**1. BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR) OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION AS WELL AS PERFORMANCE MONITORING AND EVALUATION ON THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION (DPSA), PUBLIC SERVICE COMMISSION (PSC), NATIONAL SCHOOL OF GOVERNMENT (NSG) AND THE CENTRE FOR PUBLIC SERVICE INNOVATION (CPSI), 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 Public Service and Administration, Public Service Commission and its entities, reports 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:

* Participating and providing strategic direction in the development of the legislation and thereafter passing the laws,
* Conducting oversight over the Executive to ensure accountability to Portfolio Committee towards achieving an effective, efficient, developmental and professional public service,
* Conducting public participation and engaging citizens regularly with the aim to strengthen service delivery; oversee and review all matters of public interest relating to the public sector,
* Monitoring the financial and non-financial aspects of departments and its entities and ensuring regular reporting to the Committee, within the scope of accountability and transparency,
* Supporting and ensuring the implementation of the PSC recommendations in the entire public service
* Participating 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 assesses 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.

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
* Include 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 and 2017.
* Strategic Plans of the PSC, the Department and its entities.
* Annual Performance Plans of the PSC, the Department and its entities.
* Annual Reports 2016/17 of the PSC, the Department and its entities
* Auditor-General South Africa’s outcomes of audit findings 2016/17.
* The Portfolio Committee also met with the leadership of the PSC, the Department and the entities covered under its budget vote.
1. **NATIONAL DEVELOPMENT PLAN VISION 2030**

The Department of Public Service and Administration is required to implement and coordinate interventions aimed at achieving an efficient, effective and development oriented public service, which is an essential element of a capable and developmental state as envisioned in the National Development Plan (NDP) 2030. In relation to the National Development Plan 2030, the Department has the following strategic priorities:

* Measures to advance women’s equality.
* Graduate recruitment scheme for the public service to attract highly skilled people.
* Realising a developmental, capable and ethical state to ensure a dignified treatment of citizens.
* Addressing unevenness in state capacity to deal with uneven performance in local, provincial and national government.
* Professionalisation of the public service in order to:
* Put in place the Administrative Head of the Public Service.
* Introduce a hybrid system for the appointment of Heads of Department (HoDs).
* Establish delegations of authority and principles on human resource matters.
* Address the shortage of scarce skills.
* Solve skills shortage at technical and managerial levels.
* Improve intergovernmental relations.
* Fight and eliminate corruption in the public service.
* Foster leadership and inculcate responsibility throughout society.
* Put responsibility for human resource matters on the shoulders of the HoDs.
1. **MANDATE OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

The mandate of the Department of Public Service and Administration derive from Section 195(1) of the Constitution to implement basic values and principles that the public service should adhere to, and the Public Service Act (PSA) of 1994, as amended. In terms of the PSA, the Minister for the Public Service and Administration is responsible for establishing norms and standards relating to:

* The functions of the public service,
* Organisational structures and establishment of departments and other organisational and governance arrangements in the public service,
* Labour relations, conditions of service and other employment practices for employees,
* The Health and wellness of employees,
* Information management,
* Electronic government in the public service,
* Integrity, ethics, conduct and anti-corruption; and
* Transformation, reform, innovation and any other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public.

5.1 Strategic Outcome Oriented Goals

The priorities for the Department of Public Service and Administration over the medium term period are informed by the National Development Plan objectives which are therefore translated into the Medium Term Strategic Framework (MTSF) 2015-2020. The Department highlighted the following priorities to the Portfolio Committee:

1. **A stable political-administrative interface**

Promoting stability of leadership in the top levels of bureaucracy which is central to building a capable and developmental state by introducing clear delegations, effectively managing the political-administrative interface, improving public confidence in the process and quality of appointments.

1. **A public service that is a career of choice**

Promoting the public service as a career of choice by adopting a more long term approach to developing the skills and professional ethos that underpin a development oriented public service, recruiting young professional into the public service, ensuring that the work environment is conducive for learning to take place on the job and by adhering to the Constitutional principles that guide personnel practices.

1. **Efficient and effective management and operations systems**

Improving management and operations systems to challenges frontline staff face in delivering quality services to citizens by clarifying responsibilities, introducing efficient and effective work processes, including IT systems that are tailored to specific areas of service delivery and by delegating greater authority to resolve day to day problems.

1. **Increased responsiveness of public servants and accountability to citizens**

Improving accountability as set out in the Batho Pele Principles and the Public Service Charter by strengthening accountability to citizens, particularly at the point of delivery, increasing the responsiveness of public servants to the views and concern raised by citizens and other service user and by developing the capacity to monitor the quality of service provision and effecting the required improvements.

1. **Improved mechanisms to promote ethical behaviour in the public**

Improving confidence in the integrity of the public service through strengthening the fight against corruption by effecting amendments to the relevant codes of legislation in order to limit the scope for conflicts of interest, preventing public servants from doing business with the state and by building the capacity of departments to investigate issues relating to ethics, integrity and implement disciplinary actions on cases where there is a possible or actual conflict of interest.

1. **DEPARTMENT AND ENTITIES’ PROGRAMME PERFORMANCE**
	1. **DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

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

The Department of Public Service and Administration had in 2016/17 financial year received an appropriation of R779.8 million which was reduced from R941.5 million in 2015/16 financial year. Transfers and Subsidies account for R498.1 million of the available budget and of this amount the Department had transferred R498.1 million, or 101.9 per cent, mainly to departmental agencies and accounts. This means the Department had an available budget of R452.5 million for operations. Of this, the Department spent R436.6 million, or 96.5 per cent, the majority of which has been used on compensation of employees and goods and services.

The Department spent R763.3 million of its R779.8 million to the end of the 2016/17 financial year, leaving funds unspent to the tune of R16.6 million. During the 2016/17 financial year, the Department had achieved 89% of its planned targets. This is mainly due to funded vacant positions. The Department reported a monthly average vacancy rate of 12 per cent throughout the year.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme R’000** | **Final appropriation** | **Expenditure** | **Variance** | **% spent on Budget** |
|  Administration | 227 978 | 225 267 | 2 711 | 98.8% |
| Policy Development, Research and Analysis | 30 417 | 29 145 | 1 272 | 95.8% |
| Labour Relations and Human Resource Management  | 73 003 | 66 091 | 6 912 | 90.5% |
| Government Chief Information Officer | 17 356 | 15 908 | 1 448 | 91.7% |
| Service Delivery support | 54.003 | 51838 | 2 165 | 96.7% |
| Governance of Public Administration | 44 695 | 42 628 | 2 067 | 92.0% |
| **Total (DPSA)** | **447 452** | **430 877** | **16 575** | **95.8%** |
| Centre for Public Service Innovation | 32 094 | 32 094 | - | 100.0% |
| National School of Government | 71 067 | 71 067 | - | 100.0% |
| Public Service Commission | 229 233  | 229 233 | - | 100.0% |
| **Total (Transfers)** | **332 394** | **332 394** | **-** | **100.0%** |
| **OVERALL TOTAL** | **779 846** | **763 271** | **16 575** | **97.9%** |

**6.1.2 Programme Performance**

**(a) Programme 1: Administration**

The purpose of the programme is to manage overall strategic and operational functions of the Department which include policy direction; strategic leadership; coordination and facilitation of multilateral and bilateral programmes; integrated planning and programme support; provisioning of financial and human resource management services; security and facilities management; communication and ICT management; coordination of the provisioning of internal legal advice services, as well as , and audit and risk management oversight.

The programme was allocated a final appropriation of R227.978 million and spent R225 266 million. The Department has achieved all eight (8) planned targets. It is worth noting that the Department of Public Service and Administration has received a unqualified audit in 2016/17 financial year. The Department is leading by example in terms of compliance with legislations in the public service more particularly the Treasury Regulations and the Public Finance Management Act.

The Department complied with section 38 (1)(f) of the Public Finance Management Act (PFMA), 1999, which requires accounting officers (AOs) to settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period. Treasury Regulation 8.2.3 clarifies the “prescribed period” by determining that “all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment”. All the departmental suppliers were paid within 30 days during the 2016/17 financial year. The Department finalised first phase of the consultation of the Public Administration Management Regulations and were submitted to the Minister for approval in March 2017. The draft second phase of the Public Administration Management Regulations were submitted to the Minister for approval in March 2017. The PAM regulations were published for the consultations with various stakeholders.

**(b) Programme 2: Policy, Research and Analysis**

The purpose of this programme is to research, analyse, monitor and evaluate the formulation, development and review of policies and policy reform through a cogent policy and research agenda and strategy for public administration discourse and reforms, based on both national and international trends, using capacity and functionality assessments; providing Public Service productivity measurement instruments; investigating appropriate and alternative pubic administration delivery models through knowledge management and best practices; managing and evaluating transformation programmes; in order to enhance access to public services through feasibility and continuity studies.

Programme 2 was allocated a budget of R30 417 million and spent R29 145 million, which is an estimated 95.8%. The Department had achieved 100% of planned targets. The programme contributes to the National Development Plan objectives of an efficient, capable and productive public service; and building a capable public service.

The Public Administration Management Act (PAMA) was signed into law by the President in 2014. The Act seeks to provide a legal framework across the three spheres of government for bringing some degrees of uniformity in the public administration pillars, transversal institutions, Human Resource, Information Communication Technology and systems. Regulation are drafted which will bring into effect the Act. The Department has conducted research to support and inform the design of the draft regulations for identified section of the Public Administration Management Act of 2014. An implementation Strategy for the Public Administration Management Act, 2014 was approved by the Minister in December 2016 and institutionalised through workshops. A comparative analysis study of existing legal instruments in relation to the PAMA was completed in March 2017.

The Department compiled appropriate institutional model for the co-ordination of the Thusong Service Centres and submit a report with recommendations to the Minister for the approval to submit to Cabinet. The funding model dimension of the research to inform the institutional model for the co-ordination of the Thusong Service Centre Programme was completed. A report on the appropriate institutional model for the co-ordination of the Thusong Service Centre programmes and funding options was approved by the Minster in August 2016 for tabling in Cabinet. Moreover, the Department produced research report on an alternative service delivery model for the Thusong Service Centre cluster departments of Home Affairs, Labour, South African Social Security Agency and South African Police Services.

Productivity is key in delivery quality services. In addressing service productivity, the Public Service Productivity measurement tool was applied in a further two selected departments, namely the Department of Social Development in Limpopo province and the Department of Rural Development and Land Reform. The Productivity measurement tool was approved by the Director-General. The Department compiled the consolidated assessment report on the status quo in relation to how the National Department of Public Works as well as the Eastern Cape provincial departments are implementing existing Public Administration Norms and Standards in the areas of Performance Management, Human Resource Planning and Human Resource Development. The Department had in the year under review approved the re-designed and refined Public administration Organisational Functionality Assessments (OFA) tool.

The Department has developed Guidelines with relevant toolkits to support Research within the public service. Toolkit will assist government to improve research on Public Administration and create the research capacity to support the evidence based policy development.

The Policy on the Provisioning of Reasonable Accommodation and Assistive Devices was approved by the Minister for Public Service and Administration in December 2014 and seeks to ensure that the public service is conducive to persons with disabilities by ensuring that employees with disabilities are provided with the appropriate working environment and the required devices to effectively perform their duties and functions. A monitoring report on the progress made by the public service with regard to the provision of reasonable accommodation and assistive devices was compiled and approved by the Minister. The total number of public servants (national and provincial) with disabilities who have received Reasonable Accommodation and Assistive Devices (RAAD) is 108 out of 9 091. The total cost for providing these services is R2 694 540.29.

**(c) Programme 3: Labour Relations and Human Resource Management**

The purpose of the programme is to develop, implement and monitor human resources policies and functions, by managing labour relations negotiations, employee relations, discipline and work environment management, designing remuneration and job grading policy frameworks; as well as, support the implementation of human resource development and planning strategies, systems and practices. The programme was allocated a final appropriation of R73 003 million and spent R66 091 million, which is an estimated 90.5%. There was variance of R6 912 million. The programme had nine (9) targets, of which five (5) were not achieved and only four (4) achieved.

A public service that is career of the choice is among the objectives of the National Development Plan (NDP). The NDP proposes a number of interventions aimed at ensuring that the public service becomes a career of choice and that attracts and retains appropriate skills and expertise necessary to deliver on the goals and mandate of government. The Department had a drafted model for the Public Service Graduate Recruitment Scheme. The Scheme was consulted with National and Provincial Departments as well as other strategic structures critical to implementation of the Scheme. The Department had requested for further research to be conducted in order to improve the proposed Model. The Scheme was discussed at the Forum of South African Directors-General meeting in April 2017 and will be submitted to the Minister for approval in September 2017.

The Department is responsible to monitor and report on the average percentage of funded vacant posts on PERSAL against 10% or less. Two reports on the average percentage of funded vacant posts on PERSAL have been compiled and submitted to the Minister. The vacancy rate in the public sector was at 11.31% by December 2016. Draft revised Senior Management Service was developed on the same architecture as that of the Performance Management Development System (PMDS) of the Heads of Department (HOD) and is therefore dependent upon Cabinet’s approval of the PMDS for HODS. Once the the PMDS for HODs has been approved, the Minister will issue the revised SMS PMDS.

In terms of 2015/2020 Medium Term Strategic Framework (MTSF) a total of 100 000 youths have to be appointed into Learnership, Internship, and Artisan programmes by 2019. The Department has worked closely with departments to ensure 20 000 target is met. Circulars clarifying the targets, scope and funding sources, applicable legislation and implementation mechanisms were also issued. The Deparment conducted Human Resource Development Forum workshops with national and provincial departments to support the appointment of youths into learnership, internship and apprenticeship programmes. As at end of March 2017, 45 649 interns, learners and apprentices were recruited into national and provincial departments. A bi-annual reports were compiled on the number of youths appointed against the 20 000 annual target.

The Department is also responsible to monitor the average number of days taken to resolve disciplinary cases by all national and provincial departments. The Department did not achieve this critical target. As part of monitoring the reports on the implementation by departments of the Public Service Co-ordinating Bargaining Council (PSCBC) resolutions, the Department submitted quarterly reports on the implementation by departments of the PSCBC resolution for salary adjustments and improvements on conditions of service in the public service.

Government and Organised Labour concluded a collective agreement in 2015, signed in PSCBC, to establish a Government Employee Housing Scheme (GEHS). According to clause 4.1.3 of the Resolutions7 of 2015 the employer is responsible to operate, administer and manage the GEHS with consideration of Labour as a key partner in the governance of the Scheme. The Department has on an interim measure, established a Project Management Office for the GEHS. Progress on the implementation of the services of the GEHS is as follows as March 2016 is as follows: Housing Allowance Administration

* The housing allowance of R1200 is paid as a monthly contribution to qualifying employees to assist with their costs of their accommodation
* R300 of the housing allowance for Tenants will be saved in the GEHS Saving facility in order to assist employees accumulate a deposit required for buying houses

In 2016/17 financial year, 527 038 employees had enrolled to receive the new GEHS housing allowance and 417 338 employees who do not own houses (i.e tenants) have a portion of their housing allowance diverted and accumulated into a saving facility. To date, nearly R2 4 billion has been accumulated by employees. The Department held outreach programmes at 60 national departments and 40 provincial departments. Moreover, the Department held 51 training sessions for 1 800 human resource practitioners from national and provincial departments.

**(d) Programme 4: Government’s Chief Information Officer**

The purpose of this programme is to promote and manage the use of ICT’s as a strategic tool in the design and delivery of citizen-centred services within government, by coordinating and consolidating public service ICT policies, strategies, costs, risk assessments, as well as ICT Governance matters.

The programme was allocated a final appropriation of R 17 356 million and spent R15 908 million. The programme had only four (4) targets, of which three (3) achieved and one (1) not achieved. In addressing the weakness identified by the Auditor General with respect to the security of ICT systems within departments, the Department had developed two e-Enablement value propositions for prioritised services of the departments of Basic and Higher Education and Training and the South African Police Service. The Department developed a value proposition on the Integrated Data System which incorporates the departments of Health, Basic Education, Higher Education and Training, Social Development and Home Affairs.

The Department developed a report on improvements made by national and provincial departments in managing technology obsolescence. The Minimum Interoperability Statndard (MIOS) version 5 was approved by the Minister. The ICT Cost Management Guidelines were issued for transversal contracts for personal computers and IT peripherals to national and provincial departments. The Department conducted consultative workshop to support departments with the implementation of the Guidelines for all national and provincial departments.

To reduce the high costs at which government is currently procuring ICT products and services, the Department had developed Policy Guidelines on Leveraging government’s ICT buying muscle which are aimed at enabling government to procure ICT products and services at more competitive and cost effective prices by using the collective purchasing power of departments and public bodies, at the same time promoting competitive bidding. In 2016/17 financial year, the ICT security guidelines were not issued and the Department conducted three quarterly workshop to support all national and provincial departments on the Guidelines.

**(e) Programme 5: Service Delivery Support**

The purpose of this programme is to manage and facilitate the improvement of service delivery in government by supporting and monitoring Operations Management and Service Delivery Planning; Frontline service delivery, including Service centre oversight; integrated citizen participation through African Peer Review Mechanism (APRM), the Open Government Partnership (OGP), as well as the implementation of community development programme. The programme was allocated a final appropriation of R54.003 million and spent R51 838 million, which is an estimated as 96.7%. Targets were 100% achieved.

The Department is required to provide technical support through workshops to prioritised departments in the mapping of business process and development of Standard Operating Procedures. Various consultations were held with the three (3) priority department of Mineral Resources, Trade and Industry and Health in all priority departments. The as-is business processes of selected core services were mapped with an indication of baseline turnaround times and improved turnaround times. The Department of Mineral Resources, Trade and Industry and Health were supported in developing their Standard Operating Procedures. In all three priority departments, the as-is business processes of selected core services were mapped with an indication of baseline turnaround times.

During the 2016/17 financial year, the Department provided support to eight (8) national and twenty-five (25) provincial departments to improve the quality and implementation of the Service Delivery Improvement Plans. Of 100% of the SDIP assessed, 68% of the overall SDIP met the minimum quality standards in the 2015/18 SDIP cycle. The annual report was submitted to Cabinet in March 2017. The Department supported six (6) departments to develop standards for Batho Pele Principles, namely the departments of Basic Education, Health, Human Settlements, Labour, Social Development and Transport. Furthermore, the Department had provided support to three (3) prioritised service departments to communicate the Batho Pele standards to the users of their services and a report on the implementation of the standards.

**(f) Programme 6: Governance for Public Administration**

The Department drives this programme to manage and develop policies, strategies and programmes on Public Service ethics, integrity and leadership; intergovernmental relations; macro organization of the state, including organisational design; strategic planning frameworks; as well as, monitor government intervention programmes and Human Resource information systems. The programme was allocated a final appropriation of R44 695 million and spent R42 628 million, which is estimated at 92%. There was a variance of R2 067 million. The Department had under this programme achieved its 100% of planned targets.

The Minister for Public Service and Administration issued a Directive on Public Administration and Management Delegations in August 2014. The directive on standardized delegation principles and templates was issued and workshops were held nationally and in Limpopo, Northern Cape: Mpumalanga and Eastern Cape provinces by March 2016. In 2016/17 financial year, the Minister approved the Guidelines to clarify administrative roles and responsibilities when developing operational policy. A circular was issued to the national and provincial departments in February 2017. The Department submitted monitoring report on improved adherence by national and provincial departments on the Directive on Public Administration and Management Delegations as measured by the Management Performance Assessment Tool. Various workshops were conducted to support the national and provincial departments on the implementation of the Guidelines.

The Guideline on mentoring and peer support mechanism for senior managers was piloted in the following four (4) sites: KwaZulu-Natal Office of the Premier, KwaZulu Natal Arts and Culture, the DPSA and the Department of Basic Education. A report on the lessons learnt from the pilots was submitted to the Minister. The Department expected to monitor the implementation of the competency assessments practice for the senior management services. The current set of tools were refined and a parallel set of tools developed. A review report on the current exercises linked to the SMS competency assessment was submitted to the Director-General in March 2017. The exercises have been refined, a parallel set of tools have been developed and recommendations regarding Emotional Intelligence have been made as part of the process of approval.

The Department is also responsible for producing annual statistical fact sheets on the average time spent by the HODs in a post. The fact sheet on the average time spent by the HODs in a post was approved by the Minister. The Department had supported five departments to strengthen their internal Human Resources Capacity. The Departments supported were identified using the MPAT report as well as requests from support by departments.

Chapter 3 of the Public Service Regulations which provides for the revised and electronic submission of disclosure of financial interests has been revised. A revised determination was drafted to address conflict of interest arising from public servants doing business with the State. The Public Service Regulations have been amended to prohibit public servants from doing business with the State, which also aligned it with the Public Administration Management Act.

In 2016/17 financial year, the Department issued a Directive on other designated categories of employees to submit financial disclosure forms. The support of the implementation of the Determination Explanatory manual on details of interest to be disclosed and Guide on verification of disclosed interest were also issued to departments. Twelve workshops were conducted with national and provincial departments in respect of the Directive on delegations in view of the new Public Service Regulations of 2016. The Minister approved a monitoring report on the implementation of the revised Directive on Other Remunerative Work to prohibit public servants from doing business with the state. The Director-General of the Department approved an analysis report on whistle blowing for public service employee.

* 1. **THE PUBLIC SERVICE COMMISSION (PSC)**

The PSC derives its mandate from Sections 195 and 196 of the Constitution, 1996. Section 195 sets out the values and principles governing public administration, which should be promoted by the PSC, as well as powers and functions. The PSC is required by the Constitution to exercise its powers and to perform its functions without fear, favour or prejudice. The Constitution links the PSC’s independence firmly with its impartiality and no organ of state may interfere with the functioning of the PSC. The Public Service Commission gets its budget through a transfer from the budget vote of the Department of Public Service and Administration.

The budget allocated for 2016/17 financial year was R229 233 million and all monies were spent, which is an estimated of 100%.

* + 1. **Programme Performance**
1. **Programme 1: Administration**

The main aim of this sub-programme is to provide overall management of the PSC and its Office. The activities of this sub-programme are structured to meet the following objectives: assisting the Head of Department with the delivery of functions and responsibilities assigned either by legislation, providing strategic support and administrative services, providing continuous and adequate support service to the PSC and its Office towards achieving its strategic and operational objectives.

The programme was allocated budget of R106 179 million and all monies was spent, which was 100% expenditure. Due to financial constraints and the reduction on its budget, the PSC implemented a limited number of projects. The PSC has 277 posts on approved structure and 258 posts were filled. Of 258 posts, the PSC had employed people with disabilities which is translated to 2.32% of the total staff establishment. There were 22 women out of 44 filled posts at Senior Management Service level which translated to 50% of the total staff establishment.

The vacancy rate of the PSC was at 6.8% below acceptable rate as prescribed by the Public Service Regulations. In 2016/17 financial year, nine (9) vacancies were advertised and three (3) posts filled within four months. However, the PSC took a decision to delay the filling of certain posts as well as to abolish certain posts in order to generate savings for its operations. The PSC also introduced further cost containment measures in areas such as travelling and not holding some workshops, which has for example generated savings.

The PSC had three grievances lodged during the year under review. However, none were resolved within 30 days from receipt of all relevant documentation. Grievances were escalated to the Executive Authority and extensions were requested from aggrieved employees. Internal Audit Coverage Plan was implemented on an ongoing basis. With regards to internal communications, a communiqué by the Director-General, *Mafhungo* which is aimed at keeping officials abreast of developments in the organisation was issued on a monthly basis. Likewise, bi-annual newsletter*, Izwi lase* OPSC was also issued every second month. In order to enhance productivity and the effective utilization of network resources, a network monitoring tool was implemented.

1. **Programme 2: Leadership and Management Practices**

The purpose of the Programme is to promote sound public service leadership, human resource management, labour relations and labour practices. The budget allocated for the programme was R37 504 million and the programme spent R37 428 million. All planned targets were achieved.

Labour relations management forms an integral part of management in a labour organisation such as the Public Service. The PSC is mandate in terms of Section 196 (f) (ii) of the Constitution to investigate grievances of employees in the Public Service. the PSC monitors the management of grievances in the public service on a sic month basis. with respect to grievances, the PSC received a total of 709 cases on the database of which 615 grievances were properly lodged. Of 709 cases received, 615 grievances were finalised within the prescribed timeframes of the Grievances Rules that is 30 days for levels 2-12 and 45 days for the senior management service from date of receipt of the cases.

The PSC had approved draft report on the investigation into implementation of labour court orders and arbitration awards by departments and implications for labour relations. In addition, the PSC had completed five reports on strategic human resources and leadership which among are factsheet on submission of HOD Pas, Draft Report on Recruitment, Retention, Career Pathing and Utilisation of SMS expertise and skills in the public service and Report on Audit of SMS qualification.

A total of 16 workshops and awareness campaigns were held in the North West Province on labour relations improvement. The PSC approved a factsheet on compliance with submission of HOD performance agreements. Moreover, the PSC finalised the factsheet on monitoring compliance with the Ministry of Public Service and Administration and factsheet on monitoring of career incidents by HOD incidents was approved in March 2017. An audit of qualifications of Senior Management Service in Limpopo province was approved together with the assessment of verification of qualification of SMS in the Eastern Cape Province.

1. **Programme 3**: **Monitoring and Evaluation**

The programme is responsible for establishing a high standard of service delivery, monitoring and good governance in the Public Service. There are two sub-programmes under the programme which is Governance Monitoring and Service Delivery and Compliance Evaluations. The budget allocated for the programme was R34 349 million and the expenditure was R34 255 million. A total of 96% of the targets were achieved. Reason for not achieving the targets were mainly due to budgetary and human resource constraints as a results of budget shortfall in the PSC.

The main focus was to prepare material for the promotion of the nine values and principles in Section 195 of the Constitution and a framework for the evaluation of departments against the values. The framework defines each of the values, spells out the scope and content of each of the values and proposes a number of indicators that will be used for the evaluation of departments. The concept design of a data warehouse that will store the data to be used in evaluations was completed. Such data will provide the evidence for any evaluative comment of the PSC about the Public Service. The PSC had produced reports on the assessment of the Gauteng departments against the Constitutional Values and Principles as contained in section 195 of the Constitution.

During the year under review, the PSC developed the architecture for the web-based data warehouse for complaints grievances, financial misconduct, financial disclosure National Anti-Corruption and Section 196 (4)(e). The Commission produced proposal on the role of the PSC in monitoring and evaluating the organisation and administration of the public service. a roundtable on the Developmental State was hosted in collaboration with UNISA in July 2016. The PSC conducted numerous inspections over the service delivery points including the Pollsmoor Correctional Service, SAPS, Health and Home Affairs Departments across the country.

1. **Programme 4:** **Integrity and Anti-corruption**

The programme is responsible for undertaking public administration investigations, promoting a high standard of professional ethical conduct amongst public servants and contributing to the prevention and combating of corruption. There are two sub-programmes; which are Public Administration Investigations and Professional Ethics. The programme was allocated R51 201 million and it spent R51 177 million.

The Complaints Rules and Guidelines were reviewed to improve efficiency. In relation to the complaints lodged with the PSC in terms of the Complaints Rules, as at 31 March 2017, a total of 303 complaints were concluded from 360 complaints. Of these complaints that were concluded 61 were closed through investigations of which 49 were finalised within three months of receipt of all relevant documentation. A total of 94 backlog cases lodged prior to 1 April 2016/17 financial year were finalised, of which 35 were finalised within 45 days of receipt of all relevant documentation. The PSC also conducted investigations and assessments of the awarding of higher salaries on appointment and counter offers in the national Departments of Transport, Human Settlements, Health and Labour.

The PSC scrutinised 100% (10 302) of the financial disclosure forms received to assess compliance and whether the involvement of officials in any activities of the companies could lead to potential and/or actual conflicts of interest. The financial interests of SMS members who did not submit their financial disclosure forms were also scrutinised to assess their involvement in any activities of the companies that could lead to potential and/or actual conflicts of interest. Where applicable, the PSC conducted consultations with SMS members who were found to be involved in activities that could be construed as posing conflicts of interest. A total of 1856 cases were referred to the National Anti-Corruption Hotline to be attended to within 21 days.

The PSC developed a three-year strategy in promoting professional ethics in the public service. Following on this, the PSC hosted sixty-nine (69) workshops with a particular emphasis on the professional ethics in the public service. The workshops were conducted in 10 national departments and 59 provincial departments. Over 1 856 of National Anti-Corruption Hotline cases were referred within 21 days. The PSC received 27 cases, of which 18 of the cases were closed within 45 days from receipt of complaint. A total of 7 were closed outside 45 days and 2 are under investigations.

* 1. **NATIONAL SCHOOL OF GOVERNMENT**

The National School of Government received its budget appropriation through budget vote 12 of the Department of Public Service and Administration. The appropriated funds for the 2016/17 financial year was R88 590 million with the expenditure of R87 663 million which was a decrease from budget allocated in 2015/16 financial year.

The School of Government operates a Trading Account for its training operations. The Department submits separate financial statements for the NSG Training Trading Account (TTA), a trading entity established in terms of the Public Finance Management Act (PFMA). The National Treasury has reduced the allocation of the Trading Account by approving the use of the Reserve Funds to R91.2 million. This means that the Trading Account funded a portion of the reserves to the Vote Account amounting to R17.5 million and the remaining R73.7 million was used by the Trading Account.

Total revenue (included the transfer of funds from the Vote appropriation for the financial year 2015/16) increased by R20.5 million from R116.2 million (2015/16) to R136.7 million (2015/16). Income from course fees increased by 49.9 per cent from R68.4 million (2015/16) to R136.7 million (2016/17). No transfer of funds from the Vote to Trading Account were undertaken in the year 2016/17. The TTA closed the year with a deficit of R40.1 million in 2015/16 and the closing status in 2016/17 is a deficit of R76.2 million.

* + 1. **Programme Performance**
1. **Programme 1: Administration**

The programme governs the overall management of the School and provides for organisational support services enabling the Director-General/Principal, Branch Heads and all employees in the NSG to carry out their responsibilities within an effective governance system. The responsibilities of this programme include providing administrative, legal, human resource and financial management, across the Department. The programme comprises of the following sub-programmes: Office of the Principal and Corporate Management. The programme was allocated R88 590 million and the actual expenditure was R87 663 million, which amounts to 97.0%.

The NSG developed and reviewed 22 policies to ensure effective organisational management and compliance with legislation and good governance framework. The vacancy rate was reduced from 10.5% in 2015/16 to 7.5% in 2016/17financial year. The average number of days for debt collection is reduced to 48 days. All suppliers were paid within 30 days of receipt of a valid invoice. The School further developed Strategic Facilities Management Plan (SFMP).

 The School developed a five-year Strategic and Annual Performance Plan which was tabled on time in Parliament. All employees signed Performance Agreements in the School. Furthermore, the NSG aligned the Service Delivery Improvement Plan (SDIP) with the Medium Term Strategic Framework (MTSF) and the Strategic Plan for 2015-2020.

1. **Programme 2: Public Sector Organisational and Staff Development**

The main aim of the Public Sector Organisational and Staff Development Programme is to facilitate transfer of payments to the Training Trading Account for management development and the training of public sector employees. The programme caters for the School Training Trading Account which comprises of the following three sub-components: the Training Policy and Planning; Training Management and Delivery; and Specialised Services. In 2016/17 financial year, Programme 2 was not allocated budget.

The Sub-programme: Training Policy and Planning commissioned and published several research projects. During this financial year, a 29 training needs analyses were conducted for the public service institutions. Moreover, 63 qualitative evaluations and four application of learning studies were carried out. The School developed and reviewed six (6) curriculum programmes and quality assured 10 courses. Over 630 learning and development facilitators, moderators and assessors were contracted including providers, partners and public servants.

The School held six (6) stakeholder engagements with public sector HRD forums and other related stakeholders to increase the uptake of NSG programmes and offerings. A total of 32 824 newly appointed public servants underwent Compulsory Induction Programme (CIP) training. A total of 28 526 persons were trained on NSG courses excluding the CIP and BB2E. Moreover, a total of 3 163 unemployed youth graduates were trained through the Breaking Barrier 2 Entry (BB2E). The School offered 23 NGS courses for anytime, anywhere online learning. The School continued to strengthen ties and forge strategic partnerships with Education and Training Quality Assurance and Quality Council for Trades & Occupations.

The School had designed an executive coaching programme in the year under review. A total of five learnership platforms were held in order to enhance the leardership capacity of the State. The School had accurately captured 100% of learner records within 10 working days from the date of learning and development activity. A total amount of R136,9 million revenue was generated by the Training Trading Account.

* 1. **Centre for Public Service Innovation**

The Centre for Public Service Innovation (CPSI) is an entity of the Ministry for the Public Service and Administration established to entrench and drive service delivery innovation across all sectors. Chapter 3 of the National Development Plan (NDP) states that “Innovation across state, business and social sectors should start to become pervasive”. The NDP stipulates that innovation should also focus on improved public service delivery and on goods and services aimed at low-income sectors.

The CPSI is bridging the gap between the world of science and technology driven by the National System of Innovation led by the Department of Science and Technology. The National System of Innovation includes entities such as National Advisory Council on Innovation (NACI), the Innovation Hub and the Technology Innovation Agency (TIA). The CPSI’s Strategic Plan is aligned to the Government priority outcomes.

The budget of the CPSI is transferred through the budget vote of the Department of Public Service and Administration. In the 2016/17 financial year, the final appropriation was R32 094 million with the actual expenditure of R32 407 million which represents 97.9% of budget well spent. The CPSI was audited by the Auditor-General of South Africa.

1. **AUDITOR-GENERAL OUTCOMES**

**The following are matters raised pertaining to the DPSA:**

The Auditor-General has reported that the financial statements present fairly in all material respects the financial position of the Department as at 31 March 2017. The Department’s financial performance and cash flows for the 2016/17 were in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act (PFMA). The Auditor-General’s Report has the following matters of emphasis:

**7.1Predetermined objectives**

The Auditor-General did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes and objectives:

* Programme 3: Labour Relations and Human Resource Management
* Programme 4: Government’s Chief Information Officer
* Programme 5: Service Delivery Support.
* Programme 6: Governance of Public Administration
	+ 1. **Achievement of Planned targets**

The Auditor-General identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of:

* Programme 3: Labour Relations and Human Resource Management
* Programme 4: Government’s Chief Information Officer
* Programme 5: Service Delivery Support.
* Programme 6: Governance of Public Administration

However, the management subsequently corrected the misstatements.

**7.1.2Legal and regulatory requirements**

The objective of the Auditor-General’s tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, the AG could not express an opinion or conclusion on these matters.

* + 1. **Compliance with legislation**

The Auditor-General did not identify any instances of material noncompliance with specific matters in key legislation, as set out in the general notice issued in terms of the Public Audit Act (PAA).

**7.1.4 Internal control**

The Auditor-General did not identify any significant deficiencies in the internal control.

1. **OBSERVATIONS AND KEY FINDINGS**

The Committee made the following observations:

* 1. The Committee commended the Department of Public Service and Administration, the Public Service Commission and its entities for receiving clean and unqualified audits for 2016/17 financial year. The Department was urged to lead by example and maintain the good audit status in the future. The Committee noted regression from the clean audit in 2015/16 financial year for the Department of Public Service and Administration and Centre for Public Service Innovation.
	2. The Committee noted the achievement of 89% (42) on the attainment of the annual targets and only 11% (5) not achieved. The Committee was impressed with the performance and further encouraged the Department to achieve 100% of its set targets.
	3. The Department must ensure that all funded posts are filled and desist from returning monies meant for funded posts to the National Treasury as this impacts negatively on service delivery.
	4. In light of the Auditor-General audit findings, the Department and its entities were required to develop an action plan in addressing matters raised to avoid recurrence of similar issues in 2017/18 financial year.
	5. The Committee was concerned about the instability of senior management more particularly the Director-Generals and Heads of the Department in the public sector. The Committee noted high suspensions of the Director-Generals and Heads of Department in both national and provincial departments, despite considering their overall performance over the past years. Several Director-Generals are suspended with full pay which cost the state a lot of money for paying salaries of officials sitting at home. The Committee condemns such suspensions because of negative effect it has on ensuring stability in government and realising a vision of a developmental state.
	6. The Committee urged the Ministry of the DPSA to swiftly approve the Performance Management Development System for the Heads of the Department.
	7. The Committee noted that the Ministry of the Department of Public Service and Administration has finalised the first phase of the consultation process with regard to strengthening and improving confidence in the integrity of the public service by introducing reforms to fight against corruption. The Committee urged the Ministry to finalise second phase of the consultation and finalise regulations which will give effect to the Public Administration Management Act of 2014.
	8. The Committee was concerned about the number of unresolved disciplinary cases in the public service without effective monitoring mechanisms. The Committee urged the Department of Public Service and Administration to utilise the pool of public servants who are well experienced in labour relations matters to accelerate backlog of the disciplinary cases in the public service.
	9. The Committee noted progress with regard to the draft framework on the Graduate Recruitment Scheme. The Committee further urged the Department to finalise the Scheme in this financial year.
	10. In view of the salary negotiations, the Committee wished the salary negotiating team well in negotiating salaries for public service employees on behalf of government to ensure sustainability of the multi-year agreement at the Public Service Coordinating Bargaining Council with labour unions.
	11. The Committee noted with concern the slow rollout of the Government Employee Housing Scheme in the public service since the Bargaining Council signed a multi-year agreement with the State. The Committee undertook to track deliverables on the Scheme bi-annual basis in order to accelerate the delivery of the houses for public servants.
	12. The Committee commends the Department in ensuring that government departments provide internship programmes to 20 000 young people and absorbed some into the public service. The Department has to ensure that appointments into the internship programmes are aligned with the career paths of participants and that they are equipped with the necessary skills and knowledge.
	13. The location of the Thusong Service Centres remains unresolved; the Department was encouraged to finalise this matter with the relevant departments and Cabinet. The Committee is of the view that the Thusong Service Centres are not sufficiently funded which defeats the purpose of the initial concept. The Department in collaboration with the Government Communication and Information Services should close the matter on the funding model for Thusong Centres to better enhance service delivery in different centres.
	14. The Committee noted with concern the old debt of R6.6 million owed by the government departments for training courses offered by the National School of Government to public servants. The Committee urged the National School of Government to develop radical Cost Recover Model so that the School can be able to fund other training courses. The NSG was encouraged to sign Memoranda of Understanding with all government departments and ensure compliance with the new prepaid system.
	15. The Committee commended the National School of Government on the advert for Rutanang MaAfrica which seeks to recruit retired and current public servants to assist the School with the training of public servants based on their various experiences in different fields.
	16. The Committee noted an increase of the training courses offered to public servants. However, the Committee requested the NSG to categorise information in terms of women, youth and people with disability when reporting about who was offered the training.
	17. The Centre for Public Service Innovation should continue to entrench a culture and practice of innovation in the public sector. The Committee advised the CPSI to ensure its innovative projects are well marketed and get a national footprint such as the blood saving project in hospitals.
	18. The Committee was concerned about the anomaly of the budget shortfall of the Public Service Commission. The Committee emphasised the importance of the PSC as a knowledge and research driven instutitions, therefore, the National Treasury has to ensure fair allocation of budget depending on the responsibility of the institution. There was a shortfall of R12.7 million on the goods and services budget. The Commission has introduced numerous cost containment measures to save for goods and services, however the National Treasury requested the Commission to apply for virement through the parliamentary approval. Furthermore, the Committee noted with concern the reduction of budget from R193.7 million to R188.8 million in 2017/18 on the Compensation of Employee.
1. **RECOMMENDATIONS**

The following recommendations are proposed:

**Legislative and Policy aspects:**

* 1. The Department of Public Service and Administration should finalise the second phase of its consultation for the development of the regulations which will give effect to the implementation of the Public Administration Management Act of 2014. The Department should report draft regulations to the Portfolio Committee in March 2018.

**Administrative aspects:**

* 1. The Department of Public Service and Administration in collaboration with the Department of Planning, Monitoring and Evaluation must ensure that all Director-Generals and Heads of Department sign performance agreements with the Executive Authority within the prescribed period so that suspensions on senior management should be based on performance. A mechanism should be sought to ensure stability of the Accounting Officers to avoid losing more competent officers to the private sector. The Department should report to the Committee within a month about the status quo with regard to the high turnover rate of the Accounting Officers in the public service.
	2. The Department of Public Service and Administration should swiftly finalise the draft revised Performance Management Development System for the Heads of Department to curb instability and suspension. The Department should ensure the PMDS for HODs is tabled before Cabinet to avoid further possible suspension.
	3. The Department of Public Service and Administration should revive the implementation of the Batho Pele principles and ensure these principles govern the day to day operations in the public service.
	4. The Centre for Public Service Innovation should hand over innovation projects to the relevant implementing departments as part of enhancing their efficiency and effectiveness of their programmes.
	5. The Department of Public Service and Administration and its entities should develop an action plan to address matters identified by the Auditor-General audit outcomes and on a quarterly basis report to the Committee on the improvement plan in relation to audit outcomes.
	6. The Department of Public Service and Administration and its entities should respond to the Committee on a quarterly basis about the progress made with regard to the implementation of the Budget Review and Recommendation Report.
	7. The Department of Public Service and Administration should engage with the National Treasury and the Department of Planning, Monitoring and Evaluation on the budget shortfall impacting the effectiveness, efficiency and independence of the Public Service Commission in executing its mandate. A lasting funding solution must be found to enable the PSC to expand its investigation, monitoring and evaluation of the basic values and principles governing the public service. Progress pertaining to this matter should be reported quarterly to the Committee.
1. **CONCLUSION**

The Department of the Public Service and Administration has in 2016/17 financial year continued to implement and coordinate interventions aimed at achieving an efficient, effective and development oriented public service which is an essential element of a capable and developmental state. The NDP highlights the need for well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services. In this regard, the Department and its entities have performed well in putting measures in place such as legislative reforms on the prohibition of the public servants in doing business with state and achieving 100 per cent of financial disclosure in the public service. Although the Committee noted the performance of the Department and its entities, it has emphasized that much still needs to be achieved in the public service. 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.