**3. BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR) OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION AS WELL AS PERFORMANCE MONITORING AND EVALUATION FOR THE: DEPARTMENT OF PLANNING, MONITORING AND EVALUATION (DPME), AND NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA), Dated 17 OCTOBER 2017**

1. **BACKGROUND**

The Portfolio Committee on Public Service as well as Planning, Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly which is in line with Section 5 of theMoney Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 to consider and report on the Annual Reports of the Department of Planning, Monitoring and Evaluation (DPME) and the National Youth Development Agency (NYDA) tabled by the Minister of Planning, Monitoring and Evaluation as follows:

1. **INTRODUCTION**

Parliament derives its mandate from the Constitution of the Republic of South Africa. The strategic objectives of the Portfolio Committee are informed by five strategic goals of Parliament. The functions of the Portfolio Committee on Public Service and Administration as well as Monitoring and Evaluation are as follows:

* participate and provide strategic direction in the development of the legislation and thereafter passes the laws;
* Conduct oversight over the Executive to ensure accountability to Portfolio Committee towards achieving an effective, efficient, developmental and professional public service;
* Conduct public participation and engage citizens regularly with the aim to strengthen service delivery; oversee and review all matters of public interest relating to the public sector;
* Monitor the financial and non-financial aspects of departments and its entities and ensure regular reporting to the Committee, within the scope of accountability and transparency;
* Support and ensure implementation of the Public Service Commission (PSC) recommendations in the entire public service
* Participate in the international treaties which impact on the work of the Committee.

1. **PURPOSE OF THE BUDGETARY REVIEW AND RECOMMENDATIONS REPORT**

In terms of Section 5 of theMoney Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 the National Assembly, through its Committees, must annually compile Budgetary Review and Recommendations reports (BRRR) that assess service delivery and financial performance of departments and may make recommendations on forward use of resources. The BRRR is also a source document for the Committees on Appropriations when considering and making recommendations on the Medium Term.

Moreover, the Money Bills Amendment Procedures and Related Matters Act, section 5 (3) highlights focus areas on the budgetary review and recommendation report as:

* Providing an assessment of the department’s service delivery performance given available resources.
* Providing an assessment of the effectiveness and efficiency of the departments’ use and forward allocation of available resources; and
* Including recommendations on the forward use of resources.

**3.1** **Method**

The Portfolio Committee on Public Service and Administration as well as Monitoring and Evaluation compiled the 2016/17 BRRR using the following documents:

* The National Development Plan: Vision for 2030.
* Medium Term Strategic Framework 2015-2020.
* State of the Nation Address 2016.
* Strategic Plans of the DPME and the NYDA.
* Annual Performance Plans of the DPME and the NYDA 2016/17.
* Annual Report of the DPME and the NYDA 2016/17.
* Auditor-General South Africa’s outcomes of audit findings 2016/17.
* The Portfolio Committee also met with the leadership of the Department and the National Youth Development Agency.

1. **STATE OF THE NATION ADDRESS 2016**

The President has in His State of the Nation Address of 2014, launched the popular Operation Phakisa Big Fast results methodology and implemented it in the ocean economy, health, education and mining sectors. Seven billion rand has been committed in new port facilities, following the adoption of a Public- Private-Partnership model for port infrastructure development. Operation Phakisa is intended to solve socio-economic challenges facing our country.

Operation Phakisa was mentioned as one of the nine point plans to ignite growth and create jobs. The Department of Planning, Monitoring and Evaluation is responsible to coordinate and monitor government departments in implementing projects and fast-tracking services through Operation Phakisa such as Transport, Environmental Affairs and Health. The Department of Health was therefore mandated to scale up the Ideal Clinic Initiative aimed at promoting efficiency, effectiveness and professionalism in clinics.

1. **NATIONAL DEVELOPMENT PLAN VISION 2030**

The Department of Planning, Monitoring and Evaluation supports the National Development Plan’s objective of a government that is accountable and transparent. The Department’s focus is on strengthening accountability and improving coordination, and it works with the National Planning Commission to facilitate and monitor the implementation of the National Development Plan. The Department is responsible for mainstreaming the National Development Plan into the work of Government by drafting the Medium Term Strategic Framework to guide Government’s programme. The strategic framework includes 14 outcomes, which form the basis of the new performance agreements between the President and individual Members of Cabinet.

1. **MANDATE OF THE DEPARTMENT OF PLANNING, MONITORING AND EVALUATION**

The mandate of the Department of Planning, Monitoring and Evaluation derives from section 85(2)(c) of the Constitution which provides the President to exercise authority over Members of Cabinet by coordinating the functions of state departments and administration. The primary aim of the Department is to improve government service delivery through planning, performance monitoring and evaluations. The DPME has the following key mandate:

* Facilitating the development of plans/delivery agreements for cross-cutting priorities or outcomes of Government, and monitor and evaluate the implementation of these plans/delivery agreements.
* Putting in place and managing guiding frameworks for strategic planning and annual performance planning in national and provincial departments.
* Monitoring the performance of individual national and provincial government departments and municipalities.
* Monitoring frontline service delivery.
* Managing the Presidential Hotline.
* Carrying out evaluations.
* Promoting good monitoring and evaluation practices in Government.
  1. **Department’s priorities over the medium-term**

The priorities for the 2016/17 Annual Performance Plan of the Department of Planning, Monitoring and Evaluation are informed by the National Development Plan as translated in the Medium Term Strategic Framework (MTSF) for 2014-2020. The DPME has through its outcomes monitoring and evaluation work, developed a number of monitoring and evaluation tools to fulfil functions below:

* Facilitating the development of plans or delivery agreements for the cross cutting priorities or outcomes of Government.
* Assessing departmental Strategic Plans and APPs to determine and enhance their alignment with the NDP, MTSF, Delivery Agreements and the budget.
* Monitoring and evaluating the implementation of service delivery agreements.
* Monitoring the performance of individual national and provincial government departments and municipalities.
* Monitoring frontline service delivery across the public service.
* Managing the Presidential Hotline.
* Carrying out evaluations.
* Promoting good monitoring and evaluation practices in Government.
* Providing support to service delivery institutions to address blockages in delivery.

1. **DEPARTMENT PROGRAMME PERFORMANCE**
   1. **Department of Planning, Monitoring and Evaluation**

**7.1.1 Budget Allocated and Expenditure 2016/17**

The budget appropriated to the Department of Planning, Monitoring and Evaluation for the 2016/17 financial year was R797 662 million. Expenditure for the department was R781 246 million for all the programmes which is an estimated of 97.9%. The Department under expenditure was as a result of the compensation of employees, due to the delays in implementing the new organisational structure, pending approval by the Department of Public Service and Administration.

The Department achieved 85.2% of their targets. Of planned targets, the Department had partially achieved 9% of targets and 4% were not achieved. In 2015/16 financial year, the Department reconfigured and restructured its organisational structure, its programmes and budget to adapt and respond effectively to the new mandate. In 2016/17 financial year, the Department had conducted a strategic and organisational review to strengthen its focus on planning, monitoring and evaluation as well as a play a more effective role in youth development. In addition, more focus will be placed on monitoring the role of State Owned Entities in advancing the implementation of the NDP and MTSF.

The transfer of the additional functions included all staff members including vacant, assets and the allocated budget resulted in an increase in the staff establishment of the Department, which had a negative impact on the vacancy rate. The Department had 345 funded posts of which 312 posts were filled and 33 posts were not filled in 2016/17 financial year. Three programmes which are; Outcome Monitoring & Evaluation, Institutional Performance Monitoring & Evaluation and National Planning Commission had high vacancy rates by 31 March 2017. The organisational adjustments were required to accommodate new programmes such as Operation Phakisa, Socio-Economic Impact Assessment System, and the Youth policy function. The Department completed its restructuring process. New programmes were implemented and funded on the incremental basis over the medium-term period.

Budget versus expenditure for the audited financial year of 2016/17 is as follows:

**Appropriation per programme (R’000)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme R'000** | **Final Appropriation** | **Actual**  **Expenditure** | **Variance** | **Shifting of funds** | **Virement** |
| 1. Administration | 142 453 | 134 299 | 8 154 | 0 | 1 401 |
| 2.Outcomes Monitoring and Evaluation | 93 162 | 89 749 | 3 413 | 0 | 1 411 |
| 3. Institutional Performance Monitoring and Evaluation | 62 412 | 61 897 | 515 | 0 | 457 |
| 4. National Planning | 88 233 | 84 216 | 4 017 | 0 | (3 275) |
| 5. National Youth Development | 411 402 | 411 085 | 317 | 0 | 6 |
| **Total** | **797 662** | **781 726** | **16 416** | **0** | **0** |

**Source: The DPME Annual Report 2016/17**

**7.1.2 Medium Term Expenditure Estimate**

The Department of Planning, Monitoring and Evaluation overall budget allocated in 2017/18 financial year was R923.5 million which increased significantly as compared to the previous financial years. Additional amount of R140 million was allocated to the department as a result of reconfiguration and restructured its organisational structure and its programmes in order to adapt and respond effectively to new mandate.

Due to the restructuring of the department, there are more additional programmes as compared to the previous financial years. The Department have seven (7) programmes as a result of restructuring impacting on the organisational structure. The new programme structure also increased capacity in policy analysis, specialised sector-specific research skill and general administration. Overall expenditure is projected to increase from R797.7 million in 2016/17 to R995.9 million by 2019/20. There is a significant increase on the budget allocated for 2017/18 financial year in programmes 3: Public Sector Monitoring and Capacity Development with R40.1 million from R29.6 million in 2016/17 and Evidence and Knowledge Systems with R109.4 million from R33.8 million in 2016/17.

There is huge reduction of budget on the National Planning from R88.9 million in 2016/17 to R54.5 million in 2017/18 financial year. The number of funded post in the department is set to increase from 350 in 2016/17 to 468 in 2019/20. Budget on compensation of employees is expected to increase from R268.9 million in 2017/18 to R331 million in 2019/20 at an average annual rate of 17.7 per cent.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme** | **Revised Estimates** | **Medium-Term Expenditure Estimate** | | |
| **R million** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| Administration | 134.3 | 168.3 | 184.5 | 197.8 |
| National Planning Coordination | 88.9 | 54.5 | 62.4 | 66.2 |
| Sector Planning and Monitoring | 38.2 | 52.1 | 57.9 | 60.9 |
| Public Sector Monitoring and Capacity Development | 29.6 | 40.1 | 45.9 | 48.9 |
| Frontline and Citizen-based Service Delivery Monitoring | 53.0 | 56.9 | 60.8 | 65.4 |
| Evidence and Knowledge System | 33.8 | 109.4 | 61.151 | 60.5 |
| National Youth Development | 410.2 | 441.9 | 469.6 | 495.8 |
| **Total** | **788.4** | **923.4** | **942.4** | **995.8** |

**Table 1: Budget per programme**

Source: Estimates of National Expenditure 2017

**7.1.3 Programme Performance**

There are five programmes organised as follows:

**7.1.3.1 Programme 1: Administration**

The programme is responsible for providing strategic leadership, management, administrative, financial and human resource services to enable the Department to achieve its strategic and operational goals. The budget allocated for the programme was R142 453 million. An expenditure on the programme was R134 299 million. The programme had sixteen (16) targets in the year under review. Eleven (13) targets were achieved, two (2) partially achieved and one (1) not achieved on an executive support plan not produced and quarterly reports on performance against the plan were not submitted.

The Department submitted both the Strategic and Annual Performance Plan to the National Treasury and tabled to Parliament on appropriate time. The Department partially achieved targets on the quarterly reports due to one report submitted later than 30 days. Three quarterly reports were submitted to the Executive Authority and National treasury within 30 days from the end of the quarter. An annual communication plan was produced and approved. Target was exceeded with 82 of activities in the communication plan were implemented against 61 planned activities for the 4 quarters. In 2015/16 financial year this target was partially achieved due to capacity constraints in the Communication Unit. In 2016/17 financial year, the Department had an in-house graphic designer and internal communication specialist were employed in September 2016. This led to the Department exceeded the target.

Section (1)(f) of the Public Finance Management Act, states that, “accounting officer for a department must settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period’. The department achieved the target on all valid invoices paid within 30 days. Vacancy rate was maintained below acceptable 10 percent in terms of the Public Service Regulations. The Department had appointed interns as part of imparting skills and work experience to the graduates. A total of 32 interns were appointed in the financial year, which represents 9 percent of the staff of the DPME to enhance capacity.

The Department complied with submission of the performance agreement and assessment. Approximately 95 percent of the employees submitted their performance agreement and assessment by due date. The department complied with 100 percent of all members Senior Management Service (SMS) disclosing their financial interest in terms of Chapter 3, C.1 of the Public Service Regulations (PSR), required to disclose to their respective Executive Authorities (EAs), particulars of all their registrable interests (e.g. companies and properties) not later than 30 April each year, in respect of the period 1 April of the previous year to 31 March of the current year.

**7.1.3.2** **Programme 2: Outcome Monitoring and Evaluation (OME)**

The main purpose of the programme is to coordination of government’s strategic agenda through the development of performance agreements between the President and Ministers, facilitation of the development of plans or delivery agreements for priority outcomes, and monitoring evaluation of the implementation of the delivery agreements. The programme has three sub-programmes which are Programme Management for OME, Outcomes Support, Evaluation and Research.

The programme has three sub-programmes which are Programme Management for OME, Outcomes Support, Evaluation and Research. The budget allocated for the programme was R93 162 million and with an expenditure of R89 749 million, which is equivalent to 95% spent on the allocated budget. Programme 2, Outcome Monitoring and Evaluation has nineteen (19) targets, twelve (15) targets achieved and four (4) targets partially achieved, The Medium Term Strategic Framework and delivery agreements were revised in the year under review.

Consolidated reports on the outcomes monitoring were submitted to the Cabinet Makgotla. In addition, the summary report on the implementation of the 14 outcomes were produced and presented to the Cabinet Lekgotla. The Department produced three (3) outcomes reports during the year under review. Development indicators were produced and released in March 2017. The development indicators were posted on the department website by 31 March 2017. Development indicators provide a means of evaluating how well government is performing in particular areas of policy interest and used mainly for accountability purposes.

The Department is responsible to coordinate and monitor government departments in implementing projects and fast-tracking services through Operation Phakisa such as Environmental Affairs and Health. The Department produced had produced two (2) Operation Phakisa interactive dashboard reports for Ocean Economy and Ideal Clinic labs. Reports were uploaded on the website by 31 March 2017. Briefing notes to advise the political principals on specific request were submitted to Cabinet. The Department achieved the targets as projected.

Briefing notes on the executive visits were produced throughout the quarters of the financial year. The Department targeted three (3) briefing notes on the mining and Labour sending areas. However, the Department produced five (5) briefing notes on the status of the mining and labour sending areas. In terms of the Local Government Management Improvement Model (LGMIM) and Assessment Tool, the department approved the standards and target was achieved on the scorecards during the year under review. More municipalities requested to participate in the LGMIM assessment tool than was planned. The Department produced a LGMIM report for 2015/16 and submitted to the Outcome 9 MinMec by July 2016.

Socio Economic Impact Assessment Study (SEIAS) is the systematic analysis used to identify and evaluate the potential socio-economic and cultural impacts of a proposed development on the lives and circumstances of people, their families and their communities. Over 331 of 335 Socio Economic Impact Assessment Study (SEIAS) in the Annual report were produced by the Department. The National Evaluation plan was signed by the Minister and approved by Cabinet. With regard to the Provincial Evaluations Plans (PEP), the Department had three (3) of seven PEP approved for the following provinces which is KwaZulu Natal, Western Cape and Free State. Four provinces PEP were not approved. Non approval of the Provincial Evaluation Plan had an impact on the unit in executing its function. The Department had achieved two research assignments during the year under review aimed at improving the performance of government.

**7.1.3.3** **Programme 3: Monitoring and Evaluation System Coordination and Support (M&E Systems)**

The purpose of the programme is to coordinate and support an integrated government-wide monitoring and evaluation system through policy development and capacity building. The purpose is to improve data access, data coverage, data quality and data analysis across government. The programme consists of the following sub-programmes: Management Performance Monitoring and Support, Presidential Frontline Service Delivery Performance Monitoring Support, Monitoring and Evaluation Policy and Capacity Building.

The programme was allocated final appropriation of R62 412 million in 2016/17 financial as compared to R60 626 million in 2015/16 financial year. The department spent the total allocated budget of R61 897 million in 2016/17 financial year. All sub-programme had efficiently spent their allocated budget. Programme 3 Institutional Performance Monitoring and Evaluation had 14 targets were achieved and two targets were not achieved.

The Management Performance Assessment Tool (MPAT) is a mechanism used to improve management practices to assist the government in addressing system deficiencies as consequences of poor service delivery. The MPAT process allows senior management of departments to conduct self-assessment against a range of management standards. The MPAT was updated and approved by the Director General in August 2016. A total of 153 of 159 departments both nationally and provincially completed and signed off the MPAT. Although 100% of departments completed MPAT assessments, 4% (6) of the department Directors General did not approve it on the system. The target on the feedback given to the Directors General within the receipt of the performance agreements was not achieved. Quality assurance was completed, but not within the 30 days as the process took longer than anticipated. The Department intended to conduct Capacity Development initiatives for newly appointed DGs within the set timeframes. The target was not achieved as none of the appointed DGS were capacitated within three (3) months of appointment.

Frontline Service Delivery Monitoring (FSDM) programme aimed to strengthen the monitoring and evaluation practices of field-level managers. The main aim of the FSDM was to demonstrate the value of on-site monitoring to selected types of facilities sectors. The Department revised the Operational Guidelines Framework. A total of 89 new facilities were monitored and passed quality assurance. Site monitoring reports on monitored facilities were captured on the M-drive. Subsequent to the visited facilities, the department conducted improvements monitoring in over 100 facilities. The Department conducted 27 new frontline service delivery monitoring visits which were directly focused on indicators in the M&E framework for the National Youth Policy.

The Presidential hotline contributes to the NDP, enabling the realisation of a developmental, capable and ethical state that treats citizens with dignity. Hotline performance reports were produced and submitted to the Governance and Administration Cluster. The department produced customer satisfaction survey reports on a quarterly basis.

The primary aim of the Citizen-Based Monitoring (CBM) programme is to support government to strengthen the voice in monitoring service delivery. It focuses on the experience of citizens in relation to government performance in order to improve accountability and service delivery. The Citizen Based Monitoring was implemented in 10 new facilities and reports produced for each of the sites.

The Department developed an integrated Monitoring & Evaluation Capacity Development strategy and implementation plan. All quarterly reports showing achievement of at least 80% of targets in the capacity development implementation plan were achieved.

**7.1.3.4** **Programme 4: National Planning**

The aim of the programme is to develop the country’s long term vision and national strategic plan and contribute towards better outcomes in government through better planning, better long term plans, greater policy coherence and clear articulation of long terms goals and aspirations. The sub programme is National Planning Commission Secretariat.

The budget allocated for the programme was R88 233 million in 2016/17 financial year. Expenditure on the programme was R84 216 million, and variance was R4 017 million. Programme 4; National Planning Commission had nine (9) targets, eight (8) targets achieved and one (1) targets partially achieved.

The National Planning Commission (NPC) participated in the budget review and planning prioritisation for key government departments. Furthermore, the NPC produced an Annual Report on stakeholder engagements and the work of the NPC on the National Development Plan. The Department further completed a draft framework which consists of eight chapters. As part of additional responsibility, forty-four (44) assessment reports were sent to the national departments. In addition, seven (7) assessment reports on the second draft Annual Performance Plans was submitted the Offices of the Premier. Quarterly performance reporting guidelines were issued to 45 national departments and 9 Offices of the Premier.

**7.1.3.5 Programme 5: National Youth Development Programme**

The main purpose of the programme is to develop and implement youth policy and to provide oversight over funds transferred to the National Youth Development Agency. The budget allocated in the programme was R411 402 million. The Department expenditure was R411 085 million. Of the allocated budget the department utilised R5 636 million for its operations on the programme. A total of R405 766 million was transferred to the National Youth Development Agency. Programme 5 National Youth Development Programme has three targets which were all achieved. The programme submitted reports on the status of implementing the National Youth Policy to the management. A draft Monitoring and Evaluation framework for youth development was submitted to the management.

1. **NATIONAL YOUTH DEVELOPMENT AGENCY**

**8.1 Mandate of the NYDA**

The NYDA is a South African Youth Agency established primarily to tackle challenges faced by the country’s young people. The institution was established to be a single structure to address youth development issues at all spheres of government. The existence of the NYDA should be located within the broad context of South Africa’s development dynamics. Similar to many developing countries, South Africa has a large population of youth with those between the ages of 14 and 35 constituting 42 per cent of the total population.

The Agency derives its mandate from legislative frameworks, including the National Youth Development Agency Act, 2008 (Act of 2008) (NYDA Act), the National Youth Policy (2009-2014) and the draft Integrated Youth Development Strategy. The Agency assumed and improved the operational platform developed by both Umsobomvu Youth Commission and the National Youth Commission, which rendered the Agency operational with immediate effect. The mandate of the Agency are as follows:

1. Lobbying and advocating for the integration and mainstreaming of youth development in all spheres of government, the private sector and civil society.
2. Initiating, implementing, facilitating and coordinating youth development programmes.
3. Monitoring and evaluating youth development interventions across the board and mobilising youth for active participation in civil society engagements.
   1. **Budget allocated and expenditure**
      1. **Summary and Analysis of Annual Financial Statements**

The NYDA is primarily funded through funds appropriated in terms of the annual Appropriation Act (and the Adjustments Appropriation Act). The NYDA’s main appropriation is transferred through a budget vote of the Department of Planning, Monitoring and Evaluation. In terms of the Estimates of National Expenditure, the budget allocated to the Agency was R405.766 million for 2016/17 financial year. The Agency received clean audit in 2016/17 audit outcomes.

The NYDA had embarked on the restructuring process to strategically reposition the institution. The Agency embarked on an organisational realignment project, the outcomes of which spoke directly to the strategic shift required to ensure that the Agency remains focused and relevant to the needs and aspirations of the youth. The turnaround strategy continues to be a key focus area that contributes to such a realisation.

The total cost for employees was R142 576 million in 2016/17 financial year. There was a high turnover of employees in the Agency. A total of 30 employees resigned in 2015/16 and followed by 18 employees in 2016/17 financial year. Employment equity in terms of employing people with disabilities is still very low. The Agency employed 4 people with disabilities at the professional level.

The Agency implemented a risk management strategy, fraud prevention strategy and plan which was approved by the Board. Irregular expenditure was significantly reduced from R133 million in 2011/12 to R62 million in 2012/13, reduced further to R16 million in 2013/14, to R580 000 in 2014/15, R74 000 in 2015/16, and now stands at R60 000, subjected to condonation.

**Appropriation per programme (R’000)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key Programme Area** | **Budget allocation** | **Expenditure** | **%** |
| **Economic Participation** | R59 253 300 | R59 800 976 | 101% |
| **Education and Skills Development** | R74 099 686 | R75 833 780 | 102% |
| **National Youth Service** | R56 802 100 | R53 033 972 | 93% |
| **Service Delivery Channel** | R24 611 821 | R24 432 662 | 99% |
| **Research and Policy** | R10 173 573 | R10 457 187 | 103% |
| **Administration** | R81 283 719 | R84 870 959 | 104% |
| **Employee Cost** | R145 529 300 | R142 576 896 | 98% |
| **Total** | **R451 753 500** | **R451 006 432** | **100%** |

* + - 1. **Budget allocated in 2016/17 financial year and MTEF estimates**

The National Youth Development Agency’s (NYDA) receive its budget through a transfer vote of the Department of Planning, Monitoring and Evaluation, and again through interest and capital repayments from loans issued to its clients’ prior the introduction of grant funding. The NYDA allocated budget is R441.9 million in 2017/18 financial year. In this current year, the Agency has reduced its functions and placed them elsewhere in relevant government departments.

Second Chance Matric Rewrite Programme has been handed over to the Department of Basic Education while the Health and Wellbeing programme has been transferred to the Department of Health. The savings of approximately R12.5 million have been reprioritised towards the Economic Participation and National Youth Service Programmes. The Agency has restructured its organisation in 2015/2016 financial year, reducing its salary bill by R44 million in real terms and reinvesting those funds into Youth Development programmes. Additional savings of R12 million per annum will be noted on the relocation of its Head Office.

The cost employees is expected to rise to R153 million in 2017/2018 from R145 million in 2016/2017 in line with inflation expectations. The three-year strategy of funding vacancies and this budget will contribute 35% of the total transfer from the DPME. The strategy of funding vacancies takes cognisance of maintaining a stable salary bill and having a staggered approach to the filling of posts. The expected employee costs over the medium term is expected to be R478 million. The employee cost budget in 2015/2016 prior to the restructuring was R189 million.

Table 2: National Youth Development Plan.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme** | **Allocated** | **Medium-Term Expenditure Estimate** | | |
| **R million** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| National Youth Development Agency | 405.8 | 432.8 | 457.9 | 483.6 |
| **Total** | **405.8** | **432.8** | **457.9** | **483.6** |

Estimates of National Expenditure 2017

* + 1. **Programme Performance**

National Youth Development Agency has five programmes which are as follows:

**8.2.2.1 Programme 1: Economic Participation**

The main purpose of the programme is to enhance participation of young people in the economy through targeted and integrated programmes. The programme aim to facilitate and provide employment opportunities for young people, to enhance the participation of young people in the economy, aimed at increasing job creation, entrepreneurship participation and skills development and to provide business support to young people.

The programme is designed to stimulate entrepreneurship among South Africa youth by providing grant funding, coupled with business development support services. The grant funding programme is doing well in attracting young people to advance their aspirations of becoming entrepreneurs. Over 698 youth were assisted to own different enterprises. The target was met and exceeded. Moreover, the agency had exceeded the target on the number of young people aspiring and establishing entrepreneurship supported through NYDA Business Development Support Services. A total of 63 407 young people established entrepreneurs. The Agency exceeded the target because they worked in partnership with the Primestars programme in providing entrepreneurship awareness.

Communities were provided with assistance in the form of community development facilitation support. The Agency had assisted 10 communities with the community development projects supported through the NYDA grant funding programme. Mpumalanga Province, mostly benefited out of the community development projects as compared to other provinces. Only four provinces of nine provinces utilise this programme. A total of 3 718 jobs was created and sustained through grant funding, co-operatives and business development services.

**8.2.2.2** **Programme 2: Education and Skills Development**

The purpose of the programme is to promote, facilitate and provide education and skills development opportunities to young people to enhance their socio-economic well-being with the objective of facilitating education opportunities. The aim of the programme is to improve access to quality education and to facilitate and implement Youth Build, job-preparedness training, the provision of scholarship and assistance to young people with rewriting their Matric.

The Agency had in this financial year drafted handover Matric Rewrite report to the Department of Basic Education. The programme has been handed over to the Department of Basic Education as one of the recommendations made by the Portfolio Committee in the past years. The Agency launched the Solomon Mahlangu Scholarship Programme aimed at supporting disadvantaged young people to further their studies through higher education. The target of 444 was met and exceeded on the Solomon Mahlangu Scholarship Programme, which is crucial for the country that is confronted with socio-economy challenges among the youth. Of the scholarship issued, 311 were renewals, while 133 were issued to first-time recipients.

Over 981 088 youth across the country were supported through individual and group career guidance. The overwhelming majority of young people received support through career guidance outreach events, which accounted for 97% of the annual target. A total of 745 young people participated in the technical skills programme provided through partnership with Google, where they were trained in digital skills. The Technical Skills Training programme was rendered in four provinces.

The Agency had supported a total of 71 306 young people through the jobs programme, which divided into three sub-programmes, namely life skills, job preparedness and the job placement programme. A total of 5 114 young people were placed in jobs through the Job Placement programme, with a majority of placement in Gauteng.

**8.2.2.3** **Programme 3: Health and Wellbeing**

The purpose of the programme is to initiate interventions that help with increasing awareness of the healthy lifestyles that promote good health practices among the youth of South Africa. Youth today are confronted with health risk and it is the responsibility of the NYDA to embark on monitoring government health departments in dedicating their programmes to health awareness among the youth.

Young people have shown interest in participating in the health and wellbeing programme. The Agency undertook various health and wellbeing interventions to improve healthy mind and body of young people, however, they managed to exceed target with 348 623. This illustrates that young people were attracted by the programme to improve their health and wellbeing conditions. Most interventions were conducted in Gauteng, Limpopo and Eastern Cape, while the smallest number of interventions took place in the Free State and North West provinces.

**8.2.2.4 Programme 4: Research and Policy**

The main aim of the programme is to create a body of knowledge and best practice in the youth development sector, and to inform and influence policy development, planning and implementation. The fundamental aim of this area is to ensure that policies and frameworks that drive youth development are developed, based on a body of knowledge and facts that are relevant to the developmental needs of the youth of South Africa.

The Agency produced 13 evaluations and 17 research article reports aimed at tackling youth development challenges. Moreover, the Agency produced 51 knowledge publications intended to empower young people in the country. The 51 knowledge publications that were produced by the NYDA covered a large spectrum of issues that affect young people and ways that they can resolve, as well as opportunities to explore them, in order to improve youth development. The Presidency endorsed the National Youth Employment Plan.

Lobbying key stakeholders to support and implement youth development programmes is one of the core mandates of the Agency. In the 2016/17 financial year, the Agency lobbied 17 organs of state partnering with the NYDA to implement youth development programmes. There is a drastic reduction of organs of state partnering with NYDA to implement youth development programmes as compared to 2015/16 financial year. In addition, the Agency hosted 11 635 young people to participate in youth development-related dialogue sessions. The agency mobilised and leveraged financial resources from third parties, a total amount of R113 4 million was raised to support youth development programme. A total of 795 young people with disabilities participated in the following programmes offered through NYDA Business Support Services which are Entrepreneurship Development Programme and Life Skills.

**8.2.2.5 Programme 5: Governance**

The goal is to efficiently and effectively utilise resources through the provision of junctions governance, technology and systems, business operations systems, human capital, financial management system that adhere to relevant legislative requirements for public funded entities.

In 2016/17 financial year, over 595 employees received training as part of enhancing staff performance. There was a high demand for training and capacity-building within the Agency. This was due to staff being placed in new positions. About 35 information dissemination access points were operationalised because municipalities have shown great interest to assist the NYDA with ensuring that its mandate is implemented. Over 1 320 000 young people received information on youth development through access points.

1. **AUDITOR-GENERAL OUTCOMES**

The Auditor-General (AG) has audited the financial statements of the Department of Planning, Monitoring and Evaluation comprising of appropriation statement, the statement of financial position as at 31 March 2016. The financial statements are in accordance with Modified Cash Standards prescribed by National Treasury and the requirements of the Public Finance Management Act (PFMA).

**9.1 Predetermined objectives**

The Auditor-General did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes: Outcome Monitoring and Evaluation, Institutional Performance Monitoring and Evaluation; and National Planning Commission.

**9.1.1 Achievement of planned targets**

The AG referred to the annual performance report on page (s) 31 to 65 for information on the achievement of planned targets for the year under review and explanations provided for the achievement of a number of targets. The Department of Planning, Monitoring and Evaluation and the National Youth Development Agency have consistently received clean audits for the 2016/17 financial year.

**9.1.2 Adjustment of material misstatements**

The AG identified material misstatements in the annual performance report submitted for auditing on the reported information. These material misstatements were on the reported performance information of all selected programmes. The management of the department subsequently corrected the misstatements. The AG did not identify any material findings on the usefulness and reliability of the reported performance information.

**9.1.3 Compliance with legislation**

The AG performed procedures to obtain evidence that the Department of Planning, Monitoring and Evaluation had complied with applicable legislation regarding financial matters, financial management and other related matters. The AG did not identify any instances of material non-compliance with specific matters in key legislation.

**9.1.4 Internal Control**

Internal control of the Department was considered to be relevant to the AG audit of the financial statements, annual performance report and compliance legislation. The AG did not identify any significant deficiencies in internal control.

The Auditor-General (AG) had audited the financial statements of the Department of Planning, Monitoring and Evaluation comprising of appropriation statement, the statement of financial position as at 31 March 2017. The financial statements are in accordance with Modified Cash Standards prescribed by National Treasury and the requirements of the Public Finance Management Act (PFMA).

1. **OBSERVATIONS AND KEY FINDINGS**

The Committee made the following observations and findings:

10.1 The Portfolio Committee noted the achievement of the commitments made in the Annual Report 2016/17 financial year. Moreover, the Committee commended the Department of Planning, Monitoring and Evaluation and National Youth Development Agency on achieving clean audits for consecutive years. Achievement on the clean audit over the multi-year assessment clearly demonstrates the Department is leading by example. The Committee was concerned that the Department should have achieved 100% of its planned targets.

* 1. The Committee urged the Department to fill critical funded vacant posts, since the new organisational structure was approved by the Department of Public Service and Administration.
  2. The Committee noted the projected budget increase of the Department of Planning, Monitoring and Evaluation’s over the MTEF period in spite of competing demands. Having noted projected budget increase over the MTEF, the Committee encourages the DPME to ensure competent employees are appointed in all levels for the benefit effectively monitoring the implementation of the NDP vision.
  3. The Committee was concerned about instability of senior management more particularly the Director-Generals and Heads of the Department in the public sector. The Committee noted suspensions of the Director-Generals and Heads of Department in both national and provincial departments, despite considering their overall performance over the past years. The Committee condemns such suspensions because of negative effect it has on ensuring stability in government and realising a vision of a developmental state.
  4. The Department should continuously monitor government departments in reviewing their Strategic and Annual Performance Plans to advance the strategic agenda of the developmental state and to ensure that they are aligned with the delivery outcomes and the National Development Plan.
  5. The Committee noted the new initiative introduced by the Department of Planning, Monitoring and Evaluation called the “Mandate Paper”. The Mandate Paper will enhance better budget allocation to the NDP objectives through the identification of government priorities. The Mandate Paper will allow the Medium-Term Expenditure Framework to be a much more responsive instrument of resource allocation to deal with both parameters of the expenditure and revenue generation.
  6. The Committee noted and welcomed a new initiative “priority based budgeting” by the Department of Planning, Monitoring and Evaluation and the National Treasury to ensure budget alignment of departments with government key priorities to advance the National Development Plan.
  7. The Committee noted progress with regard to the Presidential Hotline and improvement on the turnaround times. However, the Committee was concerned about the effectiveness of referral cases to various government institutions and response time taken in addressing complaints. The Department was therefore required to provide the Committee with a comprehensive report with regard to the Presidential Hotline on the complaints lodged, cases referred and resolutions of those referred cases.
  8. The Committee emphasised the importance of collaboration between the Department and the Statistics South Africa in developing the “Data Centre” which will be a hub of high level indicators and outcomes regarding government priorities. The Data Centre should be able to serve various government departments and the DPME evaluations with reliable and accurate information to conduct informed evaluation studies and for the purpose of building an evidence based policy in government.
  9. The Department of Planning, Monitoring and Evaluation should strive to reduce the high vacancy rate and it must be kept below 10 per cent as per the Public Service Regulations notwithstanding the recently approved structure.
  10. The Department of Planning, Monitoring and Evaluation is at the heart of government in terms of planning, monitoring and evaluation. Therefore, the Department should address fragmented planning and ensure government departments plans and budgets are integrated and complement each other for the benefits of service delivery, growth and development in the country. Departments tend to work in silos and often concerned with their own departmental interest.
  11. The Committee commended the National Youth Development Agency for achieving a clean audit consistently over three consecutive years since its establishment in 2009. The Committee noted huge improvement in terms of its sound governance and reduction of its bureaucracy by the Agency. The performance of the Agency has earned lots of respect among young people. The Committee wished the Agency well in ensuring sustainability of clean governance over the medium terms.
  12. The Department ensures that consultation process of amending the National Youth Development Agency Act is inclusive and consider all youth structures and relevant stakeholders before it can be tabled in Parliament. The international best practices should also be considered so that due diligence is done on the amendment of the NYDA Act.
  13. The Committee believes that the Agency is on a good trajectory in executing its mandate. However, the Agency should intensify its effort to coordinate, evaluate and monitor all programmes aimed at integrating the youth into the economy and society in general. The Committee further noted the achievement of 100% of its targets during the period under review.
  14. The Committee encouraged the NYDA to expand its programmes for the benefit of the youth in this country. Saving realized in the reduction of the funded posts should be redirected to youth programmes and expanding offices in the rural areas.
  15. The visibility of the NYDA is still a major challenge throughout the country. The Committee requested the Agency to intensify its initiative of opening more satellite offices in every District Municipalities in the country and further ensure Mobile Outreach Vehicles are provided to reach as more young people as possible.
  16. The National Youth Development Agency should ensure equitable distribution of its resources in all nine provinces, taking into consideration youth concentration when providing young people with its programmes such as Solomon Mahlangu Scholarship and Grant Funding. The Agency should increase its intake of Solomon Mahlangu Scholarship programme in the Northern Cape and North West provinces.
  17. The National Youth Development Agency should be guided by the statistical releases produced by Statistics South Africa on youth related matters when considering expansion of its programmes. Young people are confronted by plethora of social and economic challenges which have been highlighted by Statistics South Africa.
  18. The Agency must ensure that integrated youth strategy supports youth employability by supporting and developing economic and social interventions intending to empower young people with requisite skills to fulfil their aspirations.

1. **RECOMMENDATIONS**

The Committee recommends the following:

**Legislative aspect**

* 1. The Department of Planning, Monitoring and Evaluation should speed up the development of comprehensive legislation which will ensure well-coordinated and integrated planning and budget linked to government priorities for the purpose of the attainment of the National Development Plan vision 2030. The envisaged legislation should take into cognisance other existing planning legislations. The envisaged legislation should enforce intergovernmental relations, coordination and integration in all spheres of government and ensure there are consequences for non-compliance with planning, monitoring and evaluation legislative prescripts and report on a quarterly basis.

**Administrative Aspects**

* 1. The Department of Planning, Monitoring and Evaluation in collaboration with the Department of Public Service and Administration must ensure that all Director-Generals and Heads of Department sign performance agreement with the Executive Authority within the prescribed period so that suspensions of senior management should be based on lack of performance. A mechanism should be sought to ensure stability of the Accounting Officers to avoid losing competent officers to the private sector. The Department of Planning, Monitoring and Evaluation should report to the Committee within a month the status quo with regard to the high turnover rate of the Accounting Officers in the public service and also provide mitigating plans.
  2. Government must move with speed in establishing the Administrative Head as proposed in the National Development Plan to ensure stability in the Accounting Officer’s position and this should be done within the current administrative term.
  3. The Department of Planning, Monitoring and Evaluation should develop an action plan in addressing Auditor-General audit findings and report progress to the Committee in second quarter performance report.
  4. The Department must intensify monitoring activities on the Frontline Service Delivery Monitoring Tool and Citizen Based Monitoring as a way of improving efficiency of service delivery in government facilities. The Department should develop mechanisms to ensure government departments cooperate in improving the frontline service delivery findings in most facilities as an ongoing concern.
  5. The National Youth Development Agency should conduct an impact evaluation on the Grant Funding Programme to determine whether the fund is yielding positive results and creating sustainable business and jobs for young people. The National Youth Development Agency should share with the Committee findings of the study on a quarterly basis.
  6. The National Youth Development Agency must effectively exercise its mandate of integrating various sector plans with the aim of advancing youth development through concerted efforts.

1. **CONCLUSION**

The Portfolio Committee is of the view that the Annual Reports 2016/17 financial year indicates that there are areas in which the Department and the National Youth Development Agency have made significant progress against the set targets. In addition, the achievement of the clean audits over consecutive years clearly demonstrates good governance within the Department and the National Youth Development Agency. The Department of Planning, Monitoring and Evaluation as a custodian of monitoring the implementation of the service delivery agreements should intensify its efforts to foster coordination and collaboration of plans through effective monitoring and evaluation. Coordination requires departments to make trade-offs in the interest of the broader goal of the NDP. The Committee notes that much has been achieved in this regard, however, more still needs to be done to enhance the advancement of the National Development Plan. The Governance Cluster of Parliament is complimented for its contribution towards the BRR Report, and also the Support Staff for the drafting of the report.

Report to be considered.