

9. Western Cape Education Department

The Committee noted the audit opinion of the AGSA regarding the annual financial statements of the Department for the 2020/21 financial year, having obtained an unqualified audit report with findings on compliance with key legislation relating to performance, pre-determined objectives and internal control deficiencies. This audit opinion remains unchanged from the 2019/20 financial year, where the Department achieved an unqualified audit outcome with findings on its predetermined objectives and internal control deficiencies.

9.1 Audit Opinion

The AGSA raised findings with the Department on compliance with key legislation relating to performance, pre-determined objectives and internal control deficiencies.

Governance

Finding on compliance with key legislation relating to performance

The findings which relates to compliance with key legislation relating to performance of the Department relates to the following:

Programme 2 –Public Ordinary School Education

PPM 208: Percentage of learners with English first additional language (EFAL) and Mathematics textbooks in Grades 3, 6, 9 and 12

An achievement of 87,4% was reported against a target of 60% in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement.

Findings on pre-determined objectives

The findings which relates to the pre-determined objectives of the Department relates to the following:

Achievement of planned targets: These refers to the annual performance report on pages 81 to 87 for information on the achievement of planned targets for the year under review, as well as explanations provided for the under- and overachievement of a number of targets. This information should be considered in the context of the material finding on the reliability of the reported performance information in the paragraph above (paragraph 19 of the auditor's report).

Adjustment of material misstatements: The AGSA identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2: Public Ordinary School Education. As management subsequently corrected only some of the misstatements, the AGSA raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Findings on internal control deficiencies

The findings which relates to the internal control deficiencies of the Department relates to the following:

- Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance, as well as related internal controls, in respect of the submission of the financial statements as required by the PFMA.
- Management did not perform adequate reviews to ensure that the annual performance report was supported by reliable evidence for the reported indicators.

9.2 Financial Management

For the 2020/21 financial year, the Western Cape Education Department spent R24,008 billion of an appropriated budget of R24,564 billion, which resulted in an under-expenditure of R556,321 million (97,7% budget spend). Compared to the 2019/20 financial years, the Department spent R23, 446 billion of a budget of R23, 650 billion, which resulted in an overall under-expenditure of R203, 634 million (99, 1% budget expenditure).

The overall under-spending within the Department occurred under the following programmes:

- Programme 1: Administration (R42,598 million);
- Programme 2: Public Ordinary School Education (R40,518 million);
- Programme 4: Public Special School Education (R14,497 million);
- Programme 6: Infrastructure Development (R192,291 million); and
- Programme 7: Examination and Education Related Services (R266,417 million).

The reasons for the underspending per programme can be referenced on pages 16 to 17 of the Annual Report of the Department.

In addition, for the 2020/21 financial year, the departmental receipt estimated revenue budget of R24,710 million was over-collected by R4,382 million, which resulted in a Departmental receipt collection of R20,328 million. Compared to the 2019/20 financial year, the Department's receipt estimate of R28,401 million was over- collected by R3,527 million, which resulted in a departmental receipt of R31,928 million.

The revenue over-collection was collected under the following line items:

- Sale of goods and services other than capital assets (R688 000);
- Fines, penalties and forfeits (R347 000);
- Interest, dividends and rent on land (R1,261 million); and
- Financial transactions in assets and liabilities (R2,086 million).

The Committee note that the Department recorded irregular expenditure for the 2020/21 financial year of R5,841 million and fruitless and wasteful expenditure of R6 000. The details are recorded under notes 24 and 25 of the Annual Report of the Department.

9.3 Resolution

BACKGROUND/ CONCERNS	RESOLUTIONS	ACTION DATE
<p>Pages: 213-215 of the Annual Report.</p> <p>Headings: “Notes 18-19, 21-22 and 30-32”</p> <p><u>Description:</u> The Committee notes the audit findings of the Department by the Auditor-General of South Africa.</p>	<p>9.3.1. That the Department brief the Public Accounts Committee, as well as the Standing Committee on Education, on how it and the Auditor-General of South Africa will deal with the audit findings in order to mitigate a future recurrence.</p>	<p>To be scheduled by the PAC.</p>