

# **Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Public Service and Administration Reporting on the National School of Government Annual Report for the 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 Report of the National School of Government (NSG), reports as follows:

## **2. INTRODUCTION**

Parliament represents the people of South Africa and it has a responsibility to keep the government accountable to the people. Parliament derives its mandate from the Constitution of the Republic of South Africa. According to Section 55 (2) of the Constitution “the National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of the exercise of national executive authority, including the implementation of legislation and any organ of state.

Parliament has developed and approved its Strategic Plan for the 06<sup>th</sup> democratic Parliament. The 6<sup>th</sup> Parliament reaffirmed its commitment to law making, oversight and public participation but also to its vision of being an activist and responsive people’s Parliament that improves the quality of life of South Africans and ensures enduring equality in our society.

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.

In March 2020, South Africa was among countries worldwide experienced and seized with managing the outbreak of the Coronavirus 2019 (hereafter referred to as COVID-19), which has been declared a global pandemic by the World Health Organisation. The emergence of the COVID-19 pandemic has had a devastating effect on the health, economic and social systems of most countries around the globe. In South Africa contexts, its impact has already been observable in the resources of government and has put a strain in its delivery capacity and the country’s ability to meet its NDP priorities. Government has during 2020/21 financial year, cut budgets of most of state institutions to fund health programmes aimed at fighting the spread of the COVID-19 pandemic in the country. On November 10, 2021, the Committee considered the Annual Report for 2020/21 financial year of the National School of Government 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 2020/21.
- Strategic Plan of the NSG.
- National Treasury (2021) 4<sup>th</sup> Quarter Expenditure 2020/21 Financial Year.
- Annual Performance Plan (2020/21) of the NSG.
- Annual Report (2020/21) of the NSG.
- Auditor-General South Africa's outcomes of audit findings 2020/21.
- The Portfolio Committee also met with the leadership and management of the NSG.

## **4. OVERVIEW OF THE NATIONAL SCHOOL OF GOVERNMENT**

The National School of Government (NSG) draws its mandate from the Constitution, and with particular reference to 195(1) (h), which stipulates that: "good human resource management and career-development practices, to maximise human potential, must be cultivated". The applicability of this, and the other values and principles to the three spheres of government, organs of state and public enterprises indicates the requisite depth and the reach of the NSG in order to fulfil this constitutional mandate.

The NSG has to ensure that all of the basic values and principles are inculcated into the value system and performance of all public servants and representatives through education, training and development (ETD) initiatives. It does so through its curriculum design, development and delivery approach with the practical application of participatory, people-centred methodologies and the application of indigenous facilitation and learning techniques during the ETD initiatives, in building a caring ethos and citizen-centred service delivery focus amongst public servants. This approach consciously focuses on the application of the principles and values of the Constitution and the realisation of the public administrative justice to all whom we serve.

## **5. LEGISLATIVE MANDATE**

Section 197 of the Constitution provides for a public service within public administration, which must function, and be structured, in terms of *national legislation*, and which must loyally execute the lawful policies of the government of the day. The NSG, as a national public service department, thus draws its mandate from national legislation – the Public Service Act, 1994 (Proclamation 103 of 1994), as amended. This is the core mandate which establishes the NSG for it to fulfil a function of providing training or causing the provision of training to occur within the public service. Accordingly, section 4 of the Act provides the following mandate:

- (1) There shall be a training institution listed as a national department (in Schedule 1 of the Act).
- (2) The management and administration of such institution shall be under the control of the Minister (Public Service and Administration).
- (3) Such institution, shall provide such training or cause such training to be provided or conduct such examinations or tests or cause such examinations or tests to be conducted as the Head of the institute may with the approval of the Minister decide or as may be prescribed as a qualification for the appointment or transfer of persons in or to the public service. The School may issue diplomas or certificates or cause diplomas or certificates to be issued to persons who have passed such examinations.

Whilst this piece of legislation empowers the NSG to fulfil its mandate, the limitation of the Public Service Act is that it is applicable to the national and provincial spheres of government. Another piece of enabling legislation - Public Administration Management Act, 2014 (Act No. 11 of 2014) - gives effect, *inter alia*, to the progressive realisation of the values and principles governing public administration across the three spheres of government.

## **6. STRATEGIC GOALS OF THE NSG**

The NSG set five strategic outcomes for achievement over the five-year period. The performance of these outcomes in this financial year include the following:

### 6.1 Outcome 1: Functional and integrated institution

The objective of this outcome is to ensure that the NSG has the appropriate resources, systems and processes to enable the integrated delivery of Education, Training and Development (ETD) intervention. The performance of the outcome is measured through some of the following outputs:

- Implementing an operations management systems and a total quality management system.
- Implementing ICT business solutions.
- Ensuring effective financial management systems.
- Positioning the brand of the NSG.
- Effective research and knowledge management for ETD.

### 6.2 Outcome 2: Competent public servants who are empowered to do their jobs

The objective of the outcome is to ensure that public servants are empowered to do their jobs through the ETD interventions. The performance of the outcome is measured through some of the following outputs:

- Providing ETD opportunities to learners through compulsory and demand-led programmes and induction programmes.
- Completing skills assessment reports on training needs for relevant ETD interventions.
- Developing courses/ programmes/ interventions responsive to identified skills gaps and government priorities.

### 6.3 Outcome 3: Sustainable partnership and collaboration to support ETD interventions

The objective of the outcome is to ensure that trainees satisfied that NSG's ETD interventions are responsive to government priorities and performance improvement in the public sector. The performance of the outcome is measured through some of the following outputs:

- ETD interventions offered to public servants.
- Active online interventions.
- Developing an online course/programme on how to deal with all forms of discrimination.

## 7. NATIONAL SCHOOL OF GOVERNMENT PROGRAMME PERFORMANCE

### 7.1 Budget Allocated and Expenditure 2020/21

The School spent R221.6 million or 97.4 per cent of its 2020/21 budget allocation of R227.4 million as at the end of March 2021. This represents an increase of 17 per cent in actual expenditure when compared to the 2019/20 financial year. The main cost driver under this Vote was Programme 2: Public Sector Organisational and Staff Development (R125.5 million), followed by Programme 1: Administration (R101.8 million). The increase in total budget was due to funding from the Department of Public Works and Infrastructure (DPWI) in relation to the impact of COVID-19 on the Trading Account. A saving of 2.6 per cent, i.e. R5.8 million, was realised at the end of the financial year. The saving came as a result of abandoned contact learning due to the number of learners allowed at a venue and social distancing. The online option was later used to ensure that training still happened albeit minimally.

The approved NSG staff establishment is 230, with 209 of these positions filled and 21 vacant as at March 2021. This translates to 91 percent of posts filled. The vacancy rate increased from 8.2 percent in 2019/20 to 9.1 percent by the end of 2020/21. Out of 209 total employees, 59 percent (123) were females as at end of 2020/21. The School continues to meet the 2% target for employment of people with disabilities, representing 2.4% of employees. The NSG is also doing well in terms of women at SMS as 56 percent of SMS members are women. During the year under review, the NSG appointed a total of eight employees, with one internal member promoted to another position. The NSG provided opportunities for internship, benefiting two (2) graduate interns in the financial year.

#### Appropriation per programme (R'000)

Programme R'000	Final appropriation	Expenditure	Variance	Virement	Percentage
1. Administration	101 828	96 024	-	-	94.3%
2. Public Sector Organisational and Staff Development	125 579	125 579	-	-	100.0%
<b>Total (NSG)</b>	<b>227 407</b>	<b>221 603</b>	<b>-</b>	<b>-</b>	<b>97.4%</b>

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### 7.2 PROGRAMME PERFORMANCE

The NSG comprises two programmes, which are as follows:

### **7.2.1 Programme 1: Administration**

This programme reported an expenditure of R96.0 million (94.3 per cent) of the programme's available budget as at the end of the fourth quarter of 2020/21. The main cost drivers were: Compensation of Employees (R55.8 million), due to salary adjustments; Goods and Services (R38 million).

Programme 1 had 14 targets, eight of which were achieved as planned, whilst the remaining six were not achieved. This translates into 57 per cent achievement. The achievement of the planned targets has contributed to the outcome at the NSG. The performance targets that were not achieved in this financial year can be attributed to factors related to the COVID-19 pandemic, for example, activities that required contact with clients. Furthermore, the filling of some key positions and the necessary capacity to fulfil these performance targets have also contributed to the under-performance. Total Quality Management Framework was developed, but not fully implemented because it required additional capacity to be fully achieved, which was impossible due to 10 per cent of staff working remotely. Training programmes' targets such as Nyukela, which targets senior management, and Ethics, which is for everyone from junior, middle and senior management were affected and had to be carried out online, after the Minister issued media statements during the national lockdown encouraging public servants to register for online courses with the NSG.

In July and August 2020, the NSG experienced a cyber-attack which impacted on the functionality of the School. However, sufficient internal support was provided in ensuring that the NSG could recover from the cyber-attack to enable business continuity and delivery of services. The NSG has prioritised women, youth and persons with disability, as its employment equity statistics reflect a fair representation of 55.8 per cent of women employed at Senior Management Service level, 56.1 per cent of youth employed and 2.4 per cent of persons with disabilities employed at the NSG.

### **7.2.2 Programme 2: Public Sector Organisational and Staff Development**

The Public Sector Organisational and Staff Development (Programme 2) is responsible for facilitating transfer payments to the Training Trading Account, which provides education, development and training to public sector employees. This programme reported actual expenditure of R125.5 million or 100 per cent of its 2020/21 budget allocation of R125.5 million as at the end of March 2021. The main cost driver is the Training Trading Account (TTA), which is the operational account of the Programme as it pertains to the training and development mandate of the School.

The programme had a total of 21 planned targets for the financial year, 11 of which were achieved whilst 10 targets were not achieved as planned. This translates into 52 per cent achievement. The School ascribes unachieved targets such as Nyukela and Ethics to slow uptake of training due to COVID-19 restrictions for persons attending training, which negatively impacted the number of public servants trained for the year. 2 387 public servants, instead of the 7900 targeted, were trained on mandatory courses. 6 instead of 10 skills assessments reports were completed and shared with all internal stakeholders to address training needs and ensure uptake of NSG offerings. The achievement was in response to the outcomes for the programme, which is the development of courses interventions responsive to skills gaps and needs.

The NSG held Thought Leadership seminars and platforms in partnership with public and private institutions, which enabled recognition of the NSG in the public domain, developing public servants and executives which enabled the response to a sustainable partnership and collaborations to support ETD interventions. The NSG, in response to prioritising women, youth and persons with disabilities, developed an online course "Leading change by Championing Gender Equality, which contributed to empowering and developing middle and senior management, as there was an increase in Gender-Based Violence (GBV) during the lockdown period and the implementation of the course enabled awareness and consciousness of public servants.

Delivery on targets under this programme is acceptable under the circumstances, which were posed by the pandemic across the public service and the country. It was impossible to have contact classes due to the numbers allowed in venues, as well as IT challenges imposed by a significant number of employees working from home.

## **8. AUDITOR-GENERAL**

### **8.1. Audit Opinion**

The Auditor-General presented the School with an unqualified audit opinion for the 2020/21 financial year. This means that the School's financial statements represent fairly, in all material respects, its financial position as at 31 March 2021. The School's financial performance and cash flows for the 2020/21 financial year were in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act (PFMA), Act No. 1 of 1999.

The Auditor-General raised the following concerns:

#### **8.1.1 Compliance with legislation**

Management did not ensure that the entity comply with applicable legislation. Material findings on compliance with legislation were raised in the year under review.

#### **8.1.2 Internal risks**

The entity's internal processes and systems did not prevent material non-compliance on revenue management and procurement and contract management from occurring.

### **9. OBSERVATIONS AND KEY FINDINGS**

The Committee made the following observations:

- 9.1 The Committee notes and commends the National School of Government for receiving clean audit outcomes for the 2020/21 financial year. However, the Committee notes remarks by the Auditor-General that the overall outcomes in the portfolio have slightly regressed when compared to the prior year.
- 9.2 The Committee notes that the NSG achieved 19 performance targets of a total of 35 targets in the 2020/21 financial year.
- 9.3 The Committee notes that the impact of the global COVID-19 pandemic and the restrictions of the national lockdown severely affected the organisational performance in 2020/21 financial year. The performance of the NSG was also impacted by the budget reductions implemented by the National Treasury, which required reprioritisation and an inability to fill key vacancies.
- 9.4 The Committee notes that the vacancy rate at Senior Management Service (SMS) was at 14.6 per cent. This is not the aggregate percentage across employee levels, just at the SMS level. The vacancy rate needs urgent attention in the subsequent financial year.
- 9.5 The Committee notes that the reconfiguration of the NSG and delays in advertising and filling of Deputy Director-General (DDG) and SMS posts impacted on the filling of SMS posts. The NSG ensured that acting appointments were in place during this transitional period. The NSG also filled SMS posts through transfers from supernumerary staff in the public service. The total vacancy rate for the institution was 9.1 per cent.
- 9.6 In light of the disruptive COVID-19 pandemic, the Committee further notes that the NSG had to review its business model and adopted a training response plan. The Committee acknowledges the effort by the School to develop a response plan with the aim of increasing online and virtual learning offerings, securing licensing for virtual tools and finding other alternative features of delivery on its mandate.
- 9.7 Due to the impact of COVID-19 pandemic, the NSG has developed a total of 17 online courses and provided enrolments to 54616 learners in the 2020/21 financial year. 17 589 learners enrolled in Getting Started with eLearning, which is not an accredited course but preparation of officials for online learning.
- 9.8 The Committee stressed the importance of the School developing a self-sustainable funding model. The Committee cautioned the NSG that R48 million secured and transferred from the Department of Public Works would not resolve future budget challenges of the School. The NSG has to devise strategies of collecting revenue through training, education and development offered to the public servants.
- 9.9 The Committee notes a low intake of critical training courses such as ethics, performance management and financial management. The School was urged to ensure that senior managers in the public service enrol for these courses as they are mandatory.
- 9.10 The Committee notes and commends the NSG for the development of the Framework of Professionalising the Public Service.

9.11 The Committee compliments the School for the way it handled the cyber-attacks to minimize harm which put the operational systems at risk.

## **10. RECOMMENDATIONS**

The following recommendations are proposed:

- 10.1 The School together with the Department of Public Service and Administration should continue to engage the National Treasury in exploring alternative funding methods to ensure it is self-sustainable in the future years. The School should develop a fully-fledged sustainable Funding Model to maintain self-generated income through the Training Trading Account.
- 10.2 The School should improve on the online solutions to ensure that the uptake of training programmes and the training targets are not affected by lockdown levels imposed by Government.
- 10.3 The School should devise a strategy to address challenges regarding internal controls, as reported by the Auditor-General.
- 10.4 The National School of Government should continue to devise a strong risk management strategy to protect itself against cyber-attacks.
- 10.5 The School should urgently improve on its Senior Management Service vacancy rate at 14.6 per cent, as this affects the strategic and policy component of the institution, as well as service delivery itself.
- 10.6 The School must improve on complying with the target of reducing the eventuality of irregular expenditure from 50 per cent to zero per cent.

## **11. CONCLUSION**

The National School of Government continues to rollout courses and training programmes relevant to government officials from entry level to senior management and the Executive. Education, Training and Development programmes offered by the School assist public officials to enhance performance and contribute towards a capable and professional public administration. The Funding Model should be prioritised by the School in order to keep it afloat. Accountability within the School has improved immensely with responsible leadership. There must, however, be proper internal controls regarding procurement and contract management processes in the institution. It can be concluded that the School might have overspent its budget if it would spend 97.4 per cent of its 2020/21 budget allocation of R227.4 million on 54% of targets. This is what the School should look into going forward. Report to be considered