



AUDITOR - GENERAL
SOUTH AFRICA

BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR):

Portfolio Committee on
Basic Education

17 October 2023

*Briefing document on the
audit outcomes for the
Basic Education portfolio:*

2022-23

Introduction

Reputation promise of the Auditor-General of South Africa

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The Auditor-General of South Africa (AGSA) 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.

Role of the AGSA

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Our role as the AGSA is to reflect on the audit work performed to assist the portfolio committee in its oversight role of assessing the performance of entities, taking into consideration the committee's objective to produce a budgetary review and recommendations report (BRRR).

Role of the portfolio committee

Slide 3

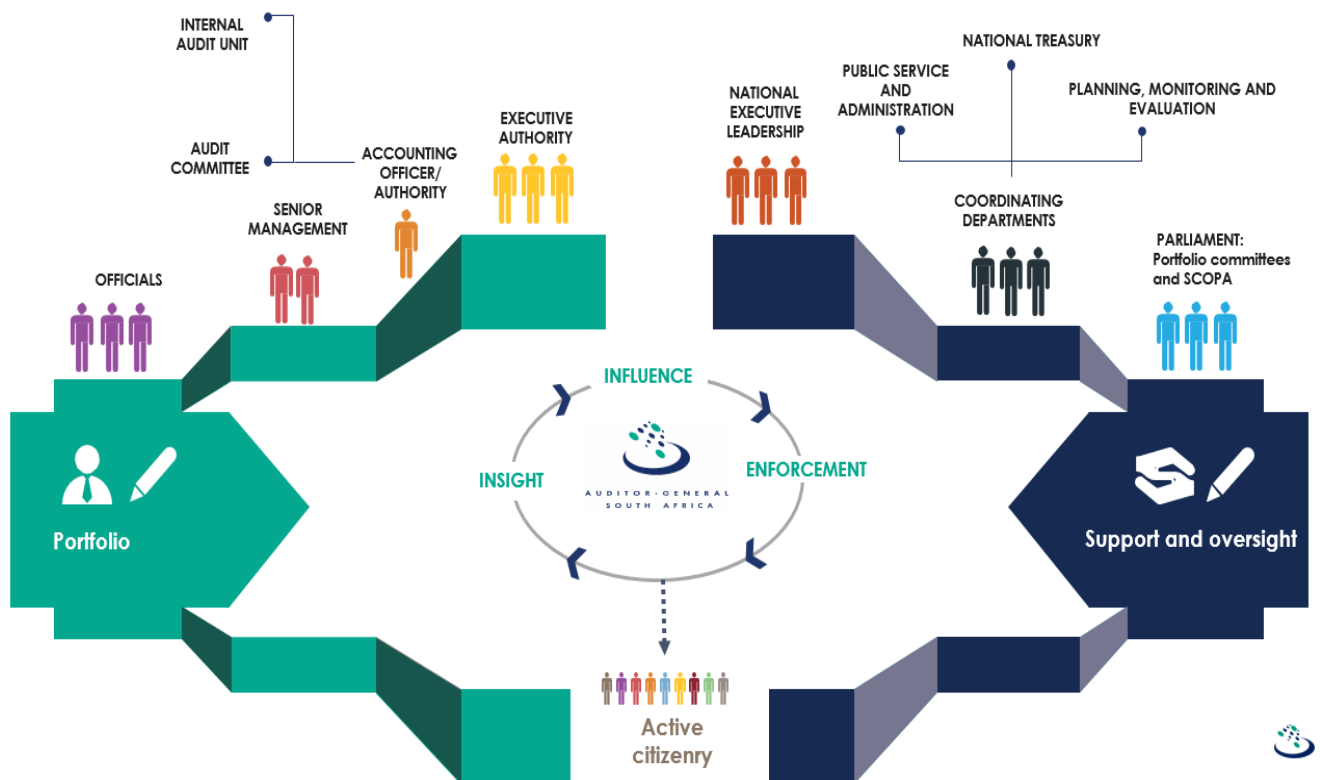
Section 5(2) of the Money Bills Procedures and Related Matters Amendment Act 9 of 2009 allows for each committee to compile a BRRR, which must be tabled in the National Assembly. Section 5(3) provides for a BRRR to contain the following:

- An assessment of entities' service delivery performance given available resources
- An assessment on the effectiveness and efficiency of entities' use and forward allocation of available resource
- Recommendations on the forward use of resources

Shifting the public sector culture through the accountability ecosystem

Slide 3

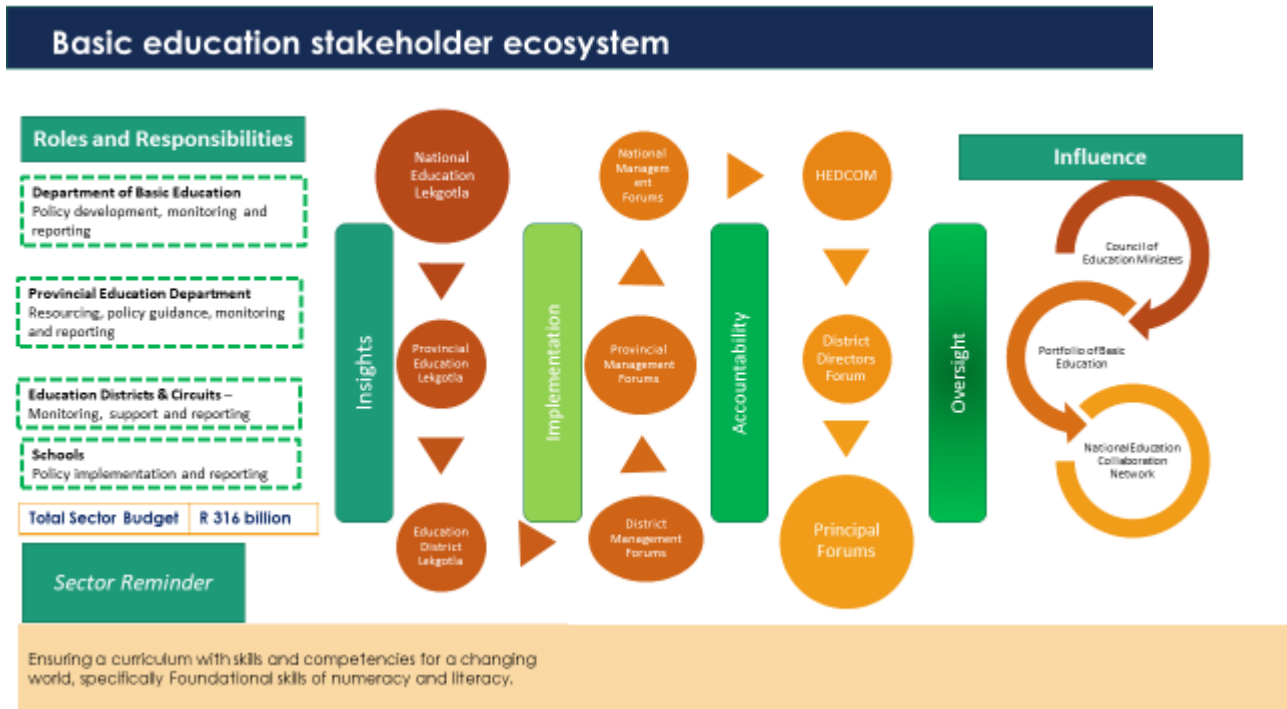
All have role to play in national government accountability eco-system



- The accountability ecosystem is the network of stakeholders that have a mandate and/or responsibility, whether legislative or moral, to drive, deepen and/or insist on public sector accountability.
- A more active and engaged accountability ecosystem would add to the much-needed effort of shifting public sector culture and would alleviate the overreliance on the AGSA to assume responsibility for improving audit outcomes and enforcing consequences.
- Shifting the public sector culture towards one that is characterised by performance, accountability, transparency and integrity can only be accomplished if all role players in the broader accountability ecosystem fulfil their respective responsibilities and mandates.
- Given the nature of the AGSA's mandate, by the time that we audit the financial statements of auditees and report on adverse findings, multiple failures have already occurred along the accountability value chain. After our audits, other steps are required to complete the accountability cycle.
- Improvement in sound financial management to enhance the lives of citizens does not only reside within the domain and responsibility of the accounting officer or authority and the auditors. It depends on the entire accountability ecosystem to enable a culture of accountability in a sustainable and meaningful way.

BASIC EDUCATION PORTFOLIO: PERFORMANCE SNAPSHOT

Slide 6&8



The snapshot shows the audit outcomes of three auditees in the portfolio – Department of Basic Education, Umalusi and South African Council for Educators.

	Unqualified with no findings (clean)	Unqualified with findings	Qualified with findings	
2019-20 FIRST YEAR OF ADMINISTRATION	Umalusi	SACE	DBE	3
2021-22	Umalusi	DBE SACE	0	3
2022-23	0	DBE SACE	0	3

MOVEMENTS FROM PREVIOUS YEAR:
0 ↑ 1 ↓

FROM FIRST YEAR OF ADMINISTRATION:
1 ↑ 0 ↓

The audit outcomes for the portfolio have regressed in the current year after Umalusi, who has been receiving unqualified with no findings, submitted Annual Financial Statement (AFS) containing material misstatements and errors which were subsequently corrected. The misstatements related to property plant and equipment, employee costs, commitments and contingent liabilities.

DBE and SACE have again obtained the unqualified with finding audit opinion after we identified material misstatement on the financial statements non-compliance with laws and regulations, as well as findings on performance reporting. Furthermore, SACE submitted their AFS later than the prescribed date as per the PFMA and not all the information requested was submitted on time resulting to material limitation reported.

The main control deficiency that was dominant for auditees was inadequate review of the annual financial statement and the underlying supporting documents which compromised the quality and credibility of financial reporting as there is high reliance on the audit process to identify the errors in the annual financial statements.

The internal controls were not adequately implemented by DBE and SACE over performance planning and reporting; this led to material findings in respect of the usefulness and reliability of the selected programme.

The department has implemented our recommendation in dealing with the non-compliance with the SCM prescripts which has caused an increase in irregular expenditure over the years. Most of the implementing agents that used to contribute the most in increased has demonstrated commitment in ensuring that the department is no longer incurring irregular expenditure through the non-compliance with SCM laws and regulation. We have however, noted non-compliance with SCM legislation with one implementing agent (NECT) which is new. We further encourage the department to strengthen on boarding of new implementing agents to ensure consistent application of laws and regulations.

In responding to our recommendations, the department has investigated almost all the cases of irregular expenditure. The institution of consequence management is taking a long time, this needs to be attended to urgently

Compliance with key legislation

Slide 9



Non-compliance with legislation still remains with the portfolio and this is also the area where the risk of fraud is highest, hence it is necessary for a culture of compliance and respect for the law to be re-enforced across all entities and implementing agents.

The department has incurred fruitless and wasteful expenditure for the current year of R15 million on the Sanitation Appropriate for Education (SAFE) projects as a results of duplicate allocation to the implementing agents' thereby incurring additional costs.

On consequence management, there are four cases of irregular expenditure that were not investigated at DBE during the year which resulted to this material non-compliance. In addition, on the cases already investigated, the department and implementing agents are taking too long to institute consequence management.

The department needs to ensure that implementing agents promptly institute consequence management against officials responsible for non-compliance to recover the losses incurred or to prevent losses to be incurred and to deter other officials from contravening legislation. In this way, DBE will demonstrate the commitment to deter the implementing agents from causing non-compliances that results to irregular and fruitless and wasteful expenditure.

Financial health

Slide 8



Financial health indicators

Revenue

DBE and SACE

- Average debt-collection period is equal to 721 days
- Debtors' impairment provision of accounts receivable exceeds 10% for SACE (statutory receivable)

Expenditure

DBE

- R15,66 million Expenditure incurred in the current year was fruitless and wasteful by DBE due duplicate allocation of the projects to the implementing agents thereby incurring additional costs.

Assets and liabilities

DBE

- Accruals and payables exceeded a period of 30 days (The department's delay in paying/processing of accruals and payables within 30 days as 20% (R83 657 000) of the amount owing has been long outstanding.)

DBE's financial health has been assessed as concerning mainly due to the above reported indicators.

It takes about 2 years for the department to collect the accrued department revenue as a result of the overpayments on the projects. This is due to the delays in finalising the projects after they have reached the practical completion stage.

DBE utilised the unspent conditional grant, meant for Early Childhood Development and National School Nutrition Programme, received from North West Provincial Education Department that was meant to be surrendered to the NRF. This resulted to irregular expenditure of R65, 7 million incurred as there was not approval of the utilisation of the funds in contravention of the PFMA.

PFMA Compliance and Reporting Framework

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National Treasury Instruction No. 4 compliance reporting framework matter.

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework (Instruction) which came into effect on 03 January 2023, was issued in terms of section 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA.

The objective of the Instruction note is to prescribe the principles and compliance reporting requirements for departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1999 with regard to unauthorised, irregular and fruitless and wasteful expenditure (UIF&WE).

Background on the key changes to irregular and fruitless and wasteful expenditure disclosure requirements as a result of the National Treasury Instruction no.4: PFMA compliance and reporting framework.

The new framework brought significant changes in relation to the disclosure of irregular, and fruitless and wasteful expenditure (IFWE). These changes are as follows:

- a) The movements in the disclosure note of IFWE such as condoned, recoverable, removed, written off, under assessment, under determination and under investigation have been moved from Annual Financial Statements and now will be disclosed in the Annual Report.
- b) PFMA institutions will only disclose IFWE incurred in the current year, with a one-year comparative analysis in the Annual Financial Statements notes disclosure.
- c) The historical balances (i.e. opening balances) have been completely removed from the annual financial statements (AFS).

Message to oversight on the AGSA's position on the audit of IFWE that should be disclosed in the annual report.

The purpose of disclosing irregular, fruitless and wasteful expenditure in the financial statements is to enable the oversight and monitoring structures of South Africa (e.g., Parliament) to perform their role to ensure that funds are spent in line with s217 of the Constitution and to hold officials and the executive accountable.

The fact that the disclosure of IFWE (historical balances and movements) is no longer required on the annual financial statements and no audit assurance is provided thereon, the oversight structures would need to engage directly with the information disclosed in the annual report or request the information on historical balances directly from the relevant institution where not disclosed in the annual report to exercise their oversight responsibility.

From an audit perspective, transparency and accountability is further limited by the fact that currently no audit assurance will be provided on the additional disclosures that have been moved from the AFS.

As a response to this, the AGSA refined their audit approach to uphold transparency and accountability through our audits notwithstanding the implementation of the framework. We therefore through our audits continued to audit the IFWE registers of historical balances as well as any IFWE disclosure included in the annual report.

Have clear messaging in the audit reports whereby we identified material misstatements to what was disclosed in the annual reports and the audit evidence gathered through the audit of these registers.

While we were not in a position to modify audit opinions due to inadequate systems to detect, record and appropriately disclose historical IFWE in the AFS, the objective was to ensure that we could still be in a the position to report to the users of the AFS in cases where these registers of historical balances of IFWE are not completely and accurately maintained. This had no impact on the audit opinion of the financial statements.

Irregular expenditure impact assessment

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The irregular expenditure incurred by DBE is due to non-compliance with SCM laws and regulations and non-compliance with PFMA section 11 and 13. Of the R954 million irregular expenditure incurred in the current year, R786 million relates to the payments made on the contracts already declared irregular in the previous years (multi-year contracts) and R103 million is for non-compliance with SCM prescripts (implementing agents- NECT) identified in the current year. Furthermore, R65 millions of disclosed irregular expenditure relates to contravention of section 11 and 13 of the PFMA as the department utilized the unspent conditional grants received from the provincial department to be surrendered to the National Revenue Fund.

Based on the assessment of IE, it was found that the procurement process compromised one or more provisions of section 217 of the Constitution relating to fairness, cost-effectiveness, transparency and competitiveness.

Goods and Services were received, however, there was a breach of the **5 procurement pillars** of equitable, fairness, cost-effective, transparency, and competitiveness

IMPACT

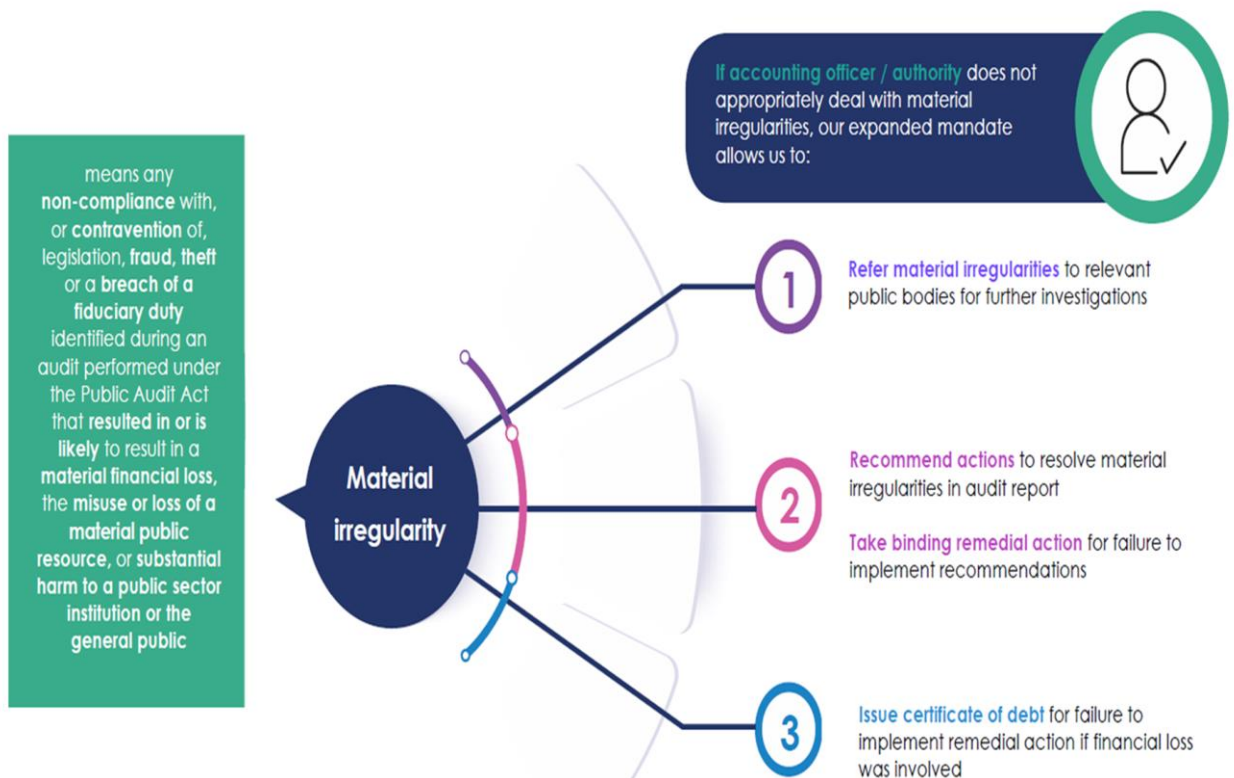
The Small, Medium and Micro Enterprises may be negatively be affected

Material irregularities (MIs) –

Status as of 31 August 2023

Slide 15, 16 &17

Definition of a material irregularity and our expanded powers



The amendments were meant to establish a complementary enforcement mechanism to strengthen public sector financial and performance management so that these material irregularities can be prevented or can be dealt with appropriately if they do occur.

The overall aim of our expanded mandate is to:

- promote better accountability
- improve the protection of resources
- enhance public sector performance and encourage an ethical culture
- ultimately, strengthen public sector institutions to better serve citizens.

By safeguarding and recovering resources, money saved or recovered can be redirected towards service delivery. We issue notifications of material irregularities to encourage the sustainability of the entities so that they can work towards service delivery.

Our expanded mandate did not change the role and responsibilities of accounting officers and authorities or the oversight and monitoring roles of the executive authority to prevent and deal with irregularities, such as non-compliance, fraud, theft and breaches of fiduciary duty. Through the material irregularity process, we strengthen them in this role.

4 MIs at DBE
Accounting officers have been notified



Notified	Type	MI description	Status description	
			Actions taken	Actions planned / in progress
Material Irregularities in Progress (accounting officer taking appropriate steps)				
01 July 2021	Non-compliance	Learner materials were distributed to volunteer educators for	As per the correspondence dated	The investigation office plans to

Notified	Type	MI description	Status description	
			Actions taken	Actions planned / in progress
		<p>learners who were not eligible to benefit as such from the Kha Ri Gude programme between the programme's inception in 2008-09 to 2016-17, as controls to verify learners registered for the programme were ineffective. This was because the department did not maintain effective, efficient and transparent systems of financial and risk management and internal control, as required by section 38(1) (a) (i) of the PFMA.</p> <p>Irregularity: section 38(1) (a) (i) of the PFMA</p> <p>Impact: R3,2 million</p>	<p>17 July 2023 and evidence provided, there is indication of no prospect of successful prosecution based on the feedback received from the investigation officer.</p>	<p>follow up on the further actions to be taken r is yet to indicate the planned actions to be taken.</p>
01 September 2021	Non-compliance	<p>Irregularity: The department did not settle the interim payment certificates of a contractor within 30 days, as required by treasury regulation 8.2.3. The contractor was appointed for the demolition and construction of new schools in the Eastern Cape as part of the accelerated schools infrastructure delivery initiative (Asidi) programme. The department eventually made payment, however, this was after the contractor had cancelled the contract based on the material breach due to non-payment. The cancellation was confirmed by an order of the court on 17 March 2019. The department paid for the materials currently on site which were never used due to the late payment of invoices.</p> <p>The non-compliance is likely to result in material financial losses in the form of damages claimed by the contractor and the losses on materials currently on site which have been exposed to the elements and damaged by bad weather. It further resulted in material financial loss for the DBE</p>	<p>Investigation of the irregularity was completed.</p> <p>The consequence management process commenced and finalised by 26 July 2023.</p> <p>Legal opinion was obtained for the recovery of the financial loss where the contractor indicated that the matter has prescribed. The department's legal service unit studied the opinion and decided to pursue the matter in order to recover the loss. The summons has been issued by the office of the State Attorneys by 31 January 2023 and the contractor has filed their plea and also issued a counterclaim. The accounting officer</p>	<p>The AO plans to perform the following:</p> <p>The legal opinion sought indicated that recovery of loss has prescribed though investigation finalised in the prior year. State attorney maintains their opinion and advised AO to seek second opinion. Awaiting feedback from AO.</p>

Notified	Type	MI description	Status description	
			Actions taken	Actions planned / in progress
		<p>of R233 000 for the payment of interest.</p> <p>Irregularity: Treasury regulation 8.2.3</p> <p>Impact: R4.617 million Estimated and Known Loss</p>	continue to follow up on the status of the case with the office of the State Attorneys.	
01 July 2021	Non-compliance	<p>The department did not settle the invoices of a professional service provider within 30 days, as required by treasury regulation 8.2.3. The service provider was appointed to provide professional services for the construction of 29 medium to large schools in the Eastern Cape as part of the accelerated schools Infrastructure delivery initiative (Asidi) programme.</p> <p>Interest of R6, 960 million was charged by the professional service provider and paid by the department on 5 June 2019 because of the late payment of the accounts, resulting in a material financial loss of R6, 960 million by the financial year-end. Due to the department not honouring its contractual obligation, this amount is not recoverable from the professional service provider. The interest was included in the fruitless and wasteful expenditure amount disclosed in note 32 to the financial statements.</p> <p>Irregularity: Treasury regulation 8.2.3</p> <p>Impact: R7 million (known loss)</p>	<p>The following actions have been taken by the accounting officer to resolve the material irregularity:</p> <p>An investigation into the matter by the departmental investigation committee was finalised on 31 May 2022 and officials responsible were identified.</p> <p>Disciplinary process was finalised on 31 May 2023 and the responsible officials were charged.</p> <p>The internal controls were intensified for the review and approval of all the invoices on time as required by the act. Furthermore, infrastructure projects are all managed by implementing agents and follow up are performed on a regular basis to ensure that there are no late payments to prevent financial loss.</p> <p>The financial loss could not be recovered from the responsible officials as the matter prescribed as per the prescription act</p>	<p>The legal opinion sought indicated that recovery of loss has prescribed though investigation finalised in the prior year. State attorney maintains their opinion and advised AO to seek second opinion. Awaiting feedback from AO.</p>

Notified	Type	MI description	Status description	
			Actions taken	Actions planned / in progress
			according to the legal opinion obtained from the office of State Attorneys.	
Material Irregularity resolved				
01 July 2021	Non-compliance	<p>: The department paid the implementing agent (IA) an amount of R78 001 000 on 31 March 2017 for purchases of bulk materials for which the department did not receive equivalent value of materials (calculated as the difference between quantities paid by the department to IA and the quantities of the goods that were actually received). The payment of R78 001 000 by the department is a prepayment made for goods or services not required by a contractual arrangement which is in contravention of treasury regulation 15.10.1.2(c).</p> <p>The non-compliance is likely to result in a material financial loss for the Department of Basic Education if not recovered.</p> <p>Irregularity: Treasury regulation 15.10.1.2(c)</p> <p>Impact: R78 million</p>	<p>The following actions have been taken by the accounting officer to resolve the material irregularity:</p> <p>The financial loss of R21, 6 million was recovered from the implementing agent after the final reconciliation was performed.</p> <p>Effective internal controls were established to prevent prepayments that are not informed by the agreement.</p> <p>Disciplinary process could not be metered out as the official responsible was no longer employed by the department.</p>	The material irregularity has been resolved.

Sector Material irregularities (MIs)

Status of the MIs (refer to annexure A for details)



Material irregularities (MIs) – refer to material irregularity chapter for further details.
Status as of 31 July 2023

19 active MIs at 8 auditees
Accounting officers have been notified

APPROPRIATE ACTIONS (7)

3
Cases

Payments for goods or services not received – Eastern Cape (3)

2
Cases

Auditees made payment of interest and other penalties – (Kwa-Zulu Natal (1) and Limpopo (1))

1
Case

Salaries made to persons no longer employed by the department- Kwa-Zulu Natal

1
Case

Non-compliance with supply chain management prescripts – Gauteng

MI NOTIFICATION (8)

6
Cases

MI notifications issued and the response from AO not yet due (1)-North West; (1) Eastern cape and Mpumalanga (4)

2
Cases

MI notifications issued and assessing response Northern Cape –(1) ; Kwa-Zulu Natal (1)



RESOLVED (8)

8
Cases

Payments for goods or services not received- Free State (1) and Eastern cape (6) and (1) North West

AGSA further actions (4)

Auditees made payment of interest and other penalties –Free State (3) and Eastern Cape (1)



The education sector has seen an increase in the material irregularities issued during the period 01 April 2022- 31 March 2023. One of the major contributors to the financial loss experienced by the basic education sector is the poor quality of infrastructure work, which ultimately negatively impacts on service delivery and financial positions of the auditees.

While the best course of action would be to prevent these material irregularities from occurring, we are encouraged that accounting officers are taking appropriate actions to resolve the irregularities once notified.

We have not hesitated to use our enhanced powers where AO did not deal with MIs in an appropriate and timely manner.

Some MIs have been reported by the departments to other bodies such as the HAWKs, these take longer than anticipated, as the investigations cover areas such as criminality which require more time.

It is important for the accounting officers to swiftly act on the MI's notified to ensure that:

- Public funds are recovered
- The internal controls are strengthened
- Consequence management is implement

ICT in Education

Slide 19 &20

Background

Technology in education has become key to the delivery of basic education within the country and the world at large. The department of basic education has in the recent years introduced ICT projects through Operation Phakisa with the aim of improving curriculum delivery and learning. Some of the key ICT initiatives included the development and implementation of the E- Education strategy and the e-learning programme, of which the deliverables were to achieve the following:

- Provide teacher training;
- Procurement of ICT devices, software and connectivity;
- IT support to schools and online learner and teacher support material.

The Annual Performance Plan for 2022-23 of the Department of Basic Education included a performance indicator that focuses on the monitoring of provincial departments on procurement and distribution of ICT devices.

The main reason for auditing education information systems countrywide is to assess the effectiveness and efficiency with which the current information systems are used at both national and provincial level, i.e. basic IT controls, IT infrastructure and performance management of systems. The 2022 - 23 IT audit was conducted across the provinces assessing the IT control environment with an emphasis on:

- ICT or e-learning projects at the schools,
- Project review on the implementation of South African School Administration Management System (SA-SAMS) Modernization,
- Provincial warehouse data quality,
- The utilisation of Education Facilities Management System for managing and monitoring infrastructure projects at the schools,
- Cyber security, and
- IT general controls environment.

e- learning projects at the schools

Eight (8) provinces had embarked on the e-learning journey with the initial phase of procurement and distribution of ICT devices such as classroom tablets and laptops for educators. Northern Cape Province (NC) did not allocate budget towards e-learning initiatives and there were no ICT projects for the NC schools. Eight (8) provinces, i.e. MP, WC, LP, GP, NW, EC, FS and KZN allocated budgets and the projects were being implemented as per the departments' road map and are progressing as planned in the roll out document. In addition, oversight committees at these 8 provinces were established to monitor e-learning initiatives by ensuring that the ICT devices are distributed to the schools and that content is loaded onto the devices. However, the following were noted for the KZN Province.

- Poor network connectivity affecting learners and teachers' ability to utilise smart devices at schools.
- Smart devices that are corrupted, lost or stolen and difficult to replace as they are not insured.
- Smart school devices not timeously fixed due to support and maintenance clause not being included in SLA for smart school devices.
- Schools purchasing devices that are not in line with the required specifications.

Lack of delivery on the e-learning initiatives for NC & KZN, affects the quality and efficiency of learning in the classroom.

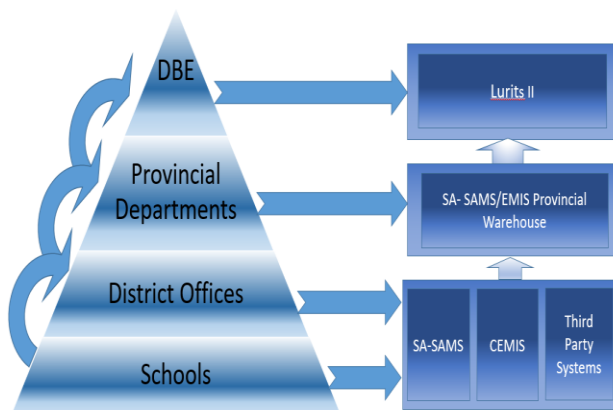
Project review on the implementation of South African School Administration Management System (SA-SAMS) Modernization

A project review on the South African School Administration Management System(SA-SAMS) Modernization was performed as the Department had entered into a contract with NECT to implement a web based SA-SAMS in order to replace the current desk based version of SA-SAMS. This project journey had commenced since 2008 and planned to be completed in 2025. During the review of SA-SAMS Modernization project, it was identified that the department had budgeted R100 million for the entire project, however only 68 million was left after reducing the funds by R32 million due to funders not reviewing funding agreement. Moreover it was noted that the budget was no longer sufficient as only R12 million remains to implement releases 4 and 5 which might hinder the department from successfully implementing the project. In addition, system quality management plan and testing were not performed for all completed releases.

The above may result in a significant shortfall in funding, potentially leading to incomplete project deliverables. Insufficient funds may hinder the necessary resources and activities required for the successful implementation of release 4 and 5. Lack of quality control procedure may result in inconsistencies, ad-hoc decision-making, and difficulties in monitoring and improving the project quality. Furthermore, without proper quality control, there is a higher risk of introducing defects, poor functionality, and compromised system reliability, which can impact user satisfaction and operational efficiency.

3. Provincial Warehouse Data quality audit

Provincial Data Warehouses are used by all PEDs to consolidate learners and teachers' information emanating from schools and districts. The PEDs are responsible for managing and maintaining Provincial Data Warehouses as well as availing the information for planning and budgeting purposes in their respective provinces.



Learner and teacher data is collected manually by the IT Technicians from SA-SAMS at the schools. It was identified that manually consolidated learner and teacher data collected from the schools and district offices stored at the provincial warehouse was of poor quality, e.g. data included deceased learners who were still active, duplicate learners and educators, as well as learners with invalid ID numbers. Data is used in the education system as one of the key inputs for decision making and as such, poor quality data can adversely compromise the quality of decisions made such as budgeting allocation, allocation for the school nutrition programme, allocation of school learning materials and ICT related Infrastructure.

4. The utilisation of Education Facilities Management System

Education Facilities Management System (EFMS) is a web-based property register and programme management system for infrastructure. The programme management tool is used for all active infrastructure projects that the department oversees. The system also has a mobile assessment tool which is used to capture school building condition data (NEIMS3) and manage the immovable assets. The EFMS, was initially used by the Eastern Cape Department of Education, however National Department of Basic Education took over the management of the system in 2021 and rolled out to all Provincial Education Departments (PEDs). The system was fully rolled out in only three provinces, namely EC, NW & NC and not fully utilised.

The above may result in the department not being able to manage, monitor and oversee all active infrastructure projects across the country.

5. Cyber security audit

SITA hosts and manages DBE's key performance management systems (EXAMS, EFMS, LURITS, and SA-SAMS), it is also responsible for ensuring that Cyber Security controls around those systems are implemented. The cyber security review, conducted at 5 provincial departments, namely MP, WC, EC, LP and GP as well as the DBE however, identified weak ICT security environment as a results of missing patches, unsupported applications and weak configurations. These weakness exposes the departments to cyber-attacks and unauthorised access, consequently leading to disruption of services.

6. IT general controls environment

The majority of the departments were still experiencing challenges with the implementation of IT controls. The status of the IT general control environment remained unchanged. The DBE, NC & EC has improved compared to prior year. The overall outcomes are concerning for all the provinces. Only GP had a well-controlled IT environment.

	2022-23 Outcomes	2021-22 Outcomes
DBE	Yellow	Red
GP	Green	Yellow
FS	Yellow	Yellow
NC	Yellow	Red
WC	Yellow	Yellow
EC	Yellow	Red
MP	Yellow	Yellow
LP	Yellow	Yellow
NW	Yellow	Yellow
KZN	Yellow	Yellow

Intervention Required	Concerning	Good
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4. Root causes

- There was no separate budget allocated for the implementation of e-learning projects, as a result provinces were responsible to set aside their own budgets for this initiative and others provincial departments dependent on donations or grants.
- Lack of sufficient budget in implementing the system(s).
- The processes of consolidating learner and educators data from SA-SAMS in different schools and uploading on the provincial warehouses were dependent on manual controls that require a lot of human intervention.
- The majority of departments had designed IT controls but were struggling with their implementation due to aging network infrastructure coupled with limited budget.

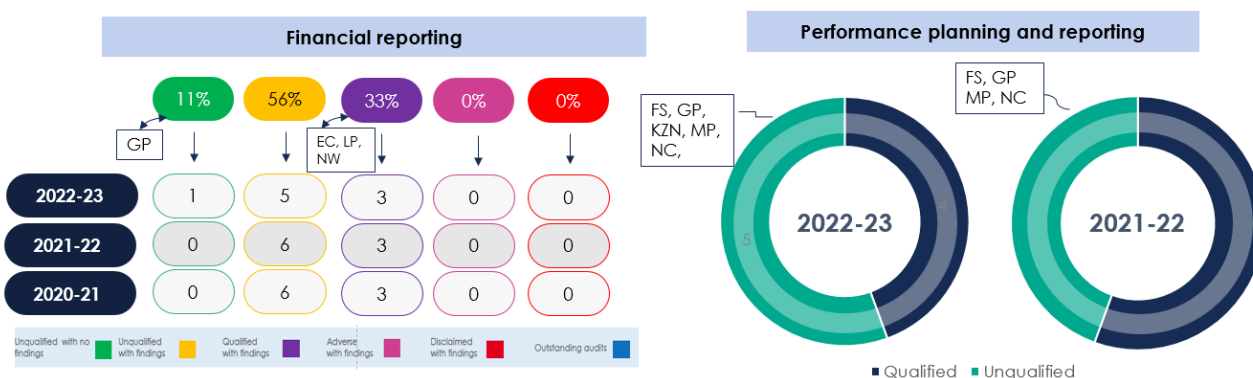
5. Recommendations

ICT and Sector representatives from the Education Departments should:

- Key ICT initiatives should be prioritised during the budgeting process.
- The department should also re-evaluate its budgeting processes or revise project plans to ensure similar budget shortfalls are avoided in future stages of the project.
- Fast-track the completion of SA-SAMS modernisation project to enable real-time reporting, automated data integrity checks, and minimise manual interventions.
- Implement processes and procedure to ensure continuous data integrity checks prior to reporting and holding provinces accountable.
- Ensure that EFMS system is rolled out to all the provinces and all the modules build within the EFMS system are adequately utilised
- Ensure that adequate and effective IT general controls are in place.

Basic Education Sector

Slide 24



Overall, the outcomes for the sector have improved compared to the prior year. This is after Gauteng Department obtained unqualified with no findings as they have implemented all the audit recommendations and addressed the root causes.

While EC, LP and NW remained with qualified audit opinion. The quality of financial reporting for most of the departments in the sector was still poor as a result of errors on accounting for infrastructure assets. Inadequate project management and coordination of implementing agents remains a major control deficiency affecting preparation of quality and credible financial statements for most of the departments in the sector. For instance, EC education department had substantial misstatements and omissions in the financial statements submitted for auditing. This is after the auditee changed the accounting policy to measure the assets during the year.

Non-compliance with legislation remains high and concerning as we reported material non-compliance within the sector that negatively affected the audit outcomes. The sector continues to struggle with non-compliance with supply chain management prescripts and this is also the area where the risk of fraud is highest, hence it is necessary for a culture of compliance and respect for the law needs to be re-enforced. This has also resulted in an increase in irregular expenditure of R5, 12 billion for the current year.

In our previous engagement with the sector, we urged the leadership to institutionalise the preventative and detection controls in order to improve sound financial management and audit outcomes within the sector. We indicated that sustainable improvements in audit outcomes would only be achieved when all role players in the accountability ecosystem did what they needed to do. The lived experience of the people meant to be serviced in the sector has not significantly changed as the sector leadership's commitments are all still in progress.

Sector Financial health

Slide 25

Nature	Total	Top contributors	Auditees impacted
Unauthorised expenditure	R32, 46m	NC – R28,34 m KZN – R4,10 m	NC KZN
Fruitless and wasteful expenditure	R70,98m	EC - R24.28 m LP – R23.48 m FS – R14,3 m	All auditees, except WC
Deficit	R726,73m	GP – R724, 79m KZN – R1,94 m	GP KZN

More than 20% of cash shortfall funded by next year's operational budget	N/A	EC FS KZN NC	EC FS KZN NC
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Weak financial management and budgeting controls led to the financial health status within the sector deteriorating, which negatively affected their ability to deliver services. Some departments continued to spend money that they did not have, and 20% of the departments had a combined deficit of R726, 73 million.

The FS education department is expected to use 45% of its 2023-24 budget to fund the 2022-23 expenditure, which negatively impacts its ability to meet its future service delivery needs. It is concerning that the KZN and FS education departments have expressed significant doubt in the department's ability to operate as a going concern in the foreseeable future and urgent intervention is required to improve the financial health.

Service delivery – planning, reporting and oversight

Underachievement on planned service delivery

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MTSF Achievement (sector)			
Indicators	5 year MTSF target	4 year totals from 2017/20	
		Own target	Achievement
Percentage of Funza Lushaka bursary holders placed in schools within six months upon completion of studies or upon confirmation that the bursar has completed studies.	90%	51%	39%
Number of public schools that offer Grade R	Proportion of 5-year olds (Grade RR) enrolled in educational institutions by 2024	75 000	62 504
Number of public schools provided with water infrastructure	122 additional ASIDI schools completed and handed over for use (cumulatively 337 by 2024)	4000	3 526
Number of public schools supplied with sanitation facilities	3 898 schools to have reached practical construction completion by 31 March 2022	3800	2 517
Percentage of learners with access to required maths and EFAL textbooks in Grades 6 and 9	2024: 100%	56%	48%
Number of teachers trained in maths /numeracy content and methodology	All teachers qualifying for training trained by 2024	33 920	34 331
Number of teachers trained in literacy and language content and methodology	All teachers qualifying for training trained by 2024	33 557	36 870
Coding and Robotics curriculum implemented	Approved curriculum in place by 2022	Approval of curriculum by 2022 Number of schools piloted: 18	The curriculum was approved by 2022 18 Schools piloted (two per province)
Education facility management system is developed at Provincial level	System will be operational by 2022 in all provinces	operational by 2022 in all provinces	Operating in three PEDs (EC, NC&NW)

Reflection on sector performance

Our analysis of the MTSF indicators and targets for the past four financial years, we noted that provinces are not achieving on their targets, which directly delay delivery of the intended quality education even though the budget is at times exceeded by a number of auditees. The underachievement of the planned service delivery and reported achievements and lack of correlation with the budget spent will compromise the achievement of government's priorities and erode future budgets meant for service delivery.

Poor monitoring and corrective action throughout the year contribute to auditees being unable to achieve their performance targets or reliably report on their performance. Accounting officers and oversight bodies (such as portfolio committees) also use in-year reporting for monitoring purposes; without reliable information, their monitoring process will be ineffective.

Our analysis on the annual performance reports of the departments in the sector for the past four financial years, we noted that provinces are not achieving on their targets, which directly delay delivery of the intended quality education even though the budget is at times exceeded by a number of auditees.

The continuous underachievement of the planned service delivery and reported achievements and lack of correlation with the budget spent will compromise the achievement of government's priorities and erode future budgets meant for service delivery.

For examples,

All the PEDs did not achieve their targets for the Percentage of Funza Lushaka bursary holders placed in schools within six months upon completion of studies or upon confirmation that the bursar has completed studies, as they have achieved 39% out of the 90% planned as per MTSF despite the overspending of programme budget over the period. This affected quality of education as critical

priorities such as placing teachers, left some schools operating with skeleton staff and overcrowded classes.

MTSF indicators not included in the APPs

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Our analysis of the Annual Performance Plans (APP) indicated that the majority of education departments, (90%) (Except for Kwazulu-Natal), are setting clear indicators and targets. This is encouraging as it sets a solid foundation for accountability processes.

The education sector plays a vital role in achieving the Medium-Term Strategic Framework (MTSF) 2019-24 targets, which are linked to service delivery objectives of the country, but the APPs of most of the auditees within the education sector did not include indicators that measure their contribution to the MTSF, their core functions, or the jobs they were created to perform. The indicators in the MTSF priority 3: Education, skills and health were considered, assessed, and included in the analysis.

The following are the MTSF indicators that were not included in the APPs of the departments:

Output indicators – MTSF	Output target - MTSF
Digitised text book	Digitalise all state-owned textbooks
Number of schools connected for teaching and learning	90% of public schools connected by 2024
Distribute an annual circular statement to all 9 provinces to inculcate the culture of recital of the Preamble of the Constitution at all school assemblies and gatherings.	1 circular issued annually

Output indicators – MTSF	Output target - MTSF
Number of unemployed youths trained in an accredited course in general maintenance of school buildings	At least 710 youth trained within the 71 education districts
Revise History Curriculum and Assessment Policy Statement for Grades 4-12	History Curriculum and Assessment Policy Statement revised for Grades 4 -9 by 2023
Conduct master training for History Curriculum Specialists in each province on the revised History Curriculum	History Curriculum Specialists trained as master trainers by 2024 in each of the 9 provinces
Develop exemplar question papers on the revised History curriculum for Grades 10-12	Exemplar question papers developed on the revised history curriculum for Grades 10-12 by 2024



IMPACT

If departments exclude indicators from their APPs and reports, they risk not being able to achieve the MTSF targets as well as the priority goals. This means the administration may not be able to deliver on its promised services and improve the quality teaching and learning in South Africa. A target that is not measured or accounted for, is unlikely to be delivered.

Incomplete APPs also mean auditees do not transparently report on how they perform their core functions and on their contributions to government programmes and initiatives. This weakens the accountability process because those who need to monitor and make decisions about government-wide deliverables, are not working with complete and reliable (audited) information.

Focus Areas

Service Delivery: Early Childhood Development

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What we audited

Quality Early Childhood Development programmes should lay a solid foundation for school readiness and educational performance for children. The basic education departments aimed for the delivery of an integrated, aligned service delivery model that will ensure access to quality early learning and development opportunities for all children.

The Early Childhood Development (ECD) function shift from the Department of Social Development (DSD) to the Department of Basic Education (DBE) was done as from April 2021. To ensure that the shift is managed effectively, DBE set a transition plan, prioritising an increased access to learning, upscaling facilities for learning, enhancing nurturing care, early stimulation of learning and universal curriculum provision.

Would be prioritised to ensure collaborative and holistic support for the development of the children. Amongst others the transition plan included a process to review the current funding models using lessons learnt from the schooling sector funding.

The AGSA conducted an audit to assess whether the provincial education departments, education districts and schools ensured that there are adequate and safe facilities including equipment, qualified educators and age-appropriate learner-teacher support materials for Grade R provisioning.

What we found

a) Inadequate infrastructure for ECD

The importance of a safe and appropriate environment for quality teaching and learning to thrive and minimise risks of injuries and other health risks. The audit team observed that at some of the schools visited in Northwest, Northern Cape, Gauteng, KwaZulu-Natal, the infrastructure was not adequately maintained and not free from health risks. For example, at one of the primary schools visited, it was observed that the toilets are not well maintained and had broken doors and windows. Furthermore, behind the girls' toilets there was a field full of large weeds compromising the safety of learners. It was also noted that the electricity cables were also left exposed where learners can easily reach them. There were also cables running on the walk-way from one block to another.



A broken lamp with exposed electrical wires at Tlhoafalo primary school NW

At some the schools visited in Northwest, Northern Cape, Gauteng, KwaZulu-Natal, it was observed that their ablution facilities were not safe, hygienic, and sufficient for learners enrolled. Schools did not have one toilet and one hand-washing basin for every 20 children, some of the ablution facilities were not age-appropriate for ECD learners. The toilets were not separated per gender, both boys and girls used the same toilets. It was also noted from one the school visited, that the sewage was leaking next to the toilette entrance and learners had to step on the leaking sewage waste to go inside.

Figure 3: ablution facility not age-appropriate at Bakang Primary



Figure 4: leaking sewage at Tshwara Primary



Figure 5: Toilets with no basins for hand wash at Tshwara



Unsafe playground facilities

Some of the schools visited in Northwest, Northern Cape, Gauteng, KwaZulu-Natal, it was observed that they did not have safe playground facilities. A safe environment is important for learners to ensure that they are not exposed to anything that is harmful. Although the schools had all the playground equipment, they were not adequately maintained which poses a risk to learners getting hurt. Some of those risks include damaged swings, playground equipment located within overgrown weeds, not fenced the unsafe climbers as the pictures below indicates. At one of the schools visited, a Grade R learner was injured while playing and the educator wrote an accident report.



Broken swings used by learners at Bert Bricks primary school NW



Broken swings used by learners at Marikana primary school NW



Broken swings used by learners at Tlhoafalo primary school NW

Learner Practitioner Ratio (Overcrowding)

In some of the schools visited, the grade R learner enrolment was above 30 as per the norms and standards. In one of the primary schools visited, the total learner enrolment was 215 for two classes. Some of the learners were observed sitting on the floor as the furniture was not enough to accommodate all of them as the pictures below depicts.

Figure 9 and 10: Overcrowded classrooms in Marikana primary school



Root causes for the deficiencies identified.

The deficiencies identified from numerous reasons amongst them is admitting more than the capacity of the school without put in a plan in place, not effectively using maintenance budget to address damage of facilities. The schools were not adequately guided by education district and provincial department to capture their school maintenance challenges in their School Self Evaluation (SSE) and School Improvement Plan (SIP). The education district and provincial department did not consistently monitor school to identify challenges needing urgent attention. The annual academic performance report (AAPR) did not reflect on how the deficiencies identified negatively affect school performance.

What we recommend

- The education district should monitor and support schools to comply with applicable legislations regarding the early childhood education facility requirements to ensure a conducive and safe environment for grade R learners.
- The principal should implement monitoring controls to ensure that the facilities at schools are properly maintained and deficiencies report to the education districts.
- The education district should monitor and review the learner teacher ratio to ensure optimal attention per individual learner and report to provincial and national education departments.

- The principal and SGB of schools should monitor learner enrolment of Grade R to ensure that it doesn't exceed 30 grade R learners per teacher / practitioner (normal schools) to allow for effective learning in classrooms as schools are encouraged by the district to admit within their capacity.

National School Nutrition Programme

Slide 30

What we audited

The right to education is one of the basic rights enshrined in the Bill of Rights contained in the Constitution. However, given the prevalence of poverty in communities across the country, the learning process in schools tends to be negatively impacted by factors such as malnutrition and hunger. It was against this background that the democratic government established the National School Nutrition Programme (NSNP) as an integral part of the overall strategy of government to address the imbalances and inequities and improve learner attendance and performance.

We conducted a follow-up audit guided by deficiencies identified and remedial actions for the 2021/22 NSNP audit outcomes. The audit was structured in such that the audit team repeatedly visit schools audited in the last financial year and selected new schools in each province.

The following NSNP areas were audited for 2022/23 financial year:

- Establish a NSNP committee and designate a NSNP coordinator.
- Management of NSNP goods and items in terms of procurement, stock register and storage.
- The use of NSNP funds for purposes intended.
- Availability of utensils and equipment for preparing and serving meals.

What we found

We observed that similar deficiencies communicated to the basic education departments in 2021/22 financial year, were identified in 2022/23 in the following areas:

- Non-compliance with procurement guidelines in purchasing NSNP goods and services by some of the schools visited for audit purpose.
- Some schools did not use the NSNP funds for the purposes intended.
- Some of those schools visited did not have updated NSNP stock registers.
- Learners were served meals in an undignified manner due to lack of utensils.
- The health and safety of meals was compromised by unclean environment and not using appropriate PPE.

a) NSNP funds not used for the purpose intended.

For example, in North West, it was identified that two secondary schools made an overpayment of R 25 595 and R 6 845 to suppliers respectively and could not provide evidence indicating that the overpayments have been recovered. It was also noted that these transactions were done without the authorised approval. In Free State, it was identified that a primary school used a separate NSNP bank account in May 2023, however, the funds were not reconcilable as the income and expenditure report highlighted a balance of R384 695.51 while the bank statement balance highlighted R178 794, 38. Another primary school from Free State overspent the NSNP funds by R131 353, 04. A primary school in Limpopo paid a service provider an amount of R682 984.08 even though the procured food items were not delivered as expected while another primary school in the had a debit and cash withdrawal from the bank of R304 740 above the recorded actual expenditure of R110 574.35.

The major deficiency was that in some of the schools, the NSNP committees and coordinators were not functional at schools. The **root cause** of the deficiency is that where committee members and coordinators are designated, they had not grasped their roles and responsibilities in some instances they were not provided training. It should be noted that the NSNP coordinators and Committee members had to also be concerned with their primary responsibilities of teaching.

b) Inadequate availability of feeding equipment

The NSNP Grant Framework requires schools to comply with approved food and menu specifications consisting of meals containing starch, protein, and fresh vegetable-fruit. Fresh vegetables and soup must be served on daily basis. The provincial education department allocate funds to school for the procurement of equipment and utensils. When procuring equipment and utensils, schools are required to procure at least three burner gas stoves, 20 litres cooking pots (3 pots per 500 learners) and stainless steel or heavy-duty melamine eating spoons, plates and mugs/cups.

We identified deficiencies at some of the schools visited as they did not provide learners with eating utensils resulting to learners being served meals with an undignified equipment as the picture below depict.



Picture 1 A learner being dished meals using a small bucket.

There have been sporadic media articles relating to hospitalisation of learners who were served contaminated meals. For example, in NW it was confirmed that the stainless steel plate and spoons were either lost or damaged by the learners. This resulted in learner's eating their meals without spoons. Furthermore, the audit team observed learners exchanging of dishes, sharing dishes- with meals and some using buckets. This poses health risks, and it is indignity.

c) Inadequate storage of food supplies

In terms of the NSNP Guide for Secondary Schools (year), food items must be stored in an area with adequate ventilation and must not be placed on the floor but on an elevated palette / unused desk to avoid food contamination. During our visits to schools, we identified instances where schools, stored food items in an area that was not hygienic and not adequately ventilated. It was also noted that some food items kept in the storerooms were starting to be rotten as the picture below suggest.



Rotten fruits kept in the storeroom at Batlhaping Secondary School in NW



Rotten vegetables kept in the storeroom at Batlhaping Secondary School in NW

What we recommend/

- a) The national and provincial department should institute a measure where the status of schools in terms of establishment, training and clear the roles and responsibilities is tracked and support provided to schools that are struggling.
- b) The provincial education to ensure that all education districts effectively monitor and support schools to ensure that the NSNP benefits all learners.
- c) The school management teams should take responsibility to ensure that delivered goods and equipment are accurate in terms of quantity and quality and the stock management is done effectively.
- d) The national and provincial department should explore the possibility of allocating PYEI candidates to assist in executing some of the NSNP responsibilities.

Scholar transport

Slide 31

Background

Every day, millions of learners hoping to better themselves through education wake up early to get to school. But for learners who have long distances to travel, the journey can be much more difficult and challenging. Scholar transport is a necessary and integral part of the right to basic education, but learners who cannot get transport suffer, particularly those in rural South Africa. The National Learner Transport Policy was approved by Cabinet in 2015. The overarching objective of the policy to improve access to quality education by providing safe, decent, effective, integrated and sustainable learner transport.

The policy indicates that national government will oversee the implementation of the policy in consultation with relevant stakeholders, including provinces, municipalities and school governing bodies (SGBs). It further states for a National Interdepartmental Committee (NIDC) to be established and oversee the implementation of the policy particularly the Learner transport Programme and the National Departments of Basic Education and Transport to monitor the provisioning of learner transport programme in provinces.

What we audited

The following NSNP areas were audited for 2022/23 financial year:

- Procurement processes on appointment of transport operators properly followed
- Sufficient scholar transport provided to all deserving learners
- Assess if the vehicles are safe and roadworthy
- The KMs claims are the actual KMs travelled

What we found

- Procurement processes on appointment of transport operators properly followed

The service providers were not evaluated on the capability and capacity to render the required services and there were no clear methods used for allocation of work to service providers.

For example, in Limpopo the contracts were awarded without verifying capacity of the vehicle, proof of ownership /lease agreement, and experience of the drivers with professional driving permit (PDP)

- Sufficient scholar transport provided to all deserving learners

The calculation showed that the capacity of the vehicles procured was insufficient to safely transport the planned number of learners as well as the reported number of learners actually transported. This resulted to the overloading of the buses which put the lives of the learners at risk.

For example, in one of the schools in KZN 2 Buses (1 bus does 2 trips) used to transport 695 learners.

A calculation was requested from and provided by the learner transport division at DOE showing the available capacity from the vehicles procured to provide the transport during 2022/23. We then analysed this calculation to determine whether it is sufficient to cover the planned target for the year as well as the actual reported achievement as follows:

Item	No. of learners
Total available capacity calculated based on total fleet of vehicles available	52 664
Planned target for 2022-23 in annual performance plan	61 000
Overload of learners in the planned target (during planning)	8 336
Total available capacity calculated based on total fleet of vehicles available	52 664
Actual number of learners transported during 2022-23 as per reported	73 889
Overload of learners in the reported achievement (during reporting)	21 225

- The KMs claims are the actual KMs travelled

The Bus drivers do not come on certain days to ferry the learners with no notice given to the school or learners, however, they still submit their claims for those days. At times the transport operators are claiming more KMs than the actual travelled.

For example in EC operators did not ferry kids on the day the verification was performed so learners had to walk to home as the driver never informed the school or learners

The root causes

At a granular level there is not consistent monitoring of mode of transport utilized service providers to ensure that they match those that were agreed upon when awards were made.

IMPACT: These overloads result in potential harm being caused to learners as their lives are at risk as each learner is not safely accommodated in the vehicle.

The teaching and learning is affected as the learners miss some important lessons due to drivers not ferrying them and also impact on their academic performance

The issues results in non-compliance with the SCM prescripts and the learner transport policy which attracts irregular expenditure and loss of funds meant to services the learners.

Furthermore, they should ensure that the learner transport programme is adequately planned such that the transport capacity procured is sufficient to transport the planned and approved number of learners and that the programme is adequately funded.

Infrastructure

Slide 32

Key messages

At the heart of service delivery lies the expectation of citizens to have basic services, quality education and economic stability. Some of the challenges facing our nation can be controlled, provided there is a deliberate effort by all key stakeholders to be the change they want to see by eradicating poverty, inequality and unemployment.

High level summary of **key messages** from the Education sector.

Our audits revealed deficiencies in most areas of infrastructure delivery, which require urgent corrective action by government. The following is a summary of the areas of concern.

There is:

- Ineffective monitoring of project milestones, project cost and build quality.
- Inadequate enforcement on accountability.
- Ineffective utilization of facilities and poor condition of buildings.

Impact of infrastructure delivery failures:

- **Effective learning** has been **deferred** due to delays experienced on projects.
- The **safety** of the learners was **compromised** by dilapidated infrastructure.

Focus area and scope

Service delivery objectives and infrastructure responsibilities

Government has several programmes in place to fulfil its vision of sustainable infrastructure as expressed in the National Development Plan and various presidential initiatives. Service delivery objectives are also well established for different role players in the accountability ecosystem; some of which are articulated in legislation:

- The South African Constitution and Bill of Rights outlines the basic services that government must provide to citizens and that includes basic education.
- Legislation places the responsibility for the effective, efficient, economical and transparent use of the resources of a department or entity on accounting officers or authorities. They are also specifically tasked with the management, including the safeguarding and maintenance, of infrastructure assets.

In the infrastructure delivery process in the Education sector, there are usually two stakeholders: the client (The respective department of education) who requires the infrastructure and the implementing agent (for example, the public works department in that province) who implements the project on behalf of the client. The budget normally resides with the client, who will therefore remain accountable for the spending of the allocated funds together with the implementing agent.

Focus areas of our infrastructure audits

For the 2022-23 audits, we focused on grant management, particularly Education Infrastructure grant and School Infrastructure Backlog Grant. Key projects funded by these grants were identified, tested and reported on.

Purpose of the education infrastructure grant (EIG)

The purpose of EIG is to help accelerate the construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in the basic education sector.

Purpose of the Schools backlog grant (Accelerated school infrastructure delivery initiative)

The purpose of the funds from the school backlog grant is intended to provide schools with water and sanitation, and to replace schools constructed with inappropriate materials such as mud.

The following figures depict the budget and spending of the grants:

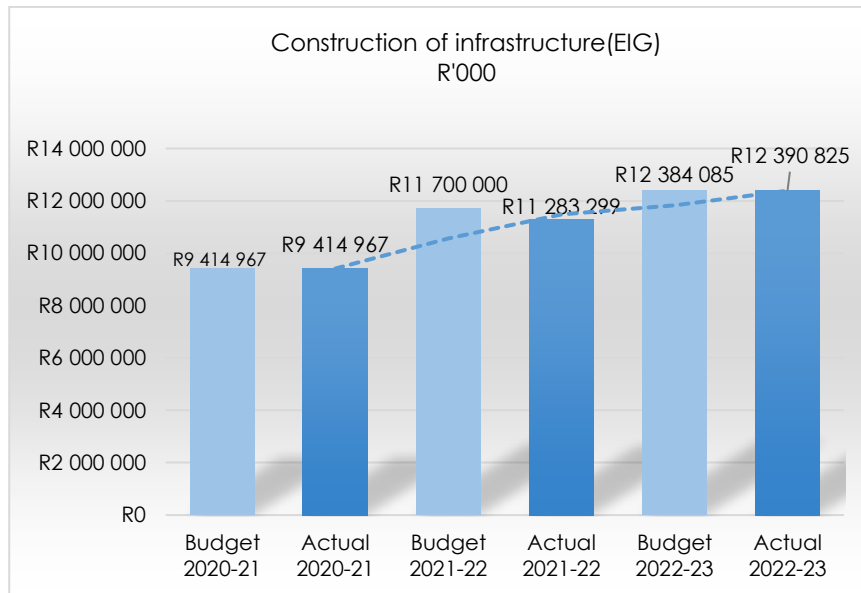


Figure 1: Budget and spending of EIG

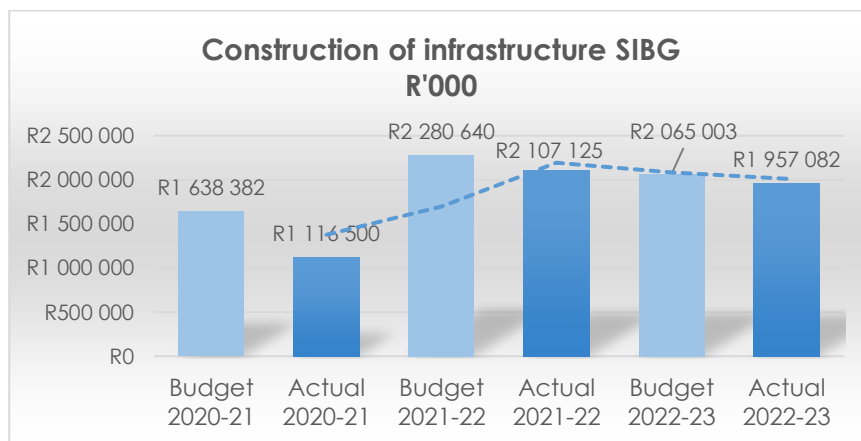


Figure 2: Budget and spending of SIBG

Project life cycle for infrastructure delivery and scope

During our audit, we paid specific attention to infrastructure delivery across the project life cycle, focusing on some of the key projects in every province. We also followed up on some of the projects audited in the prior year. The audit focused on each key phase of infrastructure delivery to address the economical, efficient and effective use of resources in constructing infrastructure. The number of projects audited and the different phases of the project life cycle for infrastructure delivery are depicted in the figures below:

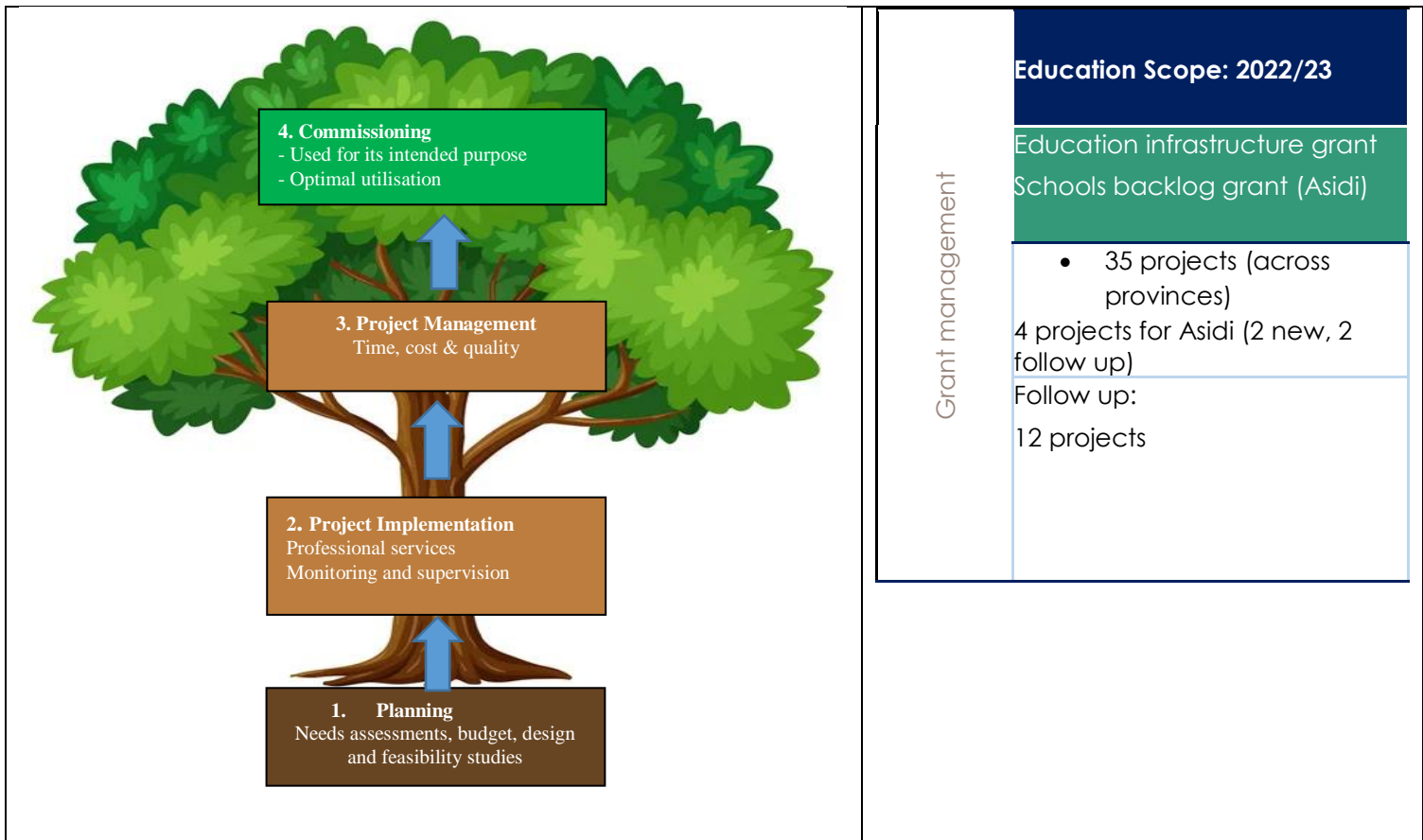


Figure 3: Stages of life cycle projects tested

Figure 4: Number of key

Detailed observations and examples

Audit outcomes on follow-up work

1. In some instances, the follow up did confirm the inability of some accounting officers to implement a responsive action plan to address findings.
- 2.
3. Some of the observations were similar to those reported previously, such as increased cost and further delays, impacting the timely delivery of quality education in an efficient and effective manner. This is indicative that our call for action has not been taken seriously, and we therefore have repeat issues.
4. The following are examples on follow-up work:

- **Yinhle Lentfo Primary School (MP)**

The project commenced on 15 October 2019 and was scheduled to be completed on 17 November 2020. The department delayed removing existing temporary building structures from the site for the second phase of the project to commence. A site visit was conducted on June 2023, and it was noted that construction work on the second phase of the project had ceased. The contractor had vacated the site. This was due to a dispute between the department and the contractor over contract price adjustments and availing of funds to repair the collapsed retaining wall.

The department incurred avoidable costs of R469 589, 02 due to the time extension.

Furthermore, the contractor abandoned the site without barricading the works in progress. Refer to the pictures below for examples:



Figure 5: Paving stacked on walls – dangerous



Figure 6: Retaining wall collapsed and not rebuilt or properly barricaded off



The school currently has an average of 50 learners per class, exceeding the prescribed number. Works in progress that are not barricaded and safeguarded pose a risk of injury to the learners at the school.

- **Dinizulu Senior Secondary School (EC)**

The contract value was R38 250 560.45 with 18 months duration and a planned completion date of 11 April 2018. During the site visit conducted in February 2023, the project was still in construction. It was discovered that there has been a significant delay between the submission of variation orders (VO's) and the approval thereof . It was noted that the VO committee was not in place and had recently been appointed. At the time of audit, the committee was in the process of analysis of the VOs. The contractor was not visible on site and awaiting approval of the variation orders.



The delay of the VO approvals caused the project completion to be delayed and hindered the effective utilisation of the works done under the project. Furthermore, due to the delay of the project, the project needs were not satisfied adequately as the pupils are still using the old, dilapidated ablutions, which are insufficient and not in good structural and functional condition, which could cause health concerns.

- **Loretlweng Primary School (NW)**

The North West department of Education allocated the construction of the Loretlweng Primary School to the Department of Public Works and Roads. The contractor was appointed on 13 December 2016 to construct the school by using an alternative building method at an amount of R47 096 255, 70 (including VAT). The Administrator of the Department of Public Works and Roads instructed the contractor to suspend their work at the school on 4 July 2019 due to poor quality work. The contractor's contract was terminated on 15 September 2020. During site visit on 6 June 2023, two years and nine months after the contractor was terminated and more than six years and six months after the original appointment of the contractor, the structure had collapsed and the project was still abandoned.

The cumulative certified value on the project was R12 694 115, 07 (including VAT). The Department of Education did not receive value for money for payments made towards the construction of structures that totally collapsed.



Figure 7: Collapsed roof trusses



Figure 8: Collapsed wall

Current year audit outcomes on infrastructure delivery

The following graphs shows the overview of key observations across the life cycle on Project planning, project implementation, project management, allocated according to time, cost and build quality and commissioning. For Western Cape, there were no infrastructure observations. The following figures depict the observations across provinces.

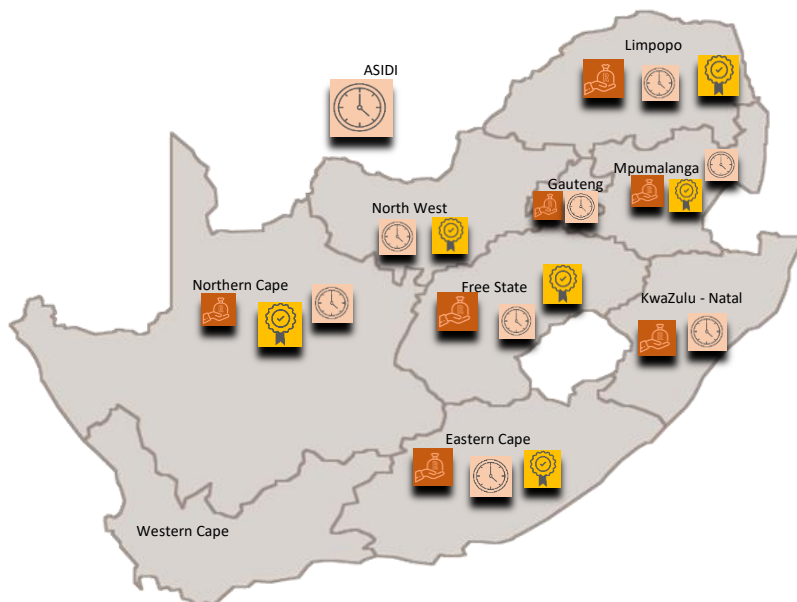


Figure 9: Findings per province (There were no findings at Western Cape)

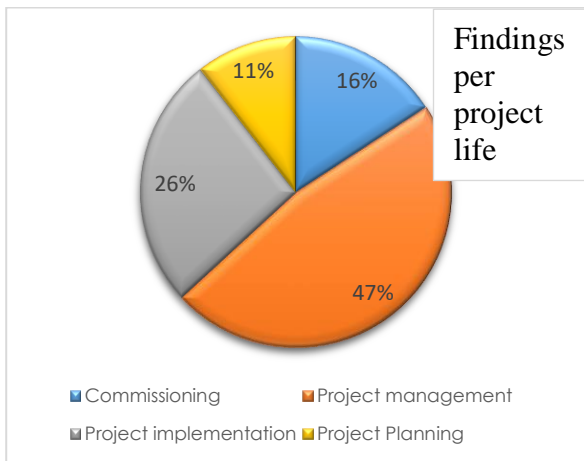


Figure 10: Findings per project life cycle areas

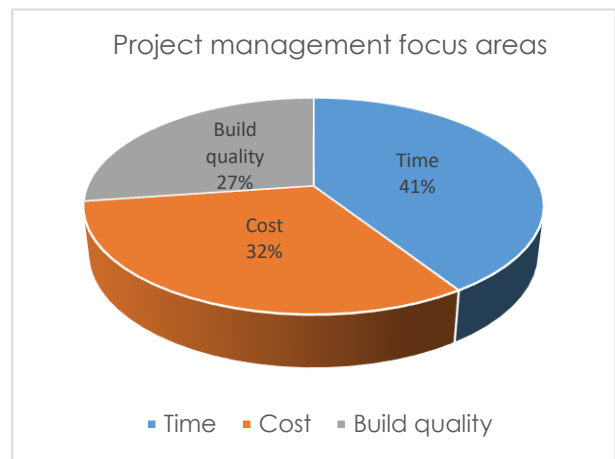


Figure 11: Project management focus areas

Project planning for infrastructure projects

Proper planning minimises delivery delays and unnecessary costs. We found that:

- The need for the projects was not always properly identified;
- Information crucial for the specifications was sometimes lacking; and
- There were delays in providing information such as designs to contractors.

This led to scope changes, delays and cost increases. This hampered on auditees' ability to provide timely and effective access to complete facilities.

The following are examples that illustrate findings on planning:

- **Tongaat Special School (KZN)**

The planning for the construction of Tongaat SS commenced in August 2011, however the contractor was only appointed on 12 October 2020. The reason for the delay was due to lack of funding for the construction of the school, therefore the school was placed on hold until funding became available. Despite lack of funding for the construction activities, the department still disbursed funds for the planning activities of the project. The consultant was paid an amount of R4 467 887, 23 between 2011 and 2013.

Inadequate risk and feasibility assessments pertaining to existing site conditions resulted in the delay in the planning phase of the project. This resulted in cost escalations for the construction of project due to the impact of the construction industry escalations in cost. Furthermore, the department did not adequately align their infrastructure budgets/ allocations to the needs pertaining to infrastructure as funds were not readily available for the construction phase of the project.

The delay in the planning stage escalated the construction cost of the school from R35 million to R131 million as per the quantity surveyors estimates. Furthermore, R4 278 591 was incurred for architect fees to re-do designs of the building extension.

Project Implementation

During this phase of a project, planning documents are translated into action (such as designs and construction). We found that projects were not properly monitored and supervised, with auditees not identifying and dealing with challenges throughout execution. Auditees' lack of resolve to take decisive action against defaulting contractors also meant that projects already running late, incurred further delays and – in many instances – increased costs.

The following are examples that illustrate findings on project implementation:

- **Birch Acres Secondary School (GP)**

The contractor was appointed on 12 December 2016 at a value of R31 195 029 (including vat). The commencement date of the project was 11 April 2018, with planned completion date of 30 September 2018.

An alternative method of construction was used to fast track the construction of Birch Acres Primary to improve service delivery and alleviate overcrowding in neighboring schools. This objective was not achieved. The cost to complete the remaining works on the project was estimated at R21 845 400.

The Principal agent of the project issued various communications to Gauteng Department of Education (GDE) recommending the contract to be terminated due to non-performance of the contractor, however this was not implemented by GDE.

Furthermore, although the communication on the project stated that no variation will be allowed, GDE contravened the communication and contract strategy of design and build by approving and paying the variation for the redesign of the drop off zone to the value of R 2 456 171.

As per site visit conducted in May 2023, it was noted that a number of items were incomplete, however the contractor was paid more than 100% of the tendered value.

Project management

Proper project management is crucial to ensuring that infrastructure is completed timeously, within budget and at the required quality. We found that not all auditees monitored and evaluated projects effectively and continuously until completion.

The following are examples that illustrate findings on project management:

1. Ineffective project management resulting in delays (TIME)

Many projects did not achieve the planned original completion date. In some instances, completion dates were revised multiple times yet projects were still under construction at the time of our site visits.

The following figure demonstrates the number of months the tested projects were delayed:

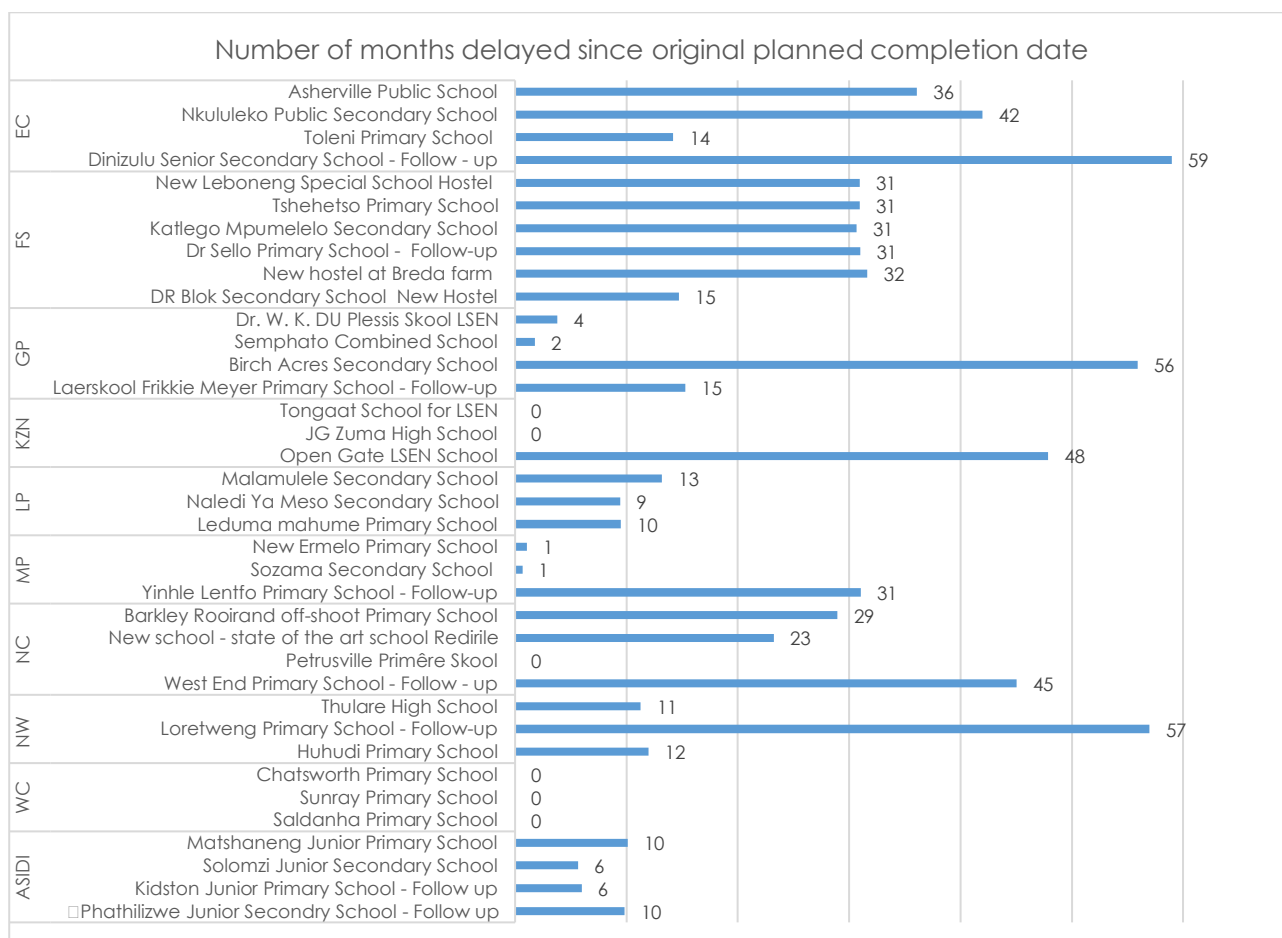


Figure 12: Delay in months

Effective learning has been deferred due to delays experienced on projects. The safety of the learners was in some instances compromised by dilapidated infrastructure.

- **New Breda School Hostel (FS)**

The contract commencement date was on 28 February 2019. The project was planned to be achieved within 20 months period, on 09 October 2020.

The objective of the project was to construct a new hostel in Breda farm to accommodate learners that are traveling far to school. The project experienced delays in completion by over 2 years.

The following are some of the factors that contributed to the delays in project:

- Delay in site handover;
- Change in design for Dining Room area;
- Delay in payments to the contractors within the agreed contractual period. The contractor experienced delay in payments for 388 cumulative days;
- Contractors abandoned the site due to cash flow.



The delay in completion of the school have a negative impact on quality of teaching and learning activities. The matriculants were accommodated in old staff houses. This measure was taken by the school management to ensure that the learners are closer to school while they await the completion of the hostel.

The old staff houses do not have basic services such as water, electricity, and ablution facilities.

2. *Ineffective project management resulting in increased project cost (COST)*

Auditees did not always monitor current expenditure against progress and budgeted funds, resulting in projects not being completed within budget.

The following is an example of increased costs in projects:

- **Asherville Public School – (EC)**

5.

6. The planned commencement date was 27 March 2018, with a planned completion date of 17 April 2020. However, due to late payment challenges caused by the implementing agent (ECDPWI) and the client (ECDoE), the project duration was extended. On the day of the site visit on 5 April 2023, work performed by the contractor was still in construction. Therefore, the project was delayed by three years from the initial project completion, and eight months from the revised project completion.

7.

8. The contractor was paid standing time claims of R6 432 794.22 due to delays related to suspension of services by the Principal Agent as a result of late-payments. Therefore, this additional payment meant no value for money was received.

9.

10. An interest amount of R251 731.22 and R272 442.61 was incurred by Eastern Cape Department of Education (ECDOE) due to late payments to the contractor and consultant, respectively. Resulting in fruitless and wasteful expenditure.

11.



12. There is deferred effective learning and teaching at the Asherville Public School as the project had been delayed for three years and had still not reached practical completion. Furthermore, the administration block at the school was still in construction resulting in ineffective movement of staff from one office to another.

13. The school was using old structures due to the delays on the project. Additionally, the learners were still making use of the old, dilapidated ablution facilities, which were not in good condition, as they pose health and safety risk.

14.

- **Construction of New Facilities at West End Primary School – (NC)**

15. The contract commencement date was 30 January 2018. The project was planned to be achieved within 18 months period, on 08 August 2019 at an amount of R36 737 030.

16. However, initial contractor failed to bring the works to practical completion within the time frame for completion of the work in accordance with contractual agreement. Therefore, Northern Cape department of Education terminated the contractor in June 2019 and appointed a replacement contractor in July 2021 for completion of the project.

17. During the assessment of the Bills of quantities for the new contractor, it was noted that there were works done by the terminated contractor amounting to R2 978 353,00 that were demolished due to poor workmanship and poor-quality brickwork supplied by the manufacture.

18.



19. The poorly constructed infrastructure exposes the end user to the risk of high maintenance and repair costs which could have been avoided.

20.

3. *Ineffective monitoring of poor workmanship and quality issues (QUALITY)*

Due to capacity and skills shortages, departments and implementing agents did not always properly supervise and monitor projects by identifying unsatisfactory work by contractors and insisting on corrections. During site visits, we also noted several construction defects.

21. The following quality issues were observed on site during the site visit that was conducted at the schools.

22.

Tshehetso Primary School (FS)

Poor workmanship will result in defects and high maintenance cost on completed infrastructure. The remedial works on projects under construction will result in additional delays and the expenditure overruns to complete projects.



Figure 13: Poor workmanship on brickwork and plastering removed



Figure 14: Weathered trusses

- **New Huhudi Primary School (NW)**



Figure 15: Visible gaps & openings in brickwork



Figure 16: Visible gaps & openings in brickwork

The figures above of New Huhudi Primary School (NW) have visible gaps and openings in the brickwork from the concrete floor to the underside of the ceiling resulting in the building not being sealed. Openings such as these will attract leakages into the building during adverse weather conditions which could cause damage and the creeping of insects.

Commissioning

Completed infrastructure should be commissioned and used upon practical completion, which requires cooperation between the implementing agent, client and other role players. We found that there was a lack of such coordination and collaboration between role players at different levels of government, and even within the same institution, which meant that project completion, staff appointments and the availability of completed infrastructure, resources and municipal services were not synchronised to ensure comprehensive infrastructure delivery.

The following are examples that illustrate findings on commissioning:

- **Kidston Junior Primary School (DBE ASIDI)**

23.

24. The following issue was first raised in the audit cycle of 21/22.

25. The practical completion was achieved in October 2021, however during the current year assessment it was noted that the enrolment at the school was still at 492 versus capacity of 974

26.

27.

- **Toleni Junior Secondary School (EC)**

28. Practical completion was achieved on 20 August 2020. Site visits conducted on 4 May 2023 highlighted that there was no operational equipment and resources (furniture, computers, printers, library books, etc.) provided by the ECDoE for the school. These were not procured prior to the commissioning and works/practical completion taken. These affected utilisation of computer room, library and administrative offices.

During the concept/design phase of the project (September 2016), the enrolment from Grade R-12 was 496 learners and 13 teachers. However, currently, the school building is only used by the Grade R - 7 learners, not the intended Grade R-12 learners. Additionally, the number of Grade R - 7 learners have reduced from 201 in 2016 to +-100 in 2023 (at the time of the site visit). Therefore, the new infrastructure is underutilised. Furthermore, it was noted that eight classrooms (including HOD offices) were empty and unoccupied and the new ablution facilities were locked and had never been used.

29.

- **Leduma Mahume Primary School (LP)**

30.

31. Partial practical completion was achieved on 29 September 2022. Site visits conducted in May 2023 highlighted that the school is vacant without learners and teachers.

ROOT CAUSES, IMPACT AND RECOMMENDATION

There are many contributing factors to the poor state of infrastructure delivery in the country; below we highlight some identified through our audits.

Real Root Causes	Impact	Recommendation
<ul style="list-style-type: none"> ▪ Inadequate coordination and collaboration to ensure deliverables are synchronized in the eco-system. ▪ Lack of accountability to implement action on non-performance of contractors and professional service providers. ▪ Quality inspections not done regularly to identify quality issues timeously. 	<ul style="list-style-type: none"> ▪ Non and Underutilization of schools because of delayed project completion. ▪ Poor quality of infrastructure delivery requires remedial work resulting in increased cost. ▪ Instances of deferred use of schools despite all contract price paid resulting to increased grant spending. 	<ul style="list-style-type: none"> ▪ Coordination between different levels of government and other role-players in the same institution should be improved to ensure that schools built are fully utilised. ▪ Role players in the infrastructure accountability ecosystem should establish a culture of responsiveness, consequence management, good governance and accountability. ▪ Decreased over reliance on implementing agencies to do quality inspections instead of units within the department.

School Performance Improvement

Slide 34&35

The *Action Plan to 2024: Towards Realisation of Schooling 2030* identified critical areas for improving provision of quality education in South Africa and set several goals to be achieved by 2024. Amongst the critical areas is goal 21 which stated that education officials should *ensure that basic annual management processes are taking place in all schools in a way that contribute towards a functional school environment.*

To ensure that annual management processes are implemented, a national policy on Whole School Evaluation (WSE) was introduced for schools to identify areas of strength as well as areas requiring development. The policy was intended to enable schools to improve the overall quality of education through improved learner performance. The approach was designed to help schools measure to what extent they are fulfilling their responsibilities and improving the performance through school-based self-evaluation, improvement plans, monitoring and annual reporting. The areas of school self-evaluation and improvement are:

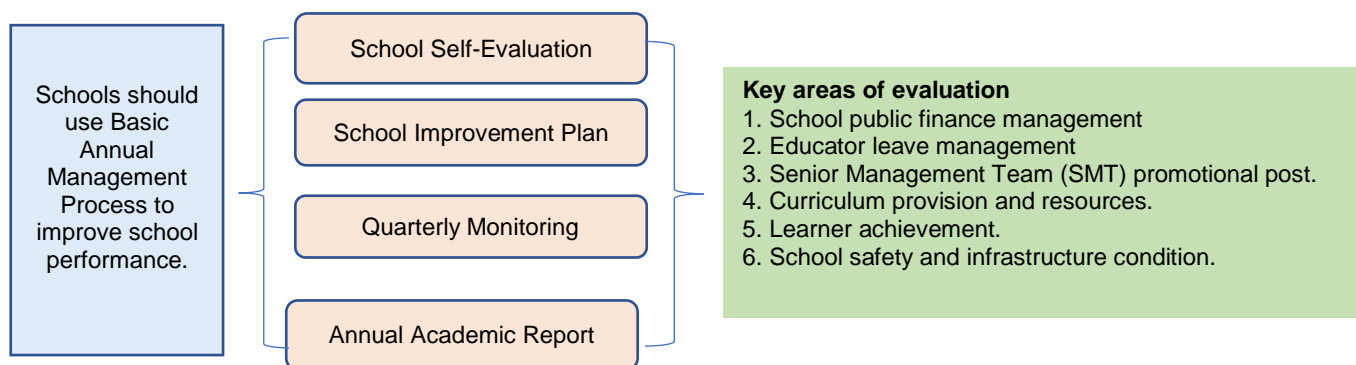
1. Basic functionality of the school
2. Leadership, management and communication
3. Governance and relationships.
4. Quality of teaching and learning, and educator development.
5. Curriculum provision and resources.
6. Learner achievement.

- 7. School safety, security, and discipline.
- 8. School infrastructure.
- 9. Parents and community.

The annual management processes are therefore crucial to ensure that schools identify challenges affecting performance (using the WSE evaluation areas) and put measures in place to address such challenges. The processes include schools conducting self-evaluation, compiling school improvement, frequently monitoring the improvement plan and compiling an annual academic performance improvement plan.

The figure below depicts areas selected for audit as part of an assessment of determining whether annual management processes are used by schools to improve school performance and to also assess the role of national and provincial education departments, education districts and circuit officials:

Figure XXX: Selected Annual Management Processes



What we found

Schools did not use the annual management processes to improve their performance.

We identified deficiencies in all nine provinces that schools did not effectively use annual management processes to improve their performance. Schools visited did not conduct self-evaluation to identify challenges affecting their performance. The school improvement plans were not informed by challenges identified in the school self-evaluation reports. Some school improvement plans did not reflect actual challenges experienced by schools, quarterly monitoring of the improvement plans not done, and the annual academic performance reports were not aligned to the school improvement plans and school self-evaluation. The effects of schools not using the annual management processes are captured in the examples of two schools visited in Northern Cape and Limpopo as narrated below:

Bankhara Bodulong High School is situated in the Northern Cape, Kuruman, within the John Taolo Gaetsewe District. We visited the school because it was amongst the schools with declining performance with a matric pass rate 56.5% in 2022 (2021: 66.3%) (2020: 62%). In 2022, 124 learners wrote matric compared to 86 who wrote in 2021. The school has 873 learners and 29 educators. The school is within a semi-rural community as a Quintile 1 school. Upon informing the district of our planned visit for 15 March 2023, the district Chief Education Specialist (CES) indicated that there is unrest in the area and wanted us to postpone the visit. The team because were in the area passed by the school and found that the unrest did not affect the school activities. The deputy principal at the school asked for postponement as they were not ready with the information requested. However, the deputy principal indicated that there is discontent between pupils and principal following a police raid where certain items (drugs and weapons) were seized by the police from the learners. Learners blamed the principal and demanded these items from him. The principal was physically threatened by learners and fearing for his life decided not to report for work for more than two weeks.

We had telephonic interview with the principal fearing for his safety. He subsequently returned to work and arranged to meet with us face to face on 24 April 2023. Although invited, the circuit manager was not available for the meeting at the school and could not engage with us. The principal cited challenges faced by the school such as the SGB not giving him full access to the school bank accounts and also not supporting him when being threatened by learners and community members. It appeared that he does not have good working relations with the SGB and SMT in addressing challenges experienced at the school. He felt being alone and sometimes suspected collusion against him.

OR Tambo Comprehensive School is situated in the Sekhukhune Education District in Limpopo Province. In 2022, the school had a total number of 668 learners with 153 enrolled for grade 12. The Grade 12 performance for the year 2022 was at 29, 90%. On 13 March 2023, we could not complete the audit due to lack of requested audit documents. Another visit was rescheduled for 24 March 2023 and still the requested information could not be obtained. The deputy principal appointed in September 2022 was serving as acting principal because the school principal resigned in December 2022. He explained that the outgoing principal left the school without proper handover on administration and financial management.

Apart from the lack of information, there were other challenges that were observed at the school such as mismanagement of funds resulting in the school not having money to support basic school administrative duties such as buying chalk, paper and servicing photocopier and printing machine. The department transferred R374 169, 60 on the 30 November 2022 which brought the school balance to R395 086, 39. The school closed two weeks later on 15 December 2022. However, when the school reopened in January 2023, the new acting principal found that the school only had R25 235, 67 left in the school account to run the daily school activities until the next departmental transfer in May 2023. The principal wrote a letter to the circuit manager making her aware of the difficult position he finds himself. The auditors noted during the visit

What is common in the two schools captured above is that all of them did not use annual management processes to capture challenges experienced within the schools and therefore experienced difficult challenges that affected their matric performance.

Not effectively using annual management processes had **ripple effects** on the management of school funds, safety and security of learners, educator utilisation and management, and learner grade promotion and achievement.

a) **Mismanagement of school funds**

In terms of the public finance management act, the Accounting Officer of an institution must exercise all reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure, and must for this purpose implement effective, efficient and transparent processes of financial and risk management. According to the South African Schools Act (SASA) 84 of 1996 section

(16A) (b), the principal must prepare and submit to the Head of Department an annual report in respect of the effective use of available resources. The Action Plan to 2024 states that it is vital that the monitoring of both the school allocation and school fees be stepped up, using data existing within the schooling system. Mismanagement of funds at schools has been a concerning matter which results to malfunctioning of schools, poor maintenance of schools, inadequate implementation of teaching and learning programmes.

Instances of the mismanagement of school funds were identified in some of the schools visited in six provinces (EC, FS, MP, LP, NC and NW). Deficiencies identified include educators and school governing body members receiving funds from school bank accounts to purchase goods and services. Furthermore, it was noted at a school from Limpopo that R91 000 was transferred to an educator to purchase school goods and services without keeping record of whether the goods were purchased for the school or not.

We noted that some schools visited had overspent the equitable share allocated amount, which was indicative of inadequate expenditure control and ineffective monitoring by school governing bodies, circuit and education districts officials. For example, at a school in the Northwest province, the principal made bank transactions by using an ATM bankcard instead of an EFT, as mandated by the district. As a result, various transactions totaling R500 000 were made which could not be accounted for, as there were no supporting documents. It was noted that mismanagement of school funds at schools arise because principals are not ensuring that monthly expenditure reconciliation reports are compiled and shared with the school governing bodies, circuit managers and district officials.

b) Compromised safety of educators and learners due to dilapidated school infrastructure.

The national policy on whole school evaluation identifies the assessment of school infrastructure condition as one of the key areas of school self-evaluation. This is to ensure that the school infrastructure is well maintained to avoid any danger that might compromise the safety of learners and educators. The education infrastructure grant provides co-funding for the provision of provincial infrastructure requirements. This includes the maintenance of existing infrastructure and the construction of new infrastructure, where required, to progressively meet the minimum norms and standards for school infrastructure.

The provincial education departments are required to annually allocate 1% of the norms and standards for minor maintenance of infrastructure to schools. The provincial education departments are expected to manage the spending of the funds at the schools. Major maintenance of the school infrastructure is the responsibility of the provincial education departments. Deficiencies relating to compromised safety and security due to dilapidated infrastructure were observed at all the provincial education departments audited. Examples of deficiencies identified included damaged windows, doors, ceilings and roofs, floor and wall cracks and exposed electric wiring.



Structural cracks at Maqhingendoda Secondary School in KZN



Structural cracks at Langeni Combined school in KZN



Structural cracks at Banzana High School in KZN

The table below depicts an overview of the school infrastructure maintenance deficiencies identified per province.

Nature of dilapidated infrastructure	EC	FS	GP	KZN	LP	MP	NW	NC	WC
Exposed electrical wires		X	X	X	X		X		
Damaged ceilings	X	X	X	X	X	X	X	X	X
Damaged ablution facilities	X	X	X	X		X		X	
Damaged classrooms	X	X	X	X	X	X	X	X	X
Damaged roof		X		X					
Damaged windows	X	X	X	X	X	X	X	X	X
Cracked walls and floors			X	X	X				X

Shortage of classrooms due to dilapidation in some instances resulted in overcrowded classes as observed in the Eastern Cape, Gauteng, Limpopo, KwaZulu Natal and Mpumalanga provinces. In the Mpumalanga province, grade 12 learners did not have a dedicated classroom. Learners were taught under a shelter that was not enclosed, which exposed the learners to noise and weather risks.



Learners taught outside at Lambalati School due to damaged school roof in MP

It was noted that at all the provincial education departments audited, an assessment of infrastructure conditions and development of maintenance plans were not consistently performed at the schools, which would have enabled schools, education districts and provincial education departments to have a consolidated view of infrastructure challenges and provide the necessary support. Furthermore, it was observed that not all schools captured their infrastructure challenges in the SSE and SIP as required by the national policy on whole school evaluation.

The pictures below depict the conditions of school infrastructure which poses a danger to learners.



Filthy toilets with no doors at the AV Plaatjie SSS in EC



The nature of abluion facility at the Siligane School in MP



The state of abluion facilities at the Amabuye School in KZN



A ceiling fell on a learner at a school in Sekhukhune South LP



Damaged ceiling at the Siligane School in MP



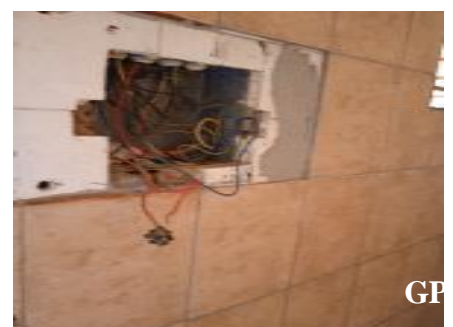
Damaged ceiling at the Sebalamakgolo School in LP



Unattended manhole at the Phakamisani School in NC



Exposed electrical wires inside classrooms captured at Banzana High School in KZN



Exposed electrical wires inside classrooms captured at Makgesse High School in GP

Schools should be effectively guided, supported, and monitored to assess their infrastructure condition and to capture actions in the school improvement plan, monitor the plan quarterly and report on an annual academic performance report.

c) Ineffective management of educator leave

Paragraph 3.1. Of the *Determination and Directive on Leave of Absence in the Public Service* (Leave Determination), provides for normal sick leave of 36 working days in a sick leave cycle of three years. If an employee has exhausted his/her normal sick leave, the employer, may at his/her discretion grant additional incapacity leave, such as temporary incapacity leave and where applicable permanent incapacity leave. For this purpose, the employer must conduct an investigation into the nature and extent of the employee's incapacity before granting additional incapacity leave.

According to the 2023 Public Service Commission Report on the Management of leave in the Public Service, the accrual of leave by public servants is a practice with significant financial implications for the state as an employer. If leave is not managed and controlled effectively it can result in substantial losses in terms of unwarranted expenditure. The financial and other implications, of leave prompted an investigation by the Public Service Commission (PSC) to determine how leave is managed in the Public Service. The PSC report identified challenges in the management of leave and highlighted the prominent role that individual managers play in preventing leave management challenges.

Although all schools visited had a process in place to monitor educator attendance, deficiencies on the management of educator absenteeism were identified at some schools visited in all the provinces. It was identified that some educators have taken more sick leave days than it is required, some were absent from school without completing leave forms while others were not completing daily attendance registers. Furthermore, it was noted that at some of the selected schools, educators took more sick leave and family responsibility leave than stipulated in the policy as there was no mechanism to curb this practice.

The audit teams also identified instances where educators were on extended leave due to ill health, but not on incapacity leave, which affected the performance of schools. Enquiries with schools, district and provincial officials revealed procedural challenges where educators submitted medical certificates on a weekly / monthly basis making it difficult for the position to be replaced with temporary appointments. Furthermore, it was observed that several schools visited were finding it difficult to close the gap opened by some educators who were absent due to ill health, because the process of resolving the incapacity leave was time consuming. The delay in finalising the incapacity leave prevented them from recruiting replacement educators. Furthermore, excessive educator

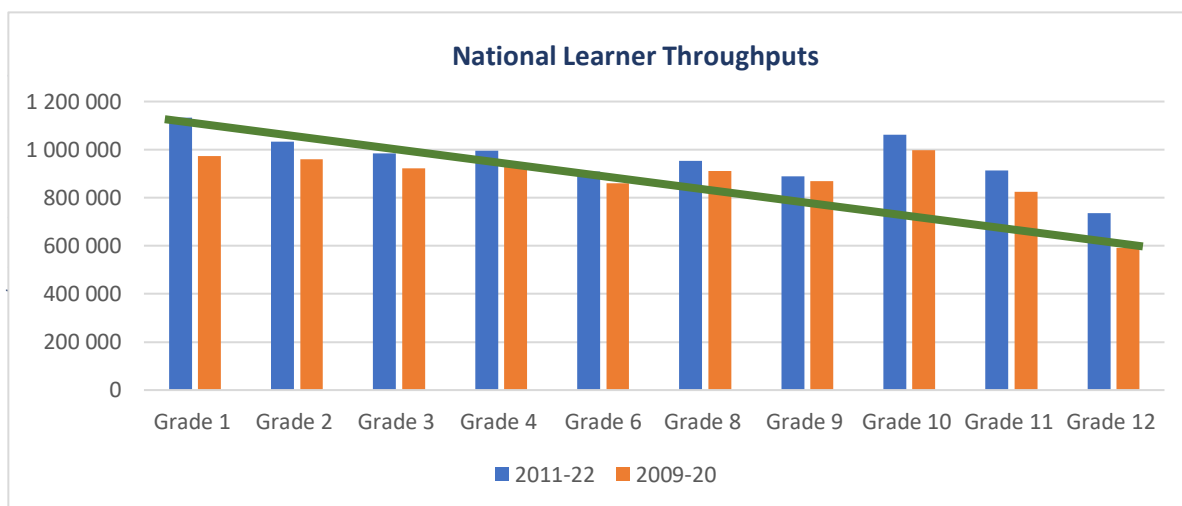
absence will negatively impact curriculum coverage. Table 1 below depicts a consolidated list of deficiencies identified due to the inadequate implementation of the basic annual management processes for leave administration at the selected schools across all nine provinces.

d) Inadequate monitoring of learner grade promotion and achievements

According to *Action Plan to 2024*, the DBE will prioritise interventions for ensuring that more learners succeed in moving through the grade system without repeating grades, and that fewer learners drop out before Grade 12. Deficiencies were identified in all the audited schools, 18 education districts, all provincial education departments with regards to schools not effectively monitoring learner grade promotions from grade 8 until grade 11.

We have found that the schools did not effectively monitor learner grade promotion and achievements throughout grade 8 until grade 12. An analysis of information captured in the school realities reports from 2011 to 2022 as depicted in figure 1 indicate that grade 10 and 11 experienced high enrolment rate for the analysed cohort that started in 2009 and 2012. The impact of not paying attention to the issue of learner movements is that learners that are not performing well in grades 8 and 9 progress to the next grade and end up dropping out from school at grade 10 and 11 without interventions to address the challenges. Challenges hindering learners' performance are not identified, monitored and corrective measures not implemented.

Figure 1: National Learner enrolment from School Realities Reports for 2009 - 2022



Furthermore, learner performance challenges were not included in the SSE process, at all schools audited. Not monitoring learner grade promotion had ripple effect on not having data on the reasons of dropouts and including it as part of improvement plan. The impact is that PED, education districts and schools may not be aware of the dropout challenges that are faced by the schools and learners, therefore the learners would not get the necessary support they need for them to complete

their schooling. The challenges hindering learners' performance are not identified and addressed appropriately. The table below indicate more than 70% of learners who wrote in Mathematics and Physical Science in 2020, 2021 and 2022 performed below 50%

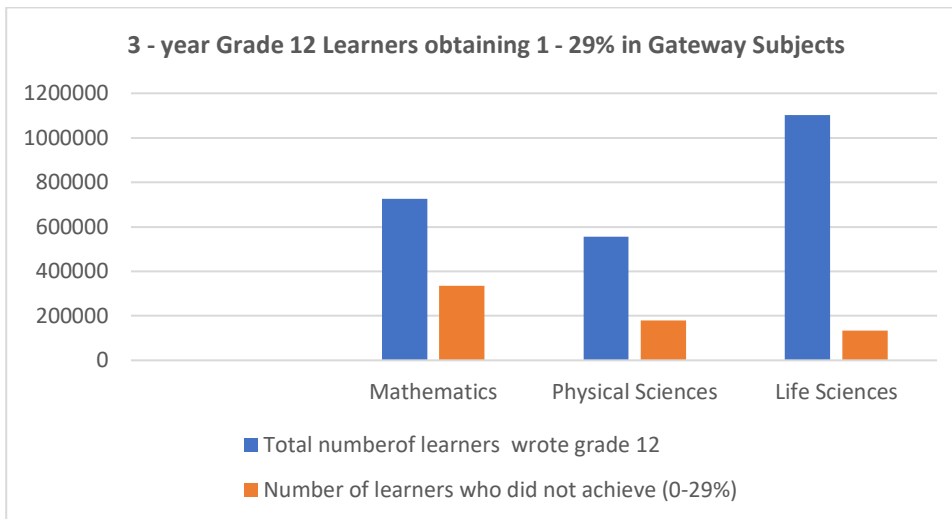
Subject	2020				2021				2022			
	0 -29%	30 - 49%	Total wrote	% of learners achieved <50%	0 -29%	30 - 39%	Total wrote	% of learners achieved <50%	0 -29%	30 - 39%	Total wrote	% of learners achieved <50%
Mathematics	106662	67554	222382	78,34	109400	82964	247261	77,80	119714	82926	257135	78,81
Life Science	68195	146867	328373	65,49	117288	187279	426 896	71,34	68140	215684	435375	65,19
Physical Science	60924	62730	166344	74,34	63283	75447	188773	73,49	56180	84434	199448	70,50

Table 01 – Learner performance in Mathematics, Life Science and Physical Science

However, schools and learners' performance in gateway subjects is important for addressing scarce and critical skills gap. Goal 4 – 6 of the Action Plan to 2024 focuses on increasing the number of grade 12 learners eligible for bachelors' programmes at universities and who pass mathematics and physical science. Although the Medium-Term Strategic Framework 2019 – 2024 target of 190 000 bachelor's degree has been exceeded in the 2022 academic year, 3 245 schools have consistently over three years produced less than 30% pass rate in Mathematics. These schools have substantially contributed high number of learners that did not pass (received 0 – 29%) in 2020, 2021 and 2022.

Approximately 21% of grade 12 learners who wrote mathematics were able to obtain a pass mark of more than 50% implying that 79% received an average pass mark of less than 50% for 2020, 2021 and 2023. An analysis of the information received from the department of basic education indicates that there were 12 143 schools that have been underperforming for three years consecutively (2020, 2021 and 2022) by performing below 40%.

The implication of the schools that have been underperforming from 2020, 2021 to 2022 is that the Annual Performance Improvement Plans (APIP) are not assisting schools to improve their performance.



The **root causes** given as to why they did not conduct self-evaluation was that:

- a) The national department of basic education (DBE) and the provincial departments of education only trained the school principals on how to complete the school-self-evaluation template, which has been submitted to the circuit offices in the previous years, without training them how to conduct school self-evaluation. The reasons provided by the circuit and district officials was that they circulated the policies and circulars to schools and were under the impression that schools do conduct self-evaluation and then complete the template.
- b) The education district and circuit officials from all the provinces audited, did not review and provide corrective measures on the school self-evaluation and school improvement templates. Some of the provincial and district education officials from Limpopo, North West and Northern Cape indicated that the non-review of the school self-evaluation and school improvement plans templates was caused by capacity constraints. The audit teams, however noted that on an average, each circuit manager had 25 – 30 schools under their control and had ample time in the year to review the school submissions.

It is therefore recommended that:

- Schools should convene sessions to conduct school self-evaluation attended by school governing body members, school management team, educators and staff and compile report of strength and challenges identified. They should compile an improvement plan, monitor quarterly and comment on the progress for addressing the challenges in the annual academic report.
- Clear guidance should be provided to Circuit and District officials to assist struggling (dysfunctional) schools in conducting self-evaluation, compile school improvement plans, monitor the implementation of the plan and annual academic performance report.

- The circuit and district officials should review the school self-evaluation reports, school improvement plans, quarterly monitoring reports and annual academic performance reports to provide corrective measures and targeted support.
- The provincial education departments should review the resources and streamline

Presidential Employment Initiative (PYEI) in Basic Education Sector (BEEI)

Slide 36

What we audited

The Presidential Youth Employment Initiatives (PYEI) recognises that the persistent and structural nature of youth unemployment requires bold and urgent action. The unemployment challenge cannot be addressed through isolated initiatives. Rather, the situation requires extensive, coordinated, and sustained effort to respond to both the changing needs of the economy and young people in South Africa. Emanating from the success of phase I and II, the departments of basic education-initiated phase III which commenced on 1 April 2022 targeting 271 009 assistants with a budget of R 6 194 billion. We have in the previous financial years audited phase 1 and 11 of the PYEI programme.

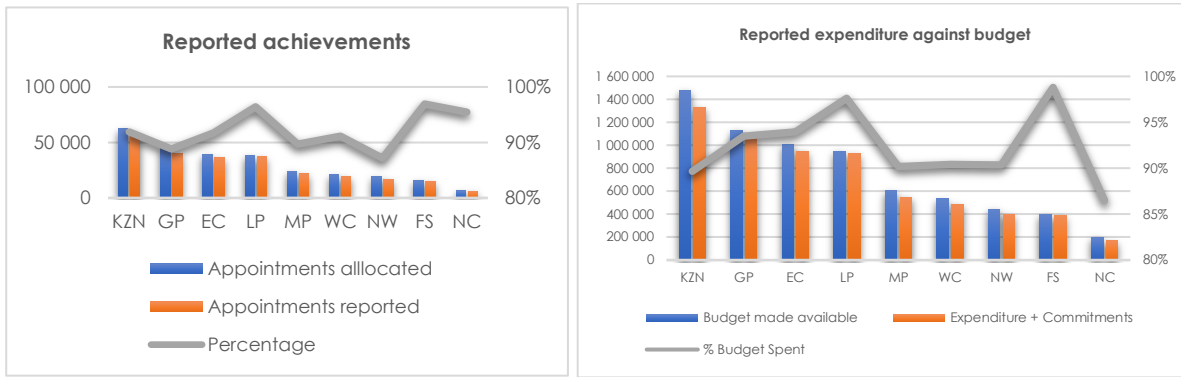
Using the PYEI implementation guideline for phase III, our follow-up audit focused on:

- The appointment process of Assistants
- Record keeping and reporting of Education and School General Assistant.
- Education and School General Assistant receiving other grants and those with dual appointment.

What we found

The PYEI in the basic education sector implementation framework for Phase III was improved to address some of the implementation challenges previously reported on. Some of the improvements in the implementation guide is on appointed assistants receiving SASSA grants who now have the option to request a deduction of the grant from their monthly stipends.

In phase III, a target of 271 009 youth was planned against the reported achievement of 248 722 (92%). The Illustrated graphs below, indicate that the reported achievements are below the targets set across all the nine provinces.



The implication is that youth targeted by the initiative, who are not in Employment, Education or Training (NEET) was not always realised due to the appointment processes at the schools not always being in line with the target set.

We have also noted repeated deficiencies such as appointment of youth older than 35 years, recipients of Social Relief of Distress (SRD) grants from SASSA and youth already appointed with within the state institutions. We also found that some of the assistants appointed were recipients of the National Student Financial Aid Scheme (NSFAS) bursaries.

The table below depicts financial implications of the deficiencies identified.

	Deficiencies on the appointment of EAs/GSAs	Number	Cost R 000
1	Appointed assistants in the service of other state institutions using PERSAL	750	15 306
2	Appointed assistants receiving R350 SRD Grant (claimed R350 and PYEI stipend).	363	650
3	Appointed assistants who became deceased before and during contract period	109	1 071
4	Appointed assistants over the age of 36 years	6 551	135 674
5	Appointed assistants receiving NSFAS bursaries	9 974	204 968
6	Appointed assistants with Invalid ID numbers AND duplicate IDs	4 466	90 930
	Total	22 213	448 599

The table below depict financial implications per provincial education department as a breakdown of the overall financial implication of R 448 million.

Province	Reported spend R 000	Cost of deficiencies R 000	Percentage
KZN	1 326 380	108 095	8%
GP	1 056 063	89 661	8%
EC	946 307	25 002	3%
LP	926 451	68 044	7%
MP	545 050	50 571	9%
WC	482 803	26 428	5%
NW	398 114	29 806	7%
FS	392 266	45 491	12%
NC	168 638	5 501	3%
Total	6 242 072	448 599	7%

These deficiencies persisted from phase I, II, and III because the schools, education districts and provincial education departments are not implementing a process of verifying credentials of successful candidates using their IDs. Recording of appointed assistants was also identified as a crucial contributor of deficiencies identified emanating from management responses. The provincial education departments and education districts did not effectively implement corrective measures provided from phase I and II.

What we recommend

- a) The departments of basic education should ensure that instances of poor record keeping are investigated, and corrective measures implemented across all provinces. Record keeping is important to ensure that the risk of litigation is mitigated by available evidence when needed.
- b) The national and provincial education department should increase its oversight role and put measures in place that will ensure compliance with the implementation guide for PYEI.
- c) Track prior commitments made by the provincial departments on findings communicated for Phase I and Phase II and make corrective action where commitments have not been implemented.

KwaZulu-Natal floods real-time audit

SLIDE 38

Mobile Classrooms- Follow up

Background

A special report (SR1) on the April 2022 flood relief initiatives in the KwaZulu-Natal Province was issued on 31 August 2022. The report included the response by the department to address the damages at schools by providing mobile classrooms as an immediate relief. This was to ensure that learning and teaching at the flood affected schools continues with minimal disruption. As part of this initiative, 26 schools were earmarked by the department for the provision of 74 mobile classrooms and two mobile kitchen (i.e. at a cost of R249 440.30 and R187 130.68 respectively) as a temporary relief measure.

A follow-up audit was required to determine whether the audit findings reported in the SR1 was addressed and subsequently resolved by the department. The audit approach included an on-site inspection of the mobile units at the schools with the most significant audit findings reported in SR1. A sample of seven of the 16 mobile units initially sampled were selected for on-site inspection at the Brettonwood High School and St Nivard's Primary School for the follow-up audit. It was established that management's action plan to implement the audit recommendation in SR 1 was not effective resulting in the following audit findings note during the follow up audit:

Confirmation of lack of progress on site

None of the 76 mobile units were signed off for use as work was still in progress to rectify the findings raised during the audit as well as the department's snag list. This meant that the school did not have use of the mobile classrooms for the 2022 examinations confirming that the flood relief initiative implemented by the department was not successful.

Brettonwood High School

Brettonwood High School's needs differed in view of concerns of a structural nature, impacted by the flooding meaning that their current needs at school was one that required an assessment of the safety concerns at the school instead of the provision of mobile classrooms to an area prone to frequent flooding. It was recommended in the previous audit, that as a matter of urgency the current needs of Brettonwood High School be assessed and the feasibility of still using the mobile classrooms in view that the department is still in the process of locating a suitable area to install the remaining nine mobile units. Since the last audit, two additional units were installed on the grounds. The needs assessment and feasibility study for the block that was reported to be of a structural concern and in the area that was submerged by the recent floods was not available for audit. Furthermore, the structural aspects of the units relating to the foundation, slabs and jacks, could not be inspected for compliance, as the area was covered by a flimsy material with visible dent indication that correct materials (fibre concrete or similar) was not used. Non-compliance with specification in this regard is a risk as noted in the previous findings at all schools and relates directly to the structural integrity of the mobile units. Moreover, the mobile classrooms at the school were being utilised without the appropriate sign off by the department for use. Other deficiencies noted at the school were visible cracks on stairway leading to block A ground floor which was flooded and settlement of the floor at classrooms A1 to A4.

St Nivard's Primary School

Four months after the department issued the snag list to the contractor in May 2022, it was observed that mobile classrooms were still not available for use and the contractor was still compacting the ground under the mobile classrooms. Furthermore, the recent activity at the school indicates that the department only started to implement action on the defects identified in SR 1. The delay in the provision of the mobile classrooms at the school has resulted in the existing classrooms becoming overcrowded (110 learners) which is reflected in picture below:



Other defects noted with the mobile classrooms being constructed were the flooring inside the mobile classroom were not levelled and leakages were observed around window due to damaged window seal that allowed water to seep inside the classrooms.

Requisition for furniture / equipment and stationery/ books

In terms of the audit findings reported in SR 1, Brettonwood High School, Mthubi Primary School and St Nivards primary School have confirmed the need for furniture / equipment / stationery / books as a result of rain damage. As per the action plan submitted for audit, there was no response whether the furniture/ equipment/ stationery/ books was subsequently provided to the schools in need. It was confirmed at St Nivard Primary School that their requisitions were not received.

Internal control and recommendations

32. We identified significant internal control deficiencies, which caused the weaknesses in the management and delivery of projects as reported.

Significant deficiencies – project management and delivery

Deficiency	Prior years reported	
	2021-22	2020-21
Project management process was not effective to enforce timely corrective action and to ensure all audit findings were addressed and proper evidence and responses were submitted to audit to support measures taken by management as per the audit action plan (i.e. improving project management, fast tracking the installation of the mobile classrooms and rectifying defects identified by the audit team in a timely manner).	Yes	No

33. Next we summarise our key recommendations to senior management and their responses.

Key recommendations and responses – project management and delivery

Recommendation and management response	Year originally recommended	Status of implementation
<p>Recommendation: Finalise a time bound action plan for audit findings raised for approval by the accounting officer, stringently execute the action plan, monitor the progress and report thereon at regular intervals, take corrective actions until all matters are finalised.</p> <p>Response: The department agreed with the recommendations and have committed to continuously track, monitor and supervise the completion of these projects. The department have also indicated that they are pursuing with termination of the contracts with the service providers that are failing to complete the project.</p>	2021-22	In progress
<p>Recommendation: Institute consequence management on the responsible officials which will ensure all audit findings are addressed, implemented and achieved within the agreed upon timelines with regular reporting and monitoring measures in place.</p> <p>Response: The department agreed with the recommendations and have committed to continuously track, monitor and supervise the completion of these projects. The department have also indicated that they are pursuing with termination of the contracts with the service providers that are failing to complete the project.</p>	2021-22	In progress
<p>Recommendation: Institute penalties against the defaulting contractors as well as reporting their poor performance to the department's SCM unit and Treasury (National and Provincial) for appropriate action.</p> <p>Response: The department agreed with the recommendations and have committed to continuously track, monitor and supervise the completion of these projects. The department have also indicated that they are pursuing with termination of the contracts with the service providers that are failing to complete the project.</p>	2021-22	In progress
<p>Conclusion: Management commented, on the action plan emailed on 6 June 2023, that the mobile classrooms have not been completed to date, only the mobile kitchens have been 100% completed. Furthermore, from a meeting with accounting officer on 8 June 2023, the accounting officer committed that the existing service provider will be terminated as they have failed to complete the project on time. The department have committed that the mobile classrooms would be given their immediate attention for completion. No timeline have been establish for completion and handing over the mobile classrooms to the school.</p>		

Category A, B and C Schools (Infrastructure):

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Background

Arising from the storms and the ensuing floods, a total of 356 schools were recorded to have been damaged. The department responded by undertaking assessments to determine the extent of the damaged school and estimate the required budget for rehabilitation of the damages. Schools were categorised as follows;

- Category A – to be rehabilitated using Norms & Standards;
- Category B – to be rehabilitated using District Office Maintenance Budget and
- Category C – to be rehabilitated using Implementing Agents.

A proactive audit approach adopted for real time audit was followed which included conducting an assessment of the flood damages to define the scope of work and establish cost estimates, confirming whether the work earmarked for flood damages to schools were completed within a reasonable/ prescribed timeframe and assessing if the quality of work was of an acceptable standard. Six schools (two per category) were sampled for audit work and the following audit findings were reported:

Disaster management plan not updated

The department prepared a disaster management plan (2013) (DMP) which was furnished to the PDMC. The DMP created in 2013, is limited to infrastructure management (including procurement process and delegations and related issues) and has not been reviewed/ updated subsequently in line with the prescripts of Section 38(1) (a) of the Disaster Management Act 57 of 2002.

Funding for disaster relief not adequate

No threshold funding/ reserves or equivalent were provided for disaster management therefore existing budgets had to be reprioritised when an emergency occurs such as a disaster with the consequence that planned and approved projects were required to be postponed/cancelled as a result of insufficient funding.

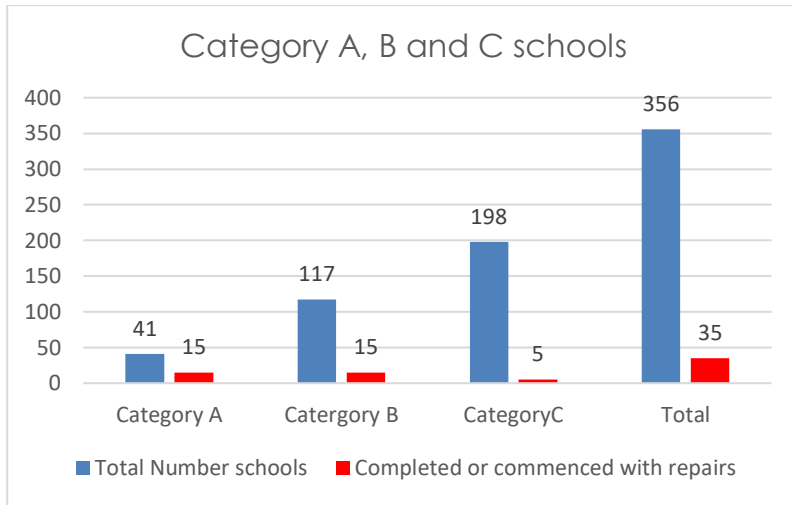
Needs assessment

The needs assessment for flood relief projects was inadequate as it was not sufficiently detailed to inform the planning of the project and thus enable processes necessary to implement the project. The following four instances were noted where need assessments could not be relied upon:

- The assessment report for Brightfuture Secondary School not only included damages of the school as result of the floods but also the vandalism post the flood. Thus the assessment report misrepresents the extent of the flood damage and creates doubt as to the veracity of the assessment report furnished for audit.
- The assessment report for the Bethamoya High School was dated prior to the occurrence of the floods and there was no evidence to confirm if any adjustment was made to the scope of work to cater for the subsequent storm damages. Furthermore, during verification by the audit team, it was established that the school is still experiencing leakages at some of their classrooms which did not form part of the initial scope of work documented in the assessment report.
- The assessment report for Dorothea Primary School omitted the water tank for harvesting rain water that was confirmed by the principal as being damaged during the April floods and had not been included in the scope of works.
- The repair work at the Stanger Manor Secondary School such as the damage to the fence, broken window panes and roof leaks was not as a result of storm damage but rather normal repairs and maintenance and should have not form part of repairs earmarked for flood relief.

Slow Progress in the completion of repairs

A high level analysis of the progress in repairing the identified schools, raises concern of the slow progress as depicted in the Graph below per repairs relating to Category A, B and C schools as of 13 September 2022:



Maintenance as a risk reduction measure

Maintenance reduces vulnerability of key infrastructure to the effects of a disaster. Site visits of schools for the real time audits indicate schools in various state of disrepair that exacerbated the damages and therefore some schools were in immediate need of mobile units as temporary measure.

School was vandalised and Equipment stolen after floods

The Brightfuture Special School was vandalised in May 2022, approximately a month after the floods. The principal confirmed that the electrical cabling, the aluminium windows, doors and asbestos roof were removed over this period. Neither the principal nor the department reported these incidents to the local police and therefore there is no case number from the South African Police Service (SAPS), which was necessary for investigations and recovery (if any) to be initiated. The extent of the damage, by the floods and the vandalism, and cost estimates were not provided to the audit team. The cost of the damages for the vandalism, after the floods occurred, would constitute a loss for the department as the department failed to provide proper security measures at the school. Apart from the vandalism, it was further established that furniture and equipment estimated at R3, 2 million was stolen when the school was vandalised by the community.

Internal control and recommendations

We identified significant internal control deficiencies, which caused the weaknesses in the management and delivery of projects as reported.

Significant deficiencies – project management and delivery

Deficiency	Prior years reported	
	2021-22	2020-21
Lack of oversight and monitoring by management to ensure that there is an approved updated DMP in place.	No	No
Revision of the disaster management plan was not monitored by management to address the requirements of the relevant prescript requirements with appropriate action plans.	No	No
The damage incurred at the schools was not accurately assessed and as a result, the scope of works was not aligned to all the repairs that were needed. The regular school maintenance prior to the floods was also not in place, with the already poor condition of the school exacerbating the flood damage. Thus making it difficult to differentiate the damages between the lack of upkeep of the buildings and the storm damage as the resultant condition of the school was not conducive to effective teaching and learning.	No	No
With regard to Stanger Manor Secondary School, there was a lack of technical expertise and/or negligence in evaluating and signing off the repairs as flood relief, as well as lack of oversight by the school principal to ensure that the repair work completed at the school were of an acceptable quality.	No	No
Ineffective project management processes (planning to completion) and oversight by department officials to expedite the completion of the flood damaged schools in line with the prescribed timeframes for emergency repair work.	No	No
Management planning have not been effective in utilising the allocated budget for the major refurbishment and repair work (maintenance) of the infrastructure of the schools. This has resulted in long overdue repairs.	No	No
Adequate safety measures were not instituted by the department to safeguard the schools severely affected by the floods against vandalism by the public.	No	No

Next we summarise our key recommendations to senior management and their responses.

Key recommendations and responses – project management and delivery

Recommendation and management response	Year originally recommended	Status of implementation
<p>Recommendation: Management must prioritize the updating, approval and implementation of the DMP as this forms the basis for the department's readiness in dealing with emergencies.</p> <p>Response: The department have not commented appropriately on the recommendations as they disagreed with the audit finding but did not provide supporting evidence for their disagreement.</p>	2022-23	In progress
<p>Recommendation: The department should analyse data on the severity and magnitude of past disaster, and use this information as a basis for projecting cost of such disaster being the most likely estimate for a cost of a disaster for budgeting purposes. Furthermore, address the funding issue as a priority by providing for disaster management with due consideration for prescript requirements for threshold funding, sourcing alternate funding and risk reduction initiatives.</p>	2022-23	In progress

Recommendation and management response	Year originally recommended	Status of implementation
<p>Response: The department have not commented appropriately on the recommendations as they only provided explanation why their existing budgets are insufficient to cater for a disaster and have not committed to earmark funding for disaster relief or emergency</p>		
<p>Recommendation: Project management processes over needs assessment should be exercised to ensure completeness and accuracy of the assessment, as this informs the planning of the project execution. The process should include checking and sign-off of the assessment by a higher ranked line manager.</p> <p>Response: The department have disagreed with the recommendation however they have only commented on their daily project management processes and procedures and neglected to comment on the specific needs assessment examples mentioned in the audit findings and why the needs assessment processes have failed thereby indicating a possible improvement of their existing processes and procedures for conducting and compiling need assessments for their flood relief projects.</p>	2022-23	In progress
<p>Recommendation: The Head of Infrastructure should unpack impediments that are stalling the progress and implement corrective measures to ensure timely completion of the projects with minimising risk of impact on the academic year 2023. Stringent monitoring, oversight and reporting should be implemented on a regular basis.</p> <p>Response: The department have disagreed with the recommendation however the supporting evidence for the delay for the pre-audit from Provincial Treasury was not provided for audit. Thus the extent of the delay was not established to factor in the audit process.</p>	2022-23	In progress
<p>Recommendation: Management should allocate a sufficient portion of the EIG budget to major refurbishment and repair work (maintenance) of the schools which should be informed from a conditional assessment conducted by the department. Furthermore, urgent maintenance needs should be prioritised over and above other infrastructure programmes.</p> <p>Response: The department neglected to comment on the recommendation however they have indicated that the budget for maintenance is inadequate to meet the maintenance needs of the department. Management have resorted to deflect limited maintenance budget to National Treasury rather than improving their internal processes within the department.</p>	2022-23	In progress
<p>Conclusion: Management commented, on the action emailed on 6 June 2023, that 160 school repairs have been completed, 11 schools are in the construction stage and 172 schools are in the design documentation & procurement stage while 13 schools are in the concept and viability stage. This is indicative of slow response by the department in realising the target date for completion on 31 March 2023 for the flood relief repairs on the category A, B and C schools as reported in the audit findings above.</p>		

Conclusion

Basic education is a vital sector for the enablement of the key government priorities; therefore, should continue to monitor and follow up on DBE's responsibilities of monitoring and coordination on implementation of sector priorities. Furthermore, to encourage the leadership in the sector to ensure that the monitoring of adherence to compliance is strengthened and improved and that consequence management processes are intensified to address the root causes of transgressions. The committee should monitor the inclusion of the MTSF indicators in the APP of the departments and monitor the progress made on implementation of the APPs and assess the impact of the non-achievement has on service delivery.

Oversee implementation of remedial action to address deficiencies identified through an audit of School Performance Improvement, Early Childhood Development, National School Nutrition Programme, School Infrastructure, Learner Transport and Presidential Youth Employment Initiatives. The Sector leadership needs to refocus and energise performance planning processes to be comprehensive and aligned to auditees' mandates and the Medium-Term Strategic Framework to ensure that service delivery is planned for and reported on. Monitor the progress of modernising the education information management systems such as SA-SAMS capabilities to capture, review and consolidate reporting of basic annual management processes, school finance management and education facilities management and the implementation of e-education across all provinces.

