



Presentation to the Portfolio Committee on Higher Education, Science and Innovation on the Higher Education and Training Portfolio



AGSA

MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



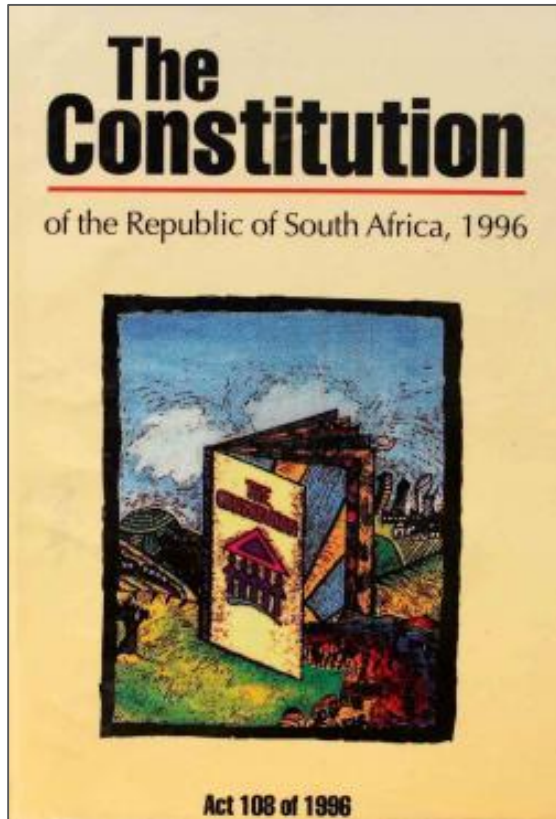


AGSA

#CultureShift2030



We have a constitutional and professional mandate as South Africa's supreme audit institution to not just be satisfied with producing reports, but to keep working and persevering in making a difference to the lives of citizens




+ Chapter 3 : Section 41
All organs of state must secure the well-being of the people of the republic

+ Chapter 3 : Section 41
All organs of state must provide effective, transparent, accountable and coherent government for the republic as a whole

+ Chapter 9
Strengthen constitutional democracy in the republic

+ INTOSAI – P 12
Public sector audit, as championed by the supreme audit institution (SAI), is an important factor in making a difference in the lives of citizens ... an independent, effective and credible SAI is an essential component in a democratic system where accountability, transparency and integrity are indispensable parts of a stable democracy



United Nations

+ UN Resolution A/RES/69/228
The ultimate role of an SAI is to make a difference in the lives of citizens



Having reflected on our South African context and the root causes of the persistent regressive outcomes, we have resolved that in order to see a material change in outcomes, we have to focus on shifting public sector culture



Auditing Conduct Risk

+ Institute of Internal Auditors (IIA) : Practice Guide on Auditing Conduct Risk

*“Organisational culture – and how an organisation comports itself with regard to conduct – drives how business is done. It also **underlies the effectiveness of the control environment, which supports the achievement of an organisation’s objectives.** Poor culture and ineffective management of employee conduct has contributed to numerous business failures and has been identified as a root cause of a number of serious issues.”*



We are committing ourselves to making a more direct, consistent and meaningful impact on improving the lived reality of ordinary South Africans over the next seven years

+ Strategic Aspiration

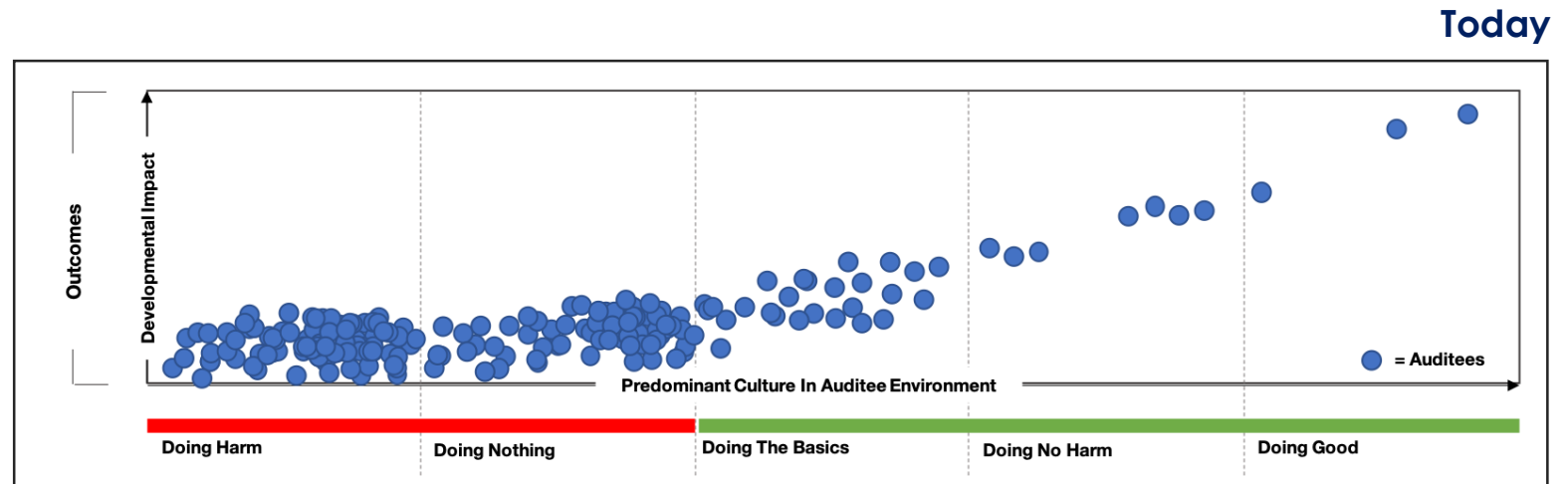
Stronger, more direct and consistent impact on improving the lived reality of ordinary South Africans

+ Theory of Change

Sustainably and efficiently shift public sector culture through insight, influence and enforcement

+ Accountability Ecosystem

Broad-based, effective network of stakeholders driving and deepening public sector accountability



Illustrative Diagram



We are committing ourselves to making a more direct, consistent and meaningful impact on improving the lived reality of ordinary South Africans over the next seven years

+ Strategic Aspiration

Stronger, more direct and consistent impact on improving the lived reality of ordinary South Africans

+ Theory of Change

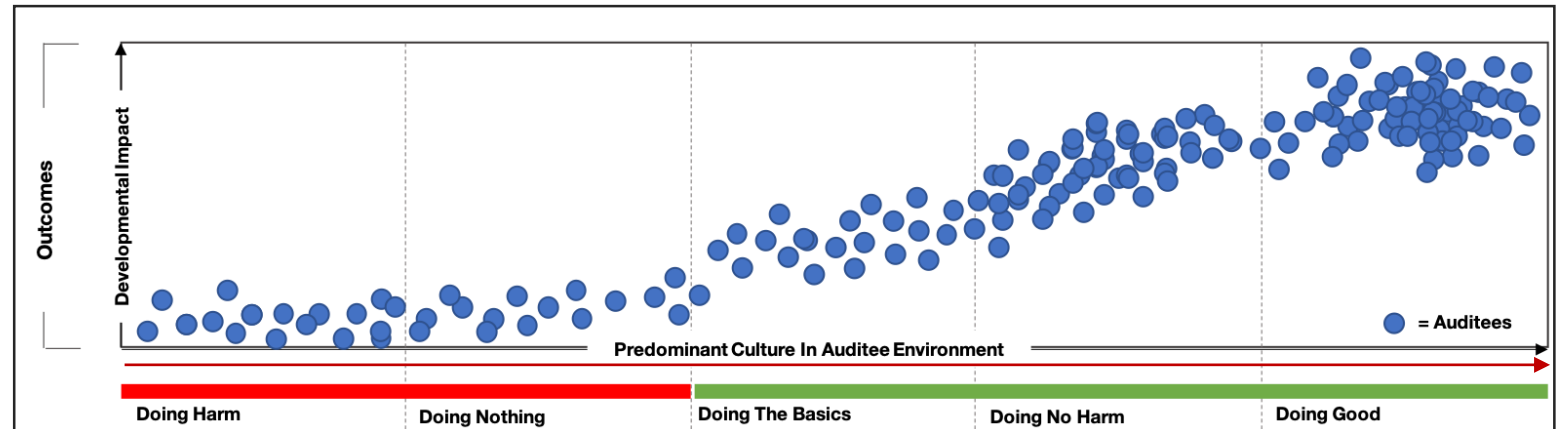
Sustainably and efficiently shift public sector culture through insight, influence and enforcement

+ Accountability Ecosystem

Broad-based, effective network of stakeholders driving and deepening public sector accountability

2030

A critical mass of our auditees moved towards cultures characterised by performance, accountability, transparency and integrity



We are committing ourselves to making a more direct, consistent and meaningful impact on improving the lived reality of ordinary South Africans over the next seven years

+ Strategic Aspiration

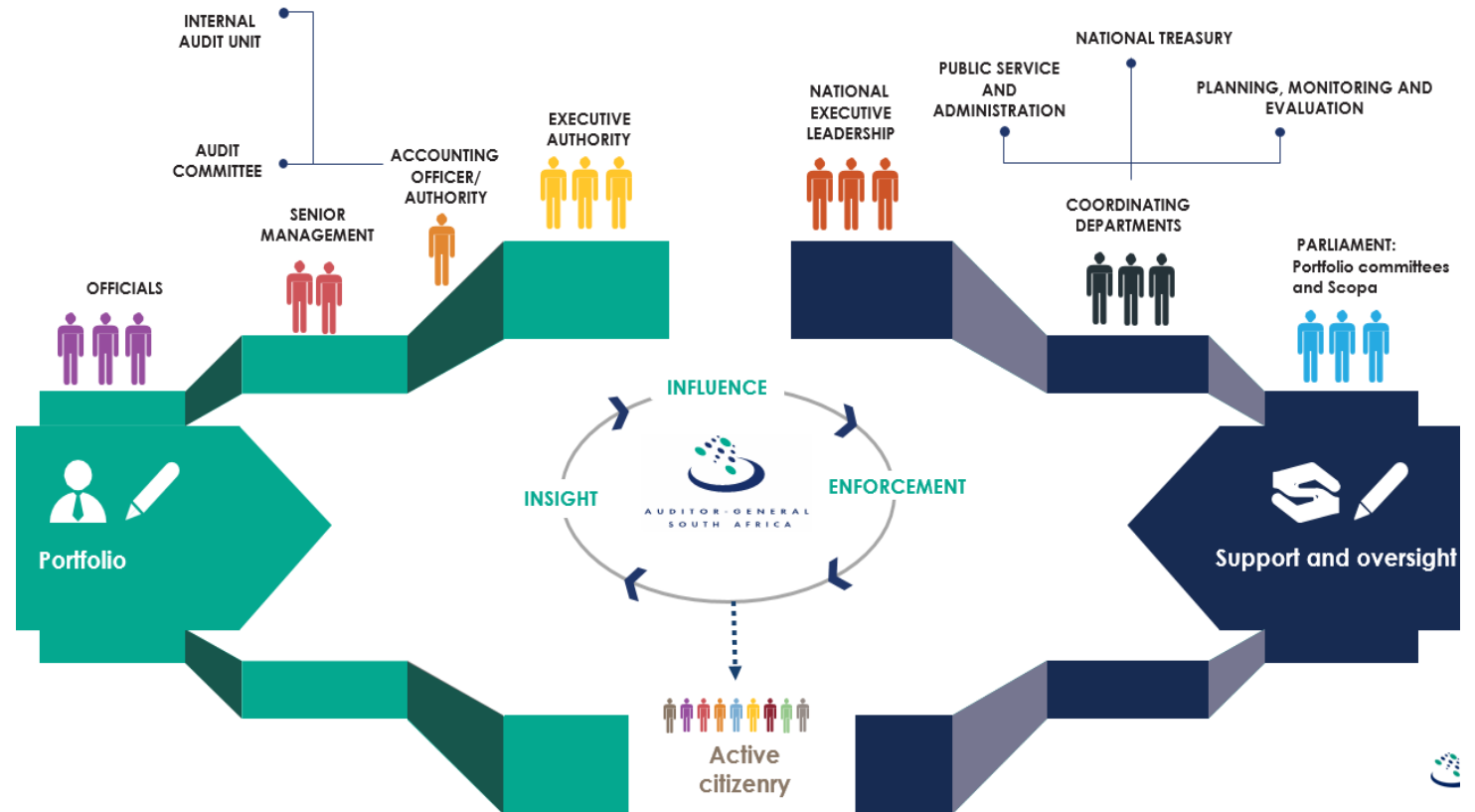
Stronger, more direct and consistent impact on improving the lived reality of ordinary South Africans

+ Theory of Change

Sustainably and efficiently shift public sector culture through insight, influence and enforcement

+ Accountability Ecosystem

Broad-based, effective network of stakeholders driving and deepening public sector accountability



We will realise our **strategic aspiration** by focusing on six strategic goals



Sustainably

Acquire, develop and maintain the quantity, quality and configuration of people, resources and capabilities to safely achieve and sustain our desired levels of impact



Insight

Generate audit insights that illuminate understanding, drive action and yield results



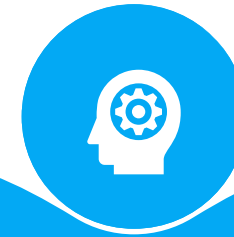
Efficiently

Unlock latent capacity in the existing resource base and our people and lower the cost and effort with which we derive each marginal unit of quality, insight, influence and enforcement



Influence

Move stakeholders from mere awareness of our messaging to action on and advocacy of our messaging



Shift public sector culture

Move a critical mass of auditees towards organisational cultures characterised by transparency, integrity and accountability



Enforcement

Apply powers to directly and indirectly recover resources lost to the state and taxpayers and ensure application of consequences for wrongdoing





Pro-active review of the APPs

DHET and its entities





- The review is aimed at providing an early warning regarding the usefulness of the set indicators and targets.
- The review focuses on whether targets and indicators are SMART (specific, measurable, achievable, relevant and time bound), as per the Framework for Managing Programme Performance Information (FMPPI) and the Revised Framework for Strategic Plans and Annual Performance Plans (R-FSAPP) requirements.
- The review does not include performing detailed procedures where underlying systems and supporting documentation are inspected to give assurance on verifiability of indicators and targets. This is performed during the audit process.



Reliable

Must be accurate enough for its intended use and respond to changes



Verifiable

Possible to validate the processes and systems



Appropriate

Avoid unintended consequences and encourage service delivery improvements



Good performance indicators



Well defined

Clear, unambiguous definition so that data will be collected consistently and will be easy to understand and use



Cost-effective

Usefulness of the indicator must justify the cost of collecting the data



Relevant

Must relate logically and directly to an aspect of the institution's mandate



Observations



NSDS III is a subcomponent of the Human Resource Development Strategy, and will operate concurrently with the first five terms of the country's second Human Resource Development Strategy for South Africa (HRDSSA II)

Step One NSDS III
Will seeks to promote a skills development system and architecture that effectively responds to the needs of the labour market and social equity. The strategy seeks to establish and promote closer links between employers and training institutions and between both of these and the SETs.

Step Two National Skill Accord
The Sector Skills Plans should support growth and jobs in the sectors by ensuring relevant skills are developed and by significantly stepping up production of key skills.

Step Two New Growth path
The New Growth Path (NGP) is government's strategy to build an inclusive economy and thus create decent employment, sustainable livelihood and eradicate poverty and income inequality

Step Two National Skills Development Plan, 2030

Step Two National Development Plan 2030 (NDP)
The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

Research Step Four
Output. Sector skills plans are professionally researched, provide a sound analysis of the sector and articulate an agreed sector strategy to address skills needs. This would take into the economic reconstruction and recovery plan and other government plans

- White Paper on Post-School Education and Training (WPPSET)
- Economic Reconstruction and Recovery Plan Skills Strategy

Step Three WSP/ATR
the scarce skills list is derive from the WSP/ATR submission as well as using other data sources based on the definition of scarcity

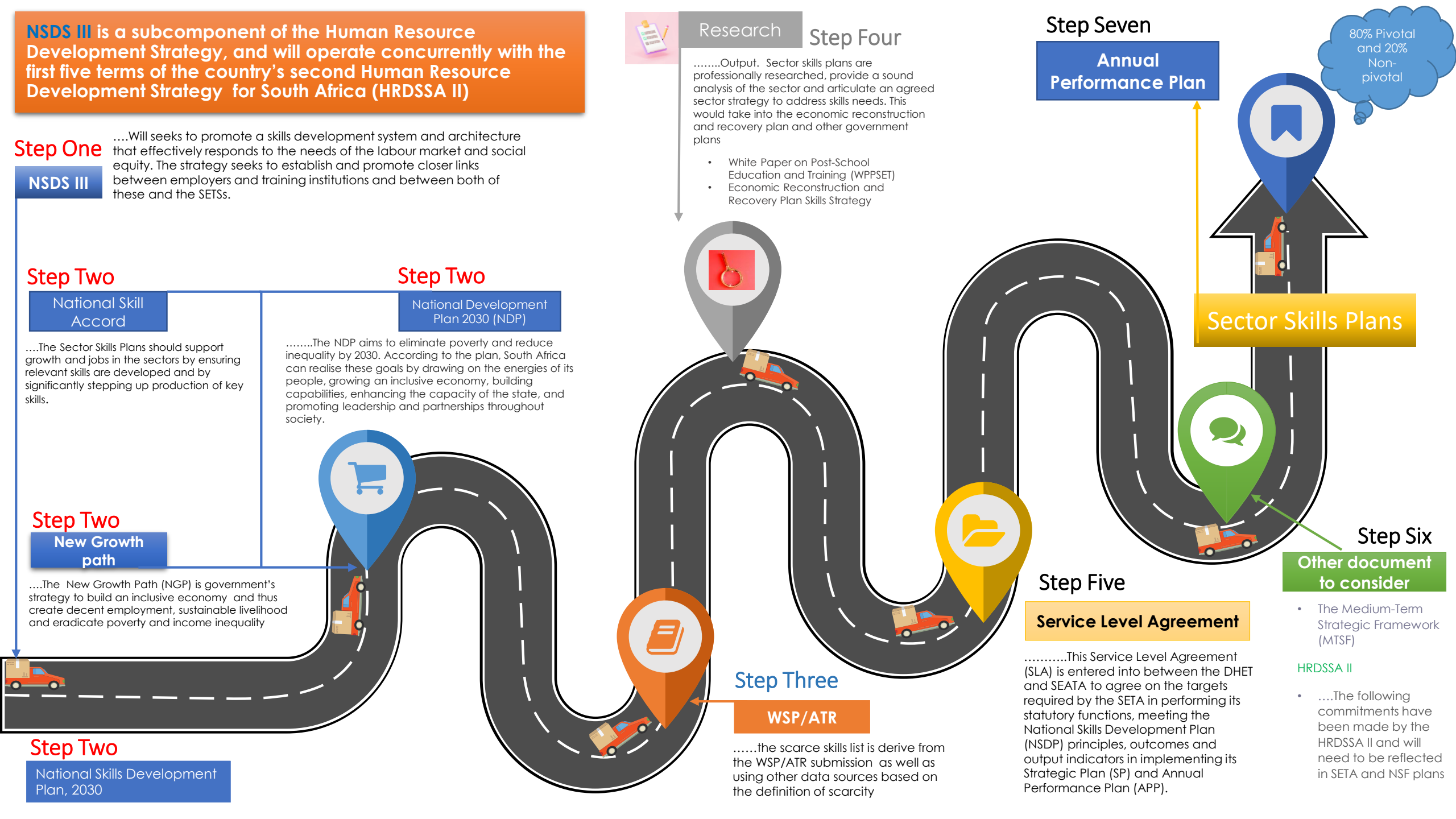
Step Five Service Level Agreement
This Service Level Agreement (SLA) is entered into between the DHET and SEATA to agree on the targets required by the SETA in performing its statutory functions, meeting the National Skills Development Plan (NSDP) principles, outcomes and output indicators in implementing its Strategic Plan (SP) and Annual Performance Plan (APP).

Step Seven Annual Performance Plan

Step Six Other document to consider

- The Medium-Term Strategic Framework (MTSF)
- HRDSSA II
-The following commitments have been made by the HRDSSA II and will need to be reflected in SETA and NSF plans

80% Pivotal and 20% Non-pivotal



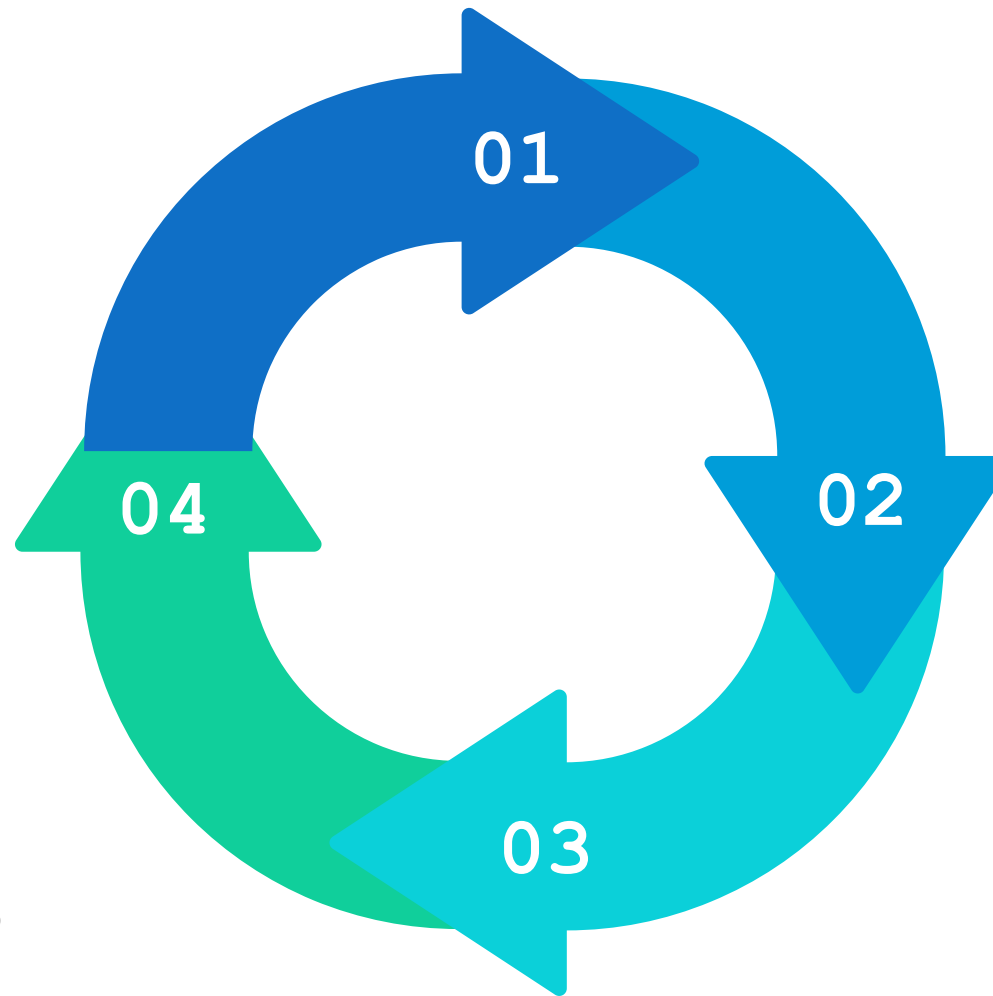
PROGRAMME SELECTION

Selected programmes linked to the mandate

COMMUNICATE

Communicated findings with recommendations to the entity.

Findings were provided to DHET.



REVIEW

Assessed the usefulness of the planned indicators and targets

SLA vs APP

Compared the APP to the SLA between the SETAs and DHET





Measurability: Performance indicators are well defined and verifiable, and targets are specific, measurable and time bound:

- A performance indicator is well defined when it has a clear definition so that data will be collected consistently and is easy to understand and use.
- A performance indicator is verifiable when it is possible to validate or verify the processes and systems that produce the indicator.
- A target is specific when the nature and required level of performance of the target is clearly identifiable.
- A target is measurable when the required performance can be measured.
- A target is time bound when the timeframes for achievement of targets are indicated

<Refer to Annexure to this presentation>



Performance indicators not well defined

- Some output indicators were not clearly defined and not specific i.e the technical indicator definitions (TIDs) were not clear
- Some indicators do not have Technical Indicator Descriptions of the APP

Performance indicators were not verifiable

- For some indicators, the means of verification were not clear and not complete on the TIDs
- Definition of indicators were not aligned to the method of calculation
- For some indicators, the desired performance was not specified on the TID.
- For some indicators there is a misalignment between the indicators in the APP and the indicators on the TID

Targets not specific

- Targets at some SETAs were not specific
- No clear targets for the youth and persons with disabilities

Targets not time bound

- Some indicators were not time-bound
- Some indicators do not have targets over the medium term



Consistency: Performance indicators and targets are consistent between planning and reporting documents:

- Reported indicators are consistent or complete when compared to planned indicators
- Changes to indicators are approved
- Reported targets are consistent or complete when compared to planned targets
- Changes to targets are approved
- Reported achievement is consistent with the planned and reported indicator and target

<Refer to Annexure to this presentation>



Inconsistencies between the planning documents

- Inconsistencies were noted between the Strategic plan and the APP
- Inconsistencies were noted between the annual and quarterly targets for the APPs
- Discrepancies were noted in the quarterly breakdown of APP targets
- Discrepancies were noted in the strategic plan targets

It was noted that some strategic plans and annual performance plans did not include the following elements as required by the framework.

- The status of the institution in responding to interventions relating to women, youth and people with disabilities.



This Service Level Agreement (SLA) is entered into between the DHET and the SETAs to agree on the targets required by the SETA in performing its statutory functions, meeting the National Skills Development Plan (NSDP) principles, outcomes and indicators in implementing its Strategic Plan (SP) and Annual Performance Plan (APP).



The department has Service level agreements with the SETAs with a number of indicators that are meant to be implemented by the SETAs however we have observed that a number of SETAs have not included some of these indicators on the APPs and in some instances these indicators do not have targets.

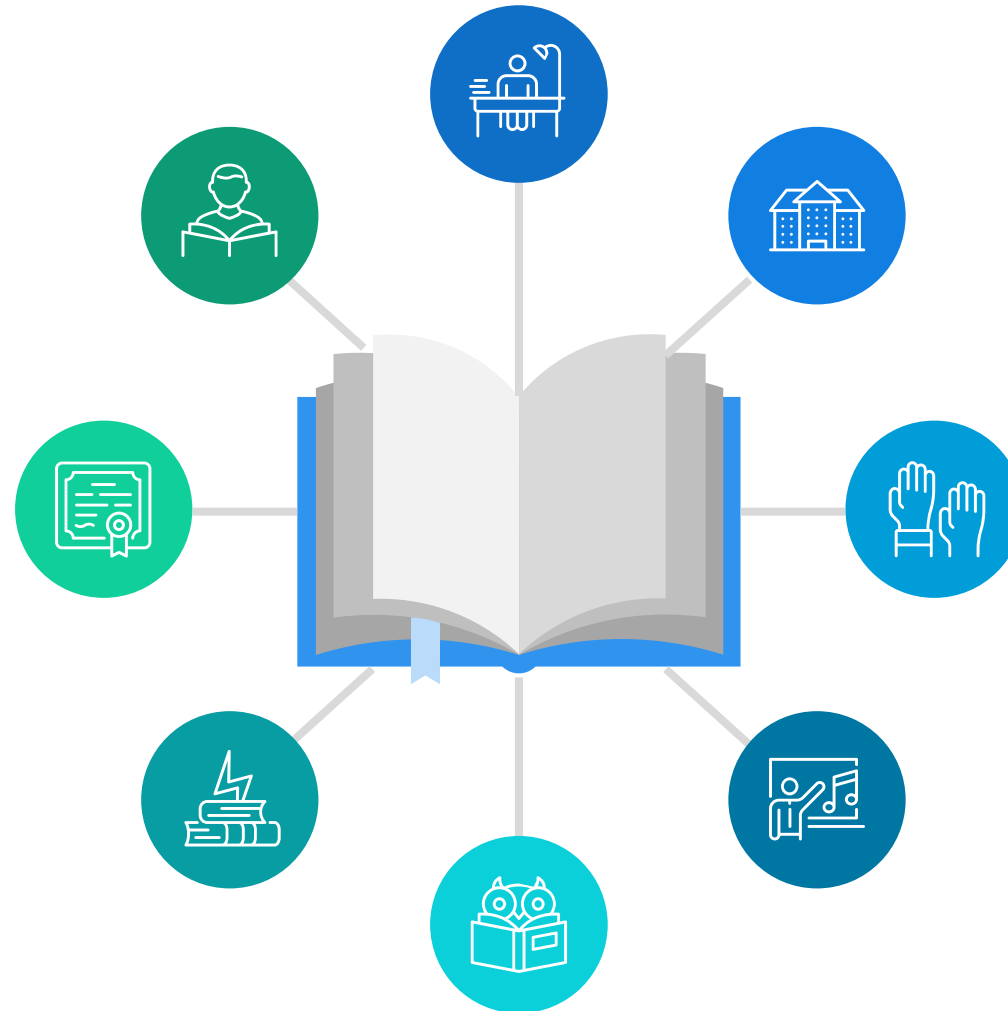
The objective of the agreements are therefore not met on a number of SETAs



Examples of indicators from the SLAs that are not on the APPs

CETs

- ◆ Number of people enrolled in CET Internships
- ◆ Number of CET partnerships established
- ◆ Number of CET learners accessing AET programme
- ◆ CET colleges infrastructure development support (equipment/ workshops/ Connectivity/ ICT)
- ◆ Number of CET colleges lecturers awarded skills development programmes



TVETs

- ◆ Number of TVET Lecturers exposed to the industry through Skills Programmes
- ◆ Number of TVET colleges Lecturers awarded Bursaries
- ◆ TVET colleges infrastructure development (equipment/workshops)
- ◆ Number of TVET partnerships established
- ◆ Number of TVET students requiring Work Integrated Learning to complete their qualifications placed in workplaces





Preventative controls



1. A demonstrated commitment to integrity and ethical values
2. Accounting officers and authorities provide independent oversight
3. Building and maintaining a strong control culture
4. Implementing effective consequences



1. Implement suitable risk management
2. Establish and communicate policies and procedures
3. Demonstrate commitment to competence
4. Use assessments of independent assurance providers

Procurement of goods and services | GUIDE 4

1. Use procurement plans to enable proper planning
2. Ensure adequate capacity and skills for supply chain management
3. Implement standardised, effective procurement processes
4. Safeguard against conflicts of interest



1. Ensure adequate capacity and skills to perform accounting and reporting activities
2. Implement standardised, effective accounting processes
3. Ensure proper record keeping and document control
4. Independently review and reconcile accounting records
5. Carry out in-year reporting and monitoring
6. Perform timely and accurate year-end reporting and monitoring

1. Keep proper records of assets and perform conditional assessments
2. Implement controls to safeguard and maintain assets
3. Ensure segregation of duties in management of assets





www.agsa.co.za



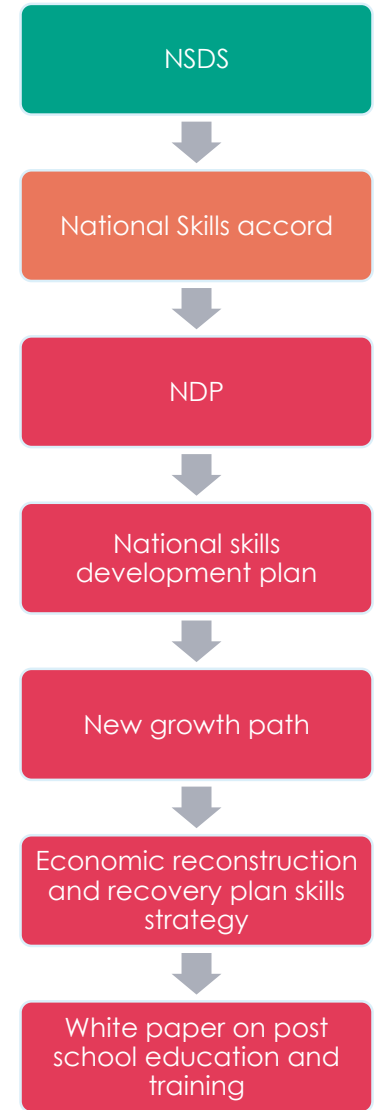
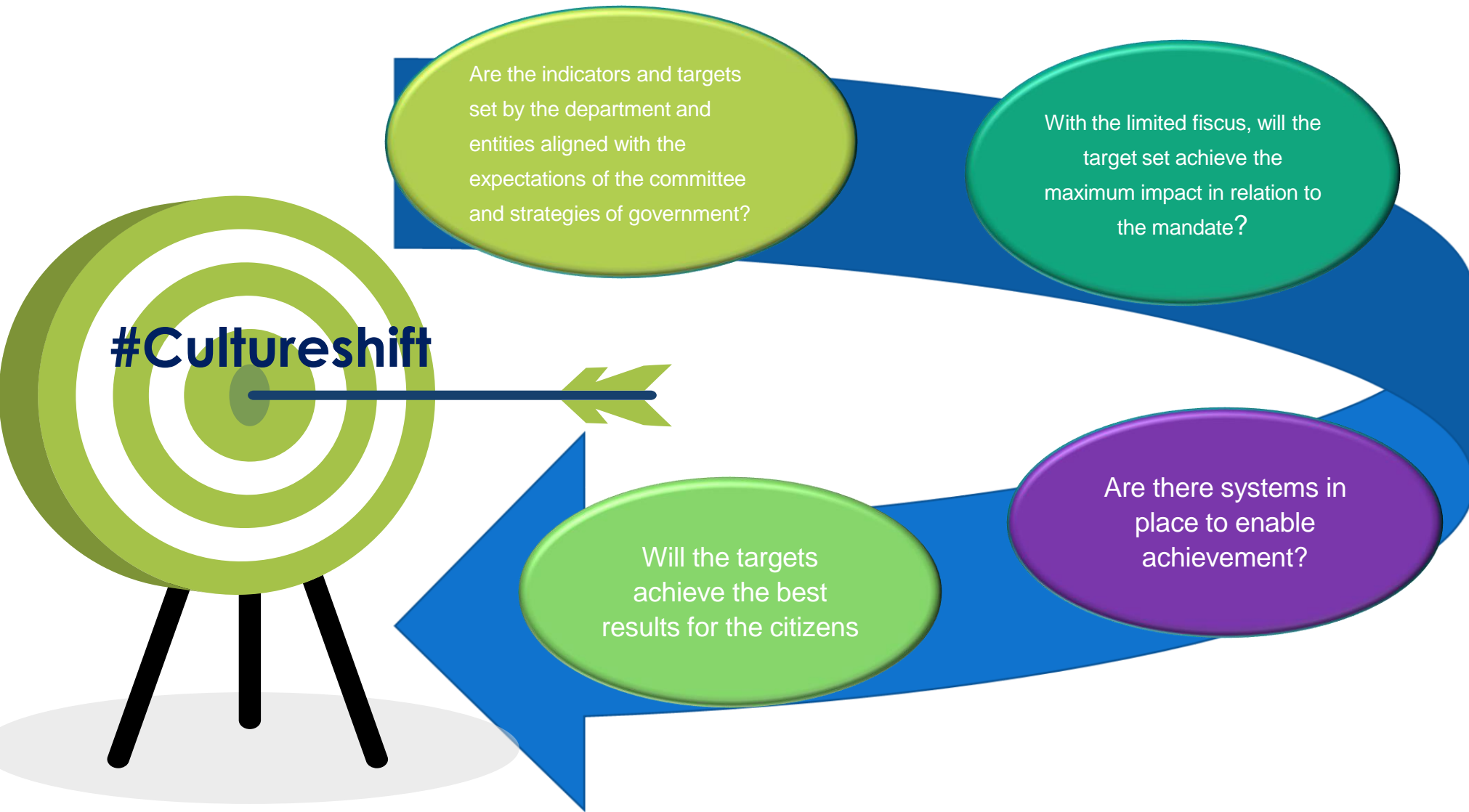
Reports available on our website

Report on the material irregularities identified and their status



Preventative control guidelines available on our website

1. Importance of preventative controls
2. Tone and control culture
3. Institutionalised internal controls
4. Procurement of goods and services
5. Preparation of financial statements
6. Asset management
7. Infrastructure delivery process



1

SERVICE LEVEL AGREEMENTS

We recommend that the committee follows up on the inclusion of the SLA targets in the SETA Annual performance plan (APP) in order to track the implementation thereof.

2

MONITORING OF APPs

The committee to monitor the progress made on implementation of the APP and assess the impact of the non-achievement has on service delivery.

3

PERFORMANCE vs BUDGET SPEND

The committee to request from the entities a progress report detailing the performance against budget and monitor the performance vs budget spend.



THANK YOU

AUDITING TO
BUILD PUBLIC CONFIDENCE



www.agsa.co.za



Auditor General of South Africa



@AuditorGen_SA



Auditor-General of South Africa