The Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Basic Education on the performance of the Department of Basic Education for the 2022/2023 financial year, dated 14 November 2023.

The Portfolio Committee on Basic Education, having considered the performance of the Department of Basic Education, reports as follows:

1. Introduction and mandate of the Committee

1.1 Purpose of the BRRR
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 the Budgetary Review and Recommendation Reports (BRRR) that assess the service delivery performance of departments given available resources. Committees are also expected to provide an assessment of the effectiveness and efficiency of the Department's use of available resources and may include recommendations on the forward use of resources. In this regard, the BRRR is a source document for the Committees on Appropriations when considering and making recommendations on the Medium Term.

1.2 The role and mandate of the Portfolio Committee
The Portfolio Committee on Basic Education as an extension of the National Assembly is mandated by sections 55 and 92 of the Constitution of the Republic of South Africa (Act 108 of 1996) and the Rules of Parliament to oversee the activities and performance of the Department of Basic Education and its two statutory bodies, namely, the Council for Quality Assurance in General and Further Education and Training (Umalusi) and the South African Council for Educators (SACE). In this context, the Portfolio Committee on Basic Education focuses its work within the five constitutional mandates of Parliament, which are to process and approve legislation, conduct oversight, ensure public participation, process international agreements, and facilitate co-operative governance. In addition to performing these constitutional mandates, the Committee engages in various activities and programmes focussing on the development and delivery of quality public education to all South Africans. The Committee also deals with matters referred to it by the Speaker or the National Assembly.

1.3 Core functions of the Department of Basic Education
The Department of Basic Education (DBE) derives its mandate firstly from the Constitution of the Republic of South Africa (1996), which requires education to be transformed and democratised in accordance with the values of human dignity, equality, human rights and freedom, non-racism, and non-sexism. The Constitution guarantees access to basic education for all, including adult basic education. Secondly, the National Education Policy Act, 1996 Act 27 of 1996 (NEPA), inscribes into law the policies for the national system of education, the legislative and monitoring responsibilities of the Minister of Education, as well as the formal relations between national and provincial authorities. In terms of the NEPA, the DBE's statutory role is to formulate national policy, norms, and standards as well as to monitor and evaluate policy implementation and impact.

In line with its mandate, the Department has a vision of a South Africa in which all people will have access to lifelong learning, education, and training opportunities, which will, in turn, contribute towards improving the quality of life and building a peaceful, prosperous, and democratic South Africa.

In fulfilling its mandate over the next five years, the Department is guided by the 2019-2024 Medium Term Strategic Framework (MTSF) designed to reflect the actions outlined in the National Development Plan (NDP).

1.4 Processes followed by the Portfolio Committee in arriving at the report.
In compiling its BRRR, the Portfolio Committee on Basic Education assessed the performance of the Department of Basic Education with reference to the following:

- The strategic priorities and measurable objectives as set out in the 2020/21 strategic plan.
- Expenditure trends drawn from the reports of the National Treasury.

- The 2021 State of the Nation Address priorities.
- The reports of the Auditor-General of South Africa and the reports on the 2021/22 Budget Vote.
- The financial statements and annual report briefings, in terms of Section 65 of the Public Finance Management Act No. 1 of 1999, which requires the Ministers to table the Annual Reports and financial statements for the Department and public entities before Parliament.
- Findings of the Portfolio Committee's oversight visits, including quarterly briefings.
- External sources assessing the performance of the Department.

1.5 Method

In reviewing the work of the education portfolio (Department of Basic Education and it's 2 entities SACE and Umalusi) for the 2022/23 financial year, the Committee placed emphasis on the following:

Overall performance based on the allocated budget as reflected in the   annual reports of the portfolio.
Presentations by the Department and entities to the Committee on their annual reports.
- Report of the Auditor-General on the basic education portfolio.
Presentation by the Auditor-General to the Committee.
Responses of the Department to the BRR report of 2022.

The briefings on the annual performance and financial statements of the Department took place in Parliament. Also, the Portfolio Committee met with the Office of the Auditor-General of South Africa (AGSA), the Finance and Fiscal Commission (FFC) and the Audit Committee of the Department of DBE on 17 October 2023 for a briefing on the Audit Outcomes for the Department of Basic Education. Further, the Committee held meetings with the Department of Basic Education (DBE) and its two entities i.e., Umalusi and SACE on 18 October 2023 for briefing on the Annual Report, in meetings its Strategic Objectives 2022/23.

1.6 Contents of the Report

This report provides an analysis of the financial and programmatic performance of the Department of Basic Education and its entities i.e., Umalusi and SACE, and due consideration is taken on the budget allocated as well as revisions made to respective Annual Performance Plans and where relevant, commentary has been provided in this regard. Moreover, the report not only reflects on the Annual Reports but examines the Committee's engagement with the entities for the year under review as well as the Quarter 1 2023/24 performance and what needs to be taken into consideration going forward. The report concludes with key observations and recommendations made by the Committee having engaged with the Department, Umalusi, South African Council of Educators (SACE). The Auditor General of South Africa (AGSA) and Fiscal and Fiscal Commission (FFC) inputs on Audit and Risk references to the Committee for each of the entities are also taken into consideration in the BRRR report.

2 Overview of the Service Delivery Environment

In respect of the Legislative Mandate, the National Education Policy Act (Act 27 of 1996) (NEPA) inscribes into law the policies for the national system of education, the legislative and monitoring responsibilities of the Minister of Education, as well as the formal relations between national and provincial authorities. The statutory role of the Department was to:
- Formulate policy, norms, and standards.
- Monitor and evaluate policy implementation and impact; and
- Lead the provision of the rights to basic education.

The delivery environment requires that the Department focuses on technical leadership, oversight, and the setting and maintenance of norms and standards in the basic education concurrent function. There are factors that influence the plans and activities of the Department. Such plans are covered in the government mandates namely the National Development Plan (NDP), 2019-2024 Medium Term Strategic Framework (MTSF), and the *Action Plan to 2024: Towards the Realisation of Schooling 2030.* Departmental Outcomes are linked to the six (6) priority areas of the sector as approved by the Council of Education Ministers (CEM) and 2019-2024 Medium Term Strategic Framework (MTSF).

3. Overview of the Key Policy Focus Areas

3.1 The National Development Plan (NDP), Vision 2030
There are factors that influence the plans and activities of the Department, and such plans are covered in the government mandates namely the National Development Plan (NDP), 2019-2024 Medium Term Strategic Framework (MTSF), and the Action Plan to 2030: Towards the Realisation of Schooling 2030.

Source: (MTSF Priorities 2019-2024)

3.2 The Medium-Term Strategic Framework 2019-2024 Outcomes Education
The Department's Strategic Plan Outcomes are linked to the 2019-2024 Medium Term Strategic Framework outcomes. The MTSF 2019 – 2024 Education Priorities were as follows:

- Outcome 1: Improved school-readiness of children.
- Outcome 2: 10-year-old learners enrolled in publicly funded schools read for meaning.
- Outcome 3: Youths better prepared for further studies and the world of work beyond Grade 9.
- Outcome 4: Youths leaving the schooling system more prepared to contribute towards a prosperous and equitable South Africa; and
- Outcome 5: School physical infrastructure and environment that inspires learners to learn and teachers to teach.

3.3 Significance of the State of the Nation Address (SONA) February 2022
During the State of the Nation Address, His Excellency, the President Mr Cyril Ramaphosa set the key government priorities and deliverables for the year. For the 2022 SONA, he outlined the following policy objective that have a bearing the basic education sector:

- **School Infrastructure**: The President noted it is imperative to introduce an innovative social infrastructure delivery mechanism to address issues that afflict the delivery of school infrastructure. The mechanism will address the speed, financing and funding, quality of delivery, mass employment and maintenance.
- Learning Recovery: Government would forge to return to normal educational activity and work harder to ensure that all learners and students get the quality education they need and deserve.
- Teaching Assistants: SONA 2022 emphasized the need to consider   employment program of half a million young people as education assistants, making it the largest youth employment programme ever undertaken in our history.

Aligning SONA priorities of previous year (2021), the Presidential pronouncements highlighted the following:

- Early Childhood Development: "The need to give attention to issues affecting children including improving school readiness, ECD planning and funding.
- Learning Disruptions and Issues affecting Learners: The priority to regain lost time and improve educational outcomes, from the early years through to high school and post school education and training.
- Early Learning reading and Numeracy
- Improving School readiness and safety

3.4 Strategic Priorities of Basic Education for 2022/23 APP

The detailed overview of the department Strategic plan 2020/21- 2024/25   sets the tone for key DBE priorities as outlined in the 2022/23 Annual Performance Plan (APP). The APP outlines what the Department intends to do, in the financial year and during the MTEF period, to implement the Strategic Plan. The Department developed the 2022/23 Annual Performance Plan in the context of the COVID-19 pandemic. The impact of COVID-19 has been devastating for parents, learners, communities, teachers, and staff since the unpredicted closures of schools and the unplanned disruptions to teaching and learning, resulted in the reversal of the teaching and learning gains made in the last 20 years.   The DBE planned to double down on focus areas of sector priorities that flow from the broader government priorities. The Department continue to re-emphasise its focus on the six (6) priorities:

a) Improving foundational skills of Numeracy and Literacy, especially reading, which   should be underpinned by a Reading Revolution.

b) Immediate implementation of a curriculum with skills and competencies for a changing world in all public schools (Three- Stream Curriculum Model, Fourth Industrial Revolution, Entrepreneurship, Focus Schools, etc.)

c) Deal decisively with quality and efficiency through the implementation of standardised assessments to reduce failure, repetition, and dropout rates; and introduce multiple qualifications, such as the General Education Certificate before the Grade 12 exit qualification.

d) Urgent implementation of two years of Early Childhood Development (ECD) before Grade 1, and the migration of the responsibility for the Department of 0-4-year-olds from the Department of Social Development to the Department of Basic Education.

e) Complete an integrated Infrastructure Development Plan, informed by infrastructure delivery; and regular maintenance, which is resourced; and

f) Work with the Departments of Sport and Recreation, Arts and Culture, Health, and the South African Police Services to teach and promote Social Cohesion, Health, Psycho-social and School Safety

3.5 DEPARTMENT OF BASIC EDUCATION RESPONSE TO 2021/22 BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR).

Portfolio Committee Recommendations

Based on the observations made from inputs received, the Portfolio Committee recommended that the Minister should ensure that the Department of Basic Education consider the following recommendations:

Ensure that the DBE Internal Audit Committee is adequately resourced, capacitated and staffed to be more effective.

BRANCH ODG
a. The Director – General has approved the sourcing of the panel of service providers to provide additional support to the Internal Audit Directorate in the department. The panel of service providers was appointed in Mid-October 2022.
b. The Human Resource as part of the review of the organizational structure they are addressing the concerns raised by the Audit Committee and subsequently raised by the Portfolio Committee

- ***The Department needs to review the current audit committee structure to improve on performance.***

BRANCH ODG
c. The Human Resource as part of the review of the organizational structure they are addressing the concerns raised by the Audit Committee and subsequently raised by the Portfolio Committee

Tackle the challenges with Implementing Agents, address such challenges through the necessary systems put in place to prevent reoccurrence of irregular expenditure.

BRANCH I
1. About 20 different implementing agents have been used since the start of the ASIDI & SAFE programmes.
2. Some of these implementing agents procured service providers and implemented their allocated projects without any major challenges.

3. Some, however, frustrated the process and the following action was taken:
    a. No additional projects were allocated to them.
    b. In some instances, current projects were taken away and re-allocated to performing implementing agents.
    c. In extreme cases, the MoA with the poor performing implementing agent was terminated.

4. The DBE conducted assessments of all the procurement processes followed by the appointed implementing agents. The following examples of non-compliance were identified:
    a. Tender advertised for less than 21 days.
    b. Requirement for local content not included in tender document.
    c. IAs performed certain PSP services that was not in line with the MoA.
    d. Non-compliance with SCM Policy, PFMA, NT Regulations and Preferential Procurement Act
    e. Non-compliance to CIDB regulations
    f. Expenditure incurred whilst IPIP was not signed by the Accounting Officer
    g. Digital procurement process during COVID excluded potential bidders due to system challenges.
    h. Tender award process - not always awarded to lowest bidder (findings are being challenged)

5. The DBE also conducted working sessions with the OCPO, AGSA & CIBD to ensure a common understanding of the SCM requirements.
Some implementing agents disputed the findings of non-compliant SCM processes and submitted evidence for condonation from OCPO. This is on-going and some implementing agents were granted condonation

The Department must ensure that adequate consequence management is implemented against any errand officials and Implementing Agents. The Department should further consider having repeat offenders charged or expelled from service.

BRANCH I
1. DBE internal audit has investigated several instances of fruitless and wasteful expenditure. These cases are still in progress.

2. DBE identified the following areas of poor performance of implementing agents:
    a. Planning and design
    b. Procurement
    c. Construction
    d. Contract administration

3. DBE initiated action to identify the specific individuals and companies that failed to perform in these areas, for example:
    a. Principal agents that failed to prepare final accounts.
    b. Architects and engineers that failed to prepare working drawings.
    c. Contractors that failed for proceed with due skill, diligence, regularity, and expedition to bring the works to practical completion.

4. DBE is currently drafting documents in line with the PFMSA SCM Instruction Note 03 of 2021/22 to restrict defaulting service providers from doing business with Government.

Ensure PEDs are held accountable/sanctioned for non-compliance with submitting relevant information and data to the Department timeously. For effective compliance, the Department must support and provide assistance to non-complying PEDs.

BRANCH BI and A
All Branches that receive data/information/reports from PEDs have to respond. Strategic Planning works with PEDs on the development of Standardized Indicators and non-compliance is escalated to the Director-General through the Memo/submission. EMIS receives data/information/reports from PEDs every quarter based on data collections received from schools, according to the EMIS Calendar that was approved by HEDCOM and communicated to the HOD. PED EMIS implementation and functionality are also monitored when PED's give feedback report

of their PED Business Plans at the BI Sub-HEDCOM meetings. DBE also monitor these functions in the provinces onsite and report in APP 4.2.5. It was noted during the last APP 4.2.5 monitoring, that the EMIS budget cuts will be a risk when providing data/ reports.

The Department should strengthen its monitoring and support for PEDs and consider a single de-centralised system for the roll-out of the NSNP for all provinces.

Initiate and convince those utilising the centralised system to change to a de-centralised system.

BRANCH S
1. Strengthen Monitoring & Support to PEDs The Department affirms that monitoring is a key responsibility at all levels of the NSNP implementation. At National level, the Department will continue to adhere to an annual monitoring target of 135 schools to validate or triangulate data and ensure compliance by PEDs. The bi-annual inter-provincial meetings are another platform used for PED support and accountability. At the provincial level, there are monitoring plans at field worker, district and PED levels which translate into monthly provincial plans to be effective. The DBE will continue to assess the performance of PEDs on a quarterly basis against their monitoring targets. The Department will continue to explore a real-time technology-based monitoring system. 2. A single De-centralised delivery model The Education Sector Audit on the National School Nutrition Programme at the Department of Basic Education for the financial period ended 31 March 2022, has highlighted "some significant deficiencies" in both the centralized and decentralized models that are being addressed through Action Plans in cooperation with PEDs. A de-centralized model may not be the most efficient model until the Department invests in a cost-effective information technology (IT) based monitoring system that provides real-time data for the day-to-day implementation. This is against the backdrop of a large-scale programme of 21 000 schools that entails a day-to-day operation with potential to either succeed or fail with all considerations of a value-chain system. The Department will continue to review both delivery models and explore an IT based monitoring system to strengthen day-to-day monitoring system. Due to the concurrent functions, the Department will, continue to engage and advise the Council of Education Ministers (CEM) and the Heads of Education Departments Committee (HEDCOM) in terms of the National Education Policy Act, No. 27 of 1996, on the most effective delivery model for a policy directive and further explore alternative models through the inter-sectoral/departmental fora, such as, the Food and Nutrition Security Plan Task Team (FNSP) led by the Department of Planning, Monitoring and Evaluation (DPME) within the Presidency.

Submit a report to the Portfolio Committee 60 days after the adoption on the following:

RECOMMENDATION	RESPONSE
A detailed report on fruitless and wasteful expenditure investigations underway.	BRANCH ODG (Attached as a power-point presentation).
A detailed report on research projects completed – and envisaged new research projects.	BRANCH BI Completed and ongoing research projects undertaken by the Directorate: Research Coordination, Monitoring and Evaluation December 2022 *The Second Early Grade Reading Study (EGRS II):* The EGRS II is a departmental collaboration with the United States Agency for International Development (USAID) and the University of the Witwatersrand. The study entails a three-year language literacy intervention and forms part of a series of studies initiated by the Department of Basic Education (DBE) to build evidence about what works to improve the learning and teaching of early grade reading in South African schools. The structured learning programme in Mpumalanga targeted the instructional practice of teaching English

| | as First Additional Language (EFAL) through the support of coaches along with the added benefit of receiving enhanced Learning and Teaching Support Material and term training. This project was completed in 2021. |

Early Grade Reading Programme (EGRP): The EGRP is a three-year intervention which is characterised by a roll-out of high-quality teacher professional development support across Grades 1 to 3 in all eligible Setswana Home Language non-fee paying (quintile 1-3) primary schools of the Dr Ruth Segomotsi Mompati (DR RSM) district, in the Northwest province from January 2021 through to December 2023. The programme is being implemented in 140 schools in the Dr Ruth Segomotsi Mompati district in the North-West Province in three sub-districts: Greater Taung, Naledi, and Kagisano Molopo. The teachers in this intervention programme are given access to structured lesson plans, Learner Teacher Support Material (LTSM) and receive onsite teacher training in Setswana (HL) and English First Additional Language (EFAL) four times a year. The programme is being evaluated using a range of quantitative and qualitative methodologies. In a sub-set of schools, it is being investigated whether Heads of the Foundation Phase can be trained to provide reading coaching to their Foundation Phase teachers, in a way that is as cost-effective as externally provided reading coaching.

ECD Deep Dive: The Directorate worked with the LEGO Foundation to conduct a deep dive qualitative study to enhance the sector's understanding of the current implementation of the National Curriculum Framework for Children from birth to four (4) years.

Early Grade Reading Benchmarks: The RCME Directorate is leading the development of reading benchmarks in all African languages. Since our languages have different linguistic and orthographic features, these benchmarks cannot simply be inferred from existing benchmarks in another language such as English. These will provide teachers, policy makers and the broader public with a way to understand reading progress in the early grades in the particular languages in which children learn to read.

General Household Survey: Each year the RCME Directorate publishes a report on the education-related information contained in STATS SA's annual General Household Survey (GHS). The latest GHS report covering data collected in 2020 and 2021 will be finalised in early 2023.

School Monitoring Survey: The third School Monitoring Survey (SMS) is currently underway and is due to be launched in 2023. This survey was previously completed in 2011 and 2017. It consists of a nationally representative survey of about 2000 schools and collects information to allow the DBE to report against the various goals and indicators contained in the sector plan, titled, "Action Plan to 2024: Towards the realisation of schooling 2030".

Research Agenda and Research Repository: The DBE has published a Research Agenda and a Research Repository on the DBE website. The agenda aims to guide and encourage all researchers in the sector to contribute to those topics that are of most relevance to the current policy and planning needs of government. The repository makes certain research reports that have been undertaken or commissioned by government available to the public.

Early Grade Mathematics Research Project (EGMRP): The DBE, through the RCME directorate, initiated the EGMP in 2017. The EGMP seeks to build evidence of effective interventions to improve the teaching and learning of Mathematics in the Foundation Phase, and to facilitate better evidence use in government policy and

	programme development. The early phases of this work involved a scoping study and review of mathematics research, as well as a design- and implementation evaluation of the pilot of the DBE Framework for TMU (Teaching Mathematics with Understanding). The project is currently busy with a review of early grade mathematics assessments and materials and hosting a series of Research Indabas.

Ensure focused assistance and support for SACE to ensure better performance in producing credible audit reports.

BRANCH T
The Department of Basic Education meet with the officials from SACE on quarterly basis to reflect on matters linked to the implementation of the CPTD Management System and the extent of performance on the various programmes linked to this system. This oversight role provides advice on the following key areas: • Budget spending, Professional Registration; Ethics/teacher conduct in schools and taking steps to address identified challenges, Professional Development, Professional Teaching Standards, and Research. Additional measures that have been put in place to ensure credible audit outcomes, includes the deployment of skilled officials by the DBE to work with SACE in achieving its mandate and these include: • Dr M Pillay. • Ms V Hofmeester. • Professor Gravett, University of Johannesburg. • Advocate P Loselo; and • Dr J Joshua. The above listed officials are deployed across the various programmes which are at the heart of SACE's mandate, including the monitoring of audit outcomes. As a way of strengthening performance in producing credible audit reports, the DBE will have regular briefing and work sessions with all of the above listed officials where matters that are linked to the development of credible audit reports will be addressed. In addition, discussions will be held with the Finance section in the DBE with a view to getting this Unit in the DBE to work closely with SACE on audit outcome matters.

• Engage with National Treasury, for a more sustained BEEI initiative for a longer period.

BRANCH T
The Department of Basic Education received funding for 2023/24 from National Treasury. Since BEEI require huge some of allocation/funds to sustain the programme, the Department will through DBE CFO engage the National Treasury on other possible funding solutions that will support long term implementation of BEEI.

4.4.32   Portfolio Committee Recommendations
Based on the observations made from inputs received, the Portfolio Committee ordered that the Minister should ensure that the Department, in collaboration with the AGSA, must consider the following recommendations:
• Ensure that SACE is supported and guided to improve on audit outcomes – with consequence management enforced against errant officials, 30 days after the adoption of this report.

Strategic Planning supports and guides SACE through conducting analysis and providing feedback on Quarterly reports and the Annual Performance Plan. Strategic Planning convened a meeting on 6 December 2021, after the 2020/21 Audit to guide SACE on how to address the findings. For 2023, SPR with collaborate with Branch T on the quarterly meetings scheduled with SACE to address planning and reporting matters, including addressing audit findings. • SPR has conducted an analysis of the SACE audit findings, comparing 2020/21 and 2021/22. The analysis shows a slight improvement in 2021/22 as there is no limitation of scope which was raised in 2020/21. • SACE has already implemented consequence management by not rewarding the programme

managers which received misstatements with performance bonus.

- The Council has enforced the non-compliance letters for all indicator owners who could not meet their performance targets during the second quarter of 2022/23 by serving them with letters as part of consequence management.
- The council has established an independent internal oversight committee that perform non-performance improvement plan and interventions proceedings, the committee has terms of reference, charter, and an annual plan.

The internal audit unit has improved its intervention whereby a full-time resource is dedicated to performance information to ensure completeness.

Ensure that SACE is able to comply and implement AGSA recommendations, action plans and findings with immediate effect and that SACE reports back to the Portfolio Committee on implemented recommendations 90 days after the implementation of this report.

At the meeting with SACE on 6 December 2022, Strategic Planning recommended that SACE has an Audit Action Plan in place and have a dedicated person to monitor it on monthly basis.

- Council developed an Audit Action plan metrics that is measured and reported on quarterly.
- Audit Action plan aligned with each AGSA Audit recommendations.
- After receiving the Audit Report, based on recommendations, the Council had a 4-day Planning session to rectify and align all findings per each indicator.

SACE is complying with the DPME 2022/23 quarterly report guidelines and ensured that the internal audit provide an audit report and certificate before submission to DBE and DPME.

- AGSA be given more powers to enforce audit findings and recommendations to be implemented by entities.
- Consequence management must be enforced on entities who do not submit relevant information timeously.

See above section

4.5.3.16 Portfolio Committee Recommendations: SACE
Based on the observations made from inputs received from Umalusi and SACE, the Portfolio Committee recommends that the Minister should ensure that the Department of Basic Education, in collaboration with Umalusi consider the following recommendations:

- In collaboration with the Department and AGSA, ensure SACE received focussed attention on underperformance and inadequate audit reporting as well as setting of targets.

- Council internal Audit has already performed performance audit for Quarterly Performance Reports on first and second quarters of 2022-2023.
- The Internal Audit certificate and report is provided for each quarterly report.
- SACE held a 2-day APP 2023/24 session which each programme made inputs.

The draft 2023/24 APP targets were reviewed in line with the historical data.

- Ensure SACE is able to implement any findings and recommendation of AGSA timeously.

- The council developed an Audit Action plan metrics that is measured and reported on quarterly.
- Audit Action plan is aligned with each AGSA Audit recommendation.
- The Council hosted a 4-day Planning alignment with Programme 4 personnel to rectify and align all findings per indicator.

- ***Ensure utilisation of unemployed teachers in the system with added training and development in specialised subjects before consideration is given to employ Foreign Educators.***

SACE is not responsible for the employment or supply and utilisation of teachers.

- ***Ensure a customer survey is done on teachers using the walk-in centres or online portal for registration.***

This is currently being implemented by SACE for purposes of addressing various matters such

as registrations, addressing queries which are brought by teachers and many others

- ***Ensure the turnaround time, for on-line registration was reduced.***

SACE is working on the improvement on turn-around time and visible results have started to emerge. While noting the progress that is made, it needs to be mentioned that the reduction of turnaround time should be done cautiously so that quality assurance of submitted documents is not compromised.

* Ensure that SACE provide the Portfolio Committee with a detailed report on:
Research findings regarding profiling of sexual offenders within the education sector

The first report on factors that enhance the sexual misconduct cases in schools has been completed and shared with the Portfolio Committee Secretariat. SACE is currently working on further analysis-profiling sexual offenders according to their demographics. This report will be finalised by the end of the 4th quarter 2022/2023

*Present findings of the analysis on misconduct cases researched by SACE, with recommendations

This analysis will include misconduct cases received from 2020/2021-2022/2023. The analysis will have recommendations. This report will be available by the end of the 1st quarter 2023/2024.

*Ensure adequate and fit-for-purpose training and development on 4IR is implemented

This is part of the skill development processes.

*Ensure SACE develop a turnaround strategy on negative perceptions of the Council by teachers and the general public.

The developed SACE Communication Strategy is already taking care of this issue.

- It is further recommended that SACE should take AGSA recommendations very seriously.
- SACE is taking the AGSA recommendations seriously. This was evident with the AGSA indicating that the audit of performance information for the 2021/22 financial year has positively improved and moved upwards.
- The SACE strategic plan outcome indicator for programme 1 is:
  - Percentage of internal and external audit recommendations implemented.

To date a total of internal and external audit recommendations is 45 and SACE has implemented 36 which translates to 87% achieved. This is indeed showing underperformance as the strategic plan target is 100%. SACE through internal audit and planning divisions will ensure that the lagging recommendations are implemented.

4. Programme of the Department of Basic Education
The Annual Performance Plan summarises the priorities of the Department. The activities of the Department have been structured into five programmes.

- Programme 1: Administration.
- Programme 2: Curriculum Policy, Support and Monitoring.
- Programme 3: Teachers, Education Human Resources, and Institutional Development.
- Programme 4: Planning, Information and Assessment; and
- Programme 5: Educational Enrichment Services.

The Annual Status Bar for indicators and target status indicates that the combined total of indictors for all programmes stood at 70 indicators with 63 targets achieved and 7 targets partially achieved.

Summary of Overall Performance of Indicators (2022/23) [1]

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[1] DBE (2023)

Table 1: Programme Performance Summary 2022/23

Programme	No. of indicators	Annual Targets	Biennial Targets	Biannual Targets	Quarterly Targets	Annual target status 2022/23		
						Not achieved	Partially achieved	Achieved
One	6	2	-	-	4	-	1	5
Two	31	29	-	1	1	-	3	28
Three	11	10	-	-	1	-	1	10
Four	16	15	1	-	-	-	2	14
Five	6	3	-	-	3	-	-	6
Total	**70**	**59**	**1**	**1**	**9**	**0/70**	**7/70**	**63/70**
Percentage	**100%**	**84%**	**1.5%**	**1.5%**	**13%**	**0%**	**10%**	**90%**

Sourced from DBE and modified, 2022/23

- The table illustrates overall performance where only 10 percent of indicators could not be fully achieved while 90 percent were fully achieved. The total number of indicators reflected in 2022/23 is 70 number, with 59 Annual Targets. DBE Annual target status of 90% across all of its programs is slightly increased by 9% as compared to 2021/22 period at 81%. As per table above, 10% of the targets are partially achieved, and there was no underachievement whilst in 2021/22, 6% of the annual targets were not achieved and 13% partially achieved. On a comparative note, the performance of 2022/23 is much higher than 2021/22 and remains favourable.

4.1 Annual Targets

4.1.1 Programme 1: Almost all indicator targets were fully achieved, other than indicator 1.1.4 whose target was partially achieved.

4.1.1.1 Annual Targets Partially Achieved
The reason submitted for the partially achievement is that the reports were submitted 4 days later than 45 days. Late submission of PEDs reports to DBE affected EIG and ECD. The SIBG report was also delayed for finalisation.

4.1.2 Programme 2: Almost all indicator targets were fully achieved, other than indicator 2.1.4, indicator 2.3.3 and indicator 2.3.7 whose targets were partially achieved.

4.1.2.1 Annual Targets Partially Achieved

- Reasons advanced for not fully achieving these indicator targets are as follows:
  - 2.1.4 - The Annual National Report was approved after the reporting period (3 April 2023) due to various levels of verification and validation of reported performance in the reports.
  - 2.3.3 - Some schools were closed after the orders were placed and removed from the delivery list.
  - 2.3.7 - 49 special schools received ICT equipment, connectivity, and assistive devices, based on the availability of funding from Mobile Network Operators (MNOs). The DBE is the receiving department of a Universal Services Obligations Agreement (USOA) with DCDT and ICASA and the budget does not lie with the DBE.

4.1.3 Programme 3: Almost all the indicator targets were fully achieved.

4.1.3.1 Annual Targets Partially Achieved
- The only indicator whose target was partially achieved is 3.1.5 and the reason advance for not fully achieving the target set is:
  - The Annual National Report was approved after the reporting period (20 April 2023) due to various levels of verification and validation of reported performance in the reports.

4.1.4 Programme 4: Almost all indicator targets were fully met, other than indicators 4.1.1 and 4.3.3 whose targets were partially achieved.

4.1.4.1 Annual Targets Partially Achieved

- Reasons advanced for partial achievements of the set targets are:
  - 4.1.1 – One school (Ngozi) was cancelled due to a protracted community dispute regarding the location of the new schools. The Contractor cancelled the contract, and the IA accepted the cancellation in line with the provisions of the contract. Two schools had contractors who defaulted on their contractual obligations which led to delay in the completion of projects. The projects will be completed in the 2023/24 financial year.
  - 4.3.3 – The appointed official was unfortunately not sent to the competency test timeously due to an administrative error linked to capacity challenges in the provincial department HR Unit. The official had acted for an extended period prior to the post being advertised and filled. Once the mistake was picked up, he was ultimately sent for the competency test. The results of the competency test are used as part of the development areas in his Performance Development Plan.

4.1.5   Programme 5: All indicator targets were fully achieved.
4.1.5. 1 Annual Targets Over-achievement
  - Indicator 5.1.4 and indicator 5.1.6 targets were overachieved.

4.2 Overview and Assessment of Service Delivery Performance

Service Delivery Programme Performance 2022/23

The Department's performance has significantly improved over the years, with the highest performance recorded in 2019/20 at 86% and the most recent 2022/23 reaching 90%. In 2021/22, 81% of the targets were achieved 13% were partially achieved with 6% targets not achieved. In comparison to 2022/23, 90% of the targets were achieved and 10% were partially achieved with 0% not achieved. This demonstrates an improvement of 9%. Infrastructure was a major challenge. Furthermore, the department has consistently achieved unqualified audit opinions moving form qualified audit opinion.

4.2.1 Programme 1: Administration – The purpose of Programme 1 is to manage and provide strategic and administrative support services to the Department. The Department detailed 5 Performance Indicators as follows:
  - **Percentage of valid invoices paid within 30 days upon receipt by the Department:** The planned annual target was 100 percent. The Department was able to achieve this target with no deviations.
  - **Number of reports on misconduct cases resolved within 90 days:** The planned annual target was for four (4) reports. The Department was able to achieve this target with no deviations.
  - **Number of capacity-building programmes offered to the DBE officials:** The planned target was set at 14 programmes. The Department was able report actual achievement of 24 programmes offered – a positive deviation of 10 programmes. *The deviation is due to the higher demand for training*. Some of the training requests arose from the outcome of performance assessments where skills and training needs were identified.
  - **The number of Schedules 4, 5 and 6 Conditional Grants Quarterly Performance Reports submitted to National Treasury (NT) 45 days after the end of each quarter:** The planned target was set at 28 reports. The Department's actual achievement was only 20 reports. <u>*A negative deviation of eight (8) reports*</u>. The reports were submitted four (4) days later than the prescribed 45 days. Late submission of PEDs reports to DBE affected EIG and ECD. The SIBG report was also delayed for finalisation.
  - **Annual Performance Plan (APP) approved by 31 March each financial year:** The planned target was for the 2023/24 APP to be approved by March 2022. The Department was able to achieve this target with no deviations.
  - **Number of Quarterly Performance Reports submitted to National Treasury (NT) and the Department of Planning, Monitoring and Evaluation (DPME) 30 days after the end of each quarter:** The planned target was for four (4) Quarterly Performance Reports submitted to NT and DPME 30 days after the end of each quarter. The Department was able to achieve this target with no deviations.

The Department reported on further progress made in the key focus areas in Programme 1 in respect of the following:

- Staff Services and HR Support to Provinces.
- Training and Social Responsibility.
- Labour Relations.
- Legal Services.
- Legislative Services.
- Financial Services.
- Security and Asset Management.
- Supply Chain Management.
- Project Management.
- Government Information Technology Office.
- Donor Grant Management.
- Strategic Planning and Reporting; and
- Research Co-ordination, Monitoring and Evaluation (RCME).

4.2.2 Programme 2: Curriculum Policy, Support and Monitoring – The purpose of Programme 2 is to develop Curriculum and Assessment policies, monitor and support their implementation.

- **Number of Technical schools monitored for implementation of Curriculum and Assessment Policy Statements (CAPS):** The planned target was set at 18 schools. The Department was able to achieve this target with no deviations.
- **Number of learners per year obtaining subject passes towards a National Senior Certificate (NSC) or extended Senior Certificate (SC), including upgraded NSC, through the SCMP:** The planned target was set at 50 000 learners. The Department's actual achievement was 71 612 learners. A positive deviation of 21 612. The overall improvement in national matric results in the mainstream results in more young learners taking the SCMP to improve their subject passes.
- **Number of Children/Learners with Profound Intellectual Disability (C/LPID) using the Learning Programme for C/LPID:** The planned target was set at 3 927 Annually. The Department was able to achieve 4 381. A positive deviation of 454 learners. The DBE provided PEDs with additional guidance and documents to support the implementation of the Learning Programme for C/LPID and there has since been an increase in the number of learners using the Learning Programme in schools.
- **An Annual Sector Report is produced on monitoring on the implementation of the Policy on Screening, Identification, Assessment and Support (SIAS) as a mechanism for early identification and intervention:** The planned target was for an approved Annual Sector Report on monitoring of the implementation of the Policy on SIAS as a mechanism for early identification and intervention. The actual achievement showed a draft Annual Sector Report produced. The Annual Sector Report was approved after the reporting period (3 April 2023) due to various levels of verification and validation of reported performance in the reports.
- **An Annual National Report is produced on the development of a new funding models for ECD:** The planned target was set at an approved Annual National Report on the review of the subsidy payment mechanism. The Department achieved this target with no deviation.
- **An Annual National Report is produced on conducting an ECD census to inform the integration of ECD into the Educational Management Information System (EMIS):** The planned target was set at an approved Annual National Report on conducting an ECD census to inform the integration of ECD into the EMIS. The Department achieved this target with no deviation.
- **An Annual National Report is produced on developing an ECD Human Resources Development plan.** The planned target was for an approved Annual National Report on piloting the new service delivery model and its workforce implications. The Department achieved this target with no deviation.
- **Number of Districts monitored on implementation of the National Curriculum Statement (NCS) for Grades 10 – 12:** The planned target was set at eight (8) districts. The actual achievement stood at 18 districts. A positive deviation of 10 districts. There were more

underperforming districts than the 8 anticipated. As a result, the DBE increased the number to provide support to the additional districts.

- **Number of provinces monitored on extra support classes to increase the number of learners achieving Bachelor level passes:** The planned target was set at nine (9) provinces. The Department achieved this target with no deviation.
- **Number of schools monitored for implementing compulsory entrepreneurship education:** The planned target was set at 180 (20 per province). The Department actual achievement was 180 (20 per province – with no deviation.
- **An Annual National Report is produced on the implementation of the General Education Certificate (GEC):** The planned target was set at an approved Annual National Report on the implementation of the GEC. The actual achievement indicated an Annual National Report is produced on the implementation of the GEC – with no deviation.
- **An Annual Sector Report is produced on schools that pilot and implement the Vocational Stream and Occupational Stream respectively:** The planned target was an approved Annual Sector Report produced on schools that pilot and implement the Vocational Sream and Occupation Stream respectively. The Department achieved this target with no deviations.
- **Number of schools monitored for piloting the Coding and Robotics Curriculum –** The planned annual target was set at 18 schools (2 per pilot province). The Department achieved this target with no deviation.
- **Number of schools monitored on the implementation of the reading norms:** The planned target was set at 18 schools. The Department achieved this target with no deviation.
- **Number of schools monitored on the implementation of the Incremental Introduction to African Languages (IIAL):** The planned target was set at 18 schools. The Department achieved this target with no deviation.
- **Number of underperforming schools monitored on the implementation of the Early Grade Reading Assessment (EGRA):** The planned target was set at 18 schools. The Department achieved this target with no deviation.
- **Number of schools with multi-grade classes monitored for implementing the multi-grade toolkit:** The planned target was set at 32 schools. The Department achieved this target with no deviation.
- **An Annual Sector Report is produced on the implementation of the National Reading Plan:** The planned target was an approved Annual Sector Report on the implementation of the National Reading Plan. The Department achieved this target with no deviation.
- **An Annual Sector Report is produced on the number of public schools monitored on the availability of readers:** The planned target was an approved Annual Sector Report on the number of public schools monitored on the availability of readers. The Department achieved this target with no deviations.
- **Number of schools per province monitored for utilisation of Information and Communications Technology (ICT) resources:** The planned target was set at 27 (three (3) per province). The Department's actual achievement was 32 schools. A positive deviation of five (5) schools.
- **Percentage of public schools with Home Language workbooks for learners in Grades 1 – 6 per year after having placed an order:** The planned target was set at 100 percent. The actual achievement stood at 100.21%. A positive deviation of 0.21%. Some schools were closed after the orders were placed and removed from the delivery list. New schools that were opened were added to the list for the language workbooks.
- **Percentage of public schools provided with Mathematics workbooks for learners in Grades 1 – 9 per year after having placed an order:** The planned target was set at 100 percent. The actual achievement stood at 99.73% - a negative deviation of 0.27%. Some schools were closed after orders were placed and removed from the delivery list.
- **Percentage of public schools with workbooks for learners in Grades R per year after having placed an order:** The planned target was set at 100 percent. The actual achievement was 100.13%. A positive deviation of 0.13%. Some schools were closed after the orders were placed and removed from the delivery list. New schools that were opened were added to the list for the workbooks.
- **An Annual Sector Report is produced on the percentage of learners provided with Mathematics and English First Additional Language (EFAL) textbooks in Grade 3, 6, 9 and 12:** The planned target was an approved Annual Sector Report on the percentage of

learners provided with Mathematics and English First Additional Language (EFAL) textbooks in Grades 3, 6, 9 and 12. The Department achieved this target with no deviation.

- **The number of schools monitored for home languages in which Literacy Grade 1 – 3 Lesson Plans have been developed for Terms 1 – 4:** The planned target was set at ten (10). The Department achieved this target with no deviation.
- **Number of special schools with access to electronic devices:** The planned target was set at 70 special schools. The Department reported an achievement of only 49 special schools. A negative deviation of 21 special schools. A total of 49 special schools received ICT equipment, connectivity, and assistive devices, based on the availability of funding from Mobile Network Operators (MNOs). The DBE is the receiving department of a Universal Services Obligations Agreement (USOA) with DCDT and ICASA and the budget does not lie with the DBE.
- **An Annual Sector Report is produced on the monitoring of procurement and distribution of ICT devices:** The planned target was an approved Annual Sector Report on the monitoring of procurement and distribution of ICT devices. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the number of teachers trained on inclusion:** The planned target was an approved Annual Sector Report on the number of teachers trained in inclusion. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the number of learners in public special schools:** The planned target was an approved Annual Sector Report on the number of learners in public special schools. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the percentage of public special schools serving as resource centres:** The planned target was an approved Annual Sector Report on the percentage of public special schools serving as resource centres. The Department achieved this target with no deviations.
- **An Annual Sector Report is produced on the establishment of focus schools per Provincial Education Department (PED):** The planned target was an approved Annual Sector Report on the establishment of focus schools per PED. The Department achieved this target with no deviations.

The Department reported on further progress made in the key focus areas in Programme 2 in respect of the following:
- Curriculum, Implementation and Quality Improvement (GET and FET).
- Second Chance Matric Programme.
- Enhancement of Programmes and Evaluation of School Performance.
- Rural Education.
- Mathematics, Science and Technology (MST), e-Learning and Research.
- Early Childhood Development (ECD); and Reading.

4.2.3 Programme 3: Teachers, Education Human Resources, and Institutional Development – The purpose of Programme 3 is to promote quality teaching and institutional performance through the effective supply, development, and utilisation of human resources.

- **Percentage of School Governing Bodies (SGBs) that meet the minimum criteria in terms of effectiveness:** The planned target was set at 90% of 1 000 sampled schools. The Department achieved 94.3% (943 of 1 000) – a positive deviation of 24.3%. The high achievement is attributed to the fact that SGBs are in their second year in office and are performing their roles and responsibilities.
- **Percentage of schools producing the minimum set of management documents at a required standard:** The planned target was set at 100 percent of 1 000 sampled schools. The Department achieved this target with no deviations.
- **Number of Funza Lushaka bursaries awarded to students enrolled for Initial Teacher Education per year:** The planned target was set at 11 800 bursaries awarded. The Department achieved a total of 11 971 bursaries awarded – a positive deviation of 171. Funds not utilised in one Higher Education Institutions (HEIs), are reallocated to other HEIs that have applicants. More Postgraduate Certificates in Education increased the number of bursaries.
- **Number of quarterly monitoring reports tracking the percentage of Funza Lushaka graduates placed within six months, upon confirmation that the bursar has completed studies:** The planned target was set at four (4) reports. The Department achieved this target with no deviation.

- **An Annual National Report is produced on the number of qualified teachers aged 30 and below entering the public service as teachers:** The planned target was for an approved Annual National Report on the number of qualified teachers aged 30 and below entering the public service as teachers. The Department's actual achievement indicated a draft Annual National Report. The Annual National Report was approved after the reporting period (20 April 2023) due to various levels of verification and validation of reported performance in the reports.
- **An Annual National Report is produced on monitoring the functionality of Provincial Teacher Development Institutes and District Teacher Development Centres:** The planned target was for an approved an Annual National Report on monitoring the functionality of Provincial Teacher Development Institutes and District Teacher Development Centres. The Department achieved the target with no deviation.
- **An Annual Sector Report is produced on monitoring the implementation of Teacher Development Programmes by PEDs with special focus on English First Additional Language (EFAL), Mathematics, Physical Science and Accounting:** The planned target was for an approved Annual Sector Report on monitoring the implementation of Teacher Development Programmes by PEDs with special focus on English First Additional Language (EFAL), Mathematics, Physical Science and Accounting. The Department achieved the target with no deviation.
- **Number of PEDs that had their post provisioning processes assessed for compliance with the post provisioning norms and standards:** The planned target was set at nine (9). The Department achieved this target with no deviation.
- **An Annual Sector Report is produced on the number of Grade R practitioners with at least a National Qualification Framework (NQF) level 6 or above qualifications produced:** The planned target was for an approved Annual Sector Report on the number of Grade R practitioners with at least a National Qualification Framework (NQF) level 6 or above qualification. The Department achieved the target with no deviation.
- **Number of PEDs monitored on the implementation of the Quality Management System (QMS) for school-based educators:** The planned target was set at nine (9) PEDs monitored. The Department achieved this target with no deviation.
- **Number of PEDs monitored on the implementation of the Education Management Service: Performance Management and Development System (EMS: PMDS):** The planned target was set at nine (9) PEDs monitored. The Department achieved this target with no deviation.

The Department reported on further progress made in the key focus areas in Programme 3 in respect of the following:
- Educator Performance Management and Development and Whole School Evaluation (WSE).
- Education Human Resources Planning, Provisioning and Monitoring.
- Education Labour Relations and Conditions of Service.
- Initial Teacher Education (ITE)
- Continuing Professional Teacher Development (CPTD).
- Teacher Development Implementation (TDI).
- Curriculum Research; and
- Education Management and Governance Development.

4.2.4 Programme 4: Planning, Information and Assessment – The purpose of Programme 4 is to promote quality and effective service delivery in the basic education system through planning, implementation, and assessment.
- **Number of new schools built and completed through ASIDI:** The planned annual target was set at 30 schools. The Department was only able to achieve a total of 27 – a negative deviation of three (3) schools. One (1) school (Ngozi) was cancelled due to a protracted community dispute regarding the location of the new school. The Contractor cancelled the contract, and the Implementing Agent (IA) accepted cancellation in line with the provisions of the contract. Two (2) schools had contractors who defaulted on their contractual obligations which led to delay in the completion of projects. The projects will be completed in the 2023/24 financial year.
- **Number of schools provided with sanitation facilities:** The planned target was set at 450 schools. The Department was able to achieve a total of 457 schools - a positive deviation of

seven (7) schools. Some of the contractors completed their projects before practical completion due date as there was intense monitoring which includes site visits by IA, Programme Support Unit, the Director-General, DBE Infrastructure Officials and Provincial Works Inspectors.

- **Number of schools provided with water facilities through ASIDI:** The planned target was set at 50 schools. The Department achieved this target with no deviations.
- **Number of General Education and Training (GET) test items developed in Language and Mathematics for Grades 3, 6 and 9:** The planned target was set at 500 test items. The Department achieved the target with no deviation.
- **Number of NSC reports produced:** The planned target was set at four (4) reports. The Department achieved the target with no deviation.
- **Number of question papers set for June and November examinations:** The planned target was set at 320 question papers. The Department achieved this target with no deviations.
- **Percentage of public schools using the South African School Administration and Management System (SA-SAMS) for reporting:** The planned target was set at 98 percent. The Department was able to achieve 99.38 percent – a positive deviation of 1.38 percent. SA-SAMS is policy aligned and used for promotion reporting. PED's are benefitting from the DBE's investment in SA-SAMS to provide standardised data for the sector e.g., NSC registrations and Curriculum Assessment reporting from schools, as well as an administration system that is free of charge for schools.
- **An Annual National Report is produced on the number of provinces monitored for implementation of Learner Unit Record Information and Tracking System (LURITS) and EMIS priorities:** The planned target was for an approved Annual National Report on the number of provinces monitored for implementation of LURITS and EMIS priorities. The Department achieved the target with no deviation.
- **An Annual National Report is produced on learning outcomes linked to the National Assessment Framework (NAF):** The planned target was for an approved Annual National Report on learning outcomes linked to the National Assessment Framework. The Department achieved this target with no deviations.
- **A National Report is produced on the Early Learning National Assessment to determine school readiness:** The planned target was for an approved National Report on the Early Learning National Assessment to determine school readiness. The Department achieved this target with no deviation.
- **Number of officials from districts that achieved below the national benchmark in the NSC participating in a mentoring:** The planned target was set at 60 officials. The Department was able to achieve a total of 60 with no deviation.
- **Percentage of school principals rating the support services of districts as being satisfactory:** The planned target was set at 75%. The Department was able to achieve a total of 87%. A positive deviation of 12%. Overall support given to schools by districts was increased during and beyond the COVID-19 pandemic period and subsequently led to improved satisfaction rating by school principals.
- **Percentage of District Directors who have undergone competency assessment prior to their appointment:** The planned target was set at 97 percent. The Department was only able to achieve 75 percent. A negative deviation of 22 percent. The appointed official unfortunately did not attend the competency test timeously due to an administrative error linked to capacity challenges in the PEDs' HR Unit. The official had acted for an extended period prior to the post being advertised and filled. Once the mistake was picked up, he was sent for the competency test. The results of the competency test are used as part of the development areas.
- **Number of underperforming schools monitored at least twice a year by district officials:** The planned target was set at 1 000 schools. The Department was able to achieve 1 101 schools. A positive deviation of 101 schools. The Department seconded SISCOs from provinces that are performing well to those that have many underperforming schools and had few SISCOs to visit schools. Four (4) SISCOs from Gauteng and two (2) from Northwest were seconded to Limpopo which had 625 underperforming secondary schools. Eastern Cape has only three (3) SISCOs and was assisted by two (2) SISCOs from Mpumalanga. The DBE-based officials augmented the teams in all the provinces.

- **Number of districts in which teacher development has been conducted as per district improvement plan:** The planned target was set at 65. The Department was able to achieve this target with no deviation.
- **Number of District Director forums held:** The planned target was set at three (3) forums. The Department achieved this target with no deviations.

The Department reported on further progress made in the key focus areas in Programme 4 in respect of the following:
- Examinations and Assessments.
- National Assessment.
- Provincial Budget and Monitoring.
- Provincial and District Planning and Implementation Support.
- School Level Planning and Implementation Support.
- School and District Incident Management and Support; and
- National Education Evaluation and Development Unit (NEEDU).
- Education Management Information System (EMIS); and
- Education Infrastructure Grant (EIG).

4.2.5 Programme 5: Educational Enrichment Services – The purpose of Programme 5 is to develop policies and programmes to improve the quality of learning in schools.
- **An Annual Sector Report is produced on the provision of nutritious meals and compliance with feeding requirement:** The planned target was for an approved Annual Sector Report on the provision of nutritious meals and compliance with feeding requirements. The Department achieved this target with no deviations.
- **Number of PEDs with approved annual business plans for the HIV/AIDS Life Skills Education Programme:** The planned target was set at nine (9) PEDs. The Department was able to achieve the target with no deviation.
- **Number of districts monitored and supported in the implementation of the National School Safety Framework (NSSF), Social Cohesion, Sport, and Enrichment Programmes:** The planned target was set at 75 districts. The Department was able to achieve the target with no deviation.
- **Number of learners, educators, parents, SGBs and other educations stakeholders reached through social cohesion programmes:** The planned target was set at 3 500. The Department was able to achieve a total of 7 068 – a positive deviation of 3 568. Collaboration with external Stakeholders was beneficial in advocating for Social Cohesion and Equity programmes.
- **Number of districts implementing the programme on school assemblies to end school-related gender-based violence:** The planned target was set at 75 districts. The Department was able to achieve the target with no deviation.
- **Number of professionals trained in SASCE programmes:** The planned target was set at 900 professionals. The Department was able to achieve a total of 1 001. A positive deviation of 101 professionals. Free State and Northern Cape decentralised their workshops to accommodate more professionals trained in SASCE programmes.

The Department reported on further progress made in the key focus areas in Programme 5 in respect of the following:
- School Nutrition.
- Psychosocial Support.
- Health Promotion.
- Safety in Education.
- Sport and Enrichment in Education; and
- Social Cohesion and Equity in Education.

5. Financial Report

Table 1: Allocation Against Expenditure Per Programme for 2022/23 Financial Year

Programmes	Budget R'000	Expenditure R'000	Variances R'000	% Spent
Administration	569 582	564 259	5 323	99.07%
Curriculum Policy, Support and Monitoring	3 267 520	3 172 133	95 387	97.08%

Teachers, Education Human Resources, and Institutional Development	1 497 761	1 496 586	1 175	99.92%
Planning, Information and Assessment	15 529 447	15 366 653	162 794	99.05%
Educational Enrichment Services	8 828 850	8 827 028	1 822	99.98%
Total	**29 693 160**	**29 426 659**	**266 501**	**99.10%**

Table 2: Allocation Against Expenditure Per Economic Classification for 2022/23 Financial Year

ECONOMIC CLASSIFICATION	BUDGET R'000	EXPENDITURE R'000	VARIANCES R'000	% SPENT
Compensation of Employees	565 162	549 929	15 233	97.30%
Goods and Services	2 226 119	2 082 914	143 205	93.47%
Interest on Rent and Land	39 793	39 774	19	99.95%
Transfers and Subsidies	24 796 691	24 796 578	112	100.00%
Payments of Capital Assets	2 065 003	1 957 086	107 918	94.77%
Payments of Financial Assets	392	378	14	96.43%
Total	**29 693 160**	**29 426 659**	**266 501**	**99.10%**

The budget allocation of the Department of Basic Education in 2022/23 was R29 693 160 billion which represents an increase of R 2 453 900 billion or 9% from the 2021/22.
84% of the Departments budget which amounts to R 24 796 691 was utilised for transfers and subsidies provided mainly to provinces and municipalities, thus resulting in R 4 896 469 billion available for compensation of employees, earmarked funds, office accommodation, departmental operations, and other projects.
For the 2022/2023 Financial year, the actual expenditure incurred by the department was R 29 426 659 billion. The expenditure for the year had increased by 8% (R 2 255 418 billion) in comparison to the 2021/2022 Financial year.
The unspent balance of R68 019 million or 0,2% as at end of 31 March 2022 was less than R 494,35million or 2,1% at the end of 2020/21. The department had a higher unspent funds during the current financial year compared to the 2021/22 financial year to the value of R 266 501.

Main contributors of the underspending in 2022/23 financial year are program 4 that had underspent by R 162 794 million of their budget.
From the perspective of analysis, there is improvement in expenditure patterns in all 5 programs of DBE, as compared to the previous year, all programs spent more and had decreased the variance.

5.1 Reasons for Material Variances Per Economic Classification
- **Goods and Services:** The bulk of the allocation on this Item is in respect of the Workbooks and Conditional grants. Spending is lower at 93.5%. The remaining budget is due to Workbooks projects, where submission of invoices was submitted late for processing. The roll-over was requested for the remaining budget.

- **Payments for Capital Assets:** The bulk of the remaining allocation in this programme is for School Infrastructure Backlog grant. Spending is lower at 94.8%. Remaining budget is due to late submission of invoices for School Backlog Infrastructure projects. The Department has requested roll-over for the remaining funds.

Table 3: Allocation Against Expenditure on Schools Backlog Grant (SIGB) for 2022/23 Financial Year

ECONOMIC CLASSIFICATION	BUDGET R'000	EXPENDITURE R'000	VARIANCES R'000	% SPENT
Compensation of Employees	6 712	9 025	-2 313	134.46%
Goods and Services	358 319	283 178	75 141	79.03%
Interest & Rent on Land	40	40	0	100.00%
Households	376	376	0	100.00%
Building and Other Fixed Structures	2 037 672	1 930 806	106 866	94.76%
Total	**2 403 119**	**2 223 425**	**179 694**	**92.52%**

Table 4: Allocation Against Expenditure per Conditional Grants 2022/23 Financial Year

ECONOMIC CLASSIFICATION	BUDGET R'000	EXPENDITURE R'000	VARIANCES R'000	% SPENT
Learners with Profound Disability Grant	255 521	255 521	0	100.00%
Maths Science and Technology Grant	424 793	424 793	0	100.00%
Early Childhood Development Grant	1 192 682	1 192 682	0	100.00%
Education Infrastructure Grant	12 500 851	12 500 851	0	100.00%
National School Nutrition Programme	8 508 321	8 508 321	0	100.00%
HIV and Allocation Grants	242 275	242 275	0	100.00%
Total	**23 124 443**	**23 124 443**	**0**	**100.00%**

Conditional grants expenditure is such that are all grants are spent at 100%, The allocated funds were fully spent. DBE transferred to provinces, and this is favourable as there are no variances and allocated budget has been spent.

5.2 Financial Performance for the First Quarter (Q1) 2023/24 -DBE
Allocation Against the Actual Expenditure per   Programme
The total final Appropriation budget of the Department for the 2023/24 financial year amounts to R31.783 billion. The actual expenditure for the First Quarter amounted to R9,942 billion compared to the spending of …… percent in 2022/23
 82% of the budget is allocated to transfer payments as follows:
Conditional Grants: R25.329 billion
Transfers to Public Entities: R179.0 million.
 Other Transfers: R1.483 billion
•The remainder of the budget (R4.792 billion) is allocated to:
Compensation of Employees: R557.5 million
Goods and Services: R2.461 billion.
Interest on Rent and Land: R36.2 million
Payments of Capital Assets: R1.737 billion

Table 5: DBE 2023-24 1ˢᵗ Quarter Expenditure Analysis

R million	Main Appropriation	Available Budget	Q1 Actual Expenditure	Expenditure as % of Available Budget	Q1 Projected expenditure	Variance from projected expenditure	% Variance from projected expenditure	Disaster Spending
Programmes								
1. Administration	538.8	538.8	143.5	26.6%	136.8	-6.7	-4.9%	0.0
2. Curriculum Policy, Support and Monitoring	3 526.1	3 526.1	559.7	15.9%	520.1	-39.6	-7.6%	0.0
3. Teachers, Education Human Resources and	1 507.5	1 507.5	1 366.0	90.6%	1 375.9	9.8	0.7%	0.0
4. Planning, Information and Assessment	16 615.9	16 615.9	4 754.5	28.6%	4 807.9	53.4	1.1%	0.0
5. Educational Enrichment Services	9 594.4	9 594.4	3 117.8	32.5%	3 116.9	-0.9	0.0%	0.0
Total	**31 782.7**	**31 782.7**	**9 941.5**	**31.3%**	**9 957.5**	**16.0**	**0.2%**	**0.0**

In accordance with the above table analysis, the Department spent R9.94 billion against the projection of R9.96 billion. This equates to R16 million or 0.2 percent lower than projected spending, mainly attributed to payments for capital assets in program 4.

5.3 Expenditure analysis per Programme

5.3.1 Programme 1: Administration:
Spending is higher than projected by R6.7 million or 4.9 per cent, mainly under goods and services. This higher spending is mainly under travel and subsistence due to attendance by the Deputy Minister and a delegation from the Department at the 16th E-learning Africa International conference in Cuba and the Sahrawi Republic from 20 May to 1 June 2023.

5.3.2 Programme 2: Curriculum Policy, Support and Monitoring:
Spending is higher than projected by R39.6 million or 7.6 per cent, mainly under goods and services. The deviation is due to accruals from 2022/23 where invoices for workbooks delivered to schools in 2022/23 were received after the closure of the financial year. The Department has applied for a roll-over to cover these accruals.

5.3.3 Programme 3: Teachers, Education Human Resources, and Institutional Development:
Spending is lower than projected by R9.8 million or 0.7 percent which is broadly in line with projections.

5.3.4 Programme 4: Planning, Information and Assessment:
Expenditure is lower than projected by R53.4 million or 1.1 percent, mainly under payments for capital assets in the school infrastructure backlogs grant due to late submission of invoices from implementing agencies.

5.3.5 Programme 5
In terms of Program 5, the Department had projected to spend R3,117 billion, and were able to spend R3,116 billion.

5.4 Expenditure on Personnel
The Department's headcount is above the HRBP target by 55 positions, mainly because of the appointment of interns. These posts are not part of the department's establishment and are thus excluded from the HRBP headcount target. Spending is higher than projected by R2.5 million or 1.7

per cent due to the implementation of the 2023 wage agreement, which was not factored into the initial projections.

5.4.1 Transfers, Grants and Subsidies (Conditional Grants) – Appropriated Items

The transfers of the conditional grants for the 2023/24 first quarter were made as scheduled with no funds being withheld.

5.4.2 Audit 2022/23 Outcome for 2022/23

The Department received an Unqualified Audit opinion with no matters of emphasis for the 2022/23 financial year.

5.4.3 Portfolio Committee Observations and Questions

- Members queried why PEDs were not meeting their targets for placement of Fundza Lushaka graduates – there had been a decrease in the placement of these graduates. Members sought clarity on the matter.
- On school infrastructure, Members queried the assistance and support from the Department in ensuring schools were adequately resources with acceptable structures.
- On the standardised output indicators for concurrent functions, it was noted that PED targets were set fairly low – Members queried reasons for the low targets set.
- Members also sought clarity on the support and assistance from the Department in respect of leaner transport failures. Members also queried any consequence management for NSNP funds misuse.
- For Grade R practitioners, Members queried the number of practitioners qualifications assessed.
- Members also queried whether the Department had been able to engage with errand PEDs regarding quintile funding – and the type of support and assistance from DBE in this regard.
- Members noted the failure to meet deadlines for sporting facilities, libraries, laboratories, and computer centres for schools. Members queried the plans in place to address this shortcoming. Members queried how budget cuts would affect SAFE/ASIDI programme in respect of the eradication of pit latrines.
- School maintenance was a growing problem, including the maintenance of ablution and sanitation facilities. What strategy was in lace to mitigate challenges of budget constraints for school maintenance – and ensure maintenance budgets were used for its intended purpose – was the Department able to effectively monitor this phenomenon.
- Members also queried whether the Department had engaged with the WCED on its Rapid School Build programmes – and the use of alternative building techniques – that could be replicated in other provinces.
- Members also queried whether the Department would consider merging the EIG with the SIBG
- On learner transport issues, Members queried whether the Department had any engagement with the FFC on their possible recommendations.
- Members were concerned that there was a culture of people not being held responsible for their actions and Members queried whether the Department was able to address this matter with strict consequence management.
- What was the Department doing to increase the number of schools serviced with connectivity.
- How many of the cancelled projects was due to poor project management – and what consequences management was implemented against those responsible.
- Members needed clarity on whether the Department had done its investigations into irregular expenditure as reported.
- Regarding the delays in the collection of accrued departmental revenue, Members queried reasons for the delays in collection – and whether there were initiatives to ensure collections could be speeded up.
- Where there were mis-spent funds identified, Members queried the consequent management mechanisms in place against errand officials.
- With respect to the Education Facilities Management System, Members queried why this was only piloted in three provinces. Of concern was that the system was not being fully implemented by these provinces.
- Members queried whether the Department could consider incentivizing educators who taught in rural schools and specialised schools.
- With the 4[IR,] Members also queried whether the Department was considering a remodelling of the current Curriculum.

- What engagement was there between DBE and DHET on issues of teacher qualification refinement.
- Had the Department considered the possibility of additional teaching time for schools to included reading improvements.
- Members queried the measures to be in place for the gaps in the national norms to be closed to ensure sufficient funding.
- How was the Department ensuring that financial management and reporting was strengthened and improved for both the Department and PEDs. Issues of non-compliance with legislation remained high and not followed - resulting in an increase in irregular expenditure. Members queried the measure in place to ensure consequence management at a provincial level and ensure improved financial management and reporting.
- Members queried how the population increase impacted on the provision of school infrastructure and retaining the minimum norms and standards. Members queried how the Department would be able to retain this with new demands and projections with eradication of pit latrines.
- Members queried whether the Department had received budgets from Infrastructure fund.
- Regarding the direct and indirect grants, Members queried the plans in place to assist PEDs with grants and grant disbursement and utilisation.
- It was noted that there were many projects delayed and projects cancelled. Members queried the factors involved with the cancellation of projects. Members also queried whether the Department had sufficient capabilities to manage projects.
- The Department needed to give more focussed attention to supply of school libraries, laboratories, and computer centres. There were provinces where 90 percent of schools were without laboratories. Members also queried the extent of access for schools to ICT services and connectivity.
- Members queried the experience acquired on the piloting on Robotics and Coding in certain provinces – and whether the Department was ready to expand to other provinces.
- What was the Departments planning and progress in improving access and provisioning of ECD.
- Linked to the MTSF, and the sector priorities – how far has the Department achieved the targets for ECD, Grade R implementation and professional development of Grade R practitioners.
- How did the Department ensure that PEDs improved on targets of literacy and numeracy. With ICT and Skills, the Department implemented ICT in three provinces and Members queried the budget allocation for this exercise. Which districts were beneficiaries and how many schools and classrooms were provided with ICT equipment.
- With Coding and Robotics, it was clear that schools in rural areas were struggle most with Maths, Science and Technology. Members queried the progress in supporting and assisting rural schools/learners.
- Regarding accountability and consequence management, Members noted there were project managers who did not perform. Member queried the mitigations of the Department and the use of consequence management mechanisms against errand officials.
- With the strengthening of the NSNP, Members queried the progress made by the Department with the review of the current quintile system.
- Learner transport needed to benefit all deserving learners and Members queried the progress made by the Department in respect of the review of the learner transport policy.
- With the recent court order on the failure to deliver LTSM, Members queried how the Department mitigate to ensure that the court order was complied with.
- Members also needed clarity on the status of the investigation in dealing with financial irregularities.
- Members needed to know why the Department was unable to receive a clean audit to date.

5.4.4 DBE Responses to Portfolio Committee Observations and Questions
The Director-General expressed his disappointment for not moving to a clean audit due to some silly mistakes and "own goals". He was clear that the Department should never use money that they did not know where it came from. The Department in another instance used a formula wrongly. There was consequence management instituted against errand official and managers in this respect. The irregular expenditure was not increasing over the years - partly due to not adhering to local content

and goods and services not being delivered. The Department could do the analysis and assure the Committee there had been a decline.

In respect of the court order, the Department explained why principals procured LTSM themselves and some receiving benefits. The Department was engaging these principals on the matter. There was concern for the Eastern Cape court decision to locate procurement of LTSM to schools. The Eastern Cape experienced issues with delivery of LTSM – but this was due to National Treasury not releasing money when they had to. There were consequences for non-performance and the report speaks to money recovered from IAs and officials. These cases have been subsequently investigated by the Department. It needed to be noted that consequence management could not be carried out when investigations were not concluded.

With Coding and Robotics still being piloted, the Department will await the results of the pilot before a decision on scaling up to other areas e.g., rural areas. In respect of connectivity, the Department sought to prioritise special schools. The Department would make available detailed information on the PEDs selected for ICT Strategy roll-out. The Department would further provide the necessary detail pertaining to the areas identified for reading and the reading strategy – and the quality of educators to realise reading objectives.

In respect of challenges with fragmentation, the Department indicated that PEDs were reluctant to agree to additional MTEF targets/indicators and the Department had engaged with PEDs on inclusion of certain indicators. The AG had indicated that there were those PEDs who had done the implementation – while other had not. The Department believed this was due to PEDs concern with further audit queries. There was a need to address capacity and ensure no additional audit findings could be forthcoming.

The Department assured the Committee that ECD was prioritised with all targets and grants. The Department was not sure of the findings on the percentage of AG recommendations implemented and would do the necessary investigation. The Department was focussed on improving and implementing all AG recommendations.

On challenges raised around laboratories, libraries and computer centres, the Department felt that those who had researched and reported on the matter may be ignorant of the many changes in this area. Most schools did not have physical buildings but utilised mobile laboratory kits instead of the classical laboratories. Similarly, classical libraries were being replaced by library corners. Researchers are ignoring these matter as they do not know what is happening in schools - as their perception of such infrastructure was outdated.

With the cancellation of projects, the Department explained that this was due to the Department receiving a project from a PED, did some work, then only to be informed that the sam project had been handed to another entity. Money incurred for planning and design is lost in this way.

The Department was addressing the matter of a proposed funding model for infrastructure backlogs. However, the Department reiterated that this matter remained a moving target – and at the rate the Department was funding, the Department would not arrest the backlogs. The Department bemoaned the fact that the FFC did not enlighten the Committee on the impact of budget cuts on all programmes of the Department e.g., infrastructure and norms and standards for infrastructure. The Department engaged with PEDs if their funding did not meet the national norms and standards. This mater was also brought to the attention of the Heads-of-Department for PEDs. It was clear that budget cuts did not allow PEDs to fund school to the required norms and standards.

The Department was not considering additional teaching time for schools in respect of reading. The Department did engage with DHET on training and development of teachers. The Department also engaged with the Deans Forum to raise issues of mutual interest. With skills and competencies, the Department was working on a concept note to strengthen the required skills to be focussed on in the Curriculum. The Department had a world class Curriculum. The Department would be meeting with the NECT on modernisation of SA-SAMS.

With the collection of accrued funds that took too long, the Department explained that there was back-and-forth engagement with IAs and contractors which took time before an agreement was reached on the amount of money to be paid. – only then the Department was able to do collection. Entities of government could not take each other to court and had other mechanisms to settle differences. The Department continues to pursue others who may owe them money. Cases not investigated was mainly due to financial constraints and capacity in the Internal Audit Committee. The Department has not considered the merging of specific grants and they remained separate (EIG and SIBG).

The Department had engagements with the WCED on their alternate building methods and modalities they are able to utilise. There had been other provinces who may want to replicate these methods and modalities used by the WCED.

With learner transport, the Departments coverage was continuing to increase for all deserving learners. It was important that the Department had a session with the Committee to present an update on latest data in respect of learner transport matters. The Department was collaborating with the Department of Transport who was also responsible for roads and roadworthiness of vehicles. There are instances where there is no proper road infrastructure to transport learners. The Department was collaborating with the Department of Transport and Municipalities on proper road infrastructure. We agree that the quintiling of schools needs to be reviewed with challenges in respect of teacher retirements, the Department indicated that there were more and more younger teachers entering the profession and provinces were able to absorb these younger teachers. There was no crisis in respect of demand and supply of teachers. The Department accepted it could do more with the placement of Fundza Lushaka graduates – but budget cuts was constraining, and the Department endeavoured to place as many Funda Lushaka graduates as they could.

Further on ECD migration, the Department mentioned that with the function shift, there were two reports received which provided a basis for planning for what the Department aimed to achieve i.e., the Census Report and the Thrive-by- Five Report. These reports gave a detailed profile on ECD which assisted with the Departments planning processes. The reports also gave detail on the number of learners within and outside of the system. The main challenges were to ensure an increase of access to ECD for learners, as well as ECD programmes. Department planning also looked at prioritising 60 percent of the poorest children for access to ECD. The service delivery model identified specific areas to focus on - and put mechanisms in place to proceed. It also included extending access to infrastructure and finances required over the MTEF cycle. The strategy spoke to where the Department wanted to be and gave road maps going forward. This also required suitable funding and a capable workforce. The Department also alluded to the reading programmes and pillars to enable a policy environment with agile and versatile educators ensuring learners are able to read for meaning. With ICT, the Department was able to connect 83 percent of schools, working in collaboration with the Department of Communication. These schools were connected mainly for administration purposes and not necessarily for teaching and learning. For teaching and learning the Department was only able to connect 10-15 percent of schools. Working with the Department of Communication and service providers, the Department aimed to connect around 18 000 schools with improved speeds. The Department was also collaborating with other partners e.g., Telkom to bring connectivity at improved speeds. With the ICT strategy, expenditure on ICT had improved in all 9 provinces. HODs are allocating dedicated budgets for improved ICT - ICT was being implemented across all provinces and was being monitored.

5.5 Auditor General Report

5.5.1   Introductory Remarks
The AGSA presentation commenced with the vision and mission, as well as its mandate and that of the Portfolio Committee regarding oversight on national government accountability. The vision and mission of AGSA as well as its mandate and that of the Portfolio Committees was outlined. As per Constitutional mandate, the role of 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).

The Portfolio Committee was briefed on the value chain of how the different role players interlinked and the roles and responsibilities of the Department of Basic Education, Provincial Education Departments, Education Districts and Circuits and schools. Further, the Portfolio Committee was briefed on the various AGSA audit outcomes and what was examined. AGSA also touched on the Basic Education auditees in respect of the Department of Basic Education (DBE), the Council for Quality Assurance in General and Further Education and Training (Umalusi) as well as the South African Council for Educators (SACE).

5.5.2 Audit Outcomes – Basic Education

In the previous audit cycle, AGSA urged the auditees to institutionalise the preventative and detection controls in order to improve sound financial management and audit outcomes within the portfolio. They indicated that sustainable improvements in audit outcomes would only be achieved when all role players in the accountability ecosystem consistently discharge their roles and responsibilities. The lived experience of the people meant to be serviced has not significantly changed as most of the commitments made are still in progress.

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 Department has implemented most of AGSA 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 was no longer incurring irregular expenditure through the non-compliance with SCM laws and regulation. AGSA has however, noted non-compliance with SCM legislation with one implementing agent (NECT) which was new. AGSA further encourage the Department to strengthen on boarding of new implementing agents to ensure consistent application of laws and regulations.

In responding to AGSA 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.

5.5. 3 Financial Health

- **Revenue (DBE and SACE) -** Average debt-collection period was equal to 721 days. Debtors' impairment provision of accounts receivable exceeds 10% for SACE (statutory receivable)

- **Expenditure (DBE) –** A total of 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 delay in paying of money owed within 30 days as 30% (R145 151 000) of the amount owing has been long outstanding. The Department will end up attracting the interest which will result in an increase in fruitless and wasteful expenditure. Furthermore, it takes the Department more than 721 days 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 Northwest 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. The money incurred in vain could be re-directed to commence other infrastructure projects.

5.5. 4 Report on the audit of the financial statements - Audit Outcomes for 2022/23
The Department received an Unqualified Audit opinion with Findings for the 2022/23 financial year.

5.5.5 Compliance with Key Legislation
AGSA briefed the Committee in compliance with key legislation in respect of the following:
- Procurement and Contract Management.
- Effecting Consequences.
- Prevention of Irregular and Fruitless and Wasteful Expenditure; and
- Material Misstatements in AFS

It takes about two 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 Northwest 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.

The leadership in the Department needs to swiftly institute consequence management against officials responsible for non-compliance to help the department to recover the losses on time from those officials who incurred or caused irregular expenditure/losses to be incurred and to deter other officials from contravening legislation.

On issues pertaining to the PFMA Compliance and Reporting Framework, AGSA indicated that, the fact that the disclosure of Irregular, and Fruitless and Wasteful Expenditure (IFWE) (historical balances and movements) is no longer required on the Annual Financial Statements (AFS) and no audit assurance is provided thereon, the oversight structures would need to engage directly with the information disclosed in the annual report to exercise their oversight responsibility.

5.5.6 Procurement and Payment System
AGSA reported that, in respect of the status of compliance with SCM legislation, the 2022-23 key findings indicated DBE breaching of five pillars of procurement (Equity, Fairness, Cost-effectiveness, Transparency and Competitiveness) to the value of R889 Million. For unspent conditional grants utilised without approval, non-compliance with the PFMA – the value stood at R65 Million. Irregular expenditure for 2022/23 was R954 Million.
Regarding the achievement of targets for 2022/23, AGSA indicated the following:
- DBE
  - Budget Spent – 99%
  - Targets Achieved – 90 %
- Umalusi
  - Budget Spent – 100 %
  - Targets Achieved – 100 %
- SACE
  - Budget Spent – 100 %
  - Targets Achieved – 90 %
AGSA highlighted that in terms of impact on service delivery, the percentage of budget spent, should translate to achievement of targets.

5.5.7 Performance Against Targets
AGSA gave a detailed account of the performance against targets for the following:
- Key Service Delivery Targets/Key Targets in Medium Term Strategic Framework relating to Programme 2, 3 and 4
- Key service delivery targets not included in plans of DBE.
- Achievement of annual targets as reported in annual performance report (all indicators) –2022-23.
- Insights, root cause and impact of targets not achieved.

5.5.8 Material Irregularities (MIs)
Material Irregularities meant any non-compliance with or contravention of legislation, fraud, theft, or a breach of a fiduciary duty identified during an audit performed under the Public Audit Act that resulted in or is likely to result in a material financial loss, the misuse or loss of

a material public resource, or substantial harm to a public sector institution or the public. If an accounting officer or authority does not appropriately deal with material irregularities, AGSA's extended mandate allowed them to:

- Refer material irregularities to relevant public bodies for further investigations.
- Recommend action to resolve material irregularities in audit report; and
- Issue certificate of debt for failure to implement remedial action if financial loss was involved.

AGSA gave a detailed overview of the various MIs identified, the appropriate action taken, and MIs resolved. Material Irregularities identified for DBE included the following:

- Kha Ri Gude programme
- Payments not made within 30 days resulting in the withdrawal and cancellation of contracts.
- Payment for goods not within 30 days

5.5.9 ICT Environment/Projects – AGSA key observations on ICT included the following:
- Lack of cyber security governance and controls
- The utilisation of Education Facilities Management System
- Project review on the implementation of (SA-SAMS) Modernization
- Poor data quality in the provincial data warehouses
- Lack of cyber security governance and controls
- E-Learning projects
- completed releases.

The Committee was briefed on the key observations, impact, root causes and recommendations.

6. **Education Sector Outcomes**

Overall, the outcomes for the sector have improved compared to the prior year after Gauteng Department obtained unqualified with no findings. 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. 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 bn for the current year.

6.1 Financial Health

Persistent 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.

6.2 Reflection on Sector Performance

AGSA analysis of the MTSF indicators and targets for the past four financial years 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.

6.3 Reflection on Non-Inclusion of Indicators

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 impact of the exclusion of MTSF indicators is that the MTSF targets might not be met and could potentially have a direct impact on the delivery of quality education to the citizens.

6.3.1 Focus Areas

- **Early Childhood Development (ECD)**
  - Inadequate infrastructure for ECD: The infrastructure was not adequately maintained and not free from health risks. For example: in NW schools visited the toilets are not well maintained and had broken doors and windows, large weeds compromising the safety of learners, the electricity cables were also left exposed where learners can easily reach them, cables running on the walkway from one block to another. In MP toilet and hand washing facilities for children over the age of three years was not age appropriate. In some instances, grade R learners were sharing toilets with children from higher grades and the size of the toilets were not suitable for grade R leaners.
  - Learner Practitioner Ratio (Overcrowding): For some of the schools visited, the grade R learner enrolment was above 40 to a teacher. For example: On one of the schools visited in NW, 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 top right depicts.
  - Schools employed grade R practitioners with no minimum qualification. For example, in KZN the department employed 2213 grade R teachers/ practitioners with qualifications lower that NQF 6. In addition, it was noted that 169 of the grade R teachers/ practitioners with qualifications lower than NQF 6 were appointed after 1 January 2015.
  - Unsafe playground facilities: For most of the schools visited, they did not have safe playground facilities. For example: there were damaged swings, playground equipment located within overgrown weeds, not fenced the unsafe climbers. At one of the schools visited, a Grade R learner was injured while playing and the educator wrote an accident report.

    Recommendation – Provincial education and districts officials should effectively guide, monitor, and support schools to ensure that adhere to set policies on ECD provisioning. School Management Teams should strive to improve the learning environment of Grade R learners.

- **National School Nutrition Programme (NSNP)**
  - Schools did not implement effective stock management and appropriate storage facilities use for learners to be served fresh and healthy meals.
  - Appropriate utensils and equipment for serving and preparing meals were not used by schools.
  - NSNP Funds were not used economically and efficiently in terms of procurement of food items, and for the purpose intended.
  - The schools did not follow prescribed procurement process resulting in some schools not able to feed learners.

    Recommendation - While the NSNP stands as a testament to the government's dedication to equitable education, there is room for enhancing its efficacy through bolstered monitoring, meticulous documentation, and proactive resolution of identified shortcomings. The PED should ensure that NSNP committees and coordinators are functional with particular emphasis on their roles and responsibilities, financial management, stock management and health and safety.

- **Learner Transport**
  - Only few learners benefiting from the transport. The remaining learners have to make their own arrangements or walk to far out areas.
  - The transport operators are claiming more KMs than the actual travelled.
  - Buses are not well maintained, e.g., there were buses with cracked windscreen and broken bumper area.

- o Bus drivers do not come on certain days with no notice given to the school or learners.
- o The number of learners approved to be transported exceeds the capacity provided (overloading)
- o The service providers were not evaluated on the capability and capacity to render the required services. There were no clear methods used for allocation of work to service providers.

Recommendations - The sector leadership should ensure that there is stringent and frequent monitoring of the scholar transport services to ensure that all the learners are benefitting, no overloading and the vehicles are documented and roadworthy. 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. And procurement adequately followed.

- **Planning Process and Effective use of Resources**
  - o There were about 242 projects delayed and 271 that were cancelled during the year for Basic Education Sector. Of the cancelled projects, DBE had cancelled 210 projects which resulted to fruitless and wasteful expenditure of R15 million.
  - o The cancelled and delayed projects are mainly caused by the poor project management and monitoring which resulted to increased costs.
  - o Poor workmanship was identified in some instances.
  - o Completed infrastructure not utilised to the full capacity.
  - o Schools found to be in dilapidated state due to lack of maintenance.
  - o In respect of construction of infrastructure there is relatively alignment between the budget versus actual spending, however this do not correlate to the lived experiences in relation to the state of infrastructure in the sector. This spending thus has an inverse relationship with the actual achievements of key targets aimed to enable positive impact on the lived experiences.

  Recommendations - The planning processes of projects should be improved to ensure that correct needs are identified and addressed. Projects should be adequately planned to reduce delivery delays, unnecessary extensions, and cost increase and poor-quality built. Role players in the infrastructure accountability ecosystem should establish a culture of responsiveness, consequence management, good governance, and accountability. 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.

- **School Performance Improvement**
  - o Ineffective implementation of Annual Management Process
  - o Mismanagement of School Funds
  - o Ineffective Educator Leave Management
  - o Unattended challenges pertaining to Learner grade promotion and achievement.
  - o Compromised Learners and Educators Safety by Dilapidated Infrastructure

  Recommendations – It would be beneficial for DBE, PED, and districts to provide clear guidance, perform targeted monitoring and align the reporting process with school self-evaluation result, school improvement plan and quarterly monitoring. Schools should not only report for compliance base but use the process to elevate challenges, best practices and urgent needs to the districts, PED, and DBE.

- **Presidential Youth Employment Initiative (Education)**
  - o Phase III of PYEI commenced on1 April 2022 targeting 271 009 assistants with a budget of R 6 194 billion implemented across the 9 provinces.
  - o The PYEI Implementation framework for Phase III was improved on appointed assistants receiving SASSA grants who now have the option to request a deduction of the grant from their monthly stipends instead of their contracts being terminated.
  - o Overall Target achievement is 92% (248 722 instead of 271 009) a drop by 1% from the 2022 achievements of 93%.

- o Repeat deficiencies such as appointment of youth older than 35 years, recipients of Social Relief of Distress (SRD) grants from SASSA and youth already appointed within other state institutions.
  - o Some of the assistants appointed were recipients of the National Student Financial Aid Scheme (NSFAS) bursaries.

Recommendations – There should be an increase in oversight with adequate tracking prior year commitments and take corrective action. There was also a need to improve on record keeping.

6.3.2 AGSA Overall Recommendations to the Portfolio Committee

- The Portfolio Committee 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.
- 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.

6.3.3 Portfolio Committee Observations and Questions (AGSA)

- On AGSA findings and recommendations, Members queried whether the Department was able to implement the recommendations – and reasons for non-implementation of such recommendations.
- In respect of the ECD function shift in relation to infrastructure, Members queried the interventions that may assist the Department to address issues of ECD infrastructure and ECD infrastructure backlogs.
- How was the Department planning to address the issues around the placement of Fundza Lushaka graduates – and assist PEDs with reaching the target percentages for placement of these graduates.
- Members also queried how the NECT was not complying with financial management legislation.
- Members queried whether the AGSA recommendations to collect accrued departmental revenue were complied with – and whether there was any engagement with DBE on the matter.
- Both SACE and Umalusi did not meet all their targets – Members queried the advice from AGSA and possible reasons for not meeting targets.
- In respect of consequence management, Members queried whether the Department had improved on this – and how could this be further strengthened.
- Members also sought the opinion of AGSA on issues of school connectivity targets of the Department.
- Members queried the number of cancelled projects due to poor project management or poor Implementing Agents. What consequence management was being applied for errand official or IAs?
- With the payment targets not met by the Department as well as issues of fruitless and wasteful expenditure. Members queried what the implications of budget cuts or insufficient funding for DBE on reaching their targets – similarly for SACE and Umalusi.
- What measures could AGSA recommend for better contract and project management.
- What existing legally supported models the Department can utilise to raise funds to close the infrastructure backlogs and ensure old infrastructure was properly maintained and fit for human use.

- What could be the reasons for the Department not being able to acquire a clean audit? It was also disappointing that Umalusi had regressed. Members queried how PEDs could be assisted with alignment of their APPs with the MTSF
- From an AGSA point of view, how ready was the Department for the ECD function shift.
- With Grade R practitioners and their qualifications and experience, Members queried how practitioners without the necessary qualification – but with vast experience in ECD could be accommodated.
- Members also sought clarity from AGSA on their opinion on lessons learned from the roll-out of ICT and e-Learning in selected provinces.

6.3.4 AGSA Responses to Portfolio Committee Observations and Questions
With the migration of ECD and the readiness of DBE, AGSA had also visited ECD centres to give DBE feedback with possible key recommendations for the Department. There was a need to ascertain what still needed to be done to deliver ECD – as well as the implications of budget cuts on the Department. There was a need to allow the Department to prioritise on how to address ECD as a function with clear plans. AGSA was also available to indulge with DBE on these plans. AGSA only visited selected ECDs, and the Department was best placed to respond to ECD challenges.
In the past, standardised indicators worked better and allowed PEDs to move at same pace. AGSA was of view that there be discussion with DPME on the matter. Departments with limited resources were not able to do all that was required for the MTSF - and the expectations required.
In respect of issues pertaining to consequence management, the PFMA was clear on dealing with consequence management - and how accounting officers investigated such irregular expenditure. Action needs to be taken to improve officials/employees' behaviour. This will allow for upskilling through consequence management. PFMA is explicit in recovering of losses as well. As government there was a need to plan for spending at the start of the financial year. There had been improvements in consequence management mechanism within the Department.
On ECD practitioner qualifications. AGSA explained that experience was important, but this needed to be in conjunction with the relevant qualification. Experience on its own would not be sufficient as the qualification does enable the ECD programme and experience informed by relevant qualifications.
Much of the non-compliance was due to awards not made to highest bidder – and not following local content prescripts.
With the fast-tracking of the collection of accrued departmental revenue – departments appoint ESPs to fast-track collections.
With changes in reporting on fruitless and irregular and wasteful expenditure, AGSA has had to adapt on how they reported as National Treasury changed the reporting requirements.

6.3.5 Portfolio Committee Overall   Recommendations
Based on the observations made from inputs received, the Portfolio Committee recommends that the Minister should ensure that the Department of Basic Education consider the following recommendations:
- The Department should strengthen quality assurance of reported information timeously.
- Detailed work by Internal Audit on the quarterly performance information reports and financial statement should be reviewed within 60 days of this report adoption.
- The Department should strengthen accountability systems and monitor the implementing agents, especially the penalty clauses in the memorandums of agreement (MOAs), ensure capacity in ASIDI and Supply Chain Management
- The Department should ensure the implementation of consequence management to assist moving DBE towards a clean audit.
- The Department should consider AGSA recommendations and   concerns regarding consequence management, to improve supply chain management, and mitigate irregular expenditure.
- Action plans submitted to the audit members, should be monitored on a quarterly basis, and that the Department should address prior audit findings that were not resolved.
- ASIDI and Finance needed to strengthen the quality assurance and accountability of work done by implementing agents and project support units (PSU)
- Financial statements would enhance the accurate records, and submission of information for preparation of the annual financial statements (AFS) must be timely.
- Regular monthly reconciliations have to be prepared to prevent misstatements in the financial statements.

- Possible disciplinary action should be taken against persons who have caused irregular, fruitless and wasteful expenditure.
- Regarding irregular expenditure, DBE should investigate the cases within 60 days of the adoption of the report, as any amount of irregular expenditure is unacceptable. DBE's must address issues of the communication technology (ICT) system and the impact on schools' programmes.
- Consequence Management related to fruitless and wasteful expenditure in the Sanitation Appropriate for Education (SAFE) initiative must be addressed.
- The Department should enhance literacy, numeracy, coding and robotics, particularly in rural areas, as a top priority.

7. Statutory Bodies and Entities

7.1 Financial and Fiscal Commission (FFC)

7.1.1 Role and Function of the FFC
The Financial and Fiscal Commission (FFC) was an independent, permanent, statutory institution established in terms of Section 220 of Constitution and must function in terms of the FFC Act. The mandate of the Commission was to make recommendations, envisaged in Chapter 13 of the Constitution or in national legislation to Parliament, Provincial Legislatures, and any other organ of state determined by national legislation. The Commission's focus is primarily on the equitable division of nationally collected revenue among the three spheres of government and any other financial and fiscal matters. Legislative provisions or executive decisions that affect either provincial or local government from a financial and/or fiscal perspective. This includes regulations associated with legislation that may amend or extend such legislation. The Commission must be consulted in terms of the FFC Act

7.1.2 Infrastructure Expenditure Trends

7.1.2.1 Expenditure Patterns in respect of Infrastructure
The FFC gave a detailed overview of the dimensions for infrastructure, implementation timeframes and the anticipated date for achievement of milestones in respect of the following:
- All schools built entirely from mud or asbestos or metal or wood.
- All schools that do not have access to any form of power supply, water supply or sanitation.
- Availability of classrooms, electricity, water, sanitation, electronic connectivity, perimeter security
- Libraries and laboratories for science, technology, and life sciences
- Compliance with all other norms and standards

In November 2013, the Minister of Basic Education published legally binding regulations on minimum norms and standards for school infrastructure which specifies:
- Basic level of infrastructure that every school must meet in order to function properly.
- Timeframes within which school infrastructure backlogs must be met.

7.1.2.2 Progress in respect of targets on Infrastructure
In terms of access to basic infrastructure such as water, sanitation, electricity, improvements are noted. According to NEIMS report, as of 2023, all schools have some form of electricity, water, and sanitation. The quality of basic infrastructure requires continued attention – 3.2% of schools in SA recorded pit latrines as their only source of ablution facility as of 2023 – though this has declined from 16% in 2019. A majority of schools do not have laboratory, library, and computer centre facilities and to a lesser extent sports facilities. Continued neglect in the provision of this type of infrastructure will impact other outcomes for example: promotion of healthy lifestyles, improving literacy levels and reading for meaning, building the skills required for the knowledge economy.

7.1.2.3 Progress in respect of targets on infrastructure by Province – The FFC gave a detailed breakdown of the progress with infrastructure targets per provinces – a provincial disaggregation for the percentage of schools without access to sports, labs, libraries, or computer centre facilities (2019, 2021 and 2022). The extent to which schools lack these facilities varies by province:
- In terms of sports facilities: 62.6% of schools in Eastern Cape and 54% of schools in KZN do not have any sports facilities.
- In terms of laboratory facilities: 93.8% of schools in Limpopo and 92.7% of schools in Eastern

Cape do not have laboratory facilities.
- In terms of library facilities: 93% of schools in Eastern Cape, 91.4% of schools in Limpopo do not have library facilities.
- With respect to computer centres, 88.6% of schools in the Eastern Cape and 83.1% in Limpopo do not have computer centres.

7.1.2.4 Accelerated Schools Infrastructure Delivery Initiative (ASIDI) – The Accelerated School Infrastructure Delivery Initiative (ASIDI) was introduced in 2011/12 and aimed at:
- Eradicating inadequate, unsafe, and poor physical infrastructure by using allocated funds properly
- Eliminating backlogs in school infrastructure
- Upgrading schools to meet the standards prescribed by the Norms and Standards for School Infrastructure

Funding for ASIDI flows to the DBE through the School Infrastructure Backlog Grant (SIBG). The SIBG was established with intention of being a high impact, temporary intervention. SIBG was scheduled to end in 2017/18, then in 2018/19 but was extended to complete projects underway in the pipeline. According to 2022 ENE, SIBG was meant to be merged with the Education Infrastructure Grant in 2023, but this has not happened – remains an indirect grant. This grant is characterised by a complex delivery chain involving, DBE, provinces, DBSA, and contractors. Since inception, R24 billion has been allocated in respect of SIBG which is used to fund the ASIDI programme. On average over the period 2011/12 to 2022/23, 76% of the allocated amount has been spent. The FFC gave a details breakdown of the outputs related to ASIDI.

7.1.3 Education Infrastructure Grant (EIG)
The Education Infrastructure Grant (EIG) was introduced to Accelerate the construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education and enhance capacity to deliver infrastructure in education. The EIG also used to address damaged education infrastructure and assist in ensuring that targets set out in the minimum norms and standards for school infrastructure are met. The EIG was a schedule 4A conditional grant to provinces and it is therefore meant to supplement provincial allocations - provinces are also required to make contributions from total provincial revenue. Challenges around inability of provinces to contribute to this grant remain, with the result that provinces tend to rely entirely on EIG to fund infrastructure. A total of R112.3 billion was allocated to EIG over the period 2011/12 to 2022/23 – year on year growth in allocations was erratic. Spending performance of EIG is 99.1% in 2022/23 and the average spending performance over the period 2011/12 to 2022/23 is 96%. There should be alignment between financial and non-financial performance. FFC alluded to the following cases:
- Budget spent but low level of targets achieved (Limpopo and Mpumalanga)
- Low spending with significant over achievement on targets (Free State and Northwest)
- Appropriate target setting is important to get a realistic understanding of performance - is over achievement the result of efficiency? Is it quality appropriate?

7.1.4 Infrastructure concerns raised by DBE in the Annual Report 2022/23
- Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R15 660 000, as disclosed in note 24 to the annual financial statements, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1.
- The majority of the fruitless and wasteful expenditure was caused by school infrastructure projects that were cancelled due to duplicate allocation to the implementing agents.
- 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 Asidi programme. The department eventually made payment; however, this was after the contractor had cancelled the contract based on the material breach due to nonpayment.
- 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 of R233 000 for the payment of interest.
- 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 ASIDI programme.

- Interest of R6 960 000 was charged by the professional service provider because of late payment. This amount was paid by the department on 5 June 2019, resulting in a material financial loss of R6 960 000 by the financial year-end. Since the department failed to honour its contractual obligation, this amount is not recoverable from the professional service provider.

Expenditure Patterns in respect of Non-Infrastructure Conditional Grants

The largest grant is the National School Nutrition Programme grant – allocated R8.5 billion in 2022/23. The smallest grant is the HIV/AIDS (Lifeskills Education) grant – allocated R242.3 million in

Non-Infrastructure Conditional Grants (R'000)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/2023
National School Nutrition Programme	5 700 238	6 080 058	6 597 737	6 995 175	7 244 247	7 745 990	8 434 297	8 508 321
Maths, Science and Technology	329 472	380 683	370 887	412 337	401 552	364 802	459 021	424 793
HIV and AIDS (Life skills Education)	214 802	231 406	245 813	246 660	264 827	195 337	253 010	242 275
Learners with Profound Intellectual Disabilities			72 000	191 193	234 849	255 803	262 486	255 521
Early Childhood Development (ECD)								1 192 682
Year on Year Growth in Allocations (%)		2015/16-2016/17	2016/17-2017/18	2017/18-2018/19	2018/19-2019/20	2019/20-2020/21	2020/21-2021/22	2021/22-2022/23
National School Nutrition Programme		6,7%	8,5%	6,0%	3,6%	6,9%	8,9%	0,9%
Maths, Science and Technology		15,5%	-2,6%	11,2%	-2,6%	-9,2%	25,8%	-7,5%
HIV and AIDS (Lifeskills Education)		7,7%	6,2%	0,3%	7,4%	-26,2%	29,5%	-4,2%
Learners with Profound Intellectual Disabilities				165,5%	22,8%	8,9%	2,6%	-2,7%

2022/23. Generally, non-infrastructure grants characterised by declines in 2022/23. Generally,

spending of non-infrastructure conditional grants as at 2022/23 are aligned to allocated budgets. High-level trends mask provincial disparities in spending performance:

- Maths, Science and Technology grant: FS (64%), LP (83%), EC (135%), WC (124%)
- HIV and AIDS (Lifeskills Education) grant: LP (81%)
- Learners with Profound Intellectual Disabilities: FS (79%), NW (89%)
- Early Childhood Development: NW (79%), NC (82%), FS (85%)

Spending performance is important but must be looked at in relation to delivery performance. Example of NSNP in KZN: 96% of budget spent in 2022/23, yet challenges around learners not receiving meals.

7.1.5 Equity in Education

- **National Norma and Standards for School Funding -** The South African Schools Act (SASA) requires government to fund schools adequately and equitably - establishment of no fee schools. National Norms and Standards for School Funding (NNSSF) intends to reduce resource disparities between affluent and less affluent schools. The NNSSF take a quintile-based funding approach - a five-tiered system is used with Quintile 1 including the neediest schools whilst Quintile 5, the most affluent – learners in quintiles 1, 2 and 3 do not pay school fees. The approach aims to achieve redress and equity through directing greater funding to needier learners. Each year the National DBE sets the target per learner amount for each quintile, which provincial departments of education should adhere to. Some provinces are unable to augment NNSSF funding to support the under-resourced schools.

  The FFC gave a detailed breakdown of the National Norms and Standards for School Funding as they related to all nine provinces. KZN has been funding all quintiles at a level below the national threshold amount since 2014. Mpumalanga funding all quintiles below the national threshold level since 2016 – in 2023, quintile 5 funded above the minimum threshold amount.

  There are disparities in meeting the target NSSFF learner allocations across provinces, within districts and schools. Disparities are exacerbated by the faster growth in compensation of employees spending, the phenomenon of learner mobility and fiscal mismanagement. There are questions about the adequacy of the set target learner allocations – was funding sufficient to meet requirements around for example one textbook per leaner per subject and/or maintenance?

- **Relevant FFC Research from Annual Submission for 2024/25 Division of Revenue -** Learner teacher support materials (LTSM) and learner transport are key considerations when thinking about equity. LTSM and learner transport are considered essential elements related to the right to a basic education in South Africa (S29(1) of Constitution). Unfortunately, the poor provision of LTSM and learner transport have been the subject of court cases.
  - Limpopo, 2012: *Basic Education for All vs Minister of Basic Education.*
  - Eastern Cape, 2014: *Madzodzo vs Minister of Basic Education.*
  - 2022, a legal challenge was lodged in the Eastern Cape where textbook and stationary deliveries were delayed for approximately 3000 schools – outcome confirmed that government has a legal obligation to ensure that all learners have access to all required LTSM at start of school year.
  - 2015 case of the T*ripartite Steering Committee vs Minister of Basic Education* found that transport for learners who live far from a school, or cannot afford the cost of transport, must be provided at the state's expense.

- **Key findings of FFC research include:**
  - Need approved national policy on LTSM.
  - Funding not linked to changing LTSM needs of learners in different grades.
  - Key drivers of growth in demand for learner transport include the school rationalization programme (particularly in predominantly rural provinces) and new human settlements developments (mainly in predominantly urban provinces)
  - The total number of learners qualifying for learner transport are, in most cases, far above the number targeted while the number of learners actually benefitting is always above the number of learners targeted.
  - The difference between the number of learners targeted and those actually benefitting is accommodated through overloads.

7.1.6   Conclusion

- o   If the performance challenges and uneven access to school infrastructure and other educational inputs are not addressed, the wide disparities in educational outcomes between rural and urban provinces, and between less affluent and more affluent schools, will persist.
- o   **Conditional Grants -** Consideration should be given to merging the EIG and SIBG as the grants have overlapping aims. EIG has demonstrated relatively better performance – could be due to the nature of the EIG being a direct conditional grant versus SIBG which is indirect.
- o   Non-financial/service delivery targets need to be realistic. Need for continuous strengthening of internal controls and supply chain management processes within the national and provincial departments of basic education.
- o   All non-infrastructure conditional grants are characterised by declines/marginal growth – impact on service delivery must be ascertained.
- o   In addition to spending performance (which is the extent to which allocated budgets are spent) and delivery performance (which is the extent to which APP targets are fulfilled) – actual quality of services delivered is critical.
- o   **Equity -** Provincial budgets must be adjusted to bring the per learner funding in line with national threshold amounts especially in the case of learners in quintile 1 to 3 schools. Funding for LTSM must be differentiated based on the needs of learners as they progress through the different phases – foundation, intermediate, senior and FET.
- o   Infrastructure delivery should be planned holistically and coordinated to ensure that, where possible, the need for learner transport is kept to a minimum, particularly in areas experiencing an inward migration of learners. This requires coordination between the various infrastructure delivery plans such as human settlements and school infrastructure.

8.   FCC Recommendations

The Commission recommends that, with respect to conditional grants, consideration should be given to merging the EIG and SIBG.

- Furthermore, Non-financial/service delivery targets need to be realistic.

The department should undertake continuous strengthening of internal controls and supply chain management processes within the national and provincial departments of basic education.

- Ascertain impact on service delivery as all non-infrastructure conditional grants are characterised by declines/marginal growth.
-
- In addition to spending performance and delivery performance the   actual quality of services delivered is critical
- *With respect to equity*, Provincial budgets must be adjusted to bring the per learner funding in line with national threshold amounts especially in the case of learners in quintile 1 to 3 schools.
- Funding for LTSM must be differentiated based on the needs of learners as they progress through the different phases – foundation, intermediate, senior and FET.
- Infrastructure delivery should be planned holistically and coordinated to ensure that, where possible, the need for learner transport is kept to a minimum, particularly in areas experiencing an inward migration of learners. This requires coordination between the various infrastructure delivery plans such as human settlements and school infrastructure.

- The quality of basic infrastructure required continued attention in that 3.2% of schools in SA still had pit latrines as their only source of ablution facility in 2023. Though this had declined from 16% in 2019, more needs to be done.

- spending performance b must be looked at in relation to delivery performance and had highlighted the scenario of 96% of the NSNP budget in KZN being spent in 2022/23, yet there were challenges around learners not receiving meals.
- There should be alignment between financial and non-financial performance.
- DBE sets the target per learner amount for each quintile, which provincial Departments of Education should adhere to

- performance challenges and uneven access to school infrastructure and other educational inputs were not addressed, the wide disparities in educational outcomes between rural and urban provinces, and between less affluent and more affluent schools, would persist.
- LTSM and learner transport are considered essential elements related to the right to a basic education.
- performance challenges and uneven access to school infrastructure and other educational inputs should be addressed, and that the wide disparities in educational outcomes between rural and urban provinces, and between less affluent and more affluent schools, should be reduce.

9. Portfolio Committee Observations and Questions (FFC)
- In respect of the minimum Norms and Standards on school infrastructure – and expected timeframes, it would seem that targets may not have been attained. As the Portfolio Committee holds the executive accountable, there was a need to query reasons for this non-attainment. One needed to be conscious of the growing and expanding population. Members queried how the FFC saw the impact of the population explosion on the targets of the Department.
- Members also queried what the FFC could propose as a mechanism to finance infrastructure backlogs. What measures could be put in place to mitigate the shortages of laboratories, libraries, computer centres and sporting facilities at schools.
- Members queried the funding of learners below the national threshold and was of the view that the current quintile system was flawed. Members queried whether the Department was considering the review of the current quintile system and policy.
- Provinces implemented their respective policies on NSNP, LTSM procurement and Learner Transport differently. Learner transport falls under DBE in certain provinces and under Department of Transport in other provinces. Members queried the engagement between DBE, FFC and relevant Departments on the specific items.
- How was the Department planning to ensure compliance with the PFMA?
- On research on infrastructure (ASIDI/SAFE), Members queried whether FFC had done any financial research and budget analysis in this respect – and what were the findings.
- It was also noted that budgets and financial maintenance of ablution/sanitation facilities was lacking in most provinces. Has the FFC done any study on the plans in place to ensure school connectivity as well as issues relating to online/blended learning.
- Members noted that non-infrastructure conditional grants were characterised by marginal growth. What are the reasons/factors for such marginal growth?
- Members raised concern with the lack of focus on prioritising funds for laboratories, libraries, computer centres and sporting facilities. The Department had multiple grants and Members queried whether the FFC had looked at recommending an equitable distribution of funds for needs relating to the core functions of the Department.
- Members also touched on the performance by provinces on conditional grants, including direct and indirect conditional grants. Members sought some reflection of the FFC on the capability of provincial departments to adequately utilise these grants for their intended purpose. What was the view of the FFC on the impact of COVID-19 on disruption of education – including the disruptions caused by flooding and storm-damage. These factors may have negatively impacted on the non-delivery or non-achievement of targets. Members also queried whether the FFC was able to engage and collaborate with relevant departments on issues of water and sanitation, roads, and transport – and how these departments non-delivery impacted on the targets of the Department of Basic Education.
- Regarding the eradication of pit latrines, Members noted that, although there was progress, this seemed to be a moving target due to rapid population growth. Members queried whether there would be new demands that may arise in respect of school ablution facilities considering migration patterns being experienced.
- Member sought clarity on the improvement rates for provinces in respect of libraries and laboratories.
- With new school build, Members also queried whether FFC coul assure the Committee that classes were provided with the necessary water, sanitation, electricity – at an acceptable level.

- Members also queried the alignment of financial and non-financial performance – and whether FFC could indicate that there had been improvement.

10. FFC Responses to Portfolio Committee Observations and Questions

Regarding learner transport the FFC recommended that there was a need for better coordination between DBE, Department of Transport and Department of Human Settlements – including better data collection. This would allow for better planning and meeting the needs of learners, specifically those eligible for learner transport. FFC indicated that currently the relevant departments lacked the necessary data collection amongst them.

With infrastructure backlogs for libraries, laboratories, and computer centres, the FFC mentioned that there was a need to look at the MST Grant that neds to be further explored. Learners were not receiving the necessary baseline to move beyond school to the 4th Industrial Revolution – this was an area that needed to be addressed.

The Norms and Standards had not been attained and met by provincial education departments and with the rapid population growth, this would impact on demand for education and educational infrastructure. The FFC also touched on the financing of the infrastructure backlogs indicating that it was necessary to first understand the extent of the backlog and do proper costing thereof. In respect of the National Norms and Standards for school funding, the FFC agreed that there may be a need for the school quintiling system to be reviewed.

With maintenance and maintenance budgets, FFC did not do any specific analysis on maintenance funding. Provinces were not able to supplement such funding due to budget constraints. With online/blended learning, the FFC had no analysis on the matter from the Department's APP. The Department had an approved LTSM policy for online/blended learning as well as e-Learning. There were provinces that had their own initiatives for the roll-out of tablets.

There has been mostly regression of infrastructure in respect of availability of laboratories, libraries, and computer centres for schools. According to the DBE NEEMS report, the eradication of pit latrines has improved. Most departments blamed the absence of proper school application systems during learner admissions/enrolments - and many learners not adequately documented which had a negative impact on funds allocation for learners.

11. Council for Quality Assurance in General and Further Education and Training (Umalusi)

11.1 Background and Mandate - The mandate of Umalusi was to develop and manage a sub-framework of qualifications in collaboration with SAQA and the other two Quality Councils (QCs) and implement the necessary quality assurance policies in respect of quality assurance of provision. Umalusi also maintained a database of learner achievements and related matters as well as commissioned and published research related to the development and implementation of the sub-framework of qualifications.

11.2 Role of Umalusi – Umalusi is the Quality Council responsible for qualifications registered on the general and further education and training qualifications sub-framework (GFETQSF) of the National Qualifications Framework (NQF). The Quality Council ensures that the providers of education and training have the capacity to deliver and assess qualifications and learning programmes and that they do so to expected standards of quality.

11.3 Reflections on 2022/23 – During the year, Umalusi celebrated 20 years of our existence as a quality council. Umalusi developed and implemented an online system for certificate replacement and bade farewell to the fifth Umalusi Council and welcomed the sixth Umalusi Council appointed by the Minister of Basic Education. Umalusi reached practical completion of the Thuto-Mfundo building. Some of the key organisational challenges included the following:
- High staff turnover – Umalusi lost 10 employees, eight of whom were at professional level.
- Delayed development of an alternative funding model
- Delayed implementation of the Enterprise Resource Planning (ERP) solution

11.4 Strategic Priorities – The Umalusi strategic priorities could be summarised as follows:
- **Reviewing the quality assurance of assessment approach**:
  - Reviewed the directives for quality assurance of curricula and directives were sent to assessment bodies.

- o IEB subject assessment guidelines for Marine Sciences were appraised and directives were given to strengthen them before approval.
- **Reviewing, evaluating and appraising qualifications**:
  - o Reviewed the GEC curricula and gave feedback to DBE.
  - o Umalusi gave DBE comments towards the finalisation of the curriculum statement policy statements for the Grade R-9 Coding and Robotics curriculum.
- **Providing input to the legislative framework**:
  - o Umalusi continues to provide input on the NQF amendment process.
- **Intensifying research on educational development**:
  - o Study that benchmarked the National Senior Certificate (NSC) qualification against five international qualifications
  - o Evaluation Framework for NASCA
  - o Framework for Evaluating the Vocational Assessment underpinning the GEC.
  - o Towards developing an instrument for online schools
- **Intensifying advocacy:**
  - o Visited nine provincial education departments to share Umalusi's legislative mandate with reference to the standardisation of examination results.
  - o We held three exhibitions.
  - o Held eight webinars on various topical issues.

11.5 Audit Report – The report of the External Auditor (RAiN Chartered Accountants Incorporated) indicated that Umalusi achieved an Unqualified Audit Opinion.

11.6 Performance Information – The summary of annual achievement of 2022/23 targets indicated that 97 percent was achieved, and 7 percent was not achieved. The achievement of targets per programme was as follows:
- Programme 1 – 100 percent
- Programme 2 – 100 percent
- Programme 3 – 86 percent

11.7 Status of achievement per programme

11.7.1 Programme 1: Administration - Programme 1 provided strategic leadership, management, and administration support services to the organisation. Programme 1 covered the following sub-programmes:
- Strategy and Governance.
- Public Relations and Communications.
- Information and Communication Technology.
- Human Capital Management; and
- Finance and Supply Chain Management.

Key Achievements:
- Induction of the sixth Umalusi Council
- Media briefings (SOR and approval of the release of results)
- Advocacy – Roadshows, webinars, exhibitions, media briefings
- Development of the online certification system
- Approval of the Information Security Strategy
- Upgrading the bandwidth to accelerate data migration and the full benefit of the envisaged cloud implementation.
- Review of the organogram and creation of 12 new positions
- Successful refurbishment of the Thuto-Mfundo building
- Approval from the National Treasury to open an investment account - an asset for the post-retirement medical aid liability.

Programme 1 Outputs:
- **Number of advocacy webinars conducted –** The annual target was set at eight (8) webinars – and this was achieved.
- **ICT Network health score maintained at ≥95% -** The annual target was set at ≥95% - and the target reached was 97%

- **Average Vacancy rate maintained at ≤10% -** The annual target was set at ≤10% - and the target reached was 8%
- **Average number of days for payment of service creditors and suppliers -** The annual target was set at 30 days and the target reached was seven (7) days.

11.7.2 Programme 2: Qualifications and Research – Programme 2 developed and managed an efficient and effective GFETQSF within the NQF and to undertake strategic research in support of this goal. Programme 2 covered the following sub-programmes:
- Qualifications, Curriculum and Certification
- Statistical Information and Research

Key Achievements:
- Conducted a gap analysis for all qualifications on the sub-framework.
- Conducted research on the accreditation of AET centres to inform the quality assurance of the AET sector.
- A 2022 post-examination analysis was done for selected subjects.
- Developed the online application system for the replacement of lost or damaged certificates.
- Gazetted a policy for the certification of candidates' records on the GFETQSF.
- Published a special issue with the Southern African Linguistic and Applied Languages – the issue was guest-edited by Umalusi.

Programme 2 Outputs
- **Number of reports produced on the management of qualifications in the sub-framework -** The annual target was set at one (1) report – and this was achieved.
- **Number of reports produced on the certification of learner achievements for the qualifications in the sub-framework -** The annual target was set at four (4) reports – and this was achieved.
- **Number of reports produced on the verification of qualifications (certificates) in the sub-framework -** The annual target was set at four (4) reports – and this was achieved.
- **Number of research reports completed in various formats -** The annual target was set at five (5) research reports – and this was achieved.

11.7.3 Programme 3: Quality Assurance and Monitoring - Programme 3 ensures that the providers of education and training have the capacity to deliver and assess qualifications registered on the GFETQSF and are doing so to the expected standards and quality. Programme 3 covered the following sub-programmes:
- Quality Assurance of Assessment (QAA): School Qualifications
- Quality Assurance of Assessment (QAA): Post-School Qualifications
- Evaluation and Accreditation

Key Achievements:
- Moderated questions papers for all assessment bodies
- Moderated school-based assessments
- Monitored the conduct and administration of exams.
- Standardised marking guidelines
- Verified marking to ensure accuracy and credibility.
- Accreditation: 95 independent schools (IS) one AET and 4 FET private college
- Two-year provisional accreditation: 42 IS, four FET and two AET private colleges.
- No accreditation: 67 IS, 30 FET and 2 AET private colleges.
- Monitoring: 264 IS, 22 FET and 2 AET

Programme 3 Outputs
- **Number of quality assurance assessment reports published for qualifications registered on the GFETQSF –** The annual target was set at 10 reports – and this achieved target was only nine (9).

- **Percentage of question papers approved per qualification** – The annual target was set at 100 % – and this was achieved.
- **Number of assessment bodies audited for their state of readiness to conduct examinations** - The annual target was set at four (4) assessment bodies audited – and this was achieved.
- **Number of subjects for which verification of marking is conducted** - The annual target was set at 90 subjects – and the achievement was 92 subjects.
- **Number of subjects for which moderation of internal assessment is conducted** - The annual target was set at 190 subjects - and this was achieved.
- **Percentage of accreditation outcomes for private education institutions finalised within 12 months of the site visit - -** The annual target was set at 86 % - and the achievement was 99.26 %.
- **Percentage of identified private education institutions monitored after being granted accreditation - -** The annual target was set at 90 % - and the achieved target was 94.67 %.

Areas of Under-Performance
- **Indicator 3.3.1 QAA Reports –** The organisation did not produce one report in Quarter 2 because the DHET cancelled the NATED Report 190/191 N2-N3 examination in April 2022. Remedial action indicated that the organisation would confirm with assessment bodies about the number of examinations to be conducted before finalising the APP targets.

11.8 Human Capital Oversight Report
11.8.1 Umalusi Annual Report – The report covered eight narrative aspects followed by human resources oversight statistics as of 31 March 2023. The following tables were discussed as part of the highlights of the report:
- Number of employees per programme
- Employment and vacancies
- Personnel costs per programme

Table 1: Human Capital Management - Number of employees per programme

Programme	2021/22 No. of Employees	2022/23 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of Vacancies
Programme 1: Administration	58	63	59	4	6,3%
Programme 2: Qualifications and Research	27	30	29	1	3,3%
Programme 3: Quality Assurance and Monitoring	44	45	40	5	11,1%

Table 2: Human Capital Management – Employment and Vacancies

Salary Band	2021/22 No. of Employees	2022/23 Approved posts	2022/23 No. of Employees	2022/23 Vacancies	% of Vacancies

Top Management	4	4	4	0	0,0%
Senior Management	10	10	9	1	10,0%
Professional Qualified	58	56	48	8	5,8%
Skilled	16	16	16	0	0,0%
Semi-skilled	35	46	45	1	2,2%
Unskilled	6	6	6	0	0,0%
Total	129	138	128	10	7,2%

Table 3: Human Capital Management – Personnel cost per programme

Programme	Total Expenditure	Personnel Expenditure	Personnel Expenditure as a % of total expenditure
	R'000	R'000	%
Programme 1: Administration	69,177	36,861	19,5
Programme 2: Qualifications and Research	33,876	17,472	9,3
Programme 3: Quality Assurance and Monitoring	85,726	32,725	17,3
Total	188,779	87,058	46,1

11.8.2 Financial Report

External Audit Report (RAiN Chartered Accountants) - RAiN Chartered Accountants performed the audit for the third financial year with the approval of the Auditor General of South Africa (AGSA). Umalusi received an Unqualified Audit Report. The audit was conducted following the international standards on auditing (ISA's). The financial statements were compiled in Generally Recognised Accounting Practice (GRAP), and the requirements of the PFMA present fairly, in all material respects, the financial position of Umalusi as of 31 March 2023. The audit was subjected to an external quality review in compliance with the Independent Regulatory Board for Auditors (IRBA). Overall, the financial viability is assessed as good.

Table 1 - Statement of Financial Position as of 31 March 2023

Figures in Rand	2023	2022
Assets		
Current Assets	52,918,791	59,245,427
Non-Current Assets	70,818,401	66,912,205
Total Assets	123,737,192	126,157,632

Liabilities		
Current Liabilities	32,229,633	20,660,254
Non-Current Liabilities	9,596,260	9,921,071
Total Liabilities	41,825,893	30,581,325
NET ASSETS	81,911,299	95,576,307

The overall statement of financial position for Umalusi has declined net assets by 14% (R 13 665 008)

The decline can be identified by noting the decrease in the organization's current assets. The current assets have declined by 11% (R 6 326 636.00). The cash and cash equivalents in the current assets as per the annual financial statements had decreased by R 9 463 786.00. Short-term term deposits within the cash and cash had decreased and can be identified as one of the main drivers for the decline.

The current liabilities had significantly increased due to an increase in the payables from exchange transactions by R 12 090 686.00 from the previous financial year. Trade payables had increased to R 4 406 681 from R 572 677.00

Table 2 – Statement of Financial Performance

Figures in Rand	2023	2022
Revenue		
Revenue from exchange transaction	35,774,280	28,786,812
Revenue from non-exchange transactions	162,031,000	157,404,000
Total Revenue	197,805,280	186,190,812
Total Expenditure	(188,779,003)	(177,624,113)
Surplus for the year	9,026,277	8,566,699

Revenue comprises own revenue items amounting to R35,7 million and the subsidy from the DBE amounting to R162 million. Expenditure is made up of a) Employee-related costs of R87 million (AFS note 19), b) General expenses of R49,7 million (AFS note 20) and c) Moderator and verifier costs of R44,3 million as the main cost items.

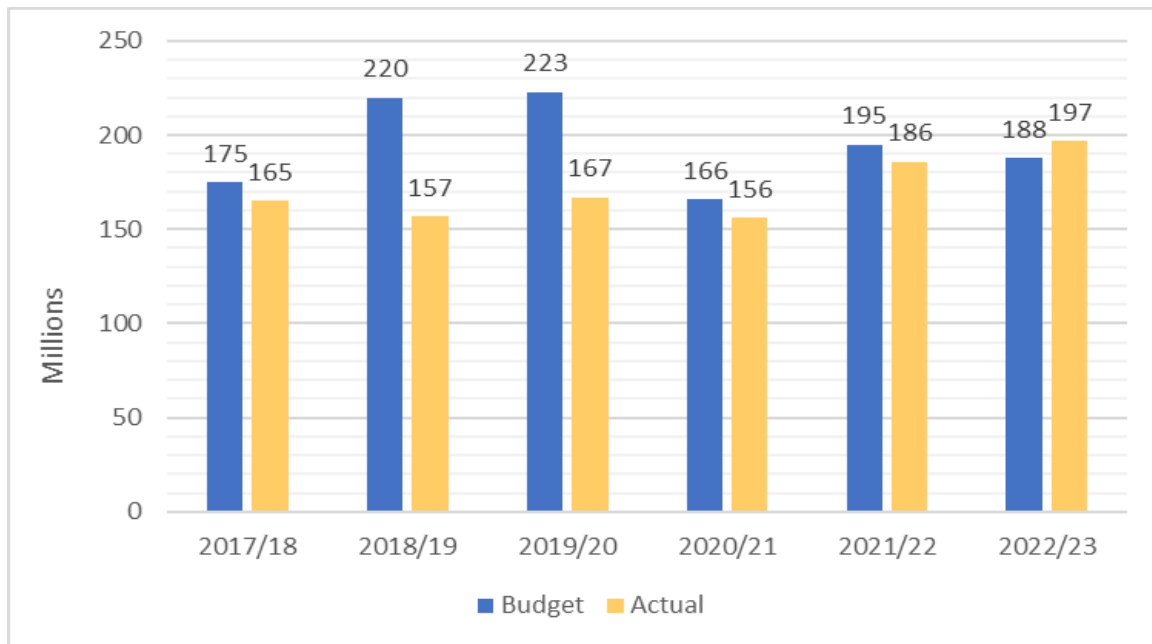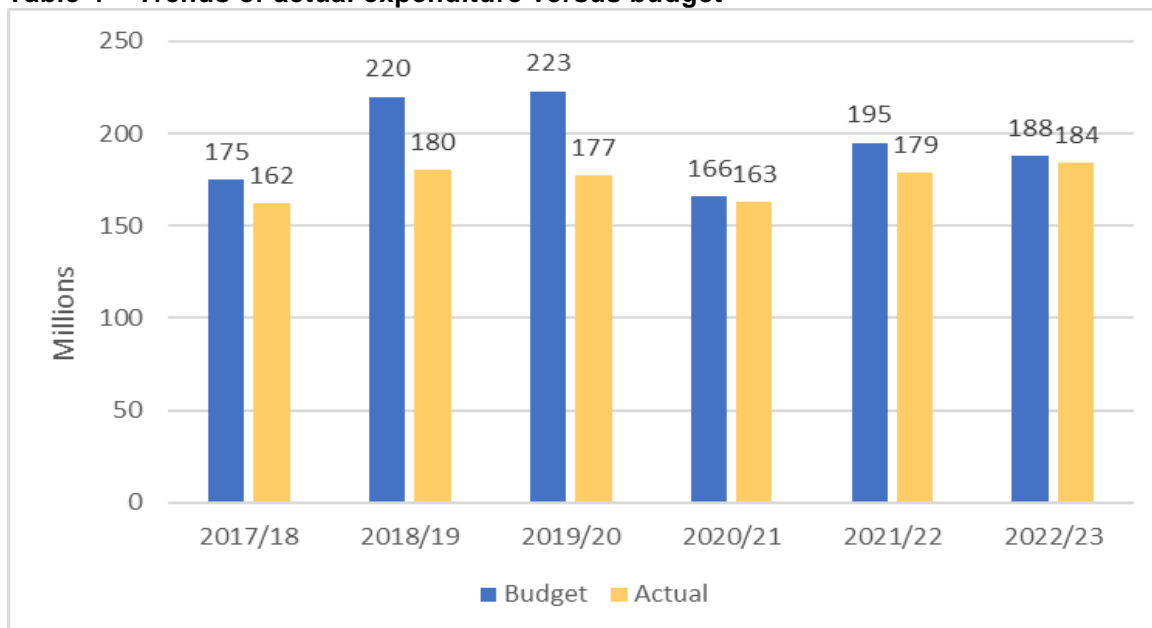**Table 3 – Trends of actual revenue versus budget**

Table 4 – Trends of actual expenditure versus budget

Cash Surplus - Umalusi applied to the National Treasury after finalising the external audit in terms of Section 53(3) of the PFMA and Treasury Instruction 12 of 2020/21 to retain the cash surplus of R18,6 million from the 2022/23 financial year. The National Treasury granted approval on 12 September 2023 to retain the surplus. The funds will be used for the commitments, which in the main are the:

- Final payments for the refurbishment of the Thuto-Mfundo Building – R5,6 million
- Investment to cover the post-retirement medical aid liability – R3 million
- Funding for ICT unit for an ERP solution – R10 million

11.9 Portfolio Committee Observations and Questions

- Members queried reports on acquiring fake/fraudulent certificates which are issued from within Umalusi – Members queried any investigation into the matter and how Umalusi was addressing it.

- Members also sought an update on the outcomes of the investigation into leaked question papers -and whether there had been any consequences for implicated learners and educators.
- Umalusi underachieved on one of the Programme-3 targets and Members queried the factors which caused the underachievement.
- With the cancellation of the accredited technical diploma – how was this likely to impact on learning opportunities.
- Members noted challenges with high staff turnover and queried plans and interventions to curb the loss of employees. What strategies were in place to attract and retain staff.
- Members sought clarity on the causes for the delays in the development of an alternate funding model for Umalusi. Members queried the types of alternate sources of funding being considered.
- Members noted a slight decline in Umalusi assets – and given the budget cuts and the increased mandate of Umalusi, Members queried how this would impact on the functioning of Umalusi.
- It was noted that many targets were over-achieved. Members queried how realistic were the targets Umalusi had set; had targets been set lower than it should be due to limited human resource capacity.
- Members queried whether Umalusi had filled all vacant posts in the establishment.
- How was Umalusi reconceptualization of quality assessment going - how will it ensure lifting of standards of basic education.
- Members queried when the Robotics and Coding Curriculum would be finalised.
- Learners who attended LSEN schools or schools of skill did not have any qualification when they completed their schooling. What was Umalusi doing to assist with a recognised qualification for such learners.
- It has been argued that education should focus more on learning than testing. Members queried whether Umalusi had considered undertaking a research study on alternative continuous assessment methods.
- With the ERP solution, Members queried when the programme would be concluded - and how did it assist the functioning of Umalusi.
- Members were interested in knowing what the factors were for Umalusi not receiving a clean audit. How was Umalusi planning to address the challenges with material adjustments.

11.10 Umalusi Responses to Portfolio Committee Observations and Questions

Umalusi was not relaxed about their current performance and ensured that, at meetings of Council, management was still held to account. Umalusi would be increasing their targets and assured Members that targets had not been relaxed. There was a need to be cautious of using the word "regress" as, in the greater measure, Umalusi was on an even keel with realistic targets. The issue of leakages and fake/fraudulent certificates was a serious issue for Umalusi as they could not have certificates of questionable standard.

On staff turnover, globally, Umalusi staff turnover was not unusually high although it was worrying. Council had been engaged on the matter and was looking at creative solutions to stem the flow. Umalusi was also dealing with a pool of skills – and all were fishing from the same pool. Umalusi agreed that salaries were a factor and people left for greener pastures. A major factor was the work-overload and stress. Another recent concern was the perks e.g., joining GEMS and challenges with the GEPF. The Council continued to attempt to meet their expectations within limited resources and despite budget cuts and an increased mandate.

Umalusi was not a qualifications development authority, and their focus was on assessment and delivery of programmes. The focus on assessment was a difficult question – but there was a need to look at summative assessment and not formative assessments. This was complicated by different forms of assessment and the way learner achievement was understood – this was an issue Umalusi would want to move cautiously on. We need to also ensure that all assessment authorities were ready to undertake and administer the exams – not whether learners are ready for exams.

On the media reports regarding fake/fraudulent certificates, the investigation could not be done by Umalusi and therefore the approach to SAPS to assist. SAPS had investigated, conducted internal and external investigations and questioned/interviewed staff of Umalusi on the matter.

Everyone was very concerned after the ENCA clip that went viral. SAPS, to date, has cleared Umalusi and DBE officials of any wrongdoing. SAPS found no evidence of staff implicated in fake certificates. Umalusi warned the public that those who chose this route were buying certificates that had no currency. Umalusi certificates could not be forged as they had specific security features that could not be duplicated.

With the leaked papers, the Council also suspended the release of results of those learners implicated. After the investigations, the Department submitted a detailed report on those learners cleared and those found guilty. For those cleared, their results had been released. Umalusi would ne become complacent and would continue to work hard. Underachievement was as a result of DHET having cancelled an examination (April) – to catch up with teaching and learning. This was outside of Umalusi control.

In respect of Umalusi targets, Umalusi set targets carefully and looked at the context and human resources and financial resources at their disposal. Umalusi did not under-target and indicated they could not acquire bigger samples without more human and financial resources. With the filling of posts, Umalusi has made huge strides in filling vacant positions, however, Umalusi appreciated this was a running target. The expansion of the Umalusi mandate must be followed by additional resources. Quality assurance was evolving with time and Umalusi had a dedicated research unit that advised the Minister accordingly in respect of qualifications. Umalusi was not stagnating as a quality assurer but making progress. In respect of the foundation phase, Umalusi had done research with outcomes and findings in lifting the standards in Grade 4 for literacy and numeracy. Regarding the introduction of Robotics, Umalusi had advised the Department on the introduction of the subject and the DBE had to take the decision as to when to introduce the subject. The GEC was also being piloted in schools of skills.

On the issue of regression, Umalusi agreed that there had been a move from a clean audit. Umalusi explained the issues pertaining to the valuation of building and the way it needed to be report on e.g., on value, depreciation, and reassessment. This was the main reasons Umalusi made material adjustment to financial statements. These restatements were regarded as material but was more of a technical nature – and not meant to mislead the public. Umalusi had learned valuable lessons going forward and would consult adequately.

The challenges with ERP solution were explained as Umalusi had advertised a tender with specification but the tenders received was of such a financial value that it was unaffordable for Umalusi. Much work had been done to recompile and reassess the specification needs. Umalusi would readvertise but within a cost benefit process such that they could afford the service.

Regarding the delays in terms of the funding model, it was explained that Umalusi received 80 percent of its annual income from the Department. For Umalusi, it was difficult to keep fees charged at a minimum. Umalusi had started to develop its own costing/funding model and engaged all relevant role players. Umalusi was committed to present the revised funding model to Council to drive the process forward. Umalusi faced the challenges of anticipated further budget cuts. Umalusi had engaged with DBE and National Treasury that such budget cuts would impact negatively on the functioning of Umalusi, and this could not be afforded. Umalusi exceeded projected revenue income as a result of demand for more certification verification. Umalusi set targets based on realistic projections.

The decrease in total assets were mainly due to refurbishment project of buildings funded through reserves - and when concluded, this reduced the total assets. Umalusi was looking to develop an audit action plan to be presented and have steps in place to ensure Umalusi did not regress but move back to a clean audit outcome.

11.11 Portfolio Committee Recommendation for Umalusi
Based on the observations made from inputs received from Umalusi, the Portfolio Committee recommends that the Minister should ensure that the Department of Basic Education, in collaboration with Umalusi consider the following recommendations
- The council should put in measures to curb the activities of unaccredited institutions and ensure the security of Umalusi certificates.
- Umalusi should engage with relevant stakeholders   to deal with the issue of fraudulent certificates and try as far as possible to mitigate the NSC exam questions paper leaks.
- Address the high staff turnover, including   the alternative funding model.
- Furthermore, Umalusi should develop a strategy to attract and retain skilled workers, to ensure the continuity of their commendable work.

- The Council for 2023/24 should improve on the missed target in Programme 3, concerning the number of quality assurance assessment reports published for qualifications registered on the General and Further Education and Training Qualifications Sub-Framework.
- The Council should develop realistic timeframes for finalisation of the robotics and coding curriculum and other pilot curriculum streams like maritime, entrepreneurship and others, and update the Portfolio Committee on the approximate timeline for these developments 90 days of adoption of this report.
- Umalusi in collaboration with the Department should address   the need for recognition of qualifications for learners with special educational needs (LSEN) who complete programmes in schools of skills.
- Ensure that LSEN qualifications are acknowledged and could be utilised by the learners to access relevant industries.
- Consider in future planning a   shift in focus from testing for examinations to continuous learning assessment methods.
- Explore a model that promotes ongoing learning and assessment, to reduce the frequency and anxiety of examinations. This continuous   examination would occur at the culmination of a student's educational journey, something like the matric examination.

12.   South African Council for Educators (SACE)

12.1 Background and Mandate - The South African Council for Educators (SACE) is a Schedule 3A public entity, established in terms of Act No. 31 of 2000, as amended, to enhance the status of the teaching profession. The Basic Education Laws Amendment Act (2011) has amended the South African Council for Educators Act No. 31 of 2000 to enable the Council to manage the Continuing Professional Teacher Development System, and to allow the Council to request for additional funding from the public fiscus when necessary.

The South African Council for Educators is accountable to the Department of Basic Education (DBE) and fits into the Minister of Basic Education's Delivery Agreement and Action Plan towards schooling 2030, which speaks to "improving the quality of teaching and learning" through the improvement of teacher capacity and practices.

The key business of SACE is to promote professionalism, empowering educators through development and ensuring that educators are committed to the teaching profession such that they adhere to the ethos as enshrined in the Constitution of the Republic of South Africa.

12.2 Legislative and Policy Environment

The SACE Act, 2000 stipulates the objectives as:
- to provide for the registration of educators.
- to promote the professional development of educators; and
- to set, maintain and protect ethical and professional   standards for educators, by means of the functioning of the council.

12.3 Programme Performance Information

The activities of SACE and the Programme Budget Structure was as follows:
- Programme 1: Administration
  - Executive and Governance
  - Planning, Monitoring and Evaluation and Reporting
  - Corporate Services
  - Communication and Stakeholder Relations
  - Financial Management
  - Information and Communication Technology
- Programme 2: Professional Registration.
- Programme 3 Ethical Standards
  - Investigations
  - Disciplinary Hearings
  - Sanctions
- Programme 4: Professional Development
  - Continuing Professional Teacher Development Management System
  - Member Support
  - Quality Management

- Programme 5: Professional Teaching Standards
- Programme 6: Research
  - Research Reports
  - Data Management

12.4 Reporting Period Overview

The Annual report signals the third year of implementing the Council's 2020–2025 strategic plan. The 2022/23 financial year further marks the second reporting cycle for the public entity's Accounting Authority (AA), appointed and inaugurated by the Minister of Basic Education as the Executive Officer in August 2021, for the 2021–2025 term of office. Despite the challenges, the Council continued to strive to make a meaningful contribution towards professionalising the education sector with a total achievement of 78% of predetermined objectives according to the APP 2022/23. In regulating entry into the profession, 48110 newly qualified educators were professionally registered. Only the fit-to-practice educators, with clean police clearance certificate, join the profession.

As part of ensuring that miscreant teachers do not remain in the profession, 794 Investigations were held, while 122 disciplinary hearings were conducted. In terms of the sanctions meted out, there were: 31 indefinite removals from the register of teachers, 2 removals from the register of teachers for a particular period, 77 removals from the register of teachers but the removals were suspended for a specific period with fines or reprimands, 80 fines that are not linked to any removal from the register. The continuing professional development management role of SACE, saw, 43,823 teachers being supported on various professional matters, 70 professional development providers approved, and 791 professional development programmes and activities endorsed.

The Organisation received unqualified audit report with some findings from both the financial and programme performance. Plans have been put in place for the remedial action, as well as enhancing the internal capacity of internal audit to support the performance information monitoring and reporting processes. The current job evaluation process should be able to heighten the efficiency of the organisation in terms of human resources with expertise in systems, policies, internal audit, and ICT amongst others. Planning, Monitoring and Evaluation and Reporting functions are currently done by only two people at Management and Assistant Management level, as players and referees at the same time. Hence the need to enhance internal capacity from both quantity and quality perspective. Despite some of the challenges and audit findings, Council managed to deliver its mandate to the teaching profession and increased visibility at provincial level. Hence the slight increase in achievement of targets.

12.5 SACE Provincial Offices Status Report

Currently SACE has five (5) provincial offices in KwaZulu-Natal, Free State, Limpopo, Eastern Cape, and Western Cape. The Western Cape Office has not been opened officially due to long Municipality approval challenges. As indicated in the Audit Report, the Eastern Cape is being investigated by the SIU. The establishment of offices in the Northern Cape and other remaining provinces have been put on hold due to financial constraints, finalisation of the SIU report, current SACE review and repositioning project, and the reconceptualization / reconfiguration of the provincial offices.

12.6 Summary of Output not Achieved.

Performance Indicators Not Reached – In the 2022/23 performance slightly increased to 78% as compared to 2021/22 (77%). SACE had a total of 5 indicators which were not achieved as follows:

The reason for underperformance is due to several factors, but essentially the accessibility of the system due to connectivity in most areas of the country, lack of ownership from the educators in taking charge of their professional development, and they largely believe that it should be employer driven.

Performance Indicator	Annual Target	Annual Output	Reasons for Deviation
Percentage of invoices paid within 30 days	100%	97.39%	Disputes with the suppliers led to the target being partially

			achieved.
Percentage of finalized investigations into new cases	70%	35% (254/734)	The target was underperformed because the Council always starts by processing cases carried over from the previous financial year and places more emphasis on them to avoid losing witnesses who are fluid by their very nature. Although the target could not be achieved, there is an improved performance, attributed to SACE having trained a few panellists to assist it with the investigations
Percentage of finalised investigations into rolled-over cases	80%	30% (540/1830)	The underperformance is attributed to the split in investigations between old and new cases. A balance had to be sought to ensure that while new cases were being investigated as they came, older cases also received attention
Percentage of finalised disciplinary hearings into new cases	40%	13% (13/103)	Council focused much of the time on pushing to finalise rolled-over cases to ensure that witnesses do not get lost in the process. More hearings will be conducted in the next financial year, except that they will be referred to as rolled-over cases.
Number of educators confirmed to have earned a minimum of 50 professional development points in a year	25 000	758	The reason for underperformance is due to several factors, but essentially the accessibility of the system due to connectivity in most areas of the country, lack of ownership from the educators in taking charge of their professional development, and they largely believe that it should be employer driven.

12.6.1 Programme 1: Administration –The purpose of the Programme is to implement and manage the policy directives and priorities of the Council to ensure the functional proficiency of SACE through appropriate support services. Sub-Programmes for Programme 1 included the following:
- Executive and Governance.
- Planning, Monitoring & Evaluation and Reporting.
- Corporate Services.
- Financial Management.
- Communication and Stakeholder Relations.
- Financial Management; and
- Information and Communication Technology.

Key Performance Indicators, Planned Targets and Actual Achievement
- **Number of Council and EXCO meetings convened -** The planned target was set at 10 meetings and the SACE actual achievement was 11 – a positive deviation of one (1) meeting.
- **Number of approved quarterly performance reports submitted to oversight authorities -** The planned target was set at four (4) reports. The SACE actual achievement was four (4) reports with no deviation.

- **Percentage of employees assessed through performance development system -** The planned target was set at 100 percent and the SACE actual achievement only stood at 100 percent with no deviation.
- **Percentage of trained employees -** The planned target was set at 40 percent and the SACE actual achievement was 48.7 percent (59/121) – a positive deviation of 8.7 percent.
- **Number of SACE promotion and advocacy activities on the selected core mandates -** The planned target was set at four (4) and the SACE actual achievement was four (4) activities with no deviation.
- **Number of engagements with stakeholders -** The planned target was set at 16 engagements and the SACE actual achievement was 16 engagements with no deviation.
- **Percentage of invoices within 30 days -** The planned target was set at 100 percent, but the SACE actual achievement was only 97.39 percent. A negative deviation of 2.61 percent.
- **Percentage of completed digitised systems -** The planned target was set at 60 percent, and the SACE actual achievement was 78 percent (7/9). A positive deviation of 22 percent.

12.6.2 Programme 2: Professional Registration – The purpose of this programme is to register qualified educators and create sub-registers for special categories; maintain and update educator database and enhance the quality of the registration of teachers by introducing standards.

Key Performance Indicators, Planned Targets and Actual Achievement
- **Percentage of fit-to-practice registered educators -** The planned target was set at 100 percent and the SACE actual achievement was 100 percent (48 110/48 110) – with no deviations.

2022/23 Registrants – A total of 48110 newly qualified educators –only category accounted for in the Annual Performance Plan because it impacts directly on the schooling sector and contributes to the teacher demand and supply. Current data analysis project to understand the areas this cohort's areas of specialisation. There was a total of 5124 in the special/conditional registrations with 3862 (ECD practitioners) – part of professionalisation of the Early Childhood Development (ECD) sector. There was a total of 15922 (student teachers) – part of professionalisation of the initial teacher education sector.

12.6.3 Programme 3 – Professional Ethics - The purpose of this programme is to promote and maintain ethical standards in the profession. Sub-Programmes for Programme 3 included the following:
- Investigations.
- Disciplinary Hearings; and
- Sanctions

Key Performance Indicators, Planned Targets and Actual Achievement
- **Percentage of finalised investigations into new cases -** The planned target was set at 70 percent, but the SACE actual achievement was only 35 percent (254/734). A negative deviation of 35 percent.
- **Percentage of finalised investigations into rolled-over cases -** The planned target was set at 80 percent, but the SACE actual achievement was only 30 percent (540/1830). A negative deviation of 50 percent.
- **Percentage of finalised disciplinary hearings into new cases -** The planned target was set at 40 percent, but the SACE actual achievement was only 13 percent (13/103). A negative deviation of 27 percent.
- **Percentage of finalised disciplinary hearings on rolled-over cases -** The planned target was set at 50 percent, and the SACE actual achievement was 63 percent (109/174). A positive deviation of 13 percent.
- **Number of analysis reports produced on sanctioned educators -** The planned target was set at four (4) reports and SACE actual achievement was five (5) reports. A positive deviation of one (1) report.

12.6.4 Programme 3 Service Delivery and challenges

Council processes all its cases on a First-In-First-Out basis, this means that cases that are lodged first are processed first. There is, however, an exception at times. Complaints of serious breaches of the code of professional ethics, such as sexual offences and severe assault cases, among others, do receive preference and will be processed sooner than they would have been had the normal process been followed. This means that the Council processes rolled-over or older cases from the previous calendar year to ensure they are finalised while also processing newly reported cases. More emphasis gets placed on older cases as learners and witnesses usually move if the case is not promptly dealt with. The process leading to the finalisation of a case starts with conducting preliminary screening of a case as soon as it is reported. The screened case may lead to an investigation. Flowing from the investigation, a disciplinary hearing may ensue, or a case may be closed, depending on the evidence.

SACE further gave a detailed brief on the following key areas:
- Type of investigations finalised.
- Nature of professional misconduct allegations against educators
- Possible sanctions for breaching the Code.
- Removal from the register
- Aggregated struck offs per province, type of misconduct and gender.
- Example of teacher-learner age profiles from the 31 struck off from the register of teachers.

12.6.5 Programme 4: Professional Development, previously known as Continuing Professional Teacher Development (CPTD) System
The purpose of this programme is to ensure that educators engage in life-long learning to improve their professional competence. Sub-Programmes within Programme 4 included the following:
- Continuing Professional Teacher Development Management System.
- Member Support; and
- Quality Management.

Key Performance Indicators, Planned Targets and Actual Achievement
- **Number of educators confirmed to have earned a minimum of 50 professional development points in a year -** The planned target was set at 25 000 but the SACE actual achievement was only 758. A negative deviation of 24 242.
- **Number of educators supported on professional matters -** The planned target was set at 40 000 and the SACE actual achievement stood at 43823. A negative positive deviation of 3823.
- **Percentage of professional development providers approved -** The planned target was set at 75 percent and the SACE actual achievement was 85.4 percent (70/82). A positive deviation of 10.4 percent.
- **Percentage of professional development activities endorsed -** The planned target was set at 85 percent and the SACE actual achievement was 99 percent (791/800). A positive deviation of 14 percent.
- **Percentage of observed professional development sessions on endorsed activities -** The planned target was set at 10 percent and the SACE actual achievement was 26 percent (10/38). A positive deviation of 16 percent.

12.6.6 Programme 4 Service Delivery Highlights
The indicator 4.1.1. which aimed to measure the uptake and reporting of educators in the self-service portal, who earned a minimum of 50 professional development points is underperformed, and the Council's overall performance for the indicator is 758. The total number of educators reporting in the financial year including the ones which accumulated 50 points 74843. The overall performance of the Council for the financial year under review confirms the over achievement in indicator 4.2.1 to be 3823 more educators supported in their professional matters, against the annual target of 40000, and the actual achievement is 43823. There were 82 eligible professional development providers' applications received, and Council approved 70 to increase the pool of quality providers who will participate in developing SACE-registered educators. This translates to 85% performance for this

indicator. A total of 800 professional development activities were received, and only 791 were processed and endorsed, resulting in 99% performance against the 85% annual target.

12.6.7 Programme 5: Professional Teaching Standards - The purpose of this programme is to improve and maintain the status and image of the teaching profession and ensure the quality of initial teacher education and ongoing professional development through quality assurance mechanisms and standards. Sub-Programmes within Programme 5 included the following:
- Initial Teacher Education.
- Newly Qualified Educators; and
- Practising Educators

Key Performance Indicators, Planned Targets and Actual Achievement
- **Number of professional teaching standards promoted within the teacher education continuum in a year -** The planned target was set at two (2) and the SACE actual achievement was two (2). The target was achieved with no deviation.
- **Number of teachers professionalisation interventions in the teacher education and development continuum –** The planned target was set at two (2) and the SACE actual achievement was two (2). The target was achieved with no deviation.

12.6. 8 Programme 5 Service Delivery and Challenge
The Council used different methods to introduce the Ten Professional Teaching Standards to educators, policy makers, and other stakeholders in the education system. Out of the Ten Professional Teaching Standards, the Council focused on unpacking the first two standards. In that regard, the Council held awareness campaigns that targeted teachers and other relevant stakeholders to help increase the visibility and understanding of professional teaching standards. Council identified and prioritised the Western Cape and Northwest provinces for the 2022/2023 promotion of Professional Teaching Standards. Six-hundred and forty-three (643) members of the Western Cape Province actively participated during all the Professional Teaching Standards sessions. Whilst, one thousand two hundred and forty-five (1245) educators attended the Professional Teaching Standards sessions, facilitated in the district of Ngaka Modiri Molema.

12.6.9 Programme 6: Professional Research
The purpose of this programme is to enhance research coordination within SACE in order to strengthen its advisory role and service that is informed by policy, research, and consultative processes. This programme also aims to promote research on professional matters and any other educational matter relevant to SACE and the educational landscape. Sub-Programmes within Programme 6 included the following:
- Research Reports
- Data Management

Key Performance Indicators, Planned Targets and Actual Achievement
- **Number of completed research reports -** The planned target was set at two (2) reports and the SACE actual achievement was three (3) reports. A positive deviation of one (1) report.
- **Number of completed statistical reports -** The planned target was set at one (1) report and the SACE actual achievement was one (1) report – with no deviation.

12.10 Programme 6 Service Delivery and Challenges
- Basic education paraprofessionals in the South African context
- Policy briefs on Teachers Rights, Responsibilities and Safety Programme
- Teacher supply and demand
- Strategic Plan Mid-Term Assessment
- SACE Book Club

13. Audit Report 2022/23

External Auditors Report - Financial statements were submitted after the due date, due to financial system instability – a request was made to the relevant authority. SACE received an unqualified audit opinion with emphasis of matter:

- Write-off of unrecoverable R6 million unrecoverable membership fees from unemployed educators.
- Reclassification of conditional grant in prior years to be treated as government transfer fund.

Material misstatements were raised on reported performance information under Professional Development for the following indicators:

- 4.1.1. Number of educators confirmed to have earned a minimum of 50 professional development points in a year.
- 4.2.1. Number of educators supported on professional matters.

Remedial actions are being implemented. The misstatements identified in the audit report and reflected in the management report are being addressed through the Council-approved remedial action plan and close Council oversight process. Some of the key remedial actions include the following:

- Organisational reflective and planning session to:
  - Review the overall organisational performance and learn from the audit findings.
  - Develop the remedial action plan.
  - Heighten systems and processes for credible and reliable performance information in line with the DPME / National Treasury Frameworks.

13.1 Annual Financial Statements

Table 1: Statement of Financial Position as of 31 March 2023

	Note(s)	2023	2022 (Restated)
Assets			
Current Assets			
Other financial assets	4	724 073	410 915
Receivables from exchange transactions	6	2 916 364	1 856 327
Receivables from non-exchange transactions	7	991 655	403 513
Cash and cash equivalents	8	108 002 749	105 644 746
		112 634 841	**108 315 502**
Non-Current Assets			
Property, plant and equipment	2	93 961 041	94 969 438
Intangible assets	3	2 649 744	3 035 353
		96 610 785	**97 731 791**
Total Assets		**209 245 626**	**206 047 293**
Liabilities			
Current Liabilities			
Payables from exchange transactions	5	27 151 659	27 051 252
Total Liabilities		27 151 659	27 051 252
Net Assets		**182 093 967**	**178 996 041**
Accumulated surplus		182 093 967	178 996 041
Total Net Assets		**182 093 967**	**178 996 041**

13.2 Financial Position and Revenue

The statement of financial position of the organisation reflects the institution as a going concern with an increase of 2% from the previous financial year on its overall net assets.

Notable movements attributable to this change can be identified in the organisation's Current assets, with an increase of 4% (R 4 319 340 000.00). The increased receivables would also imply that the organisation has an increase in the number of days it takes to collect is revenue from debtors. Intangible assets had declined by 13%, this might have been due to higher impairment or assets having been disposed of.

There was no significant movement in the liabilities of the organisation as they remained the same with an immaterial difference of R 100 407 between the two comparative years.

Table 2: Statement of Financial Performance

	Note(s)	2023	2022 (Restated)
Revenue			
Revenue from exchange transactions			
Registration, reprints, and membership reinstatements	10	16 512 467	15 687 603
Rental income		-	257 948
Recoveries		13 000	11 443
Other income		70 630	102 120
Interest received	13	4 090 804	1 715 330
Total revenue from exchange transactions		**20 686 901**	**17 774 444**
Revenue from non-exchange transactions			
Fines		986 174	772 439
Membership Fees		91 205 532	81 193 102
Transfer Revenue			
Government transfers	14	15 528 000	17 985 000
Total revenue from non-exchange transactions		**107 719 706**	**99 950 541**
Total revenue	**9**	**128 406 607**	**117 724 985**
Expenditure			
Employee related costs	15	(68 292 070)	(70 141 393)
Depreciation and amortisation	16	(4 458 021)	(4 241 026)
Lease rentals on operating lease	11	(9 040)	(1 456 714)
Debt Impairment	18	(317 349)	(491 319)
Membership fees written off	22	(6 496 223)	-
Loss on disposal of assets and liabilities		(48 969)	(20 847)
General expenses	19	(46 321 691)	(38 923 535)
Total expenditure		**(125 308 665)**	**(115 274 834)**
Surplus for the year		**3 097 942**	**2 450 151**

Notes: Financial Performance

The organisation during the 2023/2023 financial year has seen an increase in revenue overall by 9% (R 10 681 622 000.00) when compared to the previous financial year which has a Total Revenue of R 117 724 985 000.00. During the current financial year, SACE earned significant income through interest received to the value of R 4 090 804.00. For the organisation this amount to high investment in fixed investment that organisation held with financial institutions.

72% of the Total revenue received by SACE is derived from Revenue from Non-Exchange transaction. The Revenue from Non-Exchange is made up of Membership fees received and fines imposed on to members.

Transfers from Government (DBE) had been reduced during the 2022/2023 financial year by 14% from R 17 985 000 to 15 528 000.00.

Expenditure for the current financial year resulted in an overall increase of 9% compared to the previous financial year. Significant increase in the expenditure is because of the increased debt imapairment and membership fees written off.
General expenditure relating to goods and services for the organisation had increased by 19% to be R 46 321 691 during the current financial year.

Table 3: Cash Flow Statement

	Note(s)	2023	2022 (Restated)
Cash flows from operating activities			
Receipts			
Receipts from exchange transactions		15 709 246	-
Receipts from non-exchange transactions		85 424 690	96 495 816
Grants		15 528 000	17 985 000
Interest income		4 090 804	1 676 811
		120 752 740	**116 157 627**
Payments			
Employee costs		(69 049 205)	(61 053 729)
Suppliers		(45 959 532)	(33 316 068)
		(115 008 737)	**(94 369 797)**
Net cash flows from operating activities	**20**	**5 744 003**	**21 787 830**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2 905 615)	(20 686 279)
Proceeds from sale of property, plant and equipment	2	64 166	169 495
Purchase of other intangible assets	3	(561 150)	(1 245 088)
Proceeds from sale of other intangible assets	3	16 616	65 270
Movement in deposits held in trust		-	(144 827)
Net cash flows from investing activities		**(3 385 983)**	**(21 841 429)**
Net Increase/(Decrease) in cash and cash equivalents		**2 358 020**	**(53 599)**
Cash and cash equivalents at the beginning of the year		105 644 746	105 698 347
Cash and cash equivalents at the end of the year	**8**	**108 002 766**	**105 644 748**

Notes: Cash Flow -

The cashflow statement for SACE represents the cash movement for the 2022/2023 financial year. Cash operating activities represented in the cashflow statement represent the amount that the organization received and paid for its operating activities. During the 2022/2023 Financial year, the overall net cash flows from operating activities declined by 74% from 21 878 830 to 5 744 033. The decline is attributable to an increase in in cash outflows by 22% with an increase spend in payment of service providers and employee cost compared to prior year.

The delicne in funds received from Grants by 14% and Receipts from non-exchange transactions. The overall cash and cash equivalents at the end of the financial year had increased by 2%. This represents an increase of R 2 358 018 for the organisation. The main drivers that contributed to this increase would be the interest income received during the financial current year.

13.3 Portfolio Committee Observations and Questions
- Members raised concern that, for professional teacher development, the target was not met for the number of educators who have earned a minim of 50 professional development points in a year. Members sought an explanation on reasons for not meeting the target and perform so poorly. What measures were being taking to remedy the situation. How was this target planned and what were the mitigating factors. Did the Council receive any support and intervention from the Department. Members recommended that the Council institute consequence management steps against errand officials for the underperforming indicator.
- With the migration of ECD, Members queried the number of ECD Grade R practitioners who had their qualifications registered with SACE.
- With the indefinite removal of educators from the register by SACE, Members queried the circumstances under which such educators could reapply for readmitted – SACE to explain how the process worked.
- Members queried whether SACE had advertised any posts to enhance management and assistant management levels – and the number of posts advertised. When would the posts be filled by the Council.
- Members also sought clarity on the number of cases that were in backlog – and when would SACE be able to eradicate the case backlogs.
- Members also queried the advocacy of SACE in preaching the benefits of teacher development and training for educators.
- What were the preliminary findings on educators with areas of specialisation and specialisation needs in the data-base -and how could SACE enhance and promote these skills with incentivisation.
- Members needed clarity on what the qualification requirements for ECD practitioners were.
- Members raised the importance of the Department and National Treasury to allocate sufficient funds for entities to have adequate funding and human resources to finalise and complete cases.
- On the SIU investigation concerning the building acquired in the Eastern Cape, Members sought clarity on how this impacted on the acquiring of other building in other provinces. What was the impact of the investigation on the functions of SACE.
- From the AGSA report it was stated that there were material misstatements on performance indicators – did SACE have an internal auditor that assist SACE with financial reporting and could these not have been identified before the AGSA had to report on it.
- On professional development of teachers and the legislative mandate - how did the Council provide programmes to empower young educators to understand BELA Bill and make submissions.

- Members sought clarity on what the professional matters were that SACE supported teachers on.
- Members also sought an explanation and the rationale for the Council separating ECD teachers and Special Needs teachers.
- SACE was commended for the thorough investigation and handling of cases – but the same could not be said for teacher development – as SACE was not doing enough. Members noted a decrease of CPTD but there was an increase in revenue – Members sought an explanation for this as well as how are our teachers being development. There are reports that indicate teachers and Grade 6 level were reading at a level of Grade 4 child.
- On recruitment of teachers for initial training, Members queried how SACE targeted these teachers – and whether that were appointed because of their knowledge base and capacity to teach. There was also a perception that the country was relying on teachers from other countries.
- On teacher registration, the general public was not happy with the services SACE offered – Members sought clarity from SACE on the matter.
- Members also queried the number of educators who may have applied for letters of good standing - and how many received their letters to date. People feel SACE was not responding to their needs.

13.4 SACE Responses to Portfolio Committee Observations and Questions

All registration applications received in the financial year have been dealt with – the matters raised on this would have to be investigated given the necessary specifics – to see were there may have been challenges. More often than not, the issues are miscommunication or incomplete documentation received by SACE. On the matter of dropped calls, SACE would again require the necessary specifics to further investigate and respond adequately. SACE did ongoing assessments of their system on how many calls dropped, and reasons for calls dropped etc. The SACE review and assessment remains ongoing. SACE also reported the Council every two months on statistics on calls received etc. SACE would always want to be responsive to the challenges raised by the general public.

Regarding the letters of good standing, SACE would have to check the information and give exact figures – SACE would study its database and respond in writing. In most cases those applicants go overseas first and want to demand letters when they have already left the country – there are many issues SACE needs to check before letters of good standing were issued. Some would have gone through university and leave the country immediately and SACE could not assist with such letters. With recruitment of teachers and students at universities, SACE currently played no role in terms of such university recruitment. SACE was working on minimum requirements for entry into initial teacher education. SACE also had signed a MOA with the Council for Higher Education to look at a joint accreditation process and criteria to ensure qualification is responsive enough.

In respect of reading literacy and numeracy, SACE had quality management system which was part of ELRC resolution - and implemented by the Department. The CPTD system managed by SACE speaks to the provider on only accredited programmes as informed by the needs of the sector. SACE had challenges with PEDs who were not reporting teacher participation in CPTD programmes and development. With professional development, the SACE legislative mandate was more about management but did support teachers and spell out those specifics in respect of professional matters e.g., ethics, code of conduct etc. Many of the SACE programmes were more on professional matters and the SACE mandate. Unfortunately, SACE did not do much to sensitise teachers on the BELA Bill. SACE agreed that there was a need to strengthen their internal audit processes. On the matters pertaining to the SIU investigation, SACE was reluctant to give any detailed response as the matter was still being investigated. SACE would gladly report back to the Committee after the finalisation and reporting on the investigation.

SACE explained the CPTD points system where it was a requirement for educators to earn a minimum of 50 - with a total of 150 points over a 3-year period. When educators report to SACE, they have to say what they have done with a a process of reflections to be completed. Educators participate and report, however, SACE discovered that educators were not warming to engaging in professional development to reflect on how to improve maths and reading etc. SACE needed to ensure credibility and therefore could not count such reporting of educators where it was clear they could not give reflection and portfolios. There were no consequence measures for not participating in CPTD. SACE believes there needed to be consideration of possible incentives to motivate teachers on CPTD. SACE received funds from National Treasury only for CPTD, nothing further.

On the qualification of ECD practitioners, the Department was managing the necessary human resource development strategy and professionalisation – and SACE worked in collaboration with the

Department in this regard. The minimum starting level was Level 4 with proof of admission to a Level 5 qualification. Some had diplomas in Grade R teaching, but this was being phased out as it was restrictive. Not many had a B.Ed. qualification currently.

Backlogs and turnaround time for eradicating backlogs, the Council had discussions on the matter but due to financial and human resource constraints not much could be achieved in dealing with backlogs. The cases needed human and financial resources. PEDs also did not take responsibility for their own cases and merely dumped them with SACE.

The Council was still in the process of finalising the review processes and was not able to advertise for any new posts. Once finalised the Council may look at filling posts where additional posts were identified.

SACE mentioned that if an educator was indefinitely removed, there was no way for that educator to return to the profession. The only time an educator may reapply for reinstatement is when they had been struck off for a specific period only. SACE had a policy on sanctions per category of cases - and this informed the sanction. The only body that could review SACE sanctions was a court of law.

On issue of material misstatements raised on performance information, SACE indicated that the Council had established an internal audit unit and further established planning performance and monitoring divisions to ensure compliance of performance information. The Council also ensured the external audit functions conducted by external auditors under the auspices of Auditor-General. All these did their parts and raised the inconsistencies in the mid-year and mitigations were undertaken. External auditors also did their job and picked up on these discrepancies,

13.5 Portfolio Committee Recommendations: SACE

Based on the observations made from inputs received from SACE, the Portfolio Committee recommends that the

- SACE should pay attention to effectiveness of the organization towards teacher registration process.
- It is recommended that SACE should implement the recommendations of the AGSA and the Portfolio Committee within reasonable time frames.
- SACE should address public complaints found on public media platforms for example 'Hello Peter,' and must respond timeously to teachers within 5 working days.
- SACE should address all   challenges related to   online application process for teacher registration and ensure that there is a dedicated officials to help educators.
- The Council must provide the Committee in 30 days' time, after the adoption of this report with an updated information on   the number of educators who had applied for letters of good standing and outline how many had received such letters.
- SACE must effectively fulfil its role as a teacher registration entity.
- The Council should address the performance gap in SACE's target to have a minimum of 25 000 educators confirmed to have earned 50 professional development points in a year. The council must   provide the Committee with a report   outlining   the reasons for this underachievement   as well as   mitigating factors.

- The department should ensure that SACE addresses internal audit functionaries and external auditors linked to SACE, for accurate reporting in the 2023/24 period.

- In collaboration with DBE, SACE should   empower all educators to understand the Basic Education Laws Amendment (BELA) Bill , as part of   the Teachers   Professional Development (CPTD). It is imperative that Teachers   are informed to understand the amendments proposed in the South African Educators Act (1996) and, the Educator Act (1998)   so that Teachers can play a meaningful role   in Education related Policy proposals.

- The Minister should ensure that the Department of Basic Education, pays attention to SACE to ensure that the council is delivering on its mandate, in particular Professional Development of Teachers.

13.6 Overall Portfolio Committee Recommendations

Based on the observations made from inputs received from AGSA, Internal DBE Audit, FCC, Umalusi and SACE, the Portfolio Committee recommends that the Minister should ensure that the Department of Basic Education, consider the following recommendations:

- o The Minister should develop a comprehensive ICT model to address inequalities.
- o The Minister should implement all the recommendations of the AG and update the Portfolio Committee on implementation on a quarterly basis.
- o The Minister should prioritise non-infrastructure grants.
- o The Minister should develop plans to expand coding and robotics.
- o The Minister should prioritise implementation of the MTSF targets (2019-2024).
- o The Minister should approach National Treasury to increase funding for ECD and ICT development.
- o The Minister should address the ECD, Learners Transport, and Nutrition matters in the programmes of the Department.

Report to be considered.