302,660	302,660	100.0%
Project expenses	12	1,627,000	2,000,000	27,334,780	30,961,780	13,920,679	(17,041,102)	-55.0%
Other expenses	27	3,006,000	1,206,659	-	4,212,659	4,851,118	638,459	15.2%
Sub-total		11,680,000	2,000,000	27,334,780	41,014,780	26,265,621	(14,749,159)	-36.0%
SURPLUS FOR THE YEAR						585,587		

* Refer to Note 19 of the Annual Financial Statements for explanation on material differences.

Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Accounting Policies for the year ended 31 March 2024

1. Basis of Preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

Presentation currency

The annual financial statements are presented in South African Rand, which is the functional currency of the entity. Unless stated otherwise, all figures have been rounded off to the nearest Rand.

Going concern assumption

These annual financial statements have been prepared on the assumption that the entity will continue to operate as a going concern for at least the next 12 months.

Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practical, and the prior year comparatives are restated accordingly.

Significant judgments

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Trade Receivables

The entity assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgments



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Accounting Policies for the year ended 31 March 2024

as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Accounting Policies for the year ended 31 March 2024

Useful lives and residual values

The entity re-assesses the useful lives and residual values of property, plant and equipment on an annual basis. In re-assessing the useful lives and residual values of property, plant and equipment management considers the condition and use of the individual assets, to determine the remaining period over which the asset can and will be used.

1.2. Statements and interpretations effective in 2023/24

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Reference	Title
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements

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Accounting Policies for the year ended 31 March 2024

GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating assets
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 100	Discontinued Operations
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
IGRAPs 1-21	Various

1.3. Standards issued but not yet effective

Amendments were made to the following Standards of GRAP and have been approved, but are not yet effective:

Item No	GRAP Number	GRAP Title
1.	GRAP 103	Heritage Assets
2.	GRAP 104	Financial Instruments
3.	GRAP 105	Transfer of Functions Between Entities Under Common Control
4.	GRAP 106	Transfer of Functions Between Entities Not Under Common Control
5.	GRAP 107	Mergers
6.	IGRAP 22	Foreign Currency Transactions and Advance Consideration

1.4. Revenue recognition

Revenue comprises the consideration received or receivable for the sale of goods in the ordinary course of the Council's activities. Revenue is measured at the fair value of the consideration received or receivable net of estimated returns.

Revenue is recognised as follows:



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Accounting Policies for the year ended 31 March 2024

1.4.1. Revenue from exchange transactions

Interest income is accrued on a timely basis by reference to the principal amount outstanding and at the interest rate applicable.

Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (c) the stage of completion of the transaction at the reporting date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered /goods sold, the value of which approximates the consideration received or receivable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.



Eastern Cape Provincial Arts and Culture Council

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Accounting Policies for the year ended 31 March 2024

1.4.2. Revenue from non-exchange transactions

Revenue received from conditional grants is recognised as revenue to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No.1 of 1999) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Government grants

Government grants are recognised when there is reasonable assurance that:

- (a) The Council will comply with the conditions attaching to them;
- (b) The grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants relating to assets, including non-monetary grants at fair value, are presented in the statement of financial position recording the grant as an unspent conditional liability or by reducing the carrying amount of the asset equal to grant received.

Grants related to income are presented as a credit in the statement of financial performance (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the unspent conditional grant balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.



Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Accounting Policies for the year ended 31 March 2024

1.5. Property, plant and equipment

1.5.1. Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- (a) it is probable that future economic benefits associated with the item will flow to the Council;
- and (b) the cost of the item can be measured reliably.

1.5.2. Initial recognition

The Council adopted the cost model for all classes of property, plant and equipment.

Property, plant and equipment are initially recorded at cost.

1.5.3. Subsequent measurement

Property, plant and equipment, is stated at cost, less accumulated depreciation and any impairment losses.

Any subsequent expenditure to any asset that increases the value of the asset is seen as an improvement and will be capitalised during the year in which such expenditure is incurred. Replacement costs or repairs that does not increase the value of any asset, will be expensed in the year such expenditure is incurred.

1.5.4. Depreciation

When components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and are depreciated according to their different useful lives.

The depreciation charge for each year is recognised in surplus and deficit unless it is included in the carrying amount of another asset.

Assets held under finance leases are depreciated over the lower of the term of the lease period or the life expectancy of the asset.

Depreciation is calculated on cost less residual value, using the straight-line method, over the estimated useful lives of the assets. The Depreciation method is assessed at each reporting date for appropriateness.

The annual depreciation rates are based on the following estimated useful lives:



Eastern Cape Provincial Arts and Culture Council

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Accounting Policies for the year ended 31 March 2024

Computer equipment	33%
Office furniture and fittings	10%
Plant and equipment	10%

Motor vehicles	20%
Office equipment	20%

The residual value and the useful life of each asset are reviewed annually.

1.5.5. Impairment

The Council assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

If the recoverable service amount of a non-cash generating asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in surplus or deficit, unless the asset



Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Accounting Policies for the year ended 31 March 2024

is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

1.5.6. Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential is expected from its use or disposal.

1.5.7. Gains or losses

The gains and losses arising from the derecognition of property, plant and equipment (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

1.6. Intangible assets

1.6.1. Definition

An intangible asset is an identifiable non-monetary asset without physical substance.

1.6.2. Initial recognition

Intangible assets that are acquired by the Council are stated at cost less accumulated amortisation and impairment losses.

1.6.3. Subsequent recognition

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

No intangible asset arising from research shall be recognised. Expenditure on research (or on the research phase of an internal project) shall be recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;



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Accounting Policies for the year ended 31 March 2024

- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.6.4. Amortisation

Amortisation of intangible assets is recognised in the statement of financial performance on a straight-line basis over the assets' estimated useful lives as follows:

Computer software	50%
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The useful lives and amortisation method of an intangible asset is assessed on an annual basis.

1.6.5. Derecognition

The carrying amount of an item of intangible assets shall be derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

1.6.6. Gains or losses

The gains and losses arising from the derecognition of intangible assets (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

1.6.7. Impairment

The Council assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets



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carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.7. Leases

1.7.1. Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

1.7.2. Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.



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1.7.3. Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

Contingent rentals are recognised as expenses in the period in which they are incurred and are not included in the straight-line lease expense.

1.8. Prepayments

Prepayments relate to advance payments in respect of goods and/or services which are not yet received at delivered at year-end.

1.9. Inventory

Inventory, which consists of arts and crafts designed from the use of ceramic, glass, beads, grass, pottery, wood and cloth, are valued at the lower of cost and net realisable value using the weighted average cost method.

Cost is determined based on the purchase price.

1.10. Financial instruments

The Council classifies financial assets and financial liabilities into the following categories:

Cash and cash equivalents - at fair value
Loans and receivables - at amortised cost
Trade and other payables - at amortised cost
Administered funds - at amortised cost



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1.10.1. Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

1.10.2. Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

1.10.3. Impairment of financial assets

At the end of each reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available for sale.



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1.10.4. Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- (a) A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit, and
- (b) For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.10.5. Derecognition of Financial Assets and Liabilities

1.10.5.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- (a) the rights to receive cash flows from the asset have expired;
- (b) the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- (c) the entity has transferred its rights to receive cash flows from the asset and either-
 - (i) has transferred substantially all the risks and rewards of the asset, or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset.

1.10.5.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is



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treated as a derecognition of the original liability and the recognition of a liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.10.6. Trade and other receivables

Accounts receivable are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.10.7. Trade and other payables

Trade and other payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

Accruals are recognised at the date of receipt of goods or services. All accruals are recognised at financial yearend.

1.10.8. Administered fund Liability

Administered funds comprise of funds received or held on behalf of third parties where ECPACC make payments on behalf of these third parties based on instructions from them. The unspent funds are classified as "Financial liabilities at amortised cost". Subsequent measurement is at amortised value, if material. Where condition of the funds are no longer enforced, the amount is recognised as other income.

1.10.9. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and any short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.10.10. Effective interest rate

The entity uses the prime interest rate to discount future cash flows.

Interest is recognised, in surplus or deficit, using the effective interest rate method.



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1.11. Provisions and contingencies

Provisions are recognised when:

- (a) the Council has a present obligation as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required in settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least:

- (a) The business or part of a business concerned;
- (b) The principal locations affected;
- (c) The location, function, and appropriate number of employees who will be compensated for terminating their services;
- (d) The expenditure that will be undertaken; and (e) When the plan will be implemented.

1.12. Budget information

The budget is prepared annually in accordance with the provisions of the Public Finance Management Act 1999 (No. 1 of 1999), directives issued by the executive authority and best practice budgeting practice.

Budget virements may only be performed within the levels specified by approved delegation of authority. Unbudgeted expenditure is subject to Council approval which will only be granted in extraordinary circumstances.



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Comparison of budget and actual amounts are presented in Note 19. Differences (variances) between the actual amounts and budget amounts are presented.

The annual financial statements and budget are not presented on the same basis as the annual financial statements are prepared on the accrual basis and the budget on the modified cash basis of accounting. A reconciliation between the surplus/(deficit) for the period as per the Statements of Financial Performance and budgeted surplus/(deficit) is included in Note 19.

1.13. Unspent conditional grant

1.13.1. Initial recognition

Unspent conditional grants are reflected on the Statement of Financial Position as unspent conditional grant. They represent unspent government grants. The following conditions are set for the creation and utilisation of these payables:

- (a) The grants received are initially recognised at cost as unspent conditional grant.
- (b) Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grant account to the operating account on the Statement of Financial Performance as revenue.
- (c) Whenever operational expenditure is funded from a grant an amount equal to the expenditure is transferred from the unspent conditional grant account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- (d) The cash which backs the unspent portion is invested until utilised.
- (e) Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- (f) The unspent grant is classified as "Financial liabilities at amortised cost".

1.13.2. Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

1.13.3. Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.



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1.14. Fruitless, wasteful and irregular expenditure

1.14.1. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14.2. Irregular expenditure

Irregular expenditure is expenditure that is contrary to any applicable legislation. Irregular expenditure incurred is recorded as an expense in the Statement of Financial Performance and detailed further in the notes to the annual financial statements, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

1.16. Contingent Liabilities

A contingent liability is a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation cannot be measured with sufficient reliability.

1.17. Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

No commitment is entered into when quotations are requested and therefore a quotation will not lead to the disclosure of a commitment. The expense will only be considered to be contracted for when an order is issued.



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1.18. Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.19. Taxation

The entity is exempt from taxation as the entity is a schedule 3C public entity formed by the government.

1.20. Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees.

1.20.1. Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Salaries and wages;
- short term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting



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1.20.2. Leave pay

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The liability is based on the total amount of leave days due to the employees at reporting date and on the basic salary of the employees.

1.20.3. Annual Bonus

The entity recognises the expected cost of bonus, incentive and performance related payments only when the entity has a present legal or constructive obligation to make such payments as a result of past events and if a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

The entity pays out an annual bonus to its employees during the month of December annually. A liability relating to the anticipated bonuses payable is raised and is based on the monthly basic salary of the individual.

1.21. Key Management Personnel

The entity recognises all forms of consideration given by the entity in exchange for service rendered by the Chief Executive Officer and the Finance Manager.

1.22. Other income

Other income comprises of consideration received or receivable which are not classified as sale of arts and craft artefacts, interest, royalties and dividends or similar distributions. The entity recognises other income when it is probable that the economic benefit associated with the transaction will flow to the entity; and the amount of the other income can be measured reliably. The other income is measured at fair value of the consideration received or receivable.

1.23 Segment Reporting

A segment is an activity of an entity that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); whose results are regularly reviewed by management to make decisions about resources to be allocated to that



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activity and in assessing its performance; and for which separate financial information is available. ECPACC is managed as one segment and as such there is no separate segment disclosure.

1.24 Consignment stock

The entity holds consignment stock to be sold on behalf of crafters. Consignment stock is separately distinguished from the entity's own stock and the closing value of consignment stock is disclosed in the annual financial statements.



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Notes to the Annual Financial Statements for the year ended 31 March 2024

Figures in Rand	2024	2023
2. Property, plant and equipment		
<i>Plant and equipment</i>		
Opening net carrying amount at beginning of year	11,989	16,426
Gross carrying amount	441,866	441,866
Accumulated depreciation	(429,877)	(425,440)
Depreciation charge	-	(4,437)
Closing net carrying amount at end of year	11,989	11,989
Gross carrying amount	441,866	441,866
Cost write-off	(210,814)	-
Adjusted gross carrying amount	231,052	441,866
Accumulated depreciation	(429,877)	(429,877)
Accumulated depreciation write-off	198,825	-
Adjusted accumulated depreciation	(231,052)	(429,877)
<i>Computer equipment</i>		
Opening net carrying amount at beginning of year	208,755	73,057
Gross carrying amount	725,909	538,226
Accumulated depreciation	(517,154)	(465,169)
Additions	87,300	187,683
Depreciation charge	(92,678)	(51,985)
Closing net carrying amount at end of year	187,551	208,755
Gross carrying amount	813,209	725,909
Cost write-off	(296,067)	-
Adjusted gross carrying amount	517,142	725,909
Accumulated depreciation	(609,832)	(517,154)
Accumulated depreciation write-off	280,241	-
Adjusted accumulated depreciation	(329,591)	(517,154)
<i>Office equipment</i>		
Opening net carrying amount at beginning of year	841,713	501,676
Gross carrying amount	1,201,317	677,293
Accumulated depreciation	(359,604)	(175,617)
Additions	-	524,024
Disposals	-	-
Depreciation charge	(200,981)	(183,987)
Closing net carrying amount at end of year	617,268	841,713
Gross carrying amount	1,201,317	1,201,317
Cost write-off	(79,039)	-
Adjusted gross carrying amount	1,122,278	1,201,317
Accumulated depreciation	(560,585)	(359,604)
Accumulated depreciation write-off	55,575	-
Adjusted accumulated depreciation	(505,010)	(359,604)
<i>Office furniture and fittings</i>		
Opening net carrying amount at beginning of year	119,243	139,405
Gross carrying amount	637,745	637,745
Accumulated depreciation	(518,502)	(498,340)
Additions	-	-
Disposals	-	-
Depreciation charge	(8,147)	(20,162)
Closing net carrying amount at end of year	82,076	119,243
Gross carrying amount	637,745	637,745
Cost write-off	(220,330)	-
Adjusted gross carrying amount	417,415	637,745
Accumulated depreciation	(526,649)	(518,502)
Accumulated depreciation write-off	191,309	-
Adjusted accumulated depreciation	(335,339)	(518,502)

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Notes to the Annual Financial Statements for the year ended 31 March 2024

Property, Plant and Equipment Reconciliation

Opening net carrying amount at beginning of year	1,181,700	730,564
Gross carrying amount	3,006,837	2,295,130
Accumulated depreciation	(1,825,137)	(1,564,566)
Additions	87,300	711,707
Disposals	-	-
Depreciation charge	(301,806)	(260,571)
Closing net carrying amount at end of year	886,894	1,181,700
Gross carrying amount (Before write-off)	3,094,137	3,006,837
Gross carrying amount write-off	(806,250)	-
Gross accumulated depreciation (Before write-off)	(2,126,943)	(1,825,137)
Gross accumulated depreciation write-off	725,950	-

Pledged as security

No property, plant and equipment has been pledged as security.

There were no contractual commitments for the acquisition of Property, Plant and Equipment during the 2023/24 financial year.

No repairs and maintenance expenditure were incurred on Property, Plant and Equipment during the 2023/24 financial year (2022/23: R0).

During the year a 100% asset verification was conducted and the necessary adjustments were made to asset values as detailed above and in the detailed accompanying asset register.

A detailed fixed asset register is available for inspection at the registered office.



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3. Intangible assets

Computer software

Opening net carrying amount at beginning of year	-	42,089
Gross carrying amount	703,390	703,390
Accumulated amortisation	(703,390)	(661,301)
Additions	-	-
Amortisation charge	-	(42,089)
Closing net carrying amount at end of year	-	-
Gross carrying amount	703,390	703,390
Accumulated amortisation	(703,390)	(703,390)

4. Inventory

Finished goods	155,664	158,784
Total	155,664	158,784

Inventory comprises of arts and craft products purchased by the craft hubs.

5. Trade and other receivables

Exchange transactions - Current

Other receivables - Exchange transactions	358,454	248,863
Accrued rent receivable - Exchange transactions	-	16,744
Pre-paid expenditure - Projects	8,783,971	11,643,873
Total	9,142,425	11,909,480

Non-exchange transactions - Non-current

Deposits/Prepayment - Non-exchange transactions	77,733	77 733
Total	77 733	77,733

Prepayments are reconciled as follows:

Opening balance	11,721,606	3,585,686
Additions:	4,408,166	8,135,920
- Film development	3,984,206	7,721,120
- ECPACC Projects	423,960	414,800
Less: Projects expenses for prior year prepayments	7,268,068	-
- Film development	6,928,668	-
- ECPACC Projects	339,400	-
Closing balance	8,861,704	11,721,606

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Exchange transactions – Current

Other receivables primarily relate to rental due from a crafter for the use of the craft hub for production. Pre-paid expenditure relates to prepaid project expenses in respect of funded beneficiaries whose reports were still outstanding at year-end and also the rental deposit that was paid to the ECDC in respect of the rental of the EC Craft Hub offices.

Non-exchange transactions - Non-Current

Relates to the deposit held by Eastern Cape Development Corporation (Landlord) for premises currently occupied by the Eastern Cape Arts & Craft hub in Mthatha.

Trade and other receivables pledged as security

None of the trade and other receivables are pledged as security.

Credit quality of trade and other receivables

The entity's management considers all the above trade and other receivables to be of a good credit quality. A significant portion of the Trade receivables comprises the prepaid project expenses in respect of approved funded beneficiaries whose reports were still outstanding at year-end. Other receivables primarily relate to rent receivable which is assessed as having low credit risk as such receivables are contractually bound.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	1,803,651	8,928,363
Cash on hand	8,836	11,846
Total	1,812,487	8,940,208

Administered funds balance at 31 March 2024 amounted to R347 646 (2022/23: R699 866). Refer to Note 8. Administered funds are not available for ECPACC's operational use.

The Cash and cash equivalents at 31 March 2024 is primarily due to funds retained for film development projects and ECPACC programmes. A roll-over application has been submitted to the Eastern Cape Provincial Treasury for all the committed funds from the 2023/24 financial year to be rolled over to the 2024/25 financial year.

Security

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liability.



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Credit quality of cash at bank (excluding cash on hand)

Management considers that all of the above cash and cash equivalent categories are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalent mentioned above.

7. Unspent conditional grant

Opening balance	15,495,526	27,162,995
Add: Grants received during the year		
	7,820,000	2,000,000
Grants received - capital	-	-
Grants received - operational - DSRAC	7,820,000	2,000,000
Grants available for the year	23,315,526	29,162,995
Less: Administration fee transferred to other income	-	-
Surrendered funds during the year	-	-
Conditions met transferred to SPR	16,222,467	13,667,469
Cost of asset additions	-	602,917
Operating expenditure - DSRAC	16,222,467	13,064,552
Operating expenditure plus inventory purchases - DEDEAT	-	-
Closing balance	7,093,059	15,495,526

Unspent conditional grant relates to the balance of the film development funding received from DSRAC which has not yet met all the conditions for the utilization of the grant as detailed in the memorandum of agreement and the grant funding agreement, as the entity was still waiting for the grant expenditure utilisation reports from the funded beneficiaries at year end. Funds received are spent in accordance with the terms and conditions detailed in the memorandum of agreement.

The above note is reconciled to the cash and cash equivalents as follows:

	2024	2023
Closing bank balance - 31 March	1,812,487	8,940,208
Closing unspent conditional grant balance	7,093,059	15,495,526
Difference	5,280,572	6,555,318
Analysis of the difference:		
Gqeberha: The Empire prepayments	3,820,000	2,374,780
Other film prepayments	164,206	2,884,172
Drama series funding	500,000	1,000,000
Likely surrender	796,366	296,366
	5,280,572	6,555,318

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Notes to the Annual Financial Statements for the year ended 31 March 2024

8. Administered funds

Reconciliation of administered funds - 2024

	Opening Balance	Receipts during the year	Payments during the year	Reclassified to income	Closing Balance
National Lotteries Board	185,156	-	-	(185,156)	-
Department of Arts and Culture	305,947	-	-	-	305,947
CSIR	93,331	308,000	(401,331)	-	-
National Arts Council	115,432	54,445	(13,191)	(115,432)	41,254
Total	699,866	362,445	(414,522)	(300,588)	347,201

Reconciliation of administered funds - 2023

	Opening Balance	Receipts during the year	Payments during the year	Closing Balance
National Lotteries Board	185,156	-	-	185,156
Department of Arts and Culture	386,373	200,000	(280,426)	305,947
CSIR	-	415,000	(321,669)	93,331
National Arts Council	115,432	-	-	115,432
Total	686,961	615,000	(602,095)	699,866

Administered funds comprise of funds received/held on behalf of third parties where ECPACC makes payments on behalf of these third parties based on a memorandum of agreement between the parties. The cash and cash equivalents disclosed in Note 6 includes the unspent balance of the administered funds as detailed above.

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Notes to the Annual Financial Statements for the year ended 31 March 2024

9. Trade payables and accruals

Accruals - Exchange transactions	117,685	300,725
Sundry creditor - Exchange transactions	45,116	279,336
Accrued employee benefit obligation - Exchange transactions	321,783	342,272
Payments due to crafters	167,471	181,471
Income received in advance	-	390
Total	652,055	1,104,194

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Stringent cash management procedures are in place. These include cash flow forecasting.

The following table details the entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows. The non-exchange transactions are excluded from the liquidity risk.

	31 March 2024	31 March 2023
	1-3 months	1-3 months
Trade payables	45,116	279,336
Accruals	117,685	300,725

The entity did not default on any of the accounts payable.



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

10. Revenue

10.1 Revenue from exchange transactions

Sale of arts and craft	2,051	3,855
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Revenue is generated from the sale of arts and crafts products at the craft hubs.

10.2 Revenue from non-exchange transactions

Equitable share	12,645,000	11,120,000
Conditional Grant - Film Stimulus Funding	16,222,912	13,667,469
Services in-kind	-	1,138,797
Total	28,867,912	25,926,266

Funds received were spent in accordance with the terms and conditions detailed in the memorandum of agreement and in respect of the conditional grant revenue has been recognised to the extent of expenditure incurred and the conditions met.

The services in-kind consist of the following:

Public works and SMADA construction (Pty) Ltd entered into a lease agreement on behalf of the department of Social Development and DSRAC for premises in East London for no value charged from two latter departments and DSRAC allocated ECPACC to occupy the office space for no value.

Services in-kind in the comparative year relate to the secondment of Mr Monde Nkasawe from the Office of the premier (OTP) to act as a Chief Executive Officer (CEO) at ECPACC effective from 1 January 2022 and he remained in the OTP payroll until 31 December 2022, therefore remuneration paid by OTP to the value of R1 138 797 from 1 April 2022 to 31 December 2022 (2021/22: R379 599) was recognised as revenue in those respective years. No services in-kind were recognised in the current year, as the CEO was appointed on 1 January 2023.

10.3 Other income

Insurance proceeds	5,961	-
Rental of craft hub	120,000	120,000
Interest charged on overdue trade debtors account	-	37,498
Other	337,597	34,915
Total	463,558	192,413

Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

11. Cost of sales

Cost of goods sold	3,120	4,070
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12. Operating surplus / (deficit)

Operating surplus/(deficit) for the period is stated after accounting for the following:

Rental in respect of operating lease	369,857	360,416
Depreciation and amortisation	301,806	302,660
Employee benefits	8,604,480	7,191,164
Project expenses	17,836,059	13,920,679
Repairs and maintenance	17,858	14,489
Travel and subsistence	166,260	212,009
Loss on assets written-off	80,749	-

Employee benefits relate to salary costs for staff located at ECPACC Head Office and Eastern Cape Arts and Craft Hub. At 31 March 2024, 17 staff members were in the employ of the entity. During the year the entity made the appointments for the Arts Development Manager, Finance Manager and the Executive Personal Assistant (PA) to the CEO. There were no resignations in the year under review.

Project expenses relate to the Eastern Cape arts and culture projects that are funded from the equitable share and the film development projects that are funded from the film stimulus funding and these are awarded annually to various organisations and individuals.

Project expenses

Project expenses funded from the equitable share	1,613,147	856,127
Project expenses funded from the conditional grant	16,222,912	13,064,551
Total	17,836,059	13,920,679

13. Finance income

Interest on		
- Cash and bank deposits	466,094	728,673

14. Auditors' remuneration

Statutory audit	992,017	1,011,360
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The annual financial statements of ECPACC are audited by the Auditor General of South Africa.



Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

15. Reconciliation of net cash flows from operating activities

(Deficit) / Surplus for the year	(985,433)	585,587
Adjustments for:		
Depreciation and amortisation	301,806	302,660
Movements in administered funds	(352,665)	12,905
Movements in unspent conditional grant	(8,402,467)	(11,667,469)
Employee benefit obligation (leave and 13th cheque)	321,782	342,272
Reversal of prior year employee benefit obligation	-	(242,311)
Services in-kind- Revenue	-	(1,138,796)
Services in-kind- Expenditure	-	1,138,796
Loss on assets written-off	80,749	-
Other income	(337,597)	-
Other non-cash items	9,406	-
Changes in working capital		
Inventory	3,120	4,070
Trade and other receivables - Exchange and non-exchange transactions	2,767,055	(8,173,417)
Trade and other payables	(452,138)	23,578
Total	(7,046,382)	(18,812,124)

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

16. Operating lease arrangements

Lessee - Office premises

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which falls due as follows:

Up to 1 year	403,270	369,931
2 to 3 years	174,644	577,914
More than 3 years	-	-
Total	577,914	947,846

17. Councillor's emoluments

The following emoluments were paid to the councillors for services rendered during the year:

Non-executive - 2024

Surname	Initials	Travel & Disbursements	Sitting fee	Total
Zitumane	PG	6,000	104,225	110,225
Tonise	B	2,000	35,560	37,560
Mshudulu*	V	2,880	-	2,880
Jongilanga	N	3,240	81,648	84,888
Mzanywa	M	2,880	62,208	65,088
Mbikahlobo	L	3,240	66,096	69,336
Mtimde	L	3,240	89,424	92,664
Loyilane	P	3,240	73,872	77,112
Potelwa	S	3,240	89,424	92,664
Khewu	N	3,240	69,984	73,224
Total		33,200	672,441	705,641

Non-executive - 2023

Surname	Initials	Travel & Disbursements	Sitting fee	Total
Zitumane	PG	34,232	138,927	173,159
Tonise	B	4,000	27,756	31,756
Mshudulu*	V	3,600	-	3,600
Jongilanga	N	3,600	61,770	65,370
Mzanywa	M	3,600	55,550	59,150
Mbikahlobo	L	3,600	56,660	60,260
Mtimde	L	3,600	53,770	57,370
Loyilane	P	3,600	58,235	61,835
Potelwa	S	3,600	54,660	58,260
Khewu	N	3,600	42,440	46,040
Total		67,032	549,768	616,800

*Mr V Mshudulu is a non-remunerated member who is only reimbursed for subsistence, travel and connectivity expenditure incurred in preforming his duties as a Council member.



Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

18. Employee benefit costs

Basic salary	5,601,962	4,283,602
13th cheque	482,802	285,574
Leave gratuity	-	19,137
Back pay	78,729	99,240
Non-pensionable cash allowance	-	79,212
Acting allowance	49,871	13,009
Housing allowance	249,600	223,600
Medical-aid allowance	152,585	108,900
Pension allowance	772,461	570,552
Unemployment Insurance Fund	31,458	27,269
Leave gratuity & 13th cheque accrual	321,782	342,272
Stipend	13,500	-
CCMA Settlement Award	849,730	-
Services in-kind	-	1,138,797
Total	8,604,480	7,191,164

Senior management's emoluments

Chief Executive Officer - Mr MV Nkasawe

Basic salary	1,287,554	321,889
13th cheque	107,296	-
Housing allowance	15,600	3,900
Medical aid allowance	12,168	3,042
Unemployment Insurance Fund	2,125	531
Leave gratuity & 13th cheque accrual	39,024	46,649
Pension allowance	167,382	41,846
TOTAL	1,631,150	417,858

Former Chief Executive Officer - Ms P Skoti*

CCMA Settlement Award	849,730	-
13th chq	-	67,573
TOTAL	849,730	67,573

Chief Financial Officer - Mr SB Mtintso

Basic salary	1,058,580	1,018,080
13th cheque	88,215	64,890
Back pay	-	22,780
Non-pensionable cash allowance	-	8,475
Housing allowance	15,600	15,600
Medical-aid allowance	12,168	12,168
Pension allowance	137,615	132,350
Unemployment Insurance Fund	2,125	2,125
Leave gratuity & 13th cheque accrual	42,196	51,744
TOTAL	1,356,500	1,328,212

*In August 2023 the Commission for Conciliation, Mediation and Arbitration (CCMA) ruled in favour of the former CEO, Ms P Skoti in respect of the two cases she had lodged against the entity in the 2021/22 financial year for alleged unfair discrimination and constructive dismissal. The settlement amounted to R849 730, which was her ten months' gross salary at the time of her resignation.

Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

19. Reconciliation of budget deficit with the statement of financial performance

The entity's budget of R11 680 000 was tabled in the Eastern Cape Provincial Legislature. The Eastern Cape has a total of eleven public entities listed in Schedule 3 of the Public Finance Management Act 1 of 1999 (PFMA), as amended and are included in the approved budget.

The annual financial statements have been prepared on an accrual basis and in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

	Approved	Adjustments	Final	Actual	Variance
REVENUE					
Revenue from exchange transactions	-	-	-	2,051	2,051
Interest received	160,000	-	160,000	466,094	306,094
Revenue from non-exchange transactions	11,120,000	17,186,644	28,306,644	28,867,912	561,268
Other non-tax revenue	400,000	-	400,000	463,558	63,558
Sub-total	11,680,000	17,186,644	28,866,644	29,799,615	932,971
EXPENSES					
Employee benefit costs	7,047,000	1,584,402	8,631,402	8,604,480	(26,922)
Depreciation and amortisation	-	-	-	301,806	301,806
Project expenses	1,627,000	14,811,914	16,438,914	17,836,059	1,397,145
Other expenses	3,006,000	790,328	3,796,328	3,961,954	165,626
Sub-total	11,680,000	17,186,644	28,866,644	30,704,299	1,837,655
Loss on assets written-off					80,749
DEFICIT FOR THE YEAR					(985,433)

Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

Explanation for material differences:

Revenue from exchange transactions

The low value for sale of arts and craft artefacts resulted from the closure of the Amathole Craft Hub and Chris Craft Hub and the fact that most stock sold during the year is consignment stock.

Revenue from Non- Exchange Transactions

High revenue recognised is due to significant improvement in expenditure patterns and reporting on the film development grant and ECPACC projects.

Interest earned

Increase in the interest revenue resulted from the high bank balance throughout the year due to approved rollovers.

Other non-tax revenue

Increase in non-tax revenue resulted from increase in sundry debtors.

Employee benefit costs

Employee benefit costs include a payment of the out-of-court settlement to the value of R849 730 made to the former Chief Executive Officer (CEO), Ms P Skoti, in respect of the CCMA award made in her favour for her alleged unfair discrimination and constructive dismissal cases she had lodged against the entity in the 2021/22 financial year. The settlement was made in August 2023.

Projects and Other expenses

Over-expenditure on projects and other expenses is primarily attributable to the recognition of project expenses in respect of prior year projects prepayments from the film conditional grant, for which the conditions were met in the current year.



Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

20. Related parties and related party transactions

Eastern Cape Development Corporation

Funds disbursed to Eastern Cape Development Corporation for the rent of premises occupied by the Eastern Cape Arts & Craft Hub.

Eastern Cape Arts & Craft Hub	369,857	360,416
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Department of Sports, Recreation, Arts and Culture (DSRAC)

The Eastern Cape Provincial Arts & Culture Council receives grant funding from DSRAC who is the parent department of the entity and the sole funder of the entity's operations. A total of R20 465 000 (2022/23: 13 120 000) in transfers were received from DSRAC during the year under review. Grant funding received includes R7 820 000 received for the film sector development and R12 645 000 to fund the operations of the entity.

ECPACC Head office, located at 16 Commissioner Street, is occupying premises under the Department of Sports, Recreation, Arts and Culture at no cost.

Sale transactions with Government Institutions

The Eastern Cape Provincial Arts & Culture Council hub sells arts and crafts to various government institutions. These sale transactions were concluded within normal operating procedures and on terms that were no more or no less favourable than the terms it would use to transact with any other entity or person. Sales for the 2023/24 financial year are immaterial in the context of the entity's operations and funding.

20.1. Compensation of councillors and key management personnel

The compensation of councillors and key management personnel is set out in Notes 17 and 18 to the annual financial

20.2. Related party relationship

During 2023/24 financial year there were no transactions with institutions controlled by members of the Council or Key Management Personnel. (2022/23: None)



Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

21. Irregular expenditure

Irregular expenditure – current year	10,313	58,650
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The above irregular expenditure for 2023/24 relates to expenditure incurred on the incorrect charging of VAT in respect of the payroll administration services contract. In respect of the 2022/23 financial year, irregular expenditure relates to expenditure incurred without following due procurement processes. A detailed investigation into the irregular expenditure for 2022/23 was conducted during the current financial year and the detailed report was tabled at the Council meeting on 30 May 2024 for approval.

22. Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure in the current year and prior year.

23. Contingent Liability

ECPACC is listed as a schedule 3C public entity in the PFMA and therefore litigation and claims against the entity is guaranteed and funded by the Provincial Government through the Provincial Revenue Fund.

Contingent liability for the prior year comprises of the following matters:

Litigation and claim against ECPACC.

During the 2021/22 financial year, the entity was taken to the CCMA by the former CEO, Ms P. Skoti for constructive dismissal and unfair discrimination and the matter was settled out of court in August 2023 at the value of R849 730, which was her ten (10) months' gross salary, hence the nil amounts disclosure of the contingent liability in the current year.

Constructive dismissal	-	1,017,891
Unfair discrimination	-	3,201,107
Total	-	4,218,998

The total legal costs paid in the current year in respect of this litigation amounted to R41 400 (2022/23: R453 428).

24. Consignment stock held

During the year ECPACC held consignment stock to sell on behalf of crafters as follows:

Consignment stock	1,014,005	1,000,840
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Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

25. Risk Management

Liquidity Risk

The Council manages liquidity risk through an ongoing review of future commitments. Cash flow forecasts are prepared and monitored.

Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The entity only deposits cash with a major bank with high credit standards and therefore has no concentration of credit risks. Other receivables primarily relate to rent receivable which are assessed as having low credit risk as such receivables are contractually bound.

The entity's maximum exposure to credit risk is equal to the cost amount of the financial assets at balance sheet date and is summarised below:

Financial Assets	10,954,912	20,849,688
Cash and cash equivalents	1,812,487	8,940,208
Trade and other receivables from exchange transactions	9,142,425	11,909,480

26. Financial Instruments

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

31 March 2024

	Amortised Cost	Fair Value
Financial Assets	9,142,425	1,812,487
Cash and cash equivalent	-	1,812,487
Trade and other receivables	9,142,425	-
Financial Liabilities	677,473	-
Trade and other payables	330,272	-
Administered funds	347,201	-

31 March 2023

	Amortised Cost	Fair Value
Financial Assets	11,909,480	8,940,208
Cash and cash equivalent	-	8,940,208
Trade and other receivables	11,909,480	-
Financial Liabilities	1,461,788	-
Trade and other payables	761,922	-
Administered funds	699,866	-

Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

27. Other expenses

Accommodation	278,068	706,515
Accounting fees	28,124	27,587
Advertising & promotion	21,813	150,677
Auditors' remuneration - Internal	268,116	63,711
Auditors' remuneration - External	992,017	1,011,360
Bank charges	28,093	30,709
Catering	31,112	57,958
Cleaning and teas	25,845	10,650
Computer expenses	53,668	20,060
Cost of sales	3,120	4,070
Councillors' remuneration	705,641	616,800
Facilitation of training & development Workshop	-	20,400
Insurance	170,496	136,274
Lease rentals on operating lease	369,857	360,416
Legal fees	41,400	453,428
Postage and courier	957	5,668
Printing and stationery	107,863	169,110
Professional fee	277,513	481,708
Repairs and maintenance	17,858	14,489
Security	76,510	7,840
Website cost	-	9,400
Subscription	14,703	77,219
Telephone and fax	136,171	173,367
Transport Costs	9,549	894
Travel and subsistence	166,260	212,009
Water, electricity and sanitation	21,700	28,800
Exhibition expenses	30,500	-
Public art installation fees	85,000	-
Total	3,961,954	4,851,118

Eastern Cape Provincial Arts and Culture Council Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

28. Going Concern

Management took into account all available information at 31 March 2024 and concludes that the entity will be able to operate as a going concern over the twelve-month period ending 31 March 2025.

This assumption takes into account the legislated funding commitment endorsed by the Eastern Cape Provincial Legislature and documented in the Eastern Cape Estimates for Public Entities 2024/25 book issued by the ECPT. This document affirms a multi-year transfer of funds to ECPACC to ensure that the entity is able to continue its operation at least up to and including 2025/26 financial year.

29. Events after the reporting date

There were no events that occurred after the reporting period which necessitated an adjustment or further disclosure to the annual financial statements.



Eastern Cape Provincial Arts and Culture Council

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2024

Detailed Statement of Financial Performance for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions	10.1	2,051	3,856
Cost of sales			
Opening inventory		158,784	162,854
Purchases		-	-
Closing inventory		(155,664)	(158,784)
	11	3,120	4,070
Gross deficit		(1,069)	(214)
Other income			
Interest received	13	466,094	728,673
Sundry Income	10.3	463,558	192,413
Revenue from non-exchange transactions	10.2	28,867,912	25,926,266
		29,796,495	26,847,138
Expenses			
Accommodation		278,068	706,515
Accounting fees		28,124	27,587
Advertising & promotion		21,813	150,677
Auditors remuneration - Auditor General	14	992,017	1,011,360
Auditors remuneration - Internal		268,116	63,711
Bank charges		28,093	30,709
Catering		31,112	57,958
Cleaning and teas		25,845	10,650
Computer expenses		53,668	20,060
Councillors remuneration	17	705,641	616,800
Depreciation and amortisation	12	301,806	302,660
ECPACC projects and art centre support	12	17,836,059	13,920,679
Employee costs	12	8,604,480	7,191,164
Facilitation of training & development Programme		-	20,400
Public art installation fees		85,000	-

Insurance		170,496	136,274
Lease rentals on operating lease	12/16	369,857	360,416
Legal fees		41,400	453,428
Postage and courier		957	5,668
Printing and stationery		107,863	169,110
Professional fees		277,513	481,708
Repairs and maintenance	12	17,858	14,489
Security		76,510	7,840
Website costs		-	9,400
Subscription		14,703	77,219
Telephone and fax		136,171	173,367
Transport Costs		9,549	894
Travel and subsistence	12	166,260	212,009
Water, electricity and sanitation		21,700	28,800
Donation		-	-
Exhibition expenses		30,500	-
Total operating expenditure		30,701,179	26,261,551
Surplus/(Deficit) for the year		(904,684)	585,587
Loss on assets written-off		(80,749)	-
Surplus/(Deficit) for the year		(985,433)	585,587



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