

Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Home Affairs on the performance of the Department of Home Affairs and its entities for the 2013/14 financial year, dated 23 October 2014

1. Introduction

As specified by section 5 of the Money Bills Amendment Procedures and Related Matters Act (MBAP) of 2009, the National Assembly, through its Committees, must annually assess the performance of each national department with reference to the following:

- The medium term estimates of expenditure of each national department, its strategic priorities and measurable objectives, as tabled in the National Assembly with the national budget.
- The expenditure reports relating to such departments published by the National Treasury in terms of section 32 reports of the Public Financial Management Act (PFMA).
- The financial statements and annual report of such departments.
- The report of the Committee on Public Accounts relating to the department.
- Any other information requested by or presented to a House or Parliament.

A Committee must submit the Budgetary Review and Recommendation Report (BRRR) annually to the National Assembly which assesses the effectiveness and efficiency of the department's use and forward allocation of available resources and may include the recommendations on the use of resources in the medium term.

The Committee must submit the BRRR after the adoption of the budget and before the adoption of the reports on the Medium Term Budget Policy Statement (MTBPS) by the respective Houses in November of each year.

The Portfolio Committee on Home Affairs (the Committee) considered its Budget Review and Recommendation Report which was adopted by the Committee on 23 October 2014.

1.1 The Portfolio Committee on Home Affairs

In line with the core objectives of Parliament the mandate of the Committee is to:

- pass legislation;
- oversee and scrutinise executive action;
- facilitate international participation;
- facilitate co-operative government; and
- Facilitate public participation and involvement.

On the basis of challenges and problems encountered by the Committee in its oversight and from the 2014 State of the National Address and National Development Plan; key issues were put forward by the Committee covering the following entities: The Department of Home Affairs (DHA), the Electoral Commission (IEC) and the Government Printing Works (GPW). The Film and Publications Board (FPB) has been moved from the DHA to the newly created Department of Communications.

The Report of the Committee is based primarily on the following activities:

- Briefings by Departments and Committee deliberations.
- Conducting Research.
- Drafting, consideration and voting on internal reports.
- Scrutinising Strategic and Annual Performance Plans, State of the Nation Address, Ministers' speeches and Policy documents.
- Assessing Estimates of National Expenditure, Medium Term Expenditure and budget allocations.
- Scrutinising external briefings and reports.
- Conducting oversight visits.
- Public participation during constituency periods and committee meetings.



1.2 The Department of Home Affairs

The mission of the DHA is to ensure the efficient determination and safeguarding of the identity and status of citizens and regulation of migration to ensure security as well as to promote and fulfil South Africa's international obligations. This mandate is administered through the following three overarching budget programmes:

Programme 1 - Administration: The programme provides leadership, management and support services to the Department of Home Affairs.

Programme 2 - Services to Citizens: The programme provides secure, efficient and accessible services and documents for citizens and lawful residents. This programme now also includes the transfers to the IEC and GPW.

Programme 3 - Immigration Services: The programme facilitates and regulates the secure movement of people into and out of the Republic of South Africa through ports of entry, determines the status of asylum seekers, and regulates refugee affairs. It also confirms and provides enabling documents to foreign visitors legally residing within the Republic of South Africa and enforces immigration legislation and effects deportations.

2. THE DEPARTMENT'S STRATEGIC PRIORITIES AND MEASURABLE OBJECTIVES

National government has fourteen outcomes and the DHA contributes to four of these outcomes, which comprise 11 strategic objectives for 2013/14 - 2014/15. The three/four outcomes are as follows:

Strategic Objective	Outcome 1: Secure South African citizenship & identity.	
	1.1	To ensure that registration at birth is the only entry point for South Africans to the National Population Register (NPR).
	1.2	To issue Identity Documents (IDs) to citizens turning 16 years of age & above.
	1.3	To ensure the registration & identification of all South African citizens, foreign residents, refugees & asylum seekers to enhance the integrity & security of identity.
	Outcome 2: Immigration managed effectively & securely in the national interest including economic, social & cultural development.	
	2.1	To ensure a secure, responsive & flexible immigration regime in support of national security, priorities & interests.
	2.2	To implement effective & efficient asylum seeker & refugee management strategies & systems.
	2.3	To facilitate the efficient movement of bona fide travellers to support national interests & priorities, & to prevent & prohibit the movement of undesirable persons in the interest of national security.
	2.4	To contribute towards realising a positive skills migration trend of around 50 000 migrants annually.
	Outcome 3: A service that is secure, efficient, and accessible corruption free.	
	3.1	To transform the culture of the organization in support of securing identity, citizenship & international migration.
	3.2	To ensure ethical conduct & a zero tolerance approach to corruption.
	3.3	To obtain a clean audit report.
	3.4	To ensure secure, effective, efficient & accessible service delivery to clients.

2.1. The Department's Contribution to the National Development Plan (NDP)

A major focus of the NDP is to confront the triple challenge of poverty, inequality and unemployment by achieving higher growth rates. The DHA priority is to facilitate the acquisition of the critical skills needed for the economic growth and to build our own skills base.

The DHA could play a key role in enabling regional development by working with Southern African Development Community (SADC) countries to establish efficient and secure management of the movement of people. The inclusion of all citizens in democracy and development is enabled by providing them with a status and an identity that gives them access to rights and services.

The DHA's modernisation programme can reduce fraud and the cost of doing business by enabling e-government thus attracting more investment.



2.2. Key challenges faced by the DHA

The DHA identified the following as challenges in the department:

- The systems have been outdated and not integrated thus compromising security and service delivery. In addition there are repeated delays in the finalising of these systems due to various administrative issues;
- There has been a high vacancy rate for legal specialists and senior managers, and the Department has not yet created a culture of professionalism;
- Continued high dependency on the Department of Public Works (DPW) for building and procuring accommodation;
- The uneven quality of administration and governance processes between provinces and offices creates risks and compromises the effective management of people and resources.
- Constant risks and threats to civil registration, identity and immigration systems from local and transnational criminal syndicates;
- Policy, legislation and regulations in a number of areas require further review and updating; and
- Immigration capacity and systems have not been aligned with a strategic, risk-based approach.

2.3. The Strategy to transform the DHA

In support of achieving the strategic objectives of the DHA, government priorities and the NDP, the DHA has identified the following goals over the next 3 - 5 years:

- The effective management of immigration to contribute to security and development;
- The establishment of a comprehensive and secure National Identity System (NIS);
- Modernizing Home Affairs through investing in people, processes and technology;
- Improving service delivery and promoting good governance and administration;
- Developing officials that are ethical, patriotic and professional, and
- Visible and firm action in the fight against corruption.

2.4. Highlights of the DHA over the 2009 – 2014 period

These are the highlights of the DHA over the five - year period:

- The Department was able to deliver all the 2010 FIFA World Cup commitments to a high standard;
- The National Population Registration Campaign was conducted through communities and recorded over 1 million citizens and reduced late birth registration. The Department is planning to discontinue late registration of birth by December 2015;
- Amended Civics and Immigration legislation to address serious security gaps and improve service delivery including to the vulnerable groups;
- The security of birth certificates had been improved and front offices were able to print unabridged birth certificates from 4 March 2013;
- The Department has centralised adjudication for permits and visas. This has reduced fraud and corruption;
- The stakeholder forums were formed across the country so that communities, local government and departments mobilise support for the delivery of DHA services;
- There was a major breakthrough in the design and development of new systems, including the rollout of a Smart ID Card. Over 700 000 Smart ID Cards were issued to citizens;
- The refurbishment programme continued, and included the transformation of 70 paper-based offices to a new fully digital process for IDs and passports;
- Access was granted to institutions such as the banking sector, the South African Social Security Agency (SASSA) and the Justice System to verify identity presented to them for services;
- The enhanced real-time movement control system (e-MCS) was rolled out to additional ports of entry; Capacity was strengthened at the largest ports with a focus on the maritime environment;



- The Learning Academy was developed to deliver dedicated DHA professional courses and induction. Human Resources introduced leadership and cadre development and mentoring; and
- The footprint and channels was expanded in respect of offices, connected health facilities and client service centres.

3. ANALYSIS OF THE ANNUAL PERFORMANCE PLAN OF THE DHA

There is some confusion between Annual Performance Plans and Strategic Plans within the DHA. Prior to 2011 the DHA tabled strategic plans covering the current and two outer years for each financial year. The DHA last tabled a Strategic Plan in March 2011 for the period 2011/12 to 2013/14 (3 years). Subsequent to this the DHA has only tabled documents called Annual Performance Plans. For 2012 the APP covered the period 2012/13 to 2014/15 (3 years). For 2013, the APP covered 2013/14 to 2015/16 (3 years). For 2014 the Annual Performance Plan is titled 2014/15 but also contains plans for 3 years and is retrospective for 4 years. As can be seen in Table 2 below, there is also considerable difference in the number of strategic objectives and targets in the Strategic Plan tabled in 2011 versus all the Annual Performance Plans tabled since then.

Title of Plan	Years Covered	National Outcomes	Strategic Objectives	Indicators/ Targets
Strategic Plan 2010/11 – 2012/13	3	3	14	48
Strategic Plan 2011/12 – 2013/14	3	3	14	48
Annual Performance Plan 2012/13– 2014/15	3	3	11	53
Annual Performance Plan 2013/14 – 2015/16	3	3	11	37
Annual Performance Plan 2014 – 15	7	5	9	35

Three of the 12 Government Outcomes have remained directly relevant to Home Affairs for the past number of years as reflected in its Strategic and Annual performance plans and reports:

- Outcome 3 : All people in South Africa feel safe;
 Outcome 5 : A skilled and capable workforce; and
 Outcome 12 : An efficient development oriented public service.

The below two new priority Government outcomes for the 2014 to 2019 period are also relevant to the DHA:

- Outcome 4 : Decent employment through inclusive economic growth; and
 Outcome 14 : Nation building and social cohesion.

Although outcome four has not yet been included as a priority by the DHA in the Annual Performance Plan, the DHA does have a potential to impact on growth through the importing of critical skills and ensuring the monitoring of standards and documents for employment of immigrants. This in turn contributes to Outcome 14 on social cohesion. The DHA has linked outcome 14 to the provision of documents within a timely manner to Citizens and Residents. This facilitates nation building and social cohesion by allowing access to services, a sense of identity for citizens and allows for the formal protection of migrants and better integration in South Africa.

4. SECTION 32 EXPENDITURE REPORTS

In September 2014 the DHA presented on its first quarter expenditure and progress against objectives (April to June 2014). The following expenditure was recorded by the DHA for this period:



PROGRAMME	BUDGET	APRIL	MAY	JUNE	TOTAL SPENT	% SPENT
ADMINISTRATION 13	1 660 953 000	74 535 336	150 896 288	164 588 767	390 020 390	23%
CITIZEN AFFAIRS 13	2 373 647 000	359 225 700	273 799 262	295 311 267	928 336 228	39%
IMMIGRATION AFFAIRS 13	723 829 000	26 021 604	64 203 073	51 631 826	141 856 503	20%
PROVINCES 13	1 865 273 000	148 887 064	159 808 120	154 860 039	463 555 223	25%
Grand Total	6 623 702 000	608 669 704	648 706 743	666 391 898	1 923 768 345	29%
Earmarked funds	2 079 614 000	295 137 552	270 254 834	288 939 312	854 331 698	41%
Transfers to Entities						
- IEC	1 675 713 000	271 344 000	240 820 000	240 820 000	752 984 000	45%
- FPB	78 901 000	19 725 000	-	-	19 725 000	25%
Other allocations						
- DHA Modernisation	325 000 000	4 068 552	29 434 834	48 119 312	81 622 698	25%
DHA only	4 544 088 000	313 532 151	378 451 909	377 452 586	1 069 436 647	24%

Notes: In terms of the linear projections, the department should be spending at 25 % as at June 2014. The VOTE is spending at 29% primarily due to the higher allocations given to the IEC in preparation for the National Elections.

First Quarter Progress included:

- There were 208, 000 smart ID cards issued to citizens 16 years and older.
- Smart IDs issued within 15 working days.
- IDs (First issues) issued within 54 working days: 95%.
- IDs (Re-issues) issued within 47 working days: 95%.
- Staff vacancy rate was maintained at below 10% (6.6% in 2013/14).
- A project was launched to develop a management toolkit for frontline offices.
- A Border Management Agency (BMA) feasibility study has commenced.
- A project to survey communities along the borderline has commenced.
- An immigration policy discussion paper was refined based on research.
- Sixty two per cent of business, critical skills and general work permits adjudicated within 8 weeks.

Challenges raised for the first quarter were:

- Progress on decision for relocation of Refugee Centers to the borderlines was unclear.
- Only 50% of permanent residence applications were adjudicated within 8 months.
- Significant work was required in overhauling the permitting system and border management, including amendments to Immigration legislation and privatization of visa applications.
- Dependency on Departments of Public Works for buildings and SITA for connectivity of new systems such as live capture ID and passport applications.
- Persistent delays in integration of IT systems.
- Difficulty in digitizing all records so that they were electronically readable.
- Lack of capacity in critical areas such as Inspectorate.
- Continued fight against unlawful activities.
- Difficulty improving administration, especially financial management.
- Ensuring all staff were appropriately trained, professional and caring.

5. ANALYSIS OF THE DEPARTMENT'S ANNUAL REPORT AND FINANCIAL STATEMENTS

5.1 Introduction

The analysis of the annual report for 2013/14 seeks to review whether the DHA fulfilled its constitutional mandate and what successes and challenges it has encountered. This is done by highlighting aspects of:

- Key findings of the Presidential Monitoring and Evaluation Department's moderated assessments on the quality of management practices;
- The Auditor-General's (AG) Report over the last 5 years;
- The performance against targets in each of the Departments three programmes; and
- Financial statements of the DHA in relation to its stated strategic objectives and previous year's performance.



The analysis is in accordance with section 55(2) of the Constitution (Act 108 of 1996) which empowers Parliament to provide mechanisms to “ensure that all executive organs of state in the national sphere are accountable to it”. In order to improve oversight, the focus is on areas not highlighted by the DHA and thus achievements are under-represented.

5.2 Selected Performance and Finances by Programme

The DHA reported fully achieving 53% or 20 of the 38 performance indicators it set for 2013/14. This was more than double what was achieved in 2012/13 and 2011/12 (26%), albeit with 12 fewer performance indicators than before. The total DHA budget including additional funds but excluding funds for the entities (Electoral Commission, Government Printing Works and Film and Publications Board) was R5.2 billion compared to R4.27 billion in 2012/13. Without transfer to agencies, the DHA budget thus increased by 20% or 14.4% above 2013/14 inflation. A doubling in reported performance indicators achieved was notable given only 14.4% real increase in budget.

Despite reporting achieving around half its performance indicators, unlike in 2012/13 the AG had indicated that there was a considerable lack of information provided to support performance indicators provided. Information was not always valid, accurate, complete or reliable. This, according to the AG, was due to lack of review of source documentation and inadequate record keeping. The Director General in the Report of the Accounting Officer on page 16 of the Annual Report indicated that auditors acknowledged an improvement in the formulation of performance indicators, but it was uncertain what this referred to. The Director General (DG) also indicated that achieving other performance indicators was negatively impacted on by the higher than anticipated costs for implementing the priority Smart ID smart card project.

The Presidency Management Performance Assessment Tool published in 2014 included a case study of Home Affairs on the issue of Governance and Service Delivery during 2013. The Presidency indicated that national departments still do not comply with Department of Public Service and Administration (DPSA) requirements for Service Delivery Improvement Plans (SDIP). The DHA scored at only level 1 out of 4 despite significant interventions to improve service delivery for issuing of identity documents (IDs) and passports.

The Presidency case study indicated that officials in Home Affairs show a growing commitment to more structured improvements. This it said, should be reflected in a full Service Delivery Improvement Plan (A SDIP was reported on in the Annual Report on page 35 but it was unclear if this was implemented in 2013/14 or not or if the goals for this plan were adequate).

The DHA plans and reports both in terms of budget programmes and results based outcomes relating to National Priorities. The budget programmes are Administration, Citizen Affairs and Immigration Affairs. Depending on which grouping of performance indicators is chosen, different achievements can be highlighted by the DHA. Performance indicators achieved in outcomes are compared below to performance indicators in Budget Programmes.

DHA performance indicators arranged by outcome vs by programme

Outcome and Programme	No. of Performance indicators	Achieved	Partially Achieved	Not Achieved
Outcome 1: Secured South African Citizenship and Identity.	14	7 (50%)	1	6
Programme 2: Citizen Affairs	10	7 (70%)		
Outcome 2: Immigration managed efficiently and securely in the national interest including economic, social and cultural development.	10	7 (70%)	3	0



Programme 3: Immigration	14	6 (43%)		
Outcome 3: A service that is efficient, accessible and corruption free. (All Programmes)	14	6 (43%)	0	8
Programmes 1: Administration:	14	7 (50%)		
TOTALS	38	20 (52%)	4 (10.5%)	14 (37%)

Programme 1: Administration - Seven of 14 (50%) targets were reportedly achieved (compared to only 23.5% of performance indicators achieved in 2012/13). This was a return to 2011/12 performance where 50% of performance indicators were achieved. The reliability of the performance indicators presented for the Administration programme were questioned by the AG in 2011/12 and 2012/13 in that they did not always equate with the source information/evidence provided. This programme was not selected for a performance audit in 2013/14, but given the performance in the past and in the other two programmes, it could be assumed that reliability of information remained a concern.

As a result of the increased budget allocation to the DHA in 2013/14; all programmes including Administration grew in expenditure. The Administration programme, which accounted for the 28.5 % of the DHA 2013/14 initial appropriation, received a 12.7 % real increase (after inflation) of R199.8 million. This was due to significant increases in allocation for Office Accommodation (37%) and Transversal Information Technology (22%). The latter increased allocation translated into the achievement of the target of rolling out live capture for passports and IDs to 70 offices.

Programme 2: Civic Services - The Accounting Officer reported 7 of 10 performance indicators being achieved (70%). This compares well to only 31% of performance indicators achieved in 2012/13 and only 21% of performance indicators achieved in 2011/12. This was again the best performing of the three programmes of the DHA. However, the AG had again indicated that significant performance indicators within the programme were misstated due to inadequate review of reported achievements against source documents provided.

Citizen Affairs comprised 61.6% of the DHA budget for 2013/14. The programme increased 19.7% in real terms compared to 2012/13. This was largely due to the increase allocated to the Electoral Commission for the 2014 election. The Film and Publications Board also showed an increase of 12% (R8.5 million) in real terms. The Government Printing Works budget was reduced by 6% in real terms. There was also a 31% (R10 million) real decrease in the Citizen Affairs Management sub-programme.

Without the Electoral Commission (IEC) allocation, the increase to Citizen Affairs overall was only 0.28% above inflation (a 5.9 % nominal increase) after receiving 14% less in real terms from 2011/12 to 2012/13. More than doubling the reported performance indicators achieved with a just over inflation related budget increase, if accurate, is commendable.

Programme 3: Immigration Services, managed to fully achieve only 6 of the 14 performance indicators for the programme (43%). This, although low, was still a significant improvement on 2012/13 where only 19% and 2011/12 where only 6% was achieved. When viewing Immigration in terms of government outcomes rather than the performance indicators for the budget programme, 7 out of 10 performance indicators were reportedly achieved (70%). This was when performance indicators relating to achieving “a service that is efficient, accessible and corruption free” were considered as a separate outcome. Improvements of the Immigration Programme must therefore focus on efficiency, accessibility and lowering corruption.

The DHA indicated rolling out an additional 13 Ports of Entry with the new Enhanced Movement Control System (EMCS). This was a significant improvement for security. Based on previously reported achievements this brought the total number of EMCS equipped ports to 61 out of 72 (84%). The need for the integrating



biometric (fingerprint and/facial) recognition to enhance security and prevent fraud was not piloted as planned during 2014/15 due to an unanticipated technical complexity. The roll out of the EMCS to the remaining 11 ports of entry did not appear as part of Annual Performance Plans but the DG had indicated that they would be finalised by the end of the 2014/15 financial year.

The difference between the number of foreign nationals arriving and departing South Africa decreased to 8.5% (1.2 million persons) in 2013/14 from the previous 13% more arrivals than departures in 2012/13. This was even though overall traffic grew each year. Whilst finalised applications for Permanent Residence drastically improved from 13% to 48.7% out of 39 000 applications; Temporary Residence Permits declined from 50% to 28%. In terms of the strategic objective to achieve 20 000 permits to migrants with scarce skills it was reported that the target was not achieved due to a delay in a scarce skills list being finalised. It was not indicated what number of skills were in fact imported, if any.

Immigration services accounted for 10% of the total budget received by Home Affairs in 2013/14. The programme received a 6.23% increase in 2013/14 compared to a 4.2% decrease from 2011/12 to 2012/13. This equated to a R36 million real increase. This increase was mostly due to the 22% (R43.4 million) real increase in the allocation to the Admission Services sub-programme. Two sub-programmes: Immigration Management and Asylum Seekers both got a real cut of around 10%. The performance of the programme also needs to be considered against the fact that 21% of the budget allocation was used in the other two programmes (through a virement of R174 million from its R821 million final Appropriation). The continued low performance on Refugee and Immigration - related performance indicators was no doubt compounded by the prioritisation of funds to the other programmes like the Smart ID in Citizen Affairs. The Committee has been informed of a Report of the Human Rights Commission on the Lindela Repatriation Facility and will address the content in its work going forward..

5.3 Overview of Auditor-General report

The Auditor General's (AG) report, in the annual reports of government departments and entities, spoke to the reliability of information contained in the report as well as achievement of performance indicators. The AG's report is divided into:

- A. Audit opinion;
- B. Emphasis of matters
- C. Predetermined Objectives
- D. Other Non-Compliance

A. AUDIT OPINION

In 2013/14 the AG was **unable to find adequate information in ten main** areas for the DHA.

The AG was unable to obtain sufficient appropriate audit evidence for the financial statement items as described below, due to the status of the accounting records. The department did not have adequate systems of internal control in place for the recording of all transactions and events and further could not reconcile the transactions and events to the financial statements. The AG could not confirm the financial statement items below by alternative means and was unable to determine whether any adjustment to these financial statement items was necessary. Two significant repeat concerns are detailed first.

1. **Accruals** –This was a continued area of concern from previous years. Insufficient evidence was available to verify outstanding balances due to other Departments for **Services Accrued by the DHA** for a total of R200.9 million (R199.5 million in 2012/13). This was again comprised primarily of money due to the Department of International Relations (R176 million) for services accrued by the DHA. Other



significant unverifiable accruals were R19.3 million from the Department of Public Works and R5.4 million to the Department of Justice and Constitutional Development.

2. **Movable and Tangible Assets** – This was a cumulative issue emerging in 2012 where inadequate records were available for major tangible assets valued at R1.19 billion (including the 2013 amount of R1.042 billion and minor assets of R197 million). This related mostly to computer equipment valued at R806.9 million and transport assets valued at R211 million.
3. **Departmental revenue** – stated at R741.6 million (2013: R682.1 million).
4. **Payables** – arising from unallocated cash receipt transactions stated at R646.8 million (2013: R537.6 million).
5. **Accrued departmental revenue** – stated at R275.4 million (2013: R796.4 million).
6. **Contingent asset disclosure note** – stated at R817.3 million (2013: R554.4 million).
7. **Contingent liabilities** – arising from unconfirmed claims payable balances, stated at R98.6 million (2013: R105.2 million).
8. **Intangible assets** – The department did not maintain complete and proper records of intangible assets. The AG was unable to obtain sufficient appropriate audit evidence that the amounts disclosed in note 29 to the financial statements were all recorded at the correct values. The AG was unable to confirm the balances by alternative means. Consequently, the AG was unable to determine whether any adjustment to intangible assets stated at R897.1 million in the financial statements was necessary.
9. **Immovable assets** – The department did not maintain complete records of refurbishments on leased property. The AG was unable to obtain sufficient appropriate audit evidence on the amounts disclosed in note 30 to the financial statements as the refurbishments that were completed in the years 2009 to 2014 were not capitalised to immovable assets. The AG was unable to confirm the balances by alternative means. Consequently, the AG was unable to determine whether any adjustment to immovable assets stated at R4.6 million (2013: R0.0 million) in the financial statements was necessary.
10. **Commitments** – The AG was unable to obtain sufficient, appropriate audit evidence for commitments as the department did not maintain accurate and complete records of the contractual information used to calculate the commitments balance. The AG could not confirm the amounts by alternative means. Consequently the AG was unable to determine whether any adjustment to commitments stated at R2 685.7 million was necessary.

Below is a summary of the AG's findings for Vote 4: Home Affairs

DESCRIPTION	09-10	10-11	11-12	12-13	13-14
Audit opinions					
Department of Home Affairs (DHA)	Qualified	Unqualified	Qualified	Qualified	Disclaimer
Government Printing Works	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Electoral Commission	Qualified	Unqualified	Unqualified	clean	Unqualified
Areas of qualification					
• DHA					
Accrued Departmental revenue				X	X



Revenue				X	X
Payables				X	X
Contingent asset			X	X	X
Contingent liabilities				X	X
Accruals				X	X
Employee benefits				X	
Capital assets	X			X	X
Immovable assets					X
Intangible assets					X
Commitments					X
Other findings					
• Pre-determined Objectives					
Department of Home Affairs		X	X	X	X
Government Printing works	X	X			
Electoral Commission	X	X			X
• Compliance					
Department of Home Affairs	X	X	X	X	X
Government Printing works	X	X	X	X	X
Electoral Commission	X	X	X		X

B. EMPHASIS OF MATTERS

1. **Financial reporting framework** – As disclosed in the accounting policy notes 7.2 and 16.2 to the financial statements, the National Treasury had exempted the department from applying the applicable accounting framework in respect of foreign revenue transactions and certain assets for the reasons indicated.
2. **Restatement of corresponding figures** – As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the DHA at, and for the year ending, 31 March 2013.
3. **Significant uncertainties** – With reference to note 18 to the financial statements, the DHA was the defendant in various claims against the department. The department was opposing these claims. The ultimate outcome of these claims cannot presently be determined and no provision for any liability that may result has been made in the financial statements.
4. **Payables** – Payables which exceed the payment term of 30 days as required in Treasury Regulation 8.2.3 amounted to R28.8 million. This amount, in turn, exceeded the voted funds to be surrendered of R2.2 million as per the statement of financial performance by R26.6 million. The amount of R26.6 million would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.

C. PREDETERMINED OBJECTIVES



Entity	Finding	Root cause	Recommendation
DHA	<p>Programme 2 – Citizen Affairs</p> <p>Usefulness of reported performance information</p> <p>Presentation of performance information: No reasons for variances between planned and actual achievements reported in the annual performance report were given for 50% of the targets that were overachieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to management not analysing and reporting on the reasons for overachieved targets.</p> <p>Consistency of objectives Treasury Regulation 5.2.4 requires the strategic and annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 20% of the objectives reported were not consistent with those in the approved strategic and annual performance plans. This was due to a limited review and reconciliation of the strategic planning objectives to the objectives per the annual performance report.</p> <p>Reliability of reported performance information The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not valid, accurate and complete, for significantly important targets, when compared to the source information or evidence provided. This was due to a</p>	<p>Limited review and reconciliation of the strategic planning objectives to the objectives of the annual performance report.</p> <p>Lack of frequent review of the validity of reported achievements against source documentation.</p> <p>This was also due to limitations based on the scope of work due to the fact that DHA did not maintain a proper record keeping system and therefore information was not submitted on time.</p> <p>Management has not implemented adequate controls over daily and monthly processing and reconciling of transactions. The data captured on track and trace is not adequately reviewed to ensure its accuracy. Reasons for the late capturing of application forms have not been noted or recorded on the application forms.</p> <p>No formal training was done on the implementation of a new function. Internal audit does not adequately review the reports utilized for performance reporting for validity, accuracy and completeness. There are no formally documented standard operating procedures for the process, which could lead to the reported</p>	<ul style="list-style-type: none"> • The National Treasury Annual Report Guide is clear that reasons for all deviations should be disclosed. The department must adhere to the requirements per National Treasury report guide. Comments for both underachieved and overachieved targets must be provided per National Treasury Annual Report Guide requirements. • The monitoring and evaluation section and internal audit must review the annual performance report to ensure that all the requirements of the National Treasury Annual Report Guide are adhered to. • The annual performance plan and the annual report must be thoroughly reviewed by the monitoring and evaluation section to ensure consistency between the planned and reported objectives. • Internal audit must review the annual performance report to ensure that all the reported information is valid, accurate and complete. • Changes to the annual performance plan must be appropriately approved, communicated and disclosed. • The entities should define up front which supporting documentation will be required and by when, and an independent verification by the respective entity's internal audit unit should be performed on the validity, accuracy and completeness of reported information. • There should be monthly reconciliations of performance results to have accurate real time information available to support management's decision-making. • Processes that provide for the collation, verification and storage of information for performance reporting must be adopted and communicated throughout the organization so that the information is easily retrievable.



	<p>lack of frequent review of the validity of reported achievements against source documentation.</p> <p>Programme 3 - Immigration Affairs</p> <p>Reliability of reported performance information The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the fact that DHA did not maintain a proper record keeping system.</p>	<p>information not properly checked for validity, accuracy and completeness.</p>	<ul style="list-style-type: none"> • Training must also be provided where necessary to ensure that the relevant people understand what is required. • Exceptional cases for the late capturing of application forms must be properly noted on the application form and must be accompanied by supporting documentation. • Clear review and reporting processes must be established between the service providers and DHA management. • Monitoring and evaluation section must ensure that there are proper project plans for the targets that are set on the annual performance plan with adequate resources that will ensure that the targets are achieved. • Formal standard operating procedures must be established.
IEC	<p>Programme 2 – Outreach</p> <p>Reliability of reported performance information</p> <p>The FMPPI requires auditees to have appropriate system to collect, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 24.1% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to the absence of information systems to collect, verify and store performance information.</p>	<p>Financial and performance management</p> <p>Inadequate and ineffective internal controls were implemented to ensure proper record keeping in a timely manner was implemented to ensure that complete, relevant and accurate information is accessible and available to support the actual number of civic and democracy education events as reported in the Annual Performance Report.</p> <p>Inadequate review processes were implemented to ensure that the actual performance reported in the Annual Performance Report submitted for audit purposes are valid, accurate and complete.</p>	<p>The Electoral Commission should ensure that all documentation is kept and easily retrievable as per the FMPPI and be provided upon request within the agreed upon time.</p> <p>The Electoral Commission should ensure that a process is developed and implemented where by data originating at a provincial level are collated and reviewed for validity, accuracy and completeness by the Senior Manager (responsible person per the published technical indicator description) before including this in the actual value reported in the Annual Performance Report.</p>
GPW	<p>No Findings on predetermined objectives.</p>		

5.4 Human Resources



The overall vacancy rate in the Department had declined from 10.3% and higher in previous years to 6.6% in 2013/14 (In total there were 680 vacancies out of the 10 344 total approved posts). The highest vacancy rate was in the Administration programme at 9.4%. Citizen Affairs had the highest number of vacancies since it was the biggest programme with the matching highest number of employees: 514 out of a total establishment of 8335.

The Auditor General had again indicated that HR had not advertised funded vacant posts within six months of their becoming vacant and not filling them within 12 months as required by Public Service Regulations. Only partial information was given in this regard on the period taken to appoint vacant posts and this was only for senior management. The DHA indicated in the 2012/13 annual report that robust steps would be implemented to ensure compliance with leave and absenteeism management. However, the AG had again indicated that the Accounting Officer (the Director General) had not ensure that all leave taken by employees was accurately recorded as per the regulations.

In terms of critical occupation categories, there was a high vacancy rate of 21% for Legal Related Occupations, which was concerning given the ongoing large scale legal cases and amendments to legislation which would be needed in the coming years.

The vacancy rate for senior management, particularly at Deputy Director General and Chief Director level was significantly higher than average at 30% and 23% respectively. The turnover rate (appointments vs terminations) for Senior Management had however declined from 14% to only 5%. Employees with disabilities account for 1.36% of all staff and 20 out of 879 appointments made had disabilities (2.2%). This, although below the national target of 2%, was a noticeable improvement on previous years. The percentage of woman in senior management positions was relatively good at 45% but did not compare well considering that 60% of the total workforce were women.

Of the reasons for staff leaving the Department, the percentage of dismissals due to misconduct had declined to 18% from 25% and was no longer the main cause of termination but resignations had increased to 29% from 22%. Of the 161 reported disciplinary hearings, 43% (70) of staff were dismissed and 22% (36) were suspended without pay. A significant percentage of misconduct was classified as Fraud and Corruption: 102 out of 164 cases (62%) with the next most common reason being improper conduct with only 19 cases.

Training spending per budget programme and per employee was not reported on as in previous years, where there was an uneven expenditure between programmes and very low spending per employee on training in the Citizen Affairs and Immigration Programmes (R18 and R178 respectively).

6. CONSIDERATION OF OTHER SOURCES OF INFORMATION

6.1 State of the Nation Address 2014

The Second State of the Nation by the President in 2014 raised the following priorities relevant to Home Affairs for the first year of the fifth Parliament:

Service Delivery Inter-Ministerial Task team – The Department of Planning, Performance Monitoring and Evaluation in the Presidency had established this committee to fast-track service delivery in areas where there were bottlenecks, quickly respond to areas where there were service delivery problems, and ensure that general service delivery was improved. The task team included representatives from the Departments of Home Affairs, Human Settlements, Water and Sanitation, Transport, Public Enterprises, Energy, Rural Development and Land Reform, Health and Basic Education.

The primary role that Home Affairs was likely to play in this regard was the timely provision of secure identification documents/ cards which verify citizens' entitlement to access the services represented by the other Departments in the team.

Regional Integration – Regional integration was mentioned several times in the address as important for economic growth. This was due to much of South Africa's trade occurring in Southern Africa but also given the need for the region to compete in terms of size with other regions and countries in the world. Home Affairs plays a key role in



terms of ensuring easy access to permits for foreigners and passports for citizens to allow them to travel for business and investment in the region.

Home Affairs is also a facilitator in improving the coordination of immigration laws in the region. A key stride in this direction will be the process of extension of the Zimbabwean Special Dispensation Permit (ZSP) from October 2014. This would be further improved with the establishment of the Border Management Agency in Dispensation 2015/16, with related legislation due in 2014/15.

The Need to fight intolerance – Xenophobic attacks and attitudes remained an issue in South Africa. The victims of this were often asylum seekers and refugees from Africa who were in the country seeking safety from persecution in their home countries. South Africa was party to international agreements to protect these persons. With the need for investment, skills and business from Southern Africa, Africa and the World; Home Affairs, as custodian of migration, would need to play a key role in campaigns to discourage xenophobia and encourage tolerance. This also related to the Government Priority of nation building and social cohesion.

Youth Employment – Home Affairs is responsible for providing documents that allow the youth to write their final exams, to enter universities and gain access to formal employment. As with all government departments, Home Affairs also needs to continue and expand its initiatives to create decent work such as having internships and positions for young people entering the job market.

6.2 Oversight Visit

Due to the national and provincial elections conducted on 7 May 2014 and the establishment of the 5th Parliament, the Committee focused on processing the budget of the DHA. The Committee conducted one oversight visit to Barrack Street Large Office in Cape Town on 26 August 2014.

Based on the findings of the oversight, the Committee recommended the following:

- The Minister of Home Affairs should ensure that the roll-out of the Live Capture functionality at other offices of the department was done as soon as possible. This would limit the number of people coming to Barrack Street Large Office, especially on Tuesdays.
- The Minister should ensure that the main office in Barrack Street was sufficiently capacitated, specifically for the roll-out of the Smart ID Card.
- The Minister should meet with the State Information Technology Agency (SITA) to reduce internet downtimes, given that many clients have to travel long distances to come to the office to apply for the Smart ID Cards.
- The Minister should ensure that during renovations at the Barrack Street Office, there should be little or no disruptions to the services rendered to our people.

6.3 Budget Vote Report

The DHA showed an 11% real decrease in its budget allocation (after inflation of 6.2%) in the 2014/15 financial year. The total budget of R6.62 billion for the Department included allocations to its related entities; the Electoral Commission (IEC); Government Printing Works (GPW) as well as the Film and Publications Board (FPB). In total the budget was reduced by R371 million from 2013/14 to 2014/15.

National Treasury data on the quarterly expenditure for the DHA for 2013/14 indicated that total expenditure for the year was 2.7% less than the budget allocated. This was similar to the 2.6% under spending in 2011/12. Although the DHA was under spending a similar percentage as the previous financial year, there was less fluctuation or change in the 2013/14 quarterly expenditure than in 2011/12. The DHA therefore maintained a fairly consistent and low under spending in 2013/14 (of around 3% where 1% was usually considered acceptable by National Treasury).

6.3.1. Programme 1: Administration



The first budget programme of the DHA, Administration, showed a small nominal increase in allocation which actually means a reduction of 5% or R98 million when considering inflation. The aim of the programme is to provide leadership, management and support services to the department.

The most significant change to the programme was a reduction in the corporate services sub-programme. This sub-programme largely manages one of the DHA's main objectives - a service that is efficient, accessible and corruption free. The reduction in expenditure needs to be monitored given that Corporate Services only managed to fully achieve 5 of its 12 targets (42%) for this important outcome in the most recent 2013/14 Annual Report. The budget did not specify where this real reduction in the Corporate Services budget was going to occur and how service delivery was to be improved.

6.3.2. Programme 2: Citizen Affairs

The most significant monetary reduction in budget allocation was to the largest budget programme: Citizen Affairs. This programme aims to provide secure, efficient and accessible services and documents for citizens and lawful residents.

The primary reason for the R521 million (12%) real decrease in the programme's allocation was because of a R330 million (79%) decrease in the Status Services sub-programme. This sub-programme regulated all matters relating to the national population register, including maintaining a register of all citizens and permanent residents; registering births, deaths and marriages; providing travel and citizenship documents and determining and granting citizenship. The reductions were mainly due to expenditure related to the issuing of enabling documents being funded from the self-financing funds (which the DHA generates from charging for re-issuing of documents). This can be seen in the large reduction in Goods and Services expenditure mainly reflected as a decrease in consumables, i.e. stationery, printing and office supplies. This addressed the issue of over expenditure in this sub-programme raised by the Portfolio Committee on Home Affairs in its 2013 Budget Review and Recommendation Report (BRRR).

In contrast, the Access to Services sub-programme received the biggest percentage increase of 38% in real terms (R26 million) across all sub-programmes. This was encouraging since the sub-programme provided for the optimal placement and use of the department's services by opening new offices, deploying registration facilities at health facilities, scheduling mobile office deployment in remote rural areas, and managing customer telephonic enquiries.

Within the Citizen Affairs programme, transfers to the three agencies falling within Vote 4 comprised 42% of the programme's budget. Most of this (39%) went to the Electoral Commission (IEC) for national and provincial elections in 2014 and municipal elections in 2016. The IEC received just less (0.08%) than an inflation related increase, since most of its spending was in the year leading up to an election.

The second entity, the Government Printing Works, was completely self-sufficient on its own state printing revenue from 2013/14 and no longer needed transfers from National Treasury. This would reduce the DHA Citizen Affairs budget by around R100 million each year (-R130 million from 2013 to 2014). Whilst this was encouraging in terms of efficiency it remained to be seen if the GPW would be able to cope with the significant increase in targeted Smart ID cards anticipated this year (1.6 million from only 100 thousand in 2012/13).

The last entity: the Film and Publications Board was relocated to the Department of Communications.

6.3.3 Programme 3: Immigration Services

The smallest programme in terms of allocation, Immigration Affairs, experienced the largest percentage reduction of 14% (19% after inflation). The aim of this programme is to facilitate and regulate the secure movement of people through the ports of entry into and out of the Republic of South Africa, determine the status of asylum seekers, and regulate refugee affairs. The programme has four sub-programmes.

The most significant reduction was in the Admission Services sub-programme which shows a 41% real reduction in allocation decreasing from R396 million to R247 million in 2014. This sub-programme is responsible for issuing visas, securely facilitating the entry and departure of persons to and from South Africa in line with the Immigration Act (2002) including work, study and business permits. However the reductions affecting both the Immigration and Admission Services sub-programmes were in non-core areas of operations such as venues and facilities, catering, and entertainment and it was stated they will not negatively impact on the delivery of services.

For several years the Immigration Affairs programme had been the worst performing programme and/or section of



the DHA in terms of the number of strategic targets achieved. Monitoring of performance for this programme was needed particularly given the two NDP priorities of: a) Facilitating the migration of scarce skills into South Africa to enable rapid growth, as well as b) Promoting regional growth and development. The 2013 BRRR of the Portfolio Committee on Home Affairs also mentioned that a special intervention was required by the DHA to ensure that the permanent and temporary residence permits and the related backlogs were addressed. This continues to impact negatively on the Minister of Home Affairs' performance target of 50 000 skilled immigrants per annum.

6.4 Human resources

The DHA had been automating the business processes for issuing enabling documents and allowing biometric data, photographs, fingerprints and signatures to be captured live electronically. This systems modernisation programme had allowed the DHA to maintain its funded establishment at 10 369 posts over the medium term (three years), made up mainly of frontline and back office staff in service delivery offices as well as head office staff. The overall vacancy rate in the Department had declined from 10.3% and higher in previous years to 6.6% by April 2014 (In total there were 680 vacancies out of the 10 344 total approved posts). The DHA did not indicate, however, how many posts they required that remain unfunded by National Treasury.

Posts were vacant due to natural attrition and existing vacant posts that were not filled but the DHA anticipated would be filled over the medium term. The DHA did not employ contract workers and used consultants on an ad hoc basis, particularly with regard to ICT, where the DHA experienced difficulty in attracting suitably qualified and experienced candidates.

As would be expected, the main service delivery programmes spend significantly on compensation of employees. This comprised 48% of the Citizen Affairs programme (of 8333 personnel) and 39% of the Immigration Affairs programme (of 1024 personnel). This was compared to only 22% for the Administration Programme.

The high vacancy rates in audit services, counter corruption and immigration services had been seen to seriously negatively impact on service delivery. In particular, the delays in filling of key management positions such as the Chief Financial Officer, Provincial Managers in Kwazulu-Natal and North West, as well as the Chief Internal Audit Executive needed to be finalised as soon as possible.

6.5 The Standing Committee on Public Accounts (SCOPA)

On the 14th of May 2013 SCOPA met with the Department to interrogate and hear evidence on the contents of the Annual Report and the report of the AG on the 2011/12 of the DHA. During 2013/14 the Department incurred no new unauthorised expenditure. It however had outstanding balances of over R 1 billion; R99.9 million of which relates back to 2005/6 (Comprised of unauthorised expenditure and expenditure for information technology capital projects without prior approval from National Treasury).

The Director General indicated that SCOPA had approved of this R99.9 million, R53 million of this amount, however, must be funded from savings the DHA makes on its future budget. The reason that the amount was still recorded in the annual report was that the required finance bill proclamation was delayed. This however was the same reason given as in the previous Annual Report. The outstanding amounts emanating from 2010/11 and 2012/13 were reported as being raised with treasury to be funded through a finance bill. A meeting of SCOPA on this matter is scheduled for November 2014.x

Unauthorised, Fruitless and Irregular Expenditure

R'000	2009/10	2010/11	2011/12	2012/13	2013/14
Opening balance	101 806	99 883	787 187	787 187	1 088 221
Current year (minus)	(1 923)	687 304		301 034	
Total	99 883	787 187	787 187	R1 088 221	R1 088 221



7. COMMITTEE'S KEY FINDINGS

The following findings emerged from the various sources included in the report and from the discussions of the Portfolio Committee on Home Affairs with the DHA, IEC and GPW.

7.1 Issues outstanding from the 2013 Budget Review and Recommendation Report.

1. The vacant funded posts in the DHA were not filled within six months as directed in the 2013 State of the Nation Address (SONA).
2. The DHA did not achieve the 2% of the employment of persons with disability.
3. There had been insufficient improvements in the amount of time taken for processing Permanent and Temporary Residence Permits. The processing of applications within eight months had still not been achieved for 50% of PR applications and would create further backlogs going forward.
4. The implementation and integration of IT systems of the DHA were still not sufficiently addressed.
5. The DHA had not yet addressed all the areas of concern raised by the Auditor-General (AG) in the Annual Report for 2012/13.
6. Insufficient measures were taken to address court rulings on the closure of Refugee Reception Offices.
7. The IEC still had issues with political party's attendance of the political Party Liaison Committees (PLCs).
8. The collection of revenue in missions abroad was still a major challenge. DIRCO was not providing all supporting documents to the DHA.
9. The Department of Public Works (DPW) was not providing adequate support to the DHA in acquiring and renovating offices, particularly at border posts. This also applied to the GPW, who had been delayed for some time in moving to the new Visagie Street facility.
10. There were challenges in measuring performance against targets set by the DHA.
11. The post of the Chief Executive of Internal Audit had still not been filled in a permanent capacity.

7.2 Annual Report

1. The DHA has regressed on the audit outcomes and received a disclaimer.
2. There were improvements on the issuing of passports and smart ID cards to citizens.
3. The DHA spent approximately R5.5 million on Adult Basic Education, which is a responsibility of the Department of Basic Education.
4. There were insufficient levels of assurances in the DHA to ensure that employees were meeting their performance targets.
5. Persons who had overstayed their permits through no fault of their own had been declared undesirable persons, banned from entering South Africa in terms of the recently implemented amendments to the Immigration Act.
6. There was an increased allocation for contingent liabilities related to unresolved long outstanding legal cases against the Department.
7. Not all of the staff in the DHA were security vetted.



8. SCOPA had approved R99.9 million in outstanding unauthorised expenditure.
9. Management did not accurately record all leave taken by employees during 2013/14.
10. The records kept to verify the asset register of the DHA were inadequate for audit purposes.

7.3 Budget, Quarterly Reports and Annual Performance Plan

1. Immigration initiatives such as the proposed Border Management Agency feasibility study are a positive step towards improving border security.
2. The budget limitations across all Departments would have a negative impact on the already low performance against targets in the DHA, particularly in Immigration Services.
3. Several Refugee Reception Offices remained closed.

7.4 Agencies in the Home Affairs Budget: Government Printing Works and Electoral Commission

1. The Government Printing Works intend to become a State Owned Company over the medium term expenditure period.
2. There are ongoing delays in the special salary dispensation for GPW that is to be approved by the DPSA.
3. There are audit issues related to source documents to support performance against two predetermined objectives preventing the IEC from retaining a clean audit.

8. RECOMMENDATIONS

Based on the oversight and engagement with the Department of Home Affairs (DHA), the Electoral Commission (IEC) and the Government Printing Works (GPW); the Portfolio Committee on Home Affairs recommends that the Minister should:

1. Consider prioritising budget allocation and related performance improvements in the Immigration Programme. The continued low performance on Refugee and Immigration-related indicators is compounded by the prioritisation and virement of funds to the Citizen Affairs and Administration programmes.
2. In terms of regional integration, prioritise the infrastructure and staffing issues as well as the rolling out of one-stop-border posts to other busy ports of entry.
3. Provide a progress report on the budget related to closed refugee reception centres and plans for relocation of centres to the borders to Parliament within 90 days of the adoption of this report by the National Assembly.
4. Prioritise the urgent finalisation of the special salary dispensation for the GPW with the DPSA.
5. Ensure that the DHA addresses the issues raised by the Auditor General for 2013/14, in particular the relations with DIRCO and strive towards a clean administration.
6. Prioritise the implementation of the IT modernisation programme.
7. Encourage programmes and initiatives addressing ongoing xenophobic violence.
8. Urge the Electoral Commission to address the findings of the AG in order to return to a clean audit.



Report to be considered