**Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Public Service and Administration: Vote 07 of the National School of Government Annual Report for the 2021/22 Financial Year**, **Dated 19 October 2022**

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 theMoney 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) 12 October 2022 reports as follows:

1. **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 06th democratic Parliament. The 6th 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.
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 Budget Policy Statement.

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 2021/22 BRRR using the following documents:

* The National Development Plan: Vision for 2030.
* Medium Term Strategic Framework 2019 - 2024.
* State of the Nation Address 2021/22.
* Strategic Plan of the NSG.
* National Treasury (2022) 4th Quarter Expenditure 2021/22 Financial Year.
* Annual Performance Plan (2021/22) of the NSG.
* Annual Report (2021/22) of the NSG.
* Auditor-General South Africa’s outcomes of audit findings 2021/22.
* The Portfolio Committee also met with the leadership and management of the NSG.
1. **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.

1. **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.

1. **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:

* 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.
	1. **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.
	1. **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.
1. **Strategic Priorities 2021/22**

The key strategic priorities of the Vote set for 2021/22 were:

**7.1** **Delivering on the compulsory and mandatory courses, as mandated by Cabinet**

Delivering on the compulsory and mandatory courses is in line with the vision of the NDP: Public Service and Outcome 12.2 of the MTSF, which states that the public service must have sufficient technical and specialist professional skills. Skills deficits and insufficient attention to the role of the State in producing the skills remains a challenge. To this end Government, through the Public Administration Management Act, No. 11 of 2014, rebranded and transformed the Public Administration Leadership and Management Academy (PALAMA) into the National School of Government (NSG). The School offers training programmes tailor-made for the upskilling and re-skilling of public servants. Unlike before this provision was introduced, all public servants, including senior managers, have to undergo compulsory induction when they join the public service. The online programme – Nyukela - went live on 15 July 2019, as a compulsory offering in response to the Directive on minimum entry requirements for the SMS. There have been more than 7 000 enrolments for the programme, with more than 2 400 having successfully completed.

**7.2 Undertaking knowledge management, research and case study development**

In line with this strategy, the School undertook the following activities:

7.2.1 All NSG courses and programmes were aligned to government policy frameworks seeking to address quality service delivery.

7.2.2 The NSG undertook individual training needs analyses within departments and analyses of oversight reports (Auditor-General) to identify ways to improve in all areas of weaknesses /challenges of departments.

7.2.3 The NSG revamped its Batho Pele courses to be citizen-centred and worked with the Public Service Commission to mainstream the Constitutional Values and Principles (CVPs) in all its courses.

**7.3 Reviewing the NSG curriculum in line with the Public Service Qualifications Matrix to support the career pathing and reskilling of public servants**

The School performed the following activities:

* Revamped the BB2E programme to support the Formal Graduate Recruitment Scheme in the public service.
* Rolled out a suite of Supply Chain Management programmes for public service and local government to strengthen government capacity to support job creation and localisation.
* Rolled out the course on *Leading Innovation in the Public Service*. Furthermore, worked with the Centre for Public Service Innovation (CPSI) to develop a strategy for the reskilling of public servants to mitigate the opportunities and threats of the Fourth Industrial Revolution (4IR).
* Collaborated with the Government’s Information Technology Officers Council (GITOC) to develop a programme for *Chief Information Officers* in the Public Service.
* In support of the National Health Insurance (NHI) implementation, the NSG prepared itself to roll out targeted training programmes for nursing personnel, including the Compulsory Induction Programme; Managing Performance in the Public Service; Citizen Centred Service Delivery; and Excellent Customer Care for Frontline Service.
	1. **Addressing the NSG funding model and financial position**

Since the School’s current funding consists of partial funding appropriated by Parliament and income derived from cost recovery through training course fees, which is managed in the Training Trading Account (TTA), the School is required to recover all costs associated with the training of staff sent by the departments for training. This includes costs associated with developing materials, marketing, logistics, and infrastructure for the School. The School has a challenge to improve in this area since the pandemic has affected its revenue generation strategy, due to the challenge of numbers required to gather in one place at a time for training and social distancing.

1. **NATIONAL SCHOOL OF GOVERNMENT PROGRAMME PERFORMANCE**
	1. **Budget Allocated and Expenditure 2021/22**

The National School of Government has spent R207.5 million of the total allocated budget of R214.2 million as at March 2022. The full budget appropriation for the year 2021/22 was R214.2 million which was a 6% decrease from the R227.4 million allocation received in 2020/21. A saving of 3.2% i.e. R6.7 million was realised at the end of the financial year. The main cost driver under this Vote was the following: Public Sector Organisation and Staff Development with R103 423 million and Administration with R110 874 million.

The School 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) of 1999. The total revenue (including the transfer of funds from the vote appropriation for the financial year (2021/22) increased by R50.7 million from R157.7 million (2021/22) to R208.6 million (2021/22). The transfer of funds from the Vote to Trade decreased by 21.14% from R125.5 million (2020/21) to R103.4 million (2021/22).

The approved NSG staff establishment was 229, with 204 of these positions filled and 25 vacant as at March 2022. This translates to 89 per cent of posts filled as at the end of financial year. The vacancy rate increased from 9.1 per cent in 2020/21 to 11 per cent by the end of 2021/22. The increase was due to the restructuring process the NSG was undertaken. Of 204 employed staff, 58% (120) were females as at end of the 2021/22 financial year. The School continue to meet employment targets of people with disabilities, representing 2.5 percent of employees. In terms of employment equity targets, 51.2 percent of SMS members are women. The School has absorbed 29 interns since 2009/10 to date in the permanent employment at the NSG.

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

|  |  |
| --- | --- |
| **2021/22** | **2020/21** |
| **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** | **110 874** | **104 079** | **6 795** | **101 828** | **96 024** | **5 804** |
| **Public Sector Organisation and Staff Development** | **103 423** | **103 423** | **0** | **125 579** | **125 579** | **0** |
| **TOTAL**  | **214 297** | **207 502** | **6 795** | **227 407** | **221 603** | **5 804** |

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* 1. **PROGRAMME PERFORMANCE**

The NSG comprises two programmes, which are as follows:

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

The purpose of this Programme is to provide strategic leadership, management and support services to the School. The programme spent R104.0 million of the allocated budget of R110.8 million. The main cost driver under this programme were as follows; Corporate Services (R75.1 million), Management (R19.5 million) and Property Management (R16.2 million). The programme had a total of 6 planned targets for the financial year, all 6 were achieved which translates to 100% achievement.

The achievement of the planned targets was attributed towards ensuring a functional integrated institution. The development of documents such as the Total Quality Management plan was critical as it will contribute towards supporting the improvement of systems and services offered by the NSG and ensure that they meet the desired standards. The implementation of communication and marketing strategy has contributed in increasing awareness of the NSG in terms of the ETD interventions offered by the school within the public sector. The NSG focused on strengthening the protection of information and ICT software against cybercrime attacks. In this regard the NSG implemented the following ICT solutions which are Sophos Advanced Threat Protection and Sophos Firewall for NSG Data Centre.

* + 1. **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. The programme spent R103.4 million of the amount generated through Training Trading Account. The programme had a total of 22 planned targets for the financial year, of which 20 targets were achieved, and the annual performance translated to 91% achievement. The targets not achieved were as a result of low uptake with the paid courses which impact on the revenue generation for the period under review. The second target not achieved was as a result of the SMS training on Anti-Discrimination that was not done due to the low enrolment of senior managers post circulation by DPSA.

The achievements for the programme includes the development of the Post-Graduate qualification for the NSG that will focus on Public Administration and Leadership within the public service. Eight programmes/courses were developed/reviewed. The development of the National Implementation Framework on the Professionalisation of the Public Service. 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.

In the year under review, the NSG and the World Economic Forum (WEF) signed a Cooperation Agreement. The objective of the landmark partnership is to support public sector initiatives through access to a wide array of research, insight, publications, rich media, and data for policy development, forecasting, decision-making. The School has generated R98.7 million in revenue and other funding sources generated by March 2022. In terms of positioning the brand, 50% of business development interventions resulting into opportunities for the uptake of the NSG offerings by March 2022. The School further developed framework for performance management system for ETD practitioners. A total of 86 687 learners trained on compulsory and demand-led ETD intervention.

1. **AUDITOR-GENERAL**

**9.1**. **Audit Opinion**

The Auditor-General have audited the financial statements of the National School of Government (NSG Vote) set out on pages 73 to 120 which comprise the appropriation statement, statement of financial position as at 31 March 2022.

The AG opinion, view the financial statements presented fairly, in all materials respects, the financial position of the National School of Government as at 31 March 2022 and its financial performance and cash flows for the year ended in accordance with the Modified Cash Standard (MCS) as prescribed by National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

**9.1.1 The Auditor-General raised the following concerns**

The AG performed procedures to determine whether the reported performance information was properly presented ad whether performance was consistent with the approved performance planning documents. The AG performed further procedure to determine whether the indicators and related targets were measureable and relevant and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The AG did not identify any material findings on the usefulness and reliability of the reported performance information for programme 2.

**9.2.2 Internal Control**

The Auditor-General South Africa considered internal control relevant to audit of the financial statements, reported performance information and compliance with applicable legislation, however, the AG objective was not to express any form of assurance on it. The AG did not identify any significant deficiencies in internal control.

1. **OBSERVATIONS AND KEY FINDINGS**

The Committee made the following observations:

* 1. The Committee notes and commends the National School of Government for receiving clean audit outcomes for the 2021/22 financial year. The School achieved 26 targets of the total of 28 performance targets in the annual performance plan which translate to 93% achievement of planned targets.
	2. The NSG played pivotal role in the development of the Draft National Implementation Framework towards the Professionalisation of the public service. The Committee notes progress made whereby the School facilitated the public consultations on and peer review of the Framework in order to finalise recommendation to Cabinet for the adoption of a final framework. The Committee commends the School for developing such a magnificent framework to ensure administration in government is competent and well-oiled machinery to deliver on the aspiration of the citizens.
	3. The Committee notes a high uptake rate on Nyukela programme since it was introduced as a mandatory training programme for all senior management. The School had enrolled a total of 9 878 public servants for the course and 6168 had successfully completed. More public servants are encouraged to enrol for the programme in order to prepare themselves for future responsibility in senior management.
	4. With regards to the Ethics Course, the Committee notes increase of the enrolment of a total of 38 006 enrolled and 30 185 successfully completed the course in March 2022. Ethics Courses helps public servants to have moral legitimacy of their decisions, enabling them to apply moral principles and values in business decision-making.
	5. The School vacancy rate was slightly beyond acceptable 10% level due to restructuring process. The Committee notes that the vacancy rate at Senior Management Service (SMS) was at 12.8 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.
	6. During COVID-19 pandemic, the School developed business model and adopted a training 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. The Committee notes an alarming increase on the uptake of online courses offered by the National School of Government. Meaning public servants prefer the online course which are more convenient and save costs of accommodation as well as traveling than face to face courses. However, the School does not mean is doing away with face to face training courses.
	7. The National School of Government has to continue engaging with the National Treasury on its Funding and Sustainability Model. The Committee notes that a discussion document has been developed and will be submitted to the FOSAD Cluster and Cabinet before the end of the financial year 2022/23. The discussion document is part of the Repositioning of the National School of Government.
1. **RECOMMENDATIONS**

The following recommendations are proposed:

* 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 that the NSG is self-sustainable in the future years. The School proposal should be allowed by the National Treasury and Cabinet which seek government departments including local government to set aside a particular percentage of their training budget to fund the National School of Government training courses.
	2. The School together with the Department of Public Service and Administration should ensure alignment of the National Framework on the Professionalisation of the Public Service with the amendments of the Public Service Act before approval by the Cabinet and tabling to Parliament.
	3. The School together with the Department of Public Service and Administration should continue to enforce and monitor compliance of the government departments senior management posts to ensure Nyukela programme remain the entry requirement when filling funded vacancies as part of professionalizing the public service.
	4. All senior management should enroll for the Nyukela programme irrespective of being employed prior the implementation of the programme. This would ensure uniformity in terms of the knowledge acquired through the Nyukela programme.
	5. The School should urgently improve on its Senior Management Service vacancy rate at 12.8 per cent, as this affects the strategic and policy component of the institution, as well as service delivery itself.
	6. The National School of Government should continue strengthening its internal control system to avoid regressing from clean audit outcomes.
1. **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 and management.

Report to be considered