

# **Budgetary Review and Recommendations Report(BRRR) of he Portfolio Committee on Planning Monitoring and Evaluation on Vote 14 of Statistics South Africa Dated 20 October 2023.**

## **1. BACKGROUND**

The Portfolio Committee on Planning Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly, which is in line with Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 to consider and report on the Annual Report of the Statistics South Africa. The BRR Report is tabled as follows:

## **2. INTRODUCTION**

The Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Planning Monitoring and Evaluation has been compiled in compliance with the Money Bills Amendment Procedure and Related Matters Act, No.9 of 2009, (hereafter, the Money Bills Act). Section 5 of the Money Bills Act requires the National Assembly, through its committees, to annually assess the performance of each national department. This culminates in a committee submitting a Budgetary Review and Recommendation (BRR) Report where the committee may make recommendations on the forward use of resources to address the implementation of policy priorities and services, as the relevant department may require additional, reduced or re-configured resources to achieve these priorities and services.

To give effect to the requirement of Section 5 of the Money Bills Act, the Portfolio Committee, on 13 October 2023, considered the 2022/23 annual report containing financial and non-financial performance of Statistics South Africa against the Department's predetermined objectives and targets.

## **3. PURPOSE OF THE BUDGETARY REVIEW AND RECOMMENDATIONS REPORT**

The Constitution of the Republic of South Africa, 1996 (the Constitution), specifically Section 77 (3), stipulates that an Act of Parliament must provide for a procedure to amend money bills before Parliament. In terms of Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 the National Assembly, through its Committees, must annually compile Budgetary Review and Recommendations reports (BRRR) that assess service delivery and financial performance of departments and may make recommendations on forward use of resources. The BRRR is also a source document for the Committees on Appropriations when considering and making recommendations on the Medium-Term Budget Policy Statement.

Moreover, the Money Bills Amendment Procedures and Related Matters Act, section 5 (3) highlights focus areas on the budgetary review and recommendation report as:

- Providing an assessment of the department's service delivery performance given available resources.
- Providing an assessment of the effectiveness and efficiency of the departments use and forward allocation of available resources; and
- Including recommendations on the forward use of resources.

### **3.1 Method**

The Portfolio Committee on Planning Monitoring and Evaluation compiled the 2022/23 BRRR using the following documents:

- The National Development Plan: Vision for 2030.
- Medium Term Strategic Framework 2019-2024.
- State of the Nation Address 2022.
- Strategic Plans of the Statistics South Africa 2019-2024.
- National Treasury (2022) 4<sup>th</sup> Quarter Expenditure Report 2022/23 Financial Year

- Annual Performance Plans 2022/23 of the Statistics South Africa.
- Annual Report 2022/23 of the Statistics South Africa.
- Auditor-General South Africa's outcomes of audit findings 2022/23.
- The Portfolio Committee met with the leadership and management of the Statistics of South Africa

#### 4. NATIONAL DEVELOPMENT PLAN VISION 2030

The National Development Plan highlights the need for South Africa to build a State that is capable of playing a developmental and transformative role. This requires the State to formulate and implement policies that support that role. The NDP and the Medium Term Strategic Framework are informed by statistical information provided by Statistics South Africa, which publishes more than 200 statistical releases per year. The publications present statistical research that measures the development and transformation of the economy and society in a range of context.

Changing economic and societal realities have expanded the demand for statistical information: more detailed statistics are needed and more frequently if policies are to be responsive and effective. Statistics in the public domain must be of high quality. Responding to the increased demand for high quality statistics will require a national effort, and collaboration and partnerships between the producers and the users of statistics.

#### 5. MANDATE OF THE STATISTICS SOUTH AFRICA

Statistics South Africa is a national government department accountable to the Minister in the Presidency: Planning, Monitoring and Evaluation. The department's activities are regulated by the Statistics Act (1999), which mandates the department to advance the production, dissemination, use and coordination of official and other statistics to assist organs of state, businesses, other organisations and the public planning, monitoring and decision making. The Act also requires that the department coordinate statistical production among organs of state in line with the purpose of official statistics and statistical principles. However, there is a legislation reform on the cards for the institution. This legislative reform will inform the full planning cycle of government, from planning to evaluation, including the implementation of the Spatial Data Infrastructure Act. Stats SA has started the legislative review process.

#### 6. STRATEGIC PRIORITIES

Statistics South Africa aims to contribute towards realisation of the ideals of the National Development Plan (NDP) by providing accurate data policy implementation to overcome social challenges such as inequality, poverty and unemployment. Stats SA works in conjunction with all stakeholders in the country to provide accurate statistical information on economic, demographic, social and environmental factors for proper NDP implementation. The institution has identified the following strategic priorities, which are:

- a) To promote and **inform the nation** through an expansion of statistical products and services.
- b) To **increase statistical trust** through sound quality principles that are in line with international standards. This will ensure that users of statistics products have confidence and trust official statistics.
- c) To promote **partners in statistics**, international cooperation and participation in statistics.
- d) To invest in the learning and **capable organisation**.
- e) To promote **statistical leadership** through investment in schools and tertiary programmes to increase statistical skills at grass roots level.

Key priorities for 2022/23 financial year are outlined below:

- Driving legislative reform.
- Sustaining the quality of national indicators.
- Delivering Census 2022 results to the nation.
- Driving a transformative and change agenda.

## 7. DEPARTMENT PROGRAMME PERFORMANCE

### 7.1 Statistics South Africa

#### 7.1.1 Budget Allocated and Expenditure 2022/23

Table 1: Expenditure per programme (R'000)

2022/23				2021/22		
Programme	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	719 120	719 120	-	728 182	690 922	37 260
Economic Statistics	283 799	283 799	-	285 291	281 760	3 531
Population and Social Statistics	280 114	280 104	10	153 476	131 350	22 026
Methodology and Statistical Infrastructure	133 618	133 618	-	141 236	131 639	9 597
Statistical Support and Informatics	308 202	308 202	-	312 726	291 168	21 558
Statistical Operational and Provincial Coordination	1 232 679	2 040 666	(807 987)	3 272 787	3 094 888	177 899
SANSS	41 1895	32 139	9 756	37 942	26 489	11 453
<b>TOTAL</b>	<b>2 999 427</b>	<b>3 797 648</b>	<b>(798 221)</b>	<b>4 931 640</b>	<b>4 648 315</b>	<b>283 325</b>

Source: Stats SA (2023)

The budget appropriated to Statistics South Africa for the 2022/23 financial year was R2.999 billion. Included in the allocation is R368.3 million earmarked for the Census 2022, Post-enumeration Survey (PES) and dissemination. The actual expenditure as at 31 March 2023 amounted to R3.798 billion, representing 126.6% of the allocated budget. The underspending relates mainly to compensation of employees due to the placement of excess staff from household surveys because of the digitisation of data collection in the Department.

The Department started the 2022/23 financial year with fruitless and wasteful expenditure cases to the value of R13.7 million as compared to R12.5 million in the 2021/22 financial year. However, the fruitless and wasteful expenditure relating to the current year amounts to R171 thousand. The closing balance as at end of the financial year was R13.9 million. Stats SA started the 2022/23 financial year with irregular expenditure cases to the value of R450.5 million. During the financial year, no cases were condoned or approved for recovery. The irregular expenditure register closed with cases to the value of R704.0 million, the bulk of which relates to non-compliance with Supply Chain Management Policies.

Since the 2015/16 financial year, Stats SA has never conducted the Living Conditions Survey (LCS), which was used to update the Consumer Price Index (CPI), because it had not been funded for several years. The Department used savings realised from vacancies and cost-cutting measures to fund the project. The Population and Social Statistics programme exceeded its allocated funds by R16.3 million during the 2015/16 financial year due to the LCS not being part of the baseline allocation. Savings of R9.5 million were transferred to this programme to defray the deficit. The over-expenditure of R6.8 million could not be defrayed due to the limitations of section 43 of the Public Finance Management Act of 1999 and it resulted in unauthorised expenditure of R6.8 million.

In addition, incurred unauthorised expenditure was based on the reduction of R141 million on compensation of employees (CoE). The Department was unable to absorb the reduction which exceeded the vacancy rate which resulted into Stats SA not being able to afford all the filled positions during the 2017/18 financial year. The budget constraint on the CoE resulted into the Department overspending by R57.3 million. The National Treasury approved utilisation of unspent compensation of employee's funds amounting to R18.9 million under earmarked funds for the Community Survey 2016. Prior to this request being approved, overspending on CoE under normal voted funds amounted to R76.2 million.

Census 2022 has been impacted by various challenges; therefore, the project's timelines were revised to the 2022/23 financial year. As a result of the Census 2022 extension into the 2022/23 financial year, Stats SA overspent on Programme 6 by R807.9 million after applying virements, thus increasing unauthorised expenditure balance to R980.1 million. A rollover and an unforeseeable and unavoidable expenditure funding request for R283.3 million and R737.1 million respectively to cater for Census 2022 extended activities was submitted to the National Treasury. A roll-over of R194 million was approved, which was R89 million less than the requested amount. The Unforeseeable and Unavoidable expenditure funding request was, however, not approved resulting in the project being underfunded.

The vacancy rate was at 19.4% as of March 2023 as compared to the 19.3% in the 2021/22 financial year. Meaning during the 2022/23 financial year, Stats SA did not experience high staff turnover rate as compared to the previous financial years. Human capital remains the most asset in Stats SA to achieve organisational strategic objectives. Stats SA has a staff establishment of 3 313 permanent posts, of which 2 654 are filled consisting of 2 670 permanent staff members, one staff members on fixed-term contract and fifteen employees on short-term contracts. The staff in the establishment comprises 45.5% male and 54.5% female staff members. 88.3% of employees are African, 5.2% are coloured, 4.8% are white and 1.6% are Indian. 1.2% of employees constitutes staff members with disabilities. 76.3% of SMS posts are filled, consisting of 56.7% males 43.3% females.

## **7.2 Programme Performance**

In terms of non-financial data, Stats SA has achieved 93.6% of its targets as set out in the Annual Performance Plan for the 2022/23 financial year. Only 6.4% of targets were not achieved.

Statistic South Africa has seven programmes, namely:

### **(a) Programme 1: Administration**

The purpose of the programme is to provide strategic leadership, management and services to the department. The Administration programme has four sub-programmes, which are as follows namely, Department Management, Corporate Services, Financial Management Services, Internal Audit and Office Accommodation. The strategic intention of the programme is focused on driving the outcome of transformed capability. The programme will align itself to the strategy of digitisation through automation of processes. The provision of support to projects, including the Census 2022 project, will utilise all facets of automated processes. The project faced numerous challenges related to recruitment in many local areas and logistical challenges primarily around availability of vehicles.

The programme has achieved 37.5% of its annual targets as scheduled in the Work Programme and 62.5% were not achieved. The programme has spent R719.1 million of the allocated funds. Of the total expenditure, an amount of R227.7 million was spent on compensation of employees, whilst an amount of R199.7 million was spent on goods and services. The amount spent on goods and services includes an amount of R93.137 million that was spent on operating leases and R53.8 million on property payments. An amount of R289.2 million was spent on building and other fixed structures relating to the ISlbalu House unitary fee payments. The programme spent 100% of its allocated budget.

The main priorities of the programme were the development and implementation of a skills development strategy and a report on talent management were not completed as scheduled due to internal stakeholder consultation. Employment equity targets for women in SMS, persons with disabilities and youth were not achieved as scheduled due internal promotions, staff turnover and staff

falling outside the youth age category. Stats SA has appointed 68% youth on contract in the PES project. The Department is committed to improving employment equity through the prioritisation of women, youth and persons with disabilities in the recruitment process.

Stats SA has not completed a report on logistics and fleet management support to Census 2022 and the Post Enumeration Survey (PES) due to dependency on external stakeholders. The Department was unable to conclude report on financial management support to Census 2022 and the PES due to the extension of the project. An audit report on the Census 2022 was not yet concluded due to internal processes.

The extension of the Census 2022 project has put tremendous strain on all corporate services environment which impacted on service delivery. Skills and resource constraints contributed to the non-achievement of targets. Stats SA committed to meeting employment equity targets and the filling of critical vacant posts as the priority over the medium-term period.

### **(b) Programme 2: Economic Statistics**

Economics Statistics programme aims to produce economic statistics to inform evidence-based economic development and transformation in line with internationally recognised practices. Programme Management for Economic Statistics provides strategic direction and leadership. There are six sub-programmes, which are as follows: Business Cycle Indicators, Structural Industry Statistics, Price Statistics, Private Sector Financial Statistics, Government Financial Statistics and National Accounts.

The objectives of the programme are to produce economic indicators to inform evidence-based planning, monitoring, evaluation and decision making for use by the public and private sectors by publishing monthly, quarterly, annual and periodic statistical releases on various industries in the private and public sectors.

The programme achieved 99.6% of its annual targets as at March 2023 of which 95.8% were achieved as scheduled. Only 0.4% targets were not achieved. The vacancy rate under this programme is at 13.2%. In terms of the employment equity targets, women in SMS are at 44.4% and whilst employment of people with disabilities was at 1.0%.

The programme spent R283.7 million (100%) of the allocated funds. Of the total expenditure, an amount of R264.5 million was spent on compensation of employees, whilst an amount of R18.7 million was spent on goods and services items such as communication (R2.7 million), travel and subsistence (R9.5 million) and operating payments (R3.7 million).

Key achievements included 150 published releases consisting of 144 monthly releases, 4 quarterly releases and 2 annual releases on business cycle indicators and 5 reports on improving short-term indicators. Stats SA, under this programme, published two reports on 2020 surveys including real estate and business services and construction. Additionally, the Department published 48 releases consisting of monthly Consumer Price Index (CPI) and Producer Price Index (PPI) releases and a discussion document with residential property price indices.

Stats SA, further, tracked public sector spending by producing four quarterly releases on financial statistics of municipalities, 7 annual releases on government financial statistics and 2 research reports on a feasibility study for Quarterly Financial Statistics of Municipalities (QFSM) administrative data and the inclusion of the Technical Vocational Education and Training (TVET) data in the Higher Education Institutions (HEI) release.

### **(c) Programme 3: Population and Social Statistics**

The purpose of the Programme is to produce population, demographic, labour market and social statistics to inform socio-economic development. Population and social statistics inform evidence based socio-economic development and transformation in line with internationally recognised practices. Programme 3 contributes to strategic objective to sustain national population and social indicators to inform evidence-based planning, monitoring and decision-making for use by the public and private sector through publishing numerous series such as labour market and employment surveys.

The outputs produced under this Programme contribute immensely towards the monitoring of the MTSF 2020-2024, the National Development Plan goals and indicators, Agenda 2063 as well as the Sustainable Development Goals.

Stats SA achieved 89.1% of its annual targets as at March 2023, of which 49.1% were achieved as scheduled. 10.9% of targets were not achieved. Vacancy rate under the programme was at 18.5%. The programme has 60.9% of women in SMS position and 1.1% of people with disabilities. The programme spent R280.1 million (100%) of the allocated budget. Of the total expenditure, an amount of R210.8 million was spent on compensation of employees, whilst an amount of R68.2 million was spent on goods and services such as travel and subsistence and operating payments.

Key outputs for the year under review included two published documents on mid-year population estimates at national, provincial, district and local municipal levels and one report on natural demographic processes. The development of Census 2022 input and output content was not completed due to internal processes and will continue in 2023/24. Stats SA further compiled a report on the Harmonisation of Migration Statistics Concepts, Definitions and Data Sources in South Africa.

The programme further published 16 reports, which include 12 monthly releases and 1 annual report on international tourism, annual releases on recorded live births and marriages and divorce and a thematic report on health. The annual release on recorded live births was published later than scheduled due to data challenges. The mortality and causes of death releases for 2019 and 2020 were not published due to data dependencies.

In terms of social statistics, the Department published 12 releases which includes social and household service delivery statistics, development and metro development indicators, victims of crime and governance statistics. The Department also published labour statistics which includes among the quarterly releases on employment and earnings (Quarterly Employment Statistics) and labour market information (Quarterly Labour Force Survey). With regard to poverty and inequality statistics, the programme published reports on national poverty lines for 2022, a report on food security and document on South African Multi-Dimensional Poverty Index (SAMPI) using the General Household Survey (GHS) data series.

#### **(d) Programme 4: Methodology, Standards and Research**

The purpose of the Programme is to set standards, statistical frames, methodologies and conduct statistical research. The main objective of the Programme is to improve the quality and methodological soundness of statistical information by researching, developing, reviewing and applying statistical methods, standards, classification and procedures in the statistical value chain annually. The Programme further monitors and evaluates the methodological compliance of statistical operations by conducting independent evaluations on statistical practices annually. In addition, it ensures complete and accurate sampling frames to enhance the quality of economic and social statistics by maintaining and updating frames for business and geographic information annually.

The programme achieved 100% of annual targets as at 31 March 2023. Vacancy rate under this programme was at 26.1%, with female in SMS at 43.5% and 1.1% employee with disabilities. The programme contributes in providing technical expertise on methodological practices for producing official statistics in the economic and social statistics. The programme spent R133.6 million (100%) of the budget allocated. Of the total expenditure, an amount of R127.6 million was spent on compensation of employees, whilst an amount of R6.0 million was spent on goods and services. The main cost drivers are computer services, households and communication.

Amongst key achievements in the year under review is the provision of technical expertise and advice on statistical methodologies and practices for producing official statistics. The programme develops statistical standards, classification and definitions for surveys undertaken by the Department. A key output was the adoption of an international standard on Institutional Sector Classification.

Furthermore, it was the production of Geo-enabled Statistical Frame and the implementation of a Geo-portal for the dissemination of statistical products. In terms of survey monitoring and evaluation, the programme produced an assessment report on the application of the Quality Management System (QMS) on the Income and Expenditure Survey.

#### **(e) Programme 5: Statistical Support and Informatics**

This Programme enables service delivery programmes by using technology in the production and use of official statistics. The main objective is to modernise business processes by building enterprise architecture and applying emerging technologies for data collection, processing and the dissemination of statistical information over the medium term. The Programme further aims to enable the Department's production of official statistics by providing a technology infrastructure that is reliable, sustainable and cost effective over the medium term to inform policy through the use of statistical geography.

The Programme promotes and provides better access to official statistics. The Programme contributes to enhancing public confidence and trust in statistics and investing in the learning and growth of the organisation. Moreover, the Programme collaborates with partners to build and maintain a reliable sampling frame for household surveys by updating the spatial information frame annually. In addition, it increases awareness of and the use of official statistics by government and the public on an ongoing basis by reaching out to stakeholders and responding to user queries, educating users and improving accessibility to and the ease of use of statistical information.

Programme 5 achieved 86.7% of annual targets and 13.3% were not achieved. Vacancy rate under this programme was at 24.3%, with women in SMS at 37.5% and 3.3% for people with disabilities which was above the acceptable level. The programme spent R308.2 million (100%) of the allocated budget. Of the total expenditure, an amount of R136.3 million was spent on compensation of employees, whilst an amount of R144.2 million was spent on goods and services.

The programme contributed to the establishment of an enterprise architecture domain, the development of applications and systems for Census 2022 and the Post-Enumeration Survey (PES) and the upgrading of a business process through the South African Statistical (SAS) platform. The Department under the programme further produced report on the maintenance of Census 2022 ICT infrastructure and platforms and the implementation of an ICT Cybersecurity Risk Initiative. The programme conducts analytical studies, which provide integrative statistical advice and support to policy planners and development practitioners and participates in knowledge research and innovation on key development themes. The programme produced two research reports on spatial analysis.

#### **(f) Programme 6: Statistical Operations and Provincial Coordination**

The purpose of the Programme is to collect and process data and interact with stakeholders and users at provincial and local levels to inform policy implementation and support decision-making through statistical information. It engages stakeholders through platforms and provides effective communication services.

The main objective is to provide integrated data collection services, and disseminate quality statistics to provincial and local stakeholders and the public by ensuring an average response rate of 85 per cent annually. Another objective is to expand the statistical information base for use by government, the private sector and the public by conducting a population census every 10 years, and large-scale population surveys every five years between censuses. It further ensures the efficiency and effectiveness of survey operations by coordinating household surveys to attain an average response rate of 85 per cent annually. The Programme improves the quality and timeliness of the editing and processing of statistical data by administering a common data processing platform for censuses, household surveys, administrative records and ad hoc survey data over the medium term.

Statistical Operations and Provincial Coordination achieved 94.4% of annual targets as at March 2023 and 5.6% were not achieved. Vacancy rate under the programme amounts to 15.1%, with women in SMS position at 39.5% and 0.8% of people with disabilities. The programme spent R2.040 billion (165.5%) of the allocated budget. Of the total expenditure, an amount of R708.4 million was spent on compensation of employees, whilst an amount of R1.313 billion was spent on goods and services items such as agency and support services, computer services, travel and subsistence and operating leases.

The programme provides integrated data collection and dissemination services, and promotes the use and coordination of official statistics to provincial and local stakeholders. Provincial and district offices commenced with the data collection of the Income and Expenditure Survey in November 2022. A key

output includes nine provincial reports on Census 2022 data collection, a report on the piloting of the Integrated Fieldwork Operations Model and the development of Census 2022 Dissemination Plan.

The programme manages the editing and processing of census, survey and administration data. This includes reports on the implementation of business processes (Phase 1) and the processing of Census 2022 and the Mortality and Causes of Death for 2019. Data processing for the Mortality and Causes of Death for 2020 was not completed as scheduled due to dependency on an external stakeholder for relevant data. Census 2022 data collection was extended and concluded in May 2022. Key outputs included an evaluation report on Census 2022 field operations and national reports on digital data collection for household surveys and the development of quality assurance tools.

### **(g) Programme 7: South African National Statistics System**

The purpose of the Programme is to develop and coordinate the national system in South Africa. The objective of the Programme is to ensure that national statistics are produced based on common statistical standards and principles by providing statistical support and advice on an ongoing basis, and certifying statistics as official annually. It manages the distribution of statistical information by establishing and providing mechanisms, platforms and criteria for sharing data annually. It drives statistical reporting by coordinating the compilation of statistical reports in line with the integrated indicator framework annually.

Stats SA has achieved 100% of the targets of the Annual Performance Plan. Vacancy rate under the programme was at 43.8%, with women in SMS level at 53.3% and 0.0% of employee with disabilities. The programme spent R32.1 million (76.7%) of the allocated funds. Of the expenditure, an amount R27.3 million was spent on compensation of employees, whilst an amount of R47 million was spent on goods and services items such as communication and travel and subsistence.

The programme coordinates and facilitates the production of economic and environmental statistics in the national system, and advice to producers of official statistics. Key outputs include a clearance report for the Department of Science and Innovation's Research and Experimental Development Survey, a report on the reviewed Integrated Indicator Framework (IIF), an MoU with the COEGA Development Corporation and research on the tourism sector for the National Strategy for the Development of Statistics (NSDS).

The programme further conducts independent statistical reviews to assess the quality of statistical information in line with the South African Statistical Quality Assessment Framework, to certify statistics as official. Key output included two South African Statistical Quality Assessment Framework (SASQAF) quality assessment reports for the Motor Trade Sales Survey and the SAPS Crime Statistics and a report on the piloting of SASQAF for administration data sources. The programme was responsible for the report on the legislative reform process and seventeen goal reports on Sustainable Development Goal (SDG) Indicators.

## **8. AUDITOR-GENERAL OUTCOMES**

The Auditor-General audited the financial statements of the Statistics South Africa, set out on pages 176 to 234, which comprise appropriation statement, the statement of financial position as at 31 March 2023. The statement of financial performance, statement of changes in net assets and cash flow for the year ended as well as the notes to the financial statements including a summary of significant accounting policies. The Auditor General's opinion indicates financial statements present fairly, in all material respects, the financial position of Statistics South Africa and its financial performance and cash flows for the year are in accordance with the Modified Cash Standard and the requirement of the PFMA.

Statistics South Africa received an unqualified opinion with material findings.

### **8.1 Predetermined objectives**

The Auditor-General performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. The AG did not identify any material findings on the

usefulness and reliability of the reported performance information on Programme 2- Economic statistics.

## **8.2 Emphasis of matters**

The AG drew attention to the matters below.

### **8.2.1 Underspending of the vote**

#### **Unauthorised expenditure**

As disclosed in note 23 to the financial statements, the Department incurred unauthorised expenditure of R807 987 000 in the current year, mainly due to overspending on the Census 2022 project, which overlapped into the current financial year.

### **8.2.2 Irregular expenditure**

As disclosed in note 23 to the financial statements, the Department incurred irregular expenditure of R253 537 000 in the current year, mainly emanating from non-compliance with supply chain management prescripts.

## **8.4 Internal Control**

The Auditor-General considered internal control relevant to the audit of the financial statement, reported performance information and compliance with applicable legislation, however, the AG objective was not to express any form of assurance on it. The matters reported are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation.

Compliance monitoring by senior management relating to expenditure management, procurement and contract management and consequence management was not effective due to a lack of adequate oversight. The processes around compliance monitoring by both the Accounting Officer and senior management must be enhanced. A root cause-focused action plan must be developed and implemented to ensure that the deficiencies reported are timeously addressed.

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

The Portfolio Committee made the following observations:

- 9.1 The Committee notes that Statistics South Africa received unqualified audit opinion with material statements in the 2022/23 financial year. Stats SA achieved 93.6% of its targets as set out in the Annual Performance Plan of the 2022/23 financial year. Only 6.4% of targets were not achieved. The Committee notes the Department for achieving set targets under difficult conditions regarding scarce resources.
- 9.2 The Committee further notes that the Department overspent the budget allocated of R2 999 billion with the actual expenditure of R3.798 billion due to the rollover of the budget earmarked for Census 2022. The rollover was for Census' Post Enumeration Survey.
- 9.3 The Committee notes with concern the vacancy rate of 19.4%, which was above the acceptable norm in the public service.
- 9.4 The Committee is concerned that employment equity targets were not met, especially concerning women at SMS at 41.6% and people with disabilities at 1.2%.
- 9.5 The Committee commends Stats SA for initiating a campaign called "Pull Her Up" as a means of accelerating interventions to empower women to assume leadership role in the Department. The Committee will oversee the campaign in changing the dynamics of non-attainment of women targets in senior management services in the Department.
- 9.6 Stats SA committed to work with the disability groups, academics, and disability interest organisations in order to attract people with disabilities to be employed in the Department.

- 9.7 During the year under review, Stats SA focused on finalising processes in submitting the Statistics Amendment Bill to Cabinet. In October 2022, Cabinet approved Statistics Amendment Bill for tabling in Parliament as it was certified by the Office of the Chief State Law Advisor. There were delays in tabling the Amendment Bill in Parliament, however the Committee was informed that the Bill was gazetted on the 06 October 2023. The Bill will formally be ATCed in Parliament and officially be referred to the Committee before the end of October 2023.
- 9.8 In the past reporting years, Stats SA notified Parliament that Census 2021 was hampered by the COVID-19 pandemic, lockdown restrictions, Kwa-Zulu Natal province floods as well as the November 2021 local government. Stats SA had no option but to postpone Census 2021 to February 2022 and renamed it Census 2022. The irregular expenditure was as a result of Census 2022 and Post-Enumeration Survey 2023, which were mainly caused by numerous incidents impacting on the financial management of the Department. Therefore, over-expenditure is noted with some grace and understanding. However, the Committee notes with concern that there was irregular expenditure of R253.5 million incurred as a result of a contract awarded to a bidder who did not meet the minimum score for functionality. This was due to a lack of effective control regarding supply chain management prescripts by the Department.
- 9.9 The Committee notes that in the history of the Census year under democratic government, Stats SA had for the first time obtained unqualified audit opinion with material findings which is an achievement as compared to the previous Censuses.
- 9.10 Stats SA is commended for delivering first digital Census in the country and the first to use multiple modes of data collection, where households were given the option to complete questionnaires with the assistance of a fieldworker either face to face or telephonically or by themselves via the web. Multimode platforms were introduced as strategy to proactive respond to COVID-19 Pandemic and lockdown, which continued to distract business operations.
- 9.11 The Committee notes and welcomes the release of Census 2022 report by the Statistician-General, which was timeous and will assist the country's planning as well as budget allocations across all spheres of government. The Committee further notes the positive impact of digital transformation in data collection, which had reduced cost and improves the turnaround time of the production of results.
- 9.12 The Committee notes that the National Treasury commissioned a study to review Census spending efficiency in a fiscally constrained environment. Review of Census spending efficiency will assist fiscal rigor and more efficient allocation of expenditure. As per the National Treasury framework, the main targets of the spending reviews will be: Reallocation of spending to match current government priorities; Medium to long term improvements in spending efficiency; minimising the impact of spending reduction on service delivery while rapidly reducing the budget deficit; and elimination of programmes that are no longer serving their intended purpose.
- 9.13 The Committee notes with concern all the root causes contributing to significant findings for the 2022/23 financial year.
- 9.14 The Committee notes with concern a lack of consequence management regarding non-compliance with the PFMA.

## **10. RECOMMENDATIONS**

The Portfolio Committee recommends that:

- 10.1 Stats SA should compile Census activities report to document lessons learned during its major project to avoid recurrence of costly mistakes. The Department should be able to

identify statistical loopholes in terms of legislation to minimize occurrence of negative incidents encountered during Census 2022.

- 10.2 Vacancy rate of 19.4% should be drastically reduced by undertaking a recruitment drive to strengthen departmental workforce in order to continue producing quality, reliable and timeous statistics for the nation and international world.
- 10.3 The Department should reflect the achievement of employment equity targets against the commitments of its own employment equity plan which must be in line with the targets set by government namely 50% for women at SMS, while the Department achieved 41.6%; and 2% on people with disabilities for which the Department achieved only 1.2%.
- 10.4 Stats SA should, through additional budget allocation on Compensation of Employees budget, prioritise balancing its employment equity targets by ensuring capable women are appointed in senior management, including 2% of people with disabilities and youth.
- 10.5 Stats SA should promptly investigate all instances of irregular expenditure and ensure that the recommendations from the investigation are actioned. Stats SA should develop and implement an action plan in order to ensure that the deficiencies identified by the Auditor-General in the 2022/23 financial year are addressed. From the investigation, the Department should devise a consequence management strategy regarding internal controls and financial management. This strategy must be notified to the staff complement for institutionalisation.
- 10.6 Stats SA should review its institutional delivery structure to adapt to digitisation and reduced funding capacity. The National Treasury should provide additional funding allocation to the Department.

## **11. CONCLUSION**

Statistics South Africa continues to play a critical role in South Africa and internationally. Statistical releases give meaning to the evidence-based policy making, decision making, planning and allocation of the budget in the country. The Department was able to spend its total allocated budget, albeit overspending on Census 2022, and achieved set targets. The Department's allocated budget on the Compensation of Employees has to be efficiently spent by appointing competent people. The historical record on gender equity representative and 2% of people with disabilities in the Department has to be given main priority when filling funded vacancies. During the year under review, Stats SA was confronted with data collection of Census 2022. The Committee welcomes and notes progress made thus far in conducting and releasing Census 2022 results timeously for the nation. The Committee is looking forward to engaging the Census 2022 report scheduled for the end of October 2023.

Report to be considered.