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DEPARTMENT: ARTS AND CULTURE  
REPUBLIC OF SOUTH AFRICA

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Mr M Vundla  
Chairperson  
National Film and Video Foundation  
PO Box 2631  
SAXONWORLD  
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2005-09-23

Dear Mr Vundla

**AUDIT REPORT ON THE 2004/2005 ANNUAL FINANCIAL STATEMENTS**

Thank you for Annual Report for 2004/2005 which was forwarded to our offices during September 2005.

Certain issues were reported under "Emphasis of Matter" in your audit report for the above and this is of concern to me and my Department who have ownership control over the Public Entities and are ultimately accountable to Parliament for any non-performance by these institutions.

The Public Finance Management Act has now been in operation for FIVE years and ample time has been allowed for your institution to comply with it and the Treasury Regulations. Some progress has been made but there are still issues of non-compliance.

In terms of Section 8.4 of the Treasury Regulations, I am responsible to ensure that subsidy payments to public entities are applied for their intended purposes. This requires the application of certain measures to ascertain compliance and prescribes steps that may be taken in the event of non-compliance eg the withholding of subsidy payments.


Departement van Kuns en Kultuur  
Lefapha la Botswarutchi le Setso  
Umnyango Wazobuciko Namasiko  
Nkazwulo ya Yutshilia ni Mfuwo



As your institution has clearly not complied, I have no choice but to invoke the prescripts of the above Regulation and withhold payments. You are hereby notified that the Department will suspend 10% of your next transfer payment and you have until 31 October 2005 to advise us of the measures that you intend taking to rectify the shortcomings as reported in the Audit Report. These measures must be endorsed by the Chairperson of the Audit Committee. Once these issues have been corrected the suspended payment will be refunded.

It is therefore the interest of the institution to address the issues with some urgency.

Yours faithfully,



Prof. J. Mosala  
Director General

## AUDIT REPORTS OF NATIONAL FILM AND VIDEO FOUNDATION

ISSUES REPORTED	2004/2005	2003/2004	2002/2003	2001/2002
<u>Emphasis of matter</u>				
1.1 Fraud prevention plan only implemented during December 2004	X			
1.2 Declaration of interest by councilors not updated regularly	X			
1.3 No approval from National Treasury for retaining of surpluses	X			
1.4 No official appointment of Chief Financial Officers	X			

\*EOM = Reported under Emphasis of matter.  
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