

AUDITOR GENERAL FINDINGS 2013/14		
	Finding	Status
1	<p><u>Adjustment of material misstatements</u></p> <p>1. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of the Public Sector Organisational and Staff Development programme. As management subsequently corrected the misstatements we did not raise any material findings on the reliability of the reported performance information.</p>	<p>Introduced an internal audit process to verify to all achievement before final reporting</p>
2	<p><u>Compliance with legislation</u></p> <p>2. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:</p> <p>Budgets</p> <p>3. Expenditure was incurred that was not in accordance with the department's budget, as required by section 39(1) (a) of the Public Finance Management Act.</p> <p>4. Effective and appropriate steps were not taken to prevent overspending of the budget, as required by section 39(2)(a) of the Public Finance Management Act</p> <p>5. Savings in excess of 8% of the amount budgeted for transfers and subsidies (Public Sector Organisational and Staff Development) were used towards the defrayment of</p>	<p>No authorised expenditure in 2014/15 – ATT's work ceased in April 2014</p>

AUDITOR GENERAL FINDINGS 2013/14

	Finding	Status
	overspending on Current payment (Administration), in contravention of section 43(2) of the Public Finance Management Act.	
3	6. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the Public Finance Management Act and Treasury Regulation 9.1.1. (Deviation not approved properly- Contract not renewed in time)	As a result of measures put in place strengthening supply chain compliance and accountability from procurers, irregular expenditure amount reduced from 2013/14 (R477K) to (R6,500) in 2014/15
	7. Contractual obligations and money owed by the trading entity were not settled within 30 days or an agreed period, as required by section 38(1) (f) of the Public Finance Management Act and Treasury Regulation 8.2.3.	As reported by AG in 2013/14 – 71 payments late payments were reported and this has been reduced to 3 findings for the 2014/15 financial (AG's interim audit report). Notable is that , even in prior year some invoices that formed part of the findings were received late from the suppliers but the department did not have a system to recognise and separate such invoices as non late payment invoices.
4	8. Targets not achieved	Training Targets: Targets set are based on projected training uptake than actual training bookings. The incomplete NSG transition and training budget cuts (budget austerity measures) have impact in the decreasing training uptake by departments. Consolidation of 2014/15 annual report commenced recently and NSG will report in detail on progress made in this regard once draft annual report is finalised (End May 2015).

RESPONSES OF THE NATIONAL SCHOOL OF GOVERNMENT TO THE RECOMMENDATIONS (BRRR Oct 2014)

NO.	RECOMMENDATION	RESPONSE
1	<p>The NSG must ensure proper tracking of unemployed graduates who participate in the Breaking Barriers to Entry (BB2E) project so that they are not lost to the public service after investment on them by the State. Collaboration with all departments who recruit interns for learnership and mentorship is crucial to the NSG BB2E project to compile a reliable database of unemployed graduates who are potential employees of the public service.</p>	<p>The NSG will continue working with the Department of Public Service and Administration (DPSA), the National Youth Development Agency (NYDA), the Department of Higher Education and Training (DHET) and the National Treasury to plan for the targeted roll-out of the Breaking Barriers to Entry Programme as from the 2015/16 financial year.</p> <p>A database of the BB2E alumni will be compiled, kept and updated by the NSG in order to account for all learners who went through the programme. Reporting on their absorption into the public service or private sector will be done on a quarterly basis as from learners that will graduate 2015/16 programme.</p>
2	<p>The NSG should timely design a funding model that minimizes the risk of non-payment by departments that have procured training from the NSG. A service that is not supposed to be free must be treated as such. It is the policy of Government that all service providers must be paid within 30 days of receipt of invoice and service.</p>	<p>From 2015/16 July, NSG will be introducing a pre-payment booking system Principal's debt collection letters to department sent out in February 2015.</p>
3	<p>The mandate of the NSG will be extended after the finalization of the PAM Bill to cater for local government, in this regard, making the NSG a school of choice for the public service. Parliament recommends, therefore, that the National Treasury provides more funding to the NSG after requisite consultations have been made</p>	<p>The draft business case of the NSG proposed a funding model based on a central fund created from 1% of national and provincial departments' training budgets, however this did not take effect due to lack of buy-in from the stakeholders in recognition of DORA principles.</p> <p>With the PAM Act being in place, the NSG draft business case will form basis for further negotiations determining the appropriate funding model of the School following provisions of this Act.</p>

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	with the NSG and that the NSG's funding model and pricing should enable it to defray training costs through proper pricing.	<p>In the interim, the NSG will continue its engagements with the NT for additional funding during the MTEF period based on immediate priorities and current business plans.</p> <p>Pricing model recognises all training related costs and related overheads that make us to arrive at a tariff that enables full cost recovery.</p>																																																																															
4	Parliament recommends that the NSG should present a clear organogram layout, costing analysis, offerings tailor-made for the revised mandate, objectives of the new mandate as well as the income-generating map of the School. This recommendation is not new, it is recurring because it has not been adhered to.	<p>EMC A complete organogram of the NSG with 227 post as confirmed in the PERSAL records clearly outlines all posts on the staff establishment.</p> <p>A summary of the organogram is as follows;</p> <table border="1" data-bbox="869 558 2069 1380"> <thead> <tr> <th>Salary Level</th> <th>Approved Posts</th> <th>Cost /Approved Posts</th> <th>Filled Posts</th> <th>Actual cost /Filled Posts</th> </tr> </thead> <tbody> <tr><td>1</td><td>-</td><td></td><td>-</td><td></td></tr> <tr><td>2</td><td>-</td><td></td><td>-</td><td></td></tr> <tr><td>3</td><td>-</td><td></td><td>-</td><td></td></tr> <tr><td>4</td><td>10</td><td>R 1 676 185</td><td>10</td><td>R 1 676 185</td></tr> <tr><td>5</td><td>15</td><td>R 3 312 031</td><td>12</td><td>R 2 803 467</td></tr> <tr><td>6</td><td>39</td><td>R 9 268 706</td><td>38</td><td>R 9 071 298</td></tr> <tr><td>7</td><td>25</td><td>R 6 742 159</td><td>22</td><td>R 5 988 228</td></tr> <tr><td>8</td><td>8</td><td>R 2 784 672</td><td>8</td><td>R 2 784 672</td></tr> <tr><td>9</td><td>21</td><td>R 8 425 199</td><td>15</td><td>R 6 199 190</td></tr> <tr><td>10</td><td>10</td><td>R 5 186 870</td><td>9</td><td>R 4 723 812</td></tr> <tr><td>11</td><td>35</td><td>R 19 781 166</td><td>26</td><td>R 14 974 578</td></tr> <tr><td colspan="5" style="background-color: black;"></td></tr> <tr><td>15</td><td>3</td><td>R 3 641 466</td><td>2</td><td>R 2 439 753</td></tr> <tr><td>16</td><td>1</td><td>R 1 570 254</td><td>1</td><td>R 1 570 254</td></tr> </tbody> </table>					Salary Level	Approved Posts	Cost /Approved Posts	Filled Posts	Actual cost /Filled Posts	1	-		-		2	-		-		3	-		-		4	10	R 1 676 185	10	R 1 676 185	5	15	R 3 312 031	12	R 2 803 467	6	39	R 9 268 706	38	R 9 071 298	7	25	R 6 742 159	22	R 5 988 228	8	8	R 2 784 672	8	R 2 784 672	9	21	R 8 425 199	15	R 6 199 190	10	10	R 5 186 870	9	R 4 723 812	11	35	R 19 781 166	26	R 14 974 578						15	3	R 3 641 466	2	R 2 439 753	16	1	R 1 570 254	1	R 1 570 254
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		Total No of Posts	227	190	
		Total Cost/Annum	R116 579 307		R96 169 284
	<p>Parliament recommends that the top heavy structure at the NSG must also participate in course facilitation, training and teaching in order to avoid excessive outsourcing and to derive a value for money out of the structure.</p>	<p>Offerings Made: A Course Directory is attached, the mandate of the school remains the same as was for PALAMA</p> <p>Income Generating Map: The Estimates of National Expenditure (ENE) in line with the indicative MTEF allocation for the NSG as per communication with the National Treasury are summarised in the Budget document attached.</p> <p>Provincial Road-shows to discuss MPAT, AG Findings, OPSC reports related training encouraging departments to prioritise such training and other targeted initiatives</p> <p>Realising the need for own trainers, in particular for compulsory programmes like the CIP, the NSG has made a call to its management staff to make voluntary expressions of interest in partaking in course facilitation and other training and teaching activities like assessments and moderations. A process has been put in place for final selection of those suitable for training and to undergo necessary training to equip them for these assignments. NB: Level at which one could be considered a trainer, challenges in converting them to being trainers, post assessment lessons to inform recruitment of training staff from other department – suitability is key</p> <p>Contractual arrangements with IICs are also being assessed to determine benefits from having full time IICs than ad hoc engagements based on a pre-approved pool of IICs.</p>			