



19 September 2016

SOCIAL DEVELOPMENT (VOTE 17) – ANALYSIS OF 1st QUARTER EXPENDITURE REPORT OF APRIL - JUNE 2016.

1. INTRODUCTION

The purpose of this paper is to provide an analysis of the 1st quarter (April – June 2016) performance and expenditure by the Department of Social Development (DSD). Part of this brief will look at what the Department planned to do for the first quarter (April - June 2016) as reflected in its Annual Performance Plan (APP) for the 2016/17 financial year and in the Department's presentation to the Portfolio Committee of Social Development. Where relevant under each Departmental Programme, issues for consideration by Members of the Portfolio Committee of Social Development will be highlighted.

2. KEY PRIORITIES

The Department has identified and committed itself to addressing the following key priorities for the Medium Term Strategic Framework (MTSF) 2014-19:

- Expand Child and Youth Care Services (Isibindi programme).
- Social Welfare Sector Reform and Services to deliver better results.
- Deepening Social Assistance and extending the scope of Social Security.
- Increase access to Early Childhood Development (ECD).
- Strengthening Community Development interventions.
- Combat Substance Abuse and Gender-Based Violence.
- Increase household food & nutrition security (Food for All).
- Protection and promotion of the rights of older persons and people with disabilities.
- Establish Social Protection Systems to strengthen coordination, integration, planning, and monitoring and evaluation (M&E) of services

3. OVERALL PERFORMANCE BY JUNE 2016

During the first quarter reporting period (April 2016 – June 2016):

- Of the planned targets, 65% were fully met, 19% were in progress and 16% were not achieved.
- Reasons such as re-scheduling of meetings, unavailability of stakeholders, delays in approvals of terms of reference by different committees were mentioned as reasons for non-achievement of some targets.
- However, since this is the beginning of the financial year, some of the targets could still be met in subsequent quarters of the financial year.
- A relatively comprehensive picture of performance will only emerge in the second quarter which will allow for trend analysis since the beginning of the financial year.



Issues for Consideration

- The Department cited different reasons for non achievements of some targets but assures the Committee that since this is the beginning of the financial year, some of the targets could still be met in subsequent quarters of the financial year. **However, the Committee should find out from the Department what the implications are of carrying targets planned for quarter 1 to another quarter?**

3.1 OPERATIONAL EXPENDITURE

The DSD was allocated an amount R148.9 billion during 2016/17¹ compared to R138.1 billion in the previous financial year. The department spent R36.2 billion (24.3 per cent) as at the end of June 2016/17, spending R505.8 million or 1.4% lower than the projected expenditure of R36.7 billion for Quarter 1. This variance is mainly due to the (a) slow spending within the Social Assistance programme on the Child Support Grant as a result of a number of children falling off the system and (b) major transfer payments that were scheduled during the first quarter for National Student Financial Aid Scheme (NSFAS), HIV and Aids Organisations, Substance Abuse Conditional Grants and various non-profit organisations NPO's that were not paid on time and which resides within the Welfare Service Policy Development and Implementation Support programme.²

Issues for consideration

- What was the largest element of operational expenditure to the end of Quarter 1 in 2015/16 spent under the each programme?
- (a) How much was spent on compensation of employees and goods and services and (b) what informed that expenditure?
- As compared to the same period in the last financial year, was there an increase or decrease in spending in respect of these programmes?

4. PERFORMANCE AND EXPENDITURE PER PROGRAMME IN THE FIRST QUARTER OF 2016/17 (APRIL-JUNE 2016)³

4.1 PROGRAMME 1: ADMINISTRATION

Strategy Development and Business

Under Strategy Development and Business the Department has set itself an annual target of constructing 18 Community Care Centres (CCCs) of which five were to be constructed during the first quarter. The Department achieved this target 100% during the quarter under review.

¹ National Treasury (2016)

² *ibid*

³ *ibid*



Furthermore, it has planned to conduct a Risk Assessment workshop in the first quarter. It is not clear whether the Department has achieved this target.

Communication

During the first quarter the Department's target was to host six public participation events for the Minister and six for the Deputy Minister, respectively. An overachievement of these targets was recorded in the Department's presentation as follows:

- A total of 23 public participation events were conducted in the first quarter.
- Of these, the Minister held 13 and the Deputy Minister 10 public participation events.

Human Capital Management

A target of to reduce the vacancy rate by 8% was planned for the first⁴ quarter.⁴ Additionally, regarding the Social Sector Human Resource Plan (SHRP), the Department has planned to finalise the draft plan by the end of the quarter under review. It is not clear whether the Department has achieved this target.

Internal Audit

In the 2016/17 Annual Performance Plan, it was recorded that a total of six internal audit reviews to determine compliance with applicable legislation and policies would be performed during this quarter. It is not clear whether the Department has achieved this target.

Information Management and Technology

Annual Financial Statements for 2015/16 financial year were submitted to Auditor-General and National Treasury on 31 May 2016 as anticipated. Additionally, the Department approved the design and the prototypes for Child Protection Register and Alternative Care were developed as planned.⁵

Issues for Consideration

- **In the 2016/17 Annual Performance Plan** the Department planned to conduct a Risk Assessment workshop for the first quarter. **Has the Department managed to do that as it is not indicated in their presentation?**
- **Has the Department managed to:**
 - Finalise the SHRP as anticipated for this quarter?
 - Perform six internal audit reviews to determine compliance with applicable legislation and policies that had to be performed during this quarter?

⁴ Department of Social Development, (2016a)

⁵ Department of Social Development, (2016b)



- Under the Monitoring and Evaluation sub-programme, finalise the Terms of Reference (TOR) and appointment of a service provider for the implementation of evaluation of the Older Person's Act during this quarter? If not what were the reasons?

4.2 PROGRAMME 2: SOCIAL ASSISTANCE

The Department has set itself a target of reaching 3 216 036 Old Age beneficiaries. It has overachieved its target by 3 220 195 benefiting from the grant. For the Foster Care Grant (FCG), a target of 457 328 was planned and the Department achieved 493 012 children benefited from the FCG.

Issues for Consideration

- On page 25 of the presentation the Department indicated that the number of targeted beneficiaries of the FCG was less due to children attaining 18 years. **However on its APP a recorded target of 457 328 has been indicated for this quarter and the Department overachieved this as indicated in its presentation of 493 012 beneficiaries.**
- Is this number an error – Department needs to clarify.

4.3 PROGRAMME 3: SOCIAL SECURITY POLICY AND ADMINISTRATION

Comprehensive Social Security

The annual target as per the APP was 70% and adjudicating 70% of appeals within 90 days of receipt. The Department adjudicated 79.46% (1 238 of 1 558) appeals within 90 days of receipt. Furthermore, 100% (477 of 477) of appeals received from SASSA with complete records were adjudicated within 90 days of receipt as planned.

Issues for Consideration

- Under Comprehensive Social Security the annual target as per APP 2016/17 was 70%⁶ as opposed to the 65% recorded in the presentation. **Has the Department changed this or this is an error? Please clarify.**
- The Department has planned to review the draft technical paper on mandatory cover for retirement, disability and survivor benefits for this quarter. **⁷Has the Department managed to achieve this target?**

⁶ ibid

⁷ ibid



4.4 PROGRAMME 4: WELFARE SERVICES POLICY DEVELOPMENT AND IMPLEMENTATION SUPPORT

Service Standard

The Department, under Service Standard has achieved its target of developing the Draft Implementation Plan on the Recruitment and Retention Strategy for Social Service Practitioners as planned.

Older persons

Regarding older persons, a first consultation planning meeting was held with the host province on the 30th June 2016. The Department has also developed a concept document on the national Active Ageing programme for older persons as anticipated.

Early Childhood Development

Regarding identifying policy positions for alignment of the Early Childhood Development (ECD) program of Action to the ECD policy, a workshop was conducted for alignment of the Plan of Action (POA) and the ECD Policy leading to the development of the Integrated Implementation Plan. This assisted to identify key policy positions for the alignment of the POA to the Policy.

Children Services, Orphan and Vulnerable Children

A total of 296 adoptions were registered (257 National adoptions and 39 inter-country adoptions). Furthermore, the Children's Amendment Bill and Children's Second Amendment Bill were adopted by the Portfolio Committee on Social Development on 20 April 2016. Consultations with the South African Law Reform Commission and relevant stakeholders were held on 5 and 6 April 2016 to address policy options relating to 'unmarried fathers, artificial insemination, and child protection'.

Social Crime Prevention & Victim Empowerment

The Department has exceeded its target of capacitating three provinces on the therapeutic programmes and has capacitated five provinces (Western Cape, KwaZulu Natal, Limpopo, North West and Gauteng). In addition, the first draft National Drug Master Plan (NDMP) on substance abuse was developed.

Issues for Consideration

As anticipated in the APP 2016/17 for the first quarter, has the Department achieved the following in this quarter:

- Establishment of three provincial multi-disciplinary committees on integrated social crime prevention?
- Awarding of 1000 youth with social service scholarships?
- Training of two provinces on the national parenting programme?
- Consultation with three provinces for input on strategy on families facing imminent risk of removal of a family member?



- Appointed a service provider to conduct research on community care workers?

4.5 PROGRAMME 5: SOCIAL POLICY AND INTEGRATED SERVICE DELIVERY⁸

Non-profit organisations (NPOs)

The Department overachieved its target of training 900 NPO's as it trained 1 027 NPOs on governance and compliance with the NPO Act.

Community Development and Empowerment

Norms and Standards for Community Development implementation has been facilitated as anticipated for the first quarter. A national food and nutrition security consultation workshop to present the Food and Nutrition Security Plan was held in June 2016 at Kopanong as planned.

Issues for Consideration

A national food and nutrition security consultation workshop to present the Food and Nutrition Security Plan was held in June 2016 at Kopanong as planned. **What were the outcomes of this workshop?**

5. FINANCIAL PERFORMANCE

TABLE 1: 1st QUARTER: OVERALL EXPENDITURE PER PROGRAMME AND REASONS FOR VARIANCE IN SLOW SPENDING

Programme R million	Programme Expenditure R' 000	Programme Expenditure %	Programmes: Notes on expenditure
1. Administration	99,322	30.80	The programme expenditure is R24.3 million higher than the approved drawings of R75.0 million at the end of June. ⁹ The higher than projected spending relates mainly to (a) accrual commitments for audit fees, operating leases and property payments for HSRC and Harlequins office accommodation, (b) outstanding claims from 2015/16 relating to travelling costs paid in April and May 2016, (c) departmental fleet service cars and (d) the payment to SITA for computer services invoices for the departmental data lines and the renewal of software licenses.

⁸ ibid

⁹ National Treasury, (2016)



2. Social Assistance	34,273,879	24.39	The programme expenditure is R277.3 million lower than the approved drawings of R34.6 billion (excluding advance of R10.3 billion) at the end of June. The variance is mainly due to slow spending on the Child Support Grant as a result of a number of children falling off the system. ¹⁰
3. Social Security Policy & Administration	1,576,206	22.47	The programme expenditure is R8.4 million lower than the approved drawings of R1.58 billion at the end of June. This variance is mainly due to delay with the filling of funded vacant posts and the delayed payments to the University of Witwatersrand and the International Social and Security Association, as well as contractors for computer services. ¹¹
4. Welfare Services Policy Development and Implementation Support	61,705	8.6	The programme expenditure is R208.6 million lower than the approved drawings of R282.2 million at the end of June. This variance is mainly due to major transfer payments that were scheduled during the first quarter for NSFAS, HIV and Aids Organisations, Substance Abuse Conditional Grants and various NPOs that were not paid on time. ¹²
5. Social Policy and Integrated Service Delivery	155,975	41.30	The programme expenditure is R35.9 million lower than the approved drawings of R195 million at the end of June. This is mainly due to the delay in transferring the funding for the Foc Relief Programme that was scheduled during the first quarter and was not paid on time. ¹³
TOTAL	36,167,087	24.28	

Issues for Consideration

- An amount of R458.9 million has been allocated to compensation of employees for the 2016/17 financial year.¹⁴ The current spending as at 30 June 2016 amounts to R110.6 million with the spending percentage of 24.1 per cent.¹⁵ The delays are mainly due to the filling of vacant funded posts. The Department is facing challenges over the medium term to sustain the current headcount due to the increased wage settlement, and will not be able to fill further posts as the total annual costs per year already exceeds the ENE compensation ceiling.¹⁶

¹⁰ *ibid*

¹¹ *ibid*

¹² *ibid*

¹³ *ibid*

¹⁴ National Treasury, (2016)

¹⁵ *ibid*

¹⁶ *ibid*



6. CONCLUSION

For 2016/17, the Department was allocated a budget of R148.9 billion¹⁷, compared to R137.8 billion in the previous financial year. By the first quarter, the Department has transferred a total of R36.1 billion (24.3%) of the available budget for transfers.¹⁸ This means that the Department had an available budget of R122.7million for operations.

The Department was unable to achieve all of its planned targets for the first quarter. Some of the reasons provided for non-achievement of some targets include re-scheduling of meetings, unavailability of stakeholders and delays in approvals of terms of reference by different committees.

REFERENCES

Department of Social Development (2016a). Annual Performance Plan 2016/17.

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National Treasury (2016). Standing Committee on Appropriations 4th Quarter Expenditure Report 2016/17 Financial year.

¹⁷ Estimates of National Expenditure (2016)