

# **Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Public Service And Administration on the Department of Public Service and Administration (DPSA), and the Centre for Public Service Innovation (CPSI) 2020/21 Financial Year, Dated 24 November 2021**

## **1. BACKGROUND**

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly, which is in line with Section 5 of the Money 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, and Centre for Public Service Innovation, reports as follows:

## **2. 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 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 the Parliament 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 implementation of the Public Service Commission (PSC) recommendations in the entire public service
- Participating in international treaties which impact on the work of the Committee.

On November 10, 2021, the Committee considered the Annual Report for 2020/21 financial year of the Department of Public Service and Administration and Centre for Public Service Innovation for the Budgetary Review and Recommendations reports.

## **3. PURPOSE OF THE BUDGETARY REVIEW AND RECOMMENDATIONS REPORT**

In terms of Section 5 of the Money 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
- Including recommendations on the forward use of resources.

### **3.1 Method**

The Portfolio Committee on Public Service and Administration compiled the 2020/21 BRRR using the following documents:

- The National Development Plan: Vision for 2030.
- Medium Term Strategic Framework 2019 - 2024.
- State of the Nation Address 2020.
- Strategic Plans of the Department and CPSI.
- National Treasury (2020) 4<sup>th</sup> Quarter Expenditure 2020/21 Financial Year.
- Annual Performance Plans of the Department and CPSI.
- Annual Reports 2020/21 of the Department and CPSI.
- Auditor-General South Africa's outcomes of audit findings 2020/21.

- The Portfolio Committee also met with the leadership of the Department and CPSI.

#### **4. 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.

#### **5. MANDATE OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

The mandate of the Department of Public Service and Administration is derived 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 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) 2019-2024. The Department highlighted the following priorities to the Portfolio Committee:

###### **(i) 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.

**(ii) A public service that is a career of choice**

Promoting the public service as a career of choice by adopting a 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.

**(iii) 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.

**(iv) 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.

**(v) 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.

## **6. STATE OF THE NATION ADDRESS (SONA) 2020**

The key priorities identified in the SONA 2020 for the sector were:

### **6.1. State Capture and corruption**

With regard to the issue of State Capture, SONA 2020 announced that Government had “acted decisively against state capture and fought back against corruption and will not let up in the fight against corruption and state capture.” This was in reference to the establishment of the Zondo Commission of Inquiry into State Capture by former President Jacob Zuma. The Commission of Inquiry is currently in the process of finalising its work and will propose recommendations concerning the information and evidence presented to it by witnesses. SONA 2020 also announced the establishment of a *joint government and civil society working group charged with developing a national anti-corruption strategy and implementation plan*, which Government planned to launch by mid-2020. Regarding corruption in the public service, the Public Administration Management Act, No. 11 of 2014, with subsequent Public Service Regulations of 2016, must be fully implemented, as these are the safeguarding measures already in place to prevent officials from conducting business with the State.

### **6.2 Building a capable State**

SONA 2020 indicated that the capacity of the State would be built by, amongst others, improving the capabilities of public servants through the introduction of a suite of compulsory courses by the National School of Government, covering areas such as ethics and anti-corruption, senior management and supply chain management, and deployment of managers to the coalface to strengthen service delivery. The National School of Government is mandated to respond to this priority. Departments are responsible for identifying training needs in their respective sectors to enable the School to design curricula, and where the School cannot, solicit collaborative assistance from tertiary institutions and the sector education and training authorities (SETAs). Each Department pays one per cent of its budget towards training to relevant SETAs.

### **6.3 Containing the wage bill**

SONA 2020 announced that the 2018 public service wage agreement exceeds budgeted baselines by about R30.2 billion through 2020/21. National and provincial departments were expected to absorb these costs within their R1.8 trillion compensation baselines over the same period. Whilst future containment of the public service wage bill is necessary given the economic climate, the cycles from 2017/18 to 2019/20 had a lot of challenges with organised labour unhappy with Government being unable to honour the Bargaining Chamber Resolutions to pay increments until March 2021.

## **7. STRATEGIC PRIORITIES OF THE DEPARTMENT**

As the lead Department pursuant to Priority 1 of the 2019-2024 MTSF, i.e. the creation of a capable, ethical and developmental State, the Department of Public Service and Administration, in its Strategic Plan and 2020/21 Annual Performance Plan, identified the following five strategic outcomes:

### **7.1 The full implementation of the Public Management Administration Act (PAMA)**

The Public Administration Management Act, No. 11 of 2014, seeks to provide a uniform legal framework across the three spheres of government as part of bringing some degree of commonality of purpose in key public administration areas. The Public Service Regulations of 2016, which were passed pursuant to the Act, were implemented in a phased manner. During the course of the financial year under review the Department embarked on amending the Public Service Act, 1994 in order to subsequently amend the Public Management Administration Act (PAMA). Consultations were held with the Department of Cooperative Governance on the draft Public Administration Management Amendment Bill, and the Bill was developed and gazetted. The draft Bill seeks to amend the Public Administration Management Act, No. 11 of 2014. Regulations on selected areas of the Public Administration Management Act were developed to support the implementation of the Act. The PAMA has not been fully implemented because the Public Service Regulations 2016 were implemented in a phased manner since the promulgation of the Act.

### **7.2 Stabilising the Public Service**

This policy directive is meant to regulate the issue of public service delegations between the Executive Authority (EA) and the Accounting Officer (who is either a Director-General (DG) or a Head of Department (HoD)), as well as Members of the Senior Management Service (SMS). However, stabilising the Public Service will prove challenging if the political-administrative interface is not stable. The findings from research undertaken across the public service indicate that within a legislative system that provides for discretionary delegations by Executive Authorities, the rate of compliance to public service policies remains unacceptably low. Sound public administration should not be subjected to decisions for political expedience. Therefore, there is a need for the Public Service Act to be amended to provide Heads of Department (HoDs) with original powers in respect of the organisational and human resource matters. This will also align the powers of HoDs in terms of Public Service Act and the Public Finance Management Act (PFMA).

### **7.3 Intensifying the fight against corruption**

The following measures were undertaken as efforts to promote anti-corruption efforts in the public service:

- A database on Public Service employees appointed as board members to entities was developed and compiled. The database is one of the measures to track the activities of board members in their governance roles of public entities.
- In terms of Regulation 8 of the Public Service Regulations 2016 (PSR), the DPSA is mandated to monitor adherence to policy prohibiting public service employees conducting business with the State and to monitor the performance of other remunerative work by public service employees.
- Financial Disclosure Framework: In line with regulation 18(1) and (2) of the 2016 PSR, the e-Disclosure system was opened from 01 to 30 April 2020 to enable the Senior Management Service (SMS) members to disclose their financial interests.

### **7.4 Implementation of administrative policies**

This policy directive was achieved through implementing, among others, the following administrative policies:

- *Career Incidents of Heads of Department:* The broad aim of this policy is to ensure that there is clear guidance in terms of administrative processes and management of career incidents in a meritocratic manner.
- *Performance Management and Development System:* The biggest challenge of the current PMDS is that it is still a paper-based manual system that requires automation. Consultation processes will be embarked on to review the PMDS towards automating it. During the financial year under review a draft project charter was developed to establish a roadmap for the review process.

## **7.5 Improved implementation of Batho Pele Principles**

This was implemented through developing the Batho Pele Revitalization Strategy, which sought to review, modernise and renew the Batho Pele Programme to ensure improved services to the new emerging demanding citizenry.

## **8. DEPARTMENT AND ENTITIES' PROGRAMME PERFORMANCE**

### **8.1 DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

#### **8.1.1 Budget Allocated and Expenditure 2020/21**

The Department of Public Service and Administration spent R430.5 million (91.8 per cent) of its final 2020/21 budget allocation of R468.8 as at the end of March 2021, whilst achieving 25 (83 per cent) of the 30 targets set for the year. The main cost drivers of the total Vote budget were: Administration (R225.9 million); due to work and consultation done to amend legislation (PAMA and the Public Service Act); Service Delivery Support (R84.0 million) due to inspections and monitoring and providing quality checks on Service Delivery Improvement Plans; Public Service Employment and Conditions of Service (R59.7 million) due to negotiations and bargaining processes regarding conditions of service with organised labour.

Total expenditure on Compensation of Employees amounted to R269.9 million or 92.5% of the final budget of R291.8 million. The underspending is mainly due to unfilled vacant posts throughout the department. The Department were in the process of amending its organisational structure to bring it in line with the core functions of the department and to optimise utilisation of available human resource. The process delayed the filling of vacant posts.

The Department did not incur any unauthorised expenditure during the year under review. A total amount of R314.554 thousand was incurred as irregular expenditure of which R303 839 is in relation to salaries paid for services rendered after employment contracts ended and R10 715.13 in relation to payment where the contract has expired and not extended in time. A fruitless and wasteful expenditure amounting to R98 846.00 was incurred of a salary overpayment of which debt was taken on. The number of posts on the establishment of the Department increased in the 2020/2021 reporting year from 423 in 2018/2019 to 433 in 2020/2021 (excluding the Minister and Deputy Minister), 365 of these were filled posts compared to the 368 filled posts in the 2019/20. The Department spent 99.6% of the total voted expenditure for compensation, with more spending realised in salary levels 13-14.

As of 31 March 2021, the DPSA had a total of 37 persons employed additional to the fixed establishment (which includes 17 persons in the Internship Programme), compared to the 67 persons employed additional to the establishment in the 2019/2020 financial year (which included 20 persons in the Internship Programme). The vacancy rate increased from 13,40% (2019/20) to 15.70 in the reporting year. The vacancy rate on levels 9 to 12 was reported the highest (19%) in the current reporting year. However, the vacancy rate on SMS level decreased to 17.4%, compared to the 24.8% reported in the 2018/2019. The Department prepared for a restructuring of the organisational structure on MICRO structure level during the reporting year and therefore vacant posts on levels below SMS level's filling was delayed, to ensure that posts that will be redefined in the new structure are not filled in the reporting year. There are 33 posts out of a total of 420 posts subjected to job evaluation during the period under review, the majority of these jobs (75.8%) were on SMS level.

**Table 1: Budget and expenditure summary**

2020/21				2019/20		
Programme	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	225 927	213 914	12 013	244 349	232 381	11 968
Policy Development, Research and Analysis	33 782	29 431	4 351	34 410	32 083	2 327
Public Service Employment and Conditions of Service	59 739	53 058	6 681	73 675	59 120	14 555
Government Chief Information Officer	19 095	17 056	2 039	22 435	21 277	1 158
Service Delivery Support	84 017	77 202	6 815	292 298	287 228	5 070
Governance of Public Administration	46 335	39 925	6 410	326 176	322 876	3 300
<b>TOTAL</b>	<b>468 895</b>	<b>430 586</b>	<b>38 309</b>	<b>993 343</b>	<b>954 965</b>	<b>38 378</b>

Source: DPSA (2021)

### 8.1.2 Programme Performance

The Department has six programmes, which are as follows:

#### (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 has seven predetermined targets in 2020/21 financial year. The Department achieved all targets. This programme reported expenditure of R213.9 million or 94.7 per cent of its 2020/21 available budget of R225.9 million as at the end of the fourth quarter of 2020/21. The main cost drivers were Corporate Services (R85.8 million), due to the transversal nature of the Department; Office Accommodation (R53.1) and the Ministry (R28.5 million), due to the legislation being developed during the period under review. The reported expenditure was R12, 016 million or 5.3 per cent less than the projected expenditure of R225.9 million for the period under review due to the following reasons: the underspending of R8.2 million under compensation of employees is due to unfilled funded vacant posts and underspending under goods and services, mainly due to less travelling as a result of travel restrictions as per the lockdown regulations.

The Department submitted the Interim and Annual Financial Statements to the National Treasury and quarterly reports on the implementation of the APP to relevant authorities. Furthermore, submitted the Draft Public Service Amendment Bill to the Office of the Chief State Law Adviser for pre-certification. Subsequently, the Bill was gazetted in March 2021. Consultations were held with the Department of Cooperative Governance on the draft Public Administration Management Amendment Bill, and the Bill was developed and gazetted. The draft Bill seeks to amend the Public Administration Management Act, No. 11 of 2014. The

Department developed regulations on selected areas of the Public Administration Management Act to support the implementation of the Act. The Department developed progress reports on the implementation of the Internal Audit and Risk Management plans, with a specific focus on the audit of Human Resource, Asset Management, Supply Chain Management, Financial Statements and Information Technology.

#### **(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 public 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.

This programme reported actual expenditure of R29.4 million (87.1 per cent) of its 2020/21 budget allocation of R33.7 million as at the end of March 2021. The expenditure was R4.3 million (12.9 per cent) lower than the programme's projected expenditure of R33.7 million for the period under review.

The programme set two targets, both of which (100 per cent) were achieved per the following: consultations were held with national and provincial departments on the full implementation of the Organisational Functionality Assessment Tool. A quarterly report on compliance by national and provincial departments with DPSA policies was produced.

#### **(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.

This programme has spent R53.0 million (88.8 per cent) of its 2020/21 budget allocation of R59.7 million as at the end of March 2021. This was R6.6 million (11.2 per cent) lower than the projected expenditure of R59.7 million over the period under review. The Programme set six targets, three (50 per cent) of which were achieved as follows: consultations held with EXCO on the proposals on the improvement of the Performance Management and Development System in February 2021, the Quarterly report produced on compliance by national and provincial departments with DPSA policies and the Programme to improve the management of discipline within the Public Service was developed.

Targets not achieved are: Personnel Expenditure Review could not commence due to budget cuts to departments as a result of Covid-19, the development of the Job Evaluation system could not commence due to budget cuts to departments as a result of Covid-19 and guideline for the implementation of proposals on the reduction of selected cost drivers in public administration was not issued. It could not be achieved within twelve months.

#### **(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.

This programme spent R17.0 million (89.3 per cent) of its 2020/21 total available budget of R19.0 million as at the end of March 2021. This translates into spending of R2.0 million (10.7 per cent) lower than anticipated expenditure for the period under review. The Programme set five targets, four (80 per cent) of which were achieved as follows: the Audit report on the implementation of the National e-Government Strategy was issued to national and provincial departments in March 2021, the Public Service Data Governance Framework was submitted to the Director-General for approval in March

2021, a report with the status and recommendations for improvements on the Public Service Information and Communication Technology infrastructure was developed by March 2021 and the quarterly report on the compliance by national and provincial departments with DPSA policies was produced.

The target not achieved was about the Information Security Standard document which was referred back to the Branch for amendment and could not be processed to the Minister by the end of the quarter.

#### **(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.

This programme reported total expenditure of R77.2 million (91.9 per cent) against an available budget of R84.0 million as at the end of March 2021. The expenditure was R6.8 million (8.1 per cent) lower than the projected expenditure of R84.0 million for the same period in 2020/21. The Programme achieved all four (100%) of its annual targets as follows: Batho Pele Revitalization Strategy was submitted to the Director-General in March 2021 for approval. A Report on the African Peer Review Mechanism (APRM) 2<sup>nd</sup> Generation Country Review for the period 1 April 2014 to 31 March 2021 was adopted by the National Governing Council of South Africa in March 2021. The Business Processes Modernisation Programme was developed. Quarterly report on the compliance by national and provincial departments with DPSA policies was produced.

#### **(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 spent R39.9 million (86.1 per cent) of its available budget of R46.3 million as at the end of March 2021. The expenditure was R6.4 million (13.8 per cent) lower than the projected spending of R46.3 million. The Programme set six targets, five (83 per cent) of which were achieved as follows: the guidelines on conducting lifestyle audits were issued to national and provincial departments. The Database on Public Service employees appointed as board members to entities was compiled. Analyses were conducted on the adherence by designated employees from national and provincial departments to the Financial Disclosure Framework. Cabinet Memorandum on the career incidents of Heads of Department was developed and submitted for approval. The Revised outline of the Public Service Job Occupational Dictionary was developed.

The unachieved target was the Directive on further categories of employees in the Public Service to disclose their financial interests was still undergoing intensive consultations internally within the Department.

### **9. 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.

**Table 2: CPSI 2020/21 expenditure per programme**

2020/21				2019/20		
Programme	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	18 944	13 821	5 123	20 986	14 779	6 207
Public Sector Innovation	15 890	13 710	2 180	17 451	15 077	2 374
<b>TOTAL</b>	<b>34 834</b>	<b>27 531</b>	<b>7 303</b>	<b>38 437</b>	<b>29 856</b>	<b>8 581</b>

Source: CPSI (2021)

As can be seen from the table above, expenditure for the period 1 April 2020 to 31 March 2021 amounted to R27.5 million (79.03%) of the final appropriation of R34.8 million for the year. This translates into under-expenditure of R7 303 million (20.9 per cent). The Centre managed to achieve six of its eight set targets, which translates into a 75 per cent achievement. The Centre organises its expenditure under two programmes, namely Programme 1: Administration, and Programme 2: Public Sector Innovation.

During the 2020/21 financial year, the vacancy rate increased to 16.7 percent compared to 13.5 percent in the 2019/20 financial year. This is the result of five vacant posts at the end of the reporting period, compared to four vacant posts at the end of the 2019/20 financial year. The MPSA put a moratorium on filling of positions in the CPS until the repositioning of the CPSI processes concluded. This resulted in five funded vacant posts not being filled during the period under review.

The moratorium also resulted in no interns being absorbed into permanent positions during the last financial year. The employment equity statistics at the end of the financial year remained at 7.1% in respect of persons with disabilities and 60% in respect of women at SMS level and 11% of youth which is consistent with the previous financial year. The Executive Director's post has been vacant since 1 October 2018. The responsibilities of the post have been assigned to an employee seconded from the DPSA to the CPSI from October 2018 to June 2019 and another secondment from the Presidency from September 2019 to February 2020. The responsibilities of the post were assigned to internal capacity during the periods June 2019 to September 2019 and February 2020 onwards.

### **9.1 Programme 1: Administration**

This programme provides strategic leadership, overall management and support to the organisation. The programme achieved both its targets set for the financial year as follows; four quarterly financial and non-financial reports submitted to the Minister, DPSA, National Treasury and Department of Planning, Monitoring and Evaluation (DPME) as per required timeframes. All (100%) of external audit recommendations were implemented.

### **9.2 Programme 2: Public Sector Innovation**

This programme drives service delivery innovation in the public sector in line with Government priorities. The programme set six targets, four (66 per cent) of which were achieved as follows; revised Pocket Guide to Innovation in the South African Public Sector disseminated. Six knowledge platforms hosted to unearth, demonstrate, share, encourage and award innovation in the public sector. Volume 10 of "Ideas that Work": The South African Public Sector Innovation Journal published. The CPSI participated in the Southern African Development Community (SADC) or International innovation programmes.

The following targets were not met include the delivery of the Standing Boxes was not finalised by the end of the financial year due to delays in manufacturing. There was no new solution was taken into a piloting phase due to the longer than anticipated duration of the piloting of the two projects from the previous performance cycles, which demanded the full capacity of the unit.

## **10. AUDITOR-GENERAL OUTCOMES**

### **10.1 Audit Opinion**

The Auditor-General audited the financial statements of the Department of Public Service and Administration set out on pages 114 to 219 which comprise the appropriation statement, statement of financial position as at 31 March 2021. The Department's financial performance and cash flows for the 2020/21 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 performed procedure to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. The AG performed further procedures to determine whether the measures and related targets were measurable and relevant, assessed the liability of the reported performance information to determine whether its valid, accurate and complete. The AG did not identify any material findings on the usefulness and reliability of the reported performance information.

### **10.2 Compliance with legislation**

In accordance with the PAA and the general notice issued in terms thereof, Auditor-General have a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. Auditor-General performed procedures to identify findings but not to gather evidence to express assurance.

### **10.3 Expenditure management**

The majority of the irregular expenditure was caused by employees who continued to work after their contracts had expired.

### **10.4 Internal control**

Management did not perform sufficient and timely reviews of the annual financial statements to ensure compliance and proper interpretation of the financial reporting framework, which led to material misstatements being identified during the audit.

## **11. OBSERVATIONS AND KEY FINDINGS**

The Committee made the following observations:

- 11.1** The Committee notes and commends the Department of Public Service and Administration and Centre for Public Service Innovation for receiving unqualified audit outcomes for 2020/21 financial year. The Department had managed to achieve 83% of its planned in the 2020/21 Annual Performance Plan especially under the year characterised by COVID-19 pandemic.
- 11.2** The Committee notes the progress made thus far with amendment of the Public Service Act (PSA) that broadens its scope by incorporating the role of the Director-General in the Presidency to support the President, furthermore to provide for a mechanism to deal with recovery of overpayments of remuneration and benefits and to clarify the role of the Public Service.
- 11.3** The Committee notes the progress made thus far with amendment of the Public Administration Management Act (PAMA), which intends to accelerate implementation and improve service delivery. The PAMA also seeks to eliminate fragmented approach to development and strengthen coordination across the public sector. The Committee notes that the Bargaining Council has given the green light to the amendment and the Department will take the Bill to NEDLAC. The Department was optimistic of tabling the Bill in the 2021/22 financial year.

- 11.4** The Committee further notes responses to the BRRR 2019/20 financial year concerning the Public Administration Management Act regulations, whereby both the Ministers of Finance and of Cooperative Governance and Traditional Affairs, as well as SALGA have indicated concurrence. However, the Committee is concerned about the delay in obtaining SALGA concurrence, which might take more than six months whilst waiting for the local government councils to elect new SALGA chairperson. The Committee will closely monitor the development to ensure that PAMA regulations are implemented.
- 11.5** The Committee notes progress thus far pertaining to the development of a Guide to implement lifestyle audits aimed at preventing and detecting fraud and corruption in the public service. The Committee notes that the determination of lifestyles is the prerogative of Accounting Officers as enshrined in the Public Service Regulations, 2016, regulation 22. The Committee is looking forward to the full implementation of lifestyle audits across all government departments with clear time frames.
- 11.6** The Committee further notes the efforts by the Department in improving the management of discipline within the public service, in order to hasten the resolution of disciplinary cases and consequence management through disciplinary cases. The Committee took into consideration an admission by the Department that it has no legal basis to intervene in the disciplinary cases in the various government departments. However, the Committee took note of reviewing time frames of complex disciplinary cases and decentralisation system.
- 11.7** The Committee urges the Department to swiftly conclude the development of “Career incidents of Heads of Department” in order to ensure clear guidance in terms of administrative processes and management of career incidents in a meritocratic manner.
- 11.8** The Committee was concerned about the inability of the Department to meet crucial target on the Public Service Information Security Standard, which is aimed at providing evolving model for maintaining and improving the information security in the public service.
- 11.9** Digital transformation to new technologies to transform Business Process Modernisation by replacing manual or non-digital processes with digital technologies is becoming the norm. The Committee observes that the Department is maximising its efforts of digitising government business model with an aim of improving efficiency and saving time to render services.
- 11.10** The Committee further commends the Department for not experiencing unauthorised, irregular, fruitless and wasteful expenditure in 2019/20 financial year. The Committee wishes to see the Department and the CPSI maintaining a similar trend on unauthorised, irregular, fruitless and wasteful expenditure in the upcoming financial years.
- 11.11** In an effort to reduce the wage bill, the Committee notes that the Department was unable to achieve a target on the Personnel Expenditure Review (PER) due to budget cuts to fund remedial activities on COVID-19 pandemic. The PER will be used as an instrument to manage the wage bill, which includes the review of Occupation Specific Dispensation (OSD) in the public service.
- 11.12** The Committee was disappointed with the Department incurring irregular expenditure in relation to salaries paid to former employees after the employment contracts ended. The Committee would like to see the Department strengthening such system and human error and take the lead in ensuring PERSAL system remunerates employees offering their services.
- 11.13** In light of the Auditor-General’s audit findings, the Department and the Centre for Public Service Innovation were required to develop an action plan to address matters raised to avoid recurrence of similar issues in the 2021/22 financial year. This is a matter that the Committee will look into, moving forward.

## **Centre for Public Service Innovation**

- 11.14** The Committee notes the efficacy of the innovation projects and outcomes within the Centre and the public service.
- 11.15** The Committee notes lifting of moratorium on the filling of posts at the Centre for Public Service Innovation. However, the Committee has emphasised that the CPSI has to fill critical posts.

## **12. RECOMMENDATIONS**

The following recommendations are proposed:

### **DPSA**

#### **Legislative and governance matter**

- 12.1** The Department should speed up legislative reform, especially concerning the Public Administration Management Act of 2014 in order to ensure that operational systems are updated and strengthened.
- 12.2** The Department should fast-track the finalisation of amendments to the Public Service Act of 1994 aimed at broadening its scope by incorporating the role of the Director-General in the Presidency to support the President, furthermore to provide for a mechanism to deal with recovery of overpayments of remuneration and benefits. The Department should provide progress report on the finalisation of the amendment bi-annually to the Committee.

#### **Administrative matters**

- 12.3** The Department of Public Service and Administration should continue in its effort to reduce the wage bill by regularly consulting with organised labour when major decisions affecting the conditions of service in the public service are made. The Department should speed up the Personnel Expenditure Review in the 2021/22 financial year with the aim of managing the wage bill.
- 12.4** The Department should swiftly finalise the Guide to implementing lifestyle audits and the training of officials thereon, aimed at preventing and detecting fraud and corruption in the public service. In the implementation of the Guide, the Department should provide timeframes to all accounting officers as part of the rollout strategy in the public service.
- 12.5** The Department should devise a strategy to address challenges regarding internal controls as reported by the Auditor-General, especially regarding management of contracts, to ensure that certain employees do not continue to work after their contracts should have expired.
- 12.6** The Department should revisit the policy on decentralised discipline management in the public service to avoid the tedious and sometimes futile process of reminding other departments to take care of misconduct cases not finalised within the regulated period. Since the Department is dealing with amendments to relevant legislation, this is the opportune time to amend legislation in favour of discipline management being centralised within the Department.
- 12.7** The issue of discipline management centres around finding willing disciplinary and mediation committee chairpersons, which takes time and impacts on finalising disciplinary action within regulated time. Perhaps the Department should consider making it part of job description for all levels of service from which mediation officers and chairpersons of disciplinary cases are possibly appointed. This is to ensure that whoever is nominated to these *ad hoc* arrangements does not unreasonably refuse such nomination, and that this forms part of their employment and performance contract.

- 12.8** The Committee urges the Department to prioritise delivery on the Public Service Information Security Standard target to avoid government institutions becoming victims of cyber-attacks, especially in the era where work-from-home using technology is still with us.

#### **CPSI**

- 12.9** The Department and the Ministry have to speed up the permanent appointment of the Executive Director of the Centre for Public Service Innovation.
- 12.10** The Centre for Public Service Innovation should ensure that targeted piloting of innovations takes place as planned.
- 12.11** The Centre should still deliver diligently on its mandate. Annually, there must be new innovation forthcoming from the Centre.

#### **13. CONCLUSION**

The Department of Public Service and Administration has in the 2020/21 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 Department and the Entity underspent their allocated budgets. However, the challenge of shifting budget within and between programmes was realised after it had improved over the years. The Department had underspent on most programmes because some targets were not achieved, as much as the unachieved targets were not many. Accountability within the Department has improved with responsible leadership. There must, however, be proper internal controls regarding management of contracts of employees, to avoid unnecessary expenditure. The Centre did not have new innovations in the year under review. This situation must improve going forward

Report to be considered