



national film and video foundation
SOUTH AFRICA

Via Fax

Prof Itumeleng Mosala
Director General: Department of Arts and Culture
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PRETORIA

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04 October 2005

Dear Prof Mosala

AUDIT REPORT ON THE 2004/2005 ANNUAL FINANCIAL STATEMENTS

Your letter dated 23 September 2005 has reference.

At a National Film and Video Foundation (NFVF) council meeting held on 04 October 2005, the Council of the NFVF unanimously mandated me to respond to your letter. The Council is of the opinion that the content of your letter is out of order and procedurally irregular and unfair. We believe that it is vindictive as well. We contend that you have not followed the provisions of the law and have not allowed us the benefit of a hearing on both the decision and the sanction. You have failed to consult with us as is your duty as an administrative official representing an organ of State.

Treasury Regulation 8.4 states that funds may be withheld should the accounting officer be satisfied that:

- (a) conditions attached to the transfer or grant have not been complied with;
- (b) financial assistance is no longer required;
- (c) the agreed objectives have not been attained; and
- (d) the transfer payment or grant does not provide value for money in relation to its purpose or objectives.

The NFVF disputes that any of the above factors are applicable:

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Tel: +27 11 483 0880 Fax: +27 11 483 0881 Email: info@nfvf.co.za Website: www.nfvf.co.za

Councillors: Mr Mfundi Vundla (Chairperson); Dr Martin Botha; Mr Michael Dearham; Mrs Katinka Heyns; Dr Jyoti Mistry; Mrs Charlotte Mampane; Mr Glynn O'Leary; Prof Bheki Peterson; Mr Mark Rosin; Ms Neo Sowazi
Chief Executive Officer: Khalipha Eddie Mbalo

Furthermore, we would like to draw your attention to the fact that the NFVF has an audit committee in place as well as an internal audit function, performed by an external internationally associated firm of chartered accountants, and ^{2.6} ~~and~~ transparent financial management and

The Council of the NFVF is therefore at a loss to understand which of the conditions referred to in regulation 8.4 have been breached and why proper processes in terms of the Administrative law have not been followed by the department.

← Your response to the emphasis of matter issues raised in the NFVF's annual report and your letter demonstrates that you have not applied your mind to the ~~issues~~ taken into account irrelevant considerations and

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We further draw your attention to the following:

1. Fraud prevention plan – the Auditor General notes that this was implemented in December 2004. This implementation followed an intensive review and development process which was conducted in conjunction with the NFVF's internal auditors. Prior to the plan being implemented there were strict internal controls in place to ensure the detection of potential fraud.
2. Declaration of interest – The Auditor General notes that Councillors disclose their direct, indirect, personal or private business interests to the accounting authority at each council meeting. These disclosures are recorded in the minutes of each council meeting and form part of the public record. Council has now consolidated prior disclosures recorded in these minutes into a formal disclosure of interest register.
3. Treasury approval of funds – The NFVF applied to National Treasury on 18 July 2005 for approval of this surplus. This application was made with the knowledge of the Auditor General and preceded his signature of the annual financial statements. Furthermore, the application was drafted with the assistance of officials within the DAC.
4. Chief Financial Officer – The Auditor General acknowledges that there is an official at the NFVF, the Senior Manager: Finance and Administration, who has and continues to perform the functions of the CFO. The change of this job title to Chief Financial Officer was implemented with the approval of Council at its meeting of 28 July 2005.

You will recall that the NFVF has on numerous occasions requested meetings with yourself to discuss, *inter alia*, the NFVF's annual allocation and our involvement in the budgeting process; the drafting of a service level agreement between the NFVF and DAC; the NFVF's 2006 allocation and non-renewal of the feature film fund. We have thus far been unsuccessful in obtaining a meeting with you.

Given these urgent matters you will understand our distress at receiving from you, rather than a constructive invitation to meet, a sanction of extreme prejudice to this institution and the stakeholders in the South African film industry.

By withholding funds without proper consideration, you are disrupting the good work of the NFVF and sending a negative message to the industry of your approach to institutions and stakeholders alike.

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Robben Island Museums
South African Heritage Resources Agency
Nelson Mandela National Museums
South African Library for the Blind
National Museums
Freedom Park Trust