

# **Budgetary Review and Recommendation Report of the Portfolio Committee on Defence and Military Veterans on the 2022/23 Annual Report of the Department of Military Veterans (DMV), Dated 22 November 2023.**

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered the financial and service delivery performance of the Department of Military Veterans (DMV) for the 2022/23 financial year on 21 November 2023, reports as follows:

## **1. INTRODUCTION**

### **1.1 Description of core functions of the Department**

The DMV derives its mandate from the Military Veterans Act (No 18 of 2011), which requires it to provide national policy and standards for socio-economic support to military veterans and to their dependents, including benefits and entitlements to help realise a dignified, unified, empowered and self-sufficient military veterans' community.

### **1.2 Mandate of Committee**

The Portfolio Committee on Defence and Military Veterans (PCDMV) is mandated to oversee the DMV to ensure that the Department fulfils its mandate through the monitoring of the implementation of legislation and adherence to policies, such as the Military Veterans Act and the Military Veterans Benefits Regulations and other related legislation. It must scrutinise legislation which supports the mission statement of Government; the budget and functioning of DMV.

### **1.3 Purpose of the BRR Report**

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

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

In October of each year, parliamentary portfolio committees compile a BRRR that assess performance given available resources; evaluates the effective and efficient use and forward allocation of resources; and makes recommendations on the forward use of resources. The BRRRs are also source documents for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process.

### **1.4 Structure of the Report**

This Report comprises the following sections:

- Section 1: An introduction which sets out the mandate of the Committee, the purpose of this report.
- Section 2: An overview of the key relevant policy focus areas.
- Section 3: An overview and summary of previous key financial and performance recommendations of Committee.
- Section 4: A broad overview and assessment of financial performance of the Department for 2022/23 and
- Overview of service delivery and performance.
- Section 5: Key financial management findings and the report of the Auditor-General of South Africa.
- Section 6: Human Resources matters.
- Section 7: Key Committee findings.
- Section 8: Key recommendations.

## **2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS**

## 2.1 State of the Nation Address (SONA) 2023

President Cyril Ramaphosa, delivered his SONA on 9 February 2023 and although the DMV was not specifically referred to, there was overlapping reference to the matter of skills development, which also falls within the portfolio of the DMV. The SONA included reference to the need for skills development to ensure economic growth. The Department of Military Veterans (DMV) provides funding for military veterans and their dependents to receive skills training. Furthermore, the President noted the impact of the rising cost of living. The DMV provides for destitute military veterans through a social relief of distress grant. The DMV is also in the process of finalising the policy on military veterans' pensions.

## 2.2. DMV contributions towards the National Development Plan (NDP) and Medium-Term Strategic Framework (MTSF)

The 2022/23 Annual Report states that the Department does not directly contribute to the Medium Term Strategic Framework (MTSF) priorities 2019 - 2024 and the National Development Plan (NDP) 2030, but that it has its own priorities that are linked with the overall government priorities. It lists the following priorities:

- **Priority 1: Strengthening governance and oversight protocols to give effect to the Act.**  
This priority embraces the NDP Chapter 13 and 14 and MTSF Priority 1. During 2022/23, the DMV governance and oversight protocols were not effective due to delays in appointing the new members or leadership in those organs of state. During the year, neither the Military Veterans Advisory Board, nor the Appeal Board were in place. Furthermore, a key shortcoming was that the Audit Committee was not functional due to the contracts of members coming to an end.
- **Priority 2: To provide comprehensive support services to military veterans and, where applicable, to their dependents.**  
This priority embraces NDP Chapter 3, 14 and 15 and MTSF Priorities 2 and 4 and focuses on various support benefits, including:
  - *Education, training and development:* During 2022/23, the DMV provided a total of 4 114 bursaries (3 219 for Basic Education and 895 for Tertiary Education) to Military Veterans and their dependants. Furthermore, 915 Military Veterans and dependants were approved for training and skills development programmes.
  - *Access to health support:* During 2022/23 a total number of 375 Military Veterans were authorised to access healthcare services through the SA Military Health Service.
  - *Facilitation of employment placement:* During 2022/23, the DMV was not able to make any achievement in creating employment opportunities to Military Veterans.
  - *Facilitation of or advice on business opportunities:* During 2022/23, 105 companies owned by Military Veterans were provided with facilitation or advice on business opportunities.
  - *Subsidisation or provision of Public Transport:* The policy is in draft format, however the implementation of this benefit will remain a challenge.
  - *Housing:* During 2022/23, only 90 newly built houses were handed over to Military Veterans.
  - *Compensation:* During 2022/23, 127 Military Veterans received the compensation benefit.
  - *Burial support:* The DMV assisted 238 Military Veterans families with the burial support.
- **Priority 3: Promoting empowerment programmes for and of Military Veterans**  
The priority embraces NDP Chapter 3, 14 and 15 and MTSF Priorities 2 and 4. During 2022/23, the DMV did not facilitate the access to employment placement.
- **Priority 4: Promotion of Military Veterans' heritage as well as memorialisation and honouring.**  
This priority embraces NDP Chapter 14 and 15 and MTSF Priority 6. During 2022/23, four memorial lectures were coordinated for Military Veterans.
- **Priority 5: Maintain the credibility and security of the national military veteran database.**  
This priority embraces NDP Chapter 13 and MTSF Priorities 1 and 6. During 2022/23, 1 184 Military Veterans were verified and captured on the National Military Veterans' Database so as to access benefits.
- **Priority 6: Implementation of the high impact communication and marketing strategy and plan.**

The priority embraces NDP Chapter 13 and MTSF Priorities 1 and 6. During 2022/23, a vigorous partnership with GCIS in raising the profile of Military Veterans, as well as keeping the interest alive and momentum going was experienced.

### 2.3 Strategic Overview of DMV Strategic Plan

The DMV's vision is "a dignified, unified, empowered and self-sufficient military veterans' community, while its mission is 'to facilitate delivery of benefits and coordinate all activities that recognise and entrench the restoration of dignity and appreciation of military veterans to our freedom and nation building.'"

The values are listed as:

- Integrity
- Compassion
- Honesty
- Professionalism
- Commitment and accountability

The Department's Strategic Plan (2020 - 2025) outlines its Vision namely "*A dignified, empowered and self-sufficient Military Veteran's community,*" while its Mission is "*to facilitate delivery and coordinate all activities that recognise and entrench the restoration of dignity and appreciation of the contribution of Military Veterans to our freedom and nation building.*" It further outlines the Service Charter that underpins the delivery of service to military veterans, which emphasises *inter alia* service standards, teamwork, discipline, excellence, ethics, openness and transparency. It lists the legislative and other mandates with the primary source being the Military Veterans Act (No. 18 of 2011). The various planned policy initiatives are also recorded which are in the process of being finalised and/or approved.

### 3. SUMMARY OF PREVIOUS RECOMMENDATIONS OF THE COMMITTEE

Based on its analysis and overview of the 2021/22 DMV Annual Report, the Committee made the following recommendations:

- a. The Committee recommends that the DMV should urgently address the following issues to assist the Department to address its perennial underspending and poor performance:
  - The high rate of vacancies, especially at senior management level.
  - The Internal Audit capacitation and functioning.
  - The appointment of the Audit Committee.
  - The suspension of especially four senior officials.
  - Finalising the DMV database.
- b. The Committee emphasises that the budget is linked to performance targets and thus, if there is poor performance, it has a direct bearing on how effective the Department is. Therefore, the DMV should prioritise addressing the continued poor delivery of benefits.
- c. The Committee recommends quarterly feedback on the progress of the payment of pensions to military veterans, as very clear legitimate expectations were created by the Department in conjunction with the Presidential Task Team on Military Veterans.
- d. It is recommended that the Audit Committee be appointed as a matter of urgency, and the Department should report on progress in this regard at the next meeting of the DMV with the PCODMV.
- e. The Committee recommends that a progress report on the appointment of the Appeal Board and its members be provided at the next meeting, given the importance of this entity to address complaints by military veterans.
- f. The Committee recommends that the Department should seriously engage with its contingent liabilities and assets and the risks that it poses, and not just view it something that are unlikely to come to pass.
- g. The Department should go one step further than just registering military veterans on the Department of Employment and Labour's database, and should actively try and assist them to source employment.
- h. The Committee recommends that municipalities should be approached for assistance in cases where the Verification Panel cannot not locate military veterans, as it is not enough to simply say that they cannot be located when all avenues have not been explored.
- i. The Committee recommends that the Department should provide it with the number of applications by military veterans who were not responded to within the legislated 30 days, at its next meeting.

- j. The Committee recommends that the difference in opinion between the Deputy Minister and the Director-General be resolved as soon as possible to ensure seamless cooperation between the two offices, as well as to enhance the Department's delivery capabilities. The Minister and Deputy Minister are requested to report back the Committee in this regard before the end of 2022.
- k. The Committee wants the Department to present it with more information about the investigations by the Directorate for Priority Crime Investigation (Hawks) and the Special Investigations Unit into allegations of non-compliance with procurement and contract management. This information should be provided in writing no later than 15 December 2022.

#### 4. OVERVIEW AND ASSESSMENT OF THE 2022/23 DMV FINANCIAL PERFORMANCE

##### 4.1 Budget Allocation and Expenditure for 2022/23

During 2022/23, the allocation for Vote 26: Military Veterans in the Estimates of National Expenditure was R666.4 million, which was adjusted upwards to R670.0 million. The Department managed to spend R615.6 million, which is 91.9% of the adjusted allocation. Total expenditure increased significantly compared to 2021/22, when it totalled R515.6 million.

In terms of economic classifications, the DMV spent R124.8 million (20.3%) of its total expenditure on Compensation of Employees. Other noteworthy expenditure items include the following:

- Expenditure on advertising increased from R4.45 million in 2021/22 to R5.59 million in 2022/23.
- Expenditure on catering increased from R587 000 in 2021/22 to R1.95 million in 2022/23.
- Expenditure on Contractors increased from R89.74 million in 2021/22 to R143.94 million in 2022/23.
- Expenditure on property payments decreased from R6.735 million in 2021/22 to only R434 000 in 2022/23.
- Expenditure on Travel and Subsistence increased from R19.2 million in 2021/22 to R44.4 million in 2022/23.
- Transfers to Households increased from R107.6 million in 2021/22 to R135.8 million in 2022/23.

Programme	2021/2022 R'000		2022/2023 R'000		
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure	Variance
<i>Administration</i>	145 892	134 151	153 431	144 902	8 529
<i>Socio-Economic Support</i>	305 254	233 880	362 078	319 170	42 908
<i>Empowerment &amp; Stakeholder Management</i>	156 242	147 564	154 523	151 536	2 987
<b>Total</b>	<b>607 388</b>	<b>515 595</b>	<b>670 032</b>	<b>615 608</b>	<b>54 424</b>

**Table 1: Overview of Budget Allocation and Expenditure for 2022/23**

While the table above reflects expenditure patterns at the end of the financial year, the Committee noted slow expenditure trends throughout 2022/23 through its monitoring of quarterly expenditure. By the end of the Second Quarter, the Department had spent R256.4 million (38.5%) of its main appropriation. This was significantly lower than the projected R288.5 million expenditure that should have totalled 49.0% of the main appropriation at the end of the Second Quarter. In terms of economic classification, the slow spending can be explained by a R58.9 million underspending on Transfers and Subsidies (55% underspending) and R12.6 million on Payments for Capital assets (81.9% underspending). The lower than projected spending on Transfers and Subsidies is mainly because the department has not received invoices from provincial Human Settlements Departments confirming the delivery of the houses, which delays the payment. On the other hand, the DMV recorded higher than planned expenditure on Compensation of Employees (CoE) by R7.5 million (15% overspending) as a result of overtime payments for a higher than planned number of presidential imbizo's.

During the mid-year adjustment period, the DMV allocation was increased marginally from its main appropriation of R666.4 million to an adjusted appropriation of R670.0 million. Despite the slight increase, spending by the DMV during the Third Quarter remained slower than planned. In terms of economic classifications, by the end of the Third Quarter, the lower than projected spending was mainly on Transfers and Subsidies (R40 million), Payments for Capital Assets (R4.1 million), Goods and Services (R1.2 million) as well as Compensation of Employees (R1.1 million). The lower than projected spending on Transfers and Subsidies was mainly due to delays in the implementation of the pension policy by the DMV. There are also significant delays in invoices from the provinces for the construction of houses for military veterans.

## 4.2 DMV Annual Performance per programme

### 4.2.1 Programme 1: Administration

The main purpose of the programme is to provide management and strategic administration support to the Ministry, and overall management of the Department. The Administration programme is divided into six sub-programmes.

In terms of expenditure, under-expenditure was reported in all subprogrammes. Of specific importance is the underspending in the Internal Audit subprogramme, given the qualified audit outcome. In terms of economic classifications, areas of more significant underspending include Computer Services (R2.3 million underspending), Business Consultants (R2.4 million underspending) and Contractors (R5.6 million underspending). Higher than planned spending was recorded on Operating leases (R9.1 million), Fleet services (R2.8 million) and Travel and subsistence (R3.05 million).

Administration Sub-programmes	2022/23			2021/22
	<i>Final Appropriation</i>	<i>Actual expenditure</i>	<i>Variance</i>	<i>Actual expenditure</i>
Management	13 676	12 566	1 110	9 785
Corporate Service	78 727	76 355	2 372	61 183
Financial Administration	20 684	19 267	1 417	19 708
Internal Audit	12 471	10 817	1 654	10 858
Strategic Planning, Policy development and M&E	12 945	12 477	468	14 214
Office Accommodation	14 928	13 420	1 508	18 403
<b>Total: Sub-programmes</b>	<b>153 431</b>	<b>144 902</b>	<b>8 529</b>	<b>134 151</b>

**Table 2: Programme 1 expenditure for 2022/23**

In terms of performance in Programme 1, the DMV set itself six (6) performance indicators to achieve of which it only achieved three (50% performance rate). Non-achieved targets included the following:

- *The DMV aimed to achieve an Unqualified Audit, but received a Qualified Audit Opinion.* The DMV noted that this was due material misstatements of irregular expenditure as a result of insufficient time available to quantify potential irregular expenditure.
- *The DMV paid only 94% of legitimate invoices within 30 days, compared to a target of 100%.* The DMV notes the reason for this being “Due to the lengthy processes taken by branches to validate invoices.”
- *The DMV aimed to have four (4) new IDMS Modules implemented, but only achieved one (1).* The DMV noted that it depends on SITA to deliver the IDMS. SITA committed to deliver the system by 01 April 2023 but this was not fulfilled.

#### 4.2.2 Programme 2: Socio-economic support

Programme 2 is aimed to develop and monitor the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, education, healthcare, public transport, pension and housing benefits to military veterans eligible for such support.

In terms of expenditure for 2022/23, all subprogrammes recorded underspending, with the most significant being in the Socio-economic Support Management subprogramme. In terms of economic classifications, underspending was recorded in terms of Consultants (R2.8 million underspent), Fleet services (R5 million underspent), Operating leases (R1.4 million underspending with no expenditure on this item) and Travel and Subsistence (R4.2 million underspent). There was over-expenditure of R19.1 million in terms of transfers to Households.

<b>Socio- Economic Support Subprogrammes</b>	<b>2022/23</b>			<b>2021/22</b>
	<b>Final Appropriation</b>	<b>Actual expenditure</b>	<b>Variance</b>	<b>Actual expenditure</b>
<b>Database and Benefits Management</b>	28 843	11 512	17 331	8 918
<b>Health care and wellness support</b>	161 871	161 459	412	104 065
<b>Socio economic support management</b>	171 364	146 199	25 165	120 897
<b>Total For Subprogrammes</b>	362 078	319 170	42 908	233 880

**Table 3: Programme 2 expenditure for 2022/23**

In terms of performance in Programme 2, the DMV set itself nine (9) performance indicators to achieve of which it only achieved three (33% performance rate). Non-achieved targets included the following:

- *595 Non-Statutory Forces were verified against a target of 1 440.* The DMV noted that Panel sitting did not take place as envisaged.
- *222 Veterans were approved for access to newly built houses against a target of 355.* The DMV claims there was a misalignment of administrative processes between Provincial Departments of Human Settlement and DMV for those who qualify for the benefit. However, the AGSA notes that the audit evidence did not support this achievement. The AGSA could not determine the actual achievement, but it is estimated to be materially less than reported. *Members may note that while 222 veterans were 'approved' for access, only 90 new houses were actually built for veterans in 2022/23.*
- *The Strategy on subsidised public transport was not approved because of continuing engagements with stakeholders due to the complexity of the benefit.*
- *Only eight (8) Military Veterans were approved to access mortgage bond subsidy against a target of 20.* The DMV notes that most military veterans do not qualify.

#### 4.2.3 Programme 3: Empowerment and stakeholder management

Programme 3 is aimed at managing and facilitating the implementation of Military Veterans' empowerment and stakeholder management programmes. In terms of expenditure there was over-expenditure of R12.2 million on the Empowerment and Skills Development subprogramme. In terms of economic classifications, under-expenditure was recorded in, among others, Advertising (R3.0 million), Outsourced Services (R4.6 million), consumable Supplies (R4.4 million) and Travel and Subsistence (R11.6 million). Over-expenditure was recorded in terms of Inventory (R32.7 million) and Administrative Fees (R1.1 million).

In terms of performance in Programme 3, the DMV set itself seven (7) performance indicators to achieve of which it only achieved two (29% performance rate). Non-achieved targets included the following:

- *73% of Burial Claims were paid within 30 days against a target of 100%.* The DMV noted that finance systems glitches affected the delivery of this benefit.
- *Only 915 skills development opportunities were offered against a target of 3 500.* The DMV notes capacity and travel challenges due to the Department not having a travel agency.
- *105 Military Veterans businesses were provided with access to business facilitation programmes against a target of 110.* The DMV notes capacity and travel challenges due to the department not having a travel agency.
- *No Military Veterans were provided with access to employment placement opportunities.* The DMV cite capacity constraints as the reason.
- *There were no Military Veterans memorial sites facilitated.* The DMV states that it relies on the Department of Sport, Arts and Culture to provide this benefit.

<b>Empowerment and Stakeholder Management Subprogrammes</b>	<b>2022/23</b>			<b>2021/22</b>
	<i>Final Appropriation</i>	<i>Actual expenditure</i>	<i>Variance</i>	<i>Actual expenditure</i>
<b>Provincial Office and Stakeholders Relation</b>	56 057	47 660	8 379	32 399
<b>Empowerment and Skills Development</b>	67 602	79 782	(12 180)	95 251
<b>Heritage, Memorial, Burial and Honours</b>	30 864	24 094	6 770	19 914
<b>Total For Subprogrammes</b>	154 523	151 536	2 987	147 564

**Table 4: Programme 3 expenditure for 2022/23**

## **5. FINANCIAL MANAGEMENT AND THE AUDITOR-GENERAL'S REPORT**

### **5.1 Unauthorised, fruitless and wasteful, and irregular expenditure**

Irregular expenditure, according to the DMV, amounted to R86.986 million for 2022/23, bringing the closing balance for irregular expenditure, at the end of 2022/23, to R243.146 million. Crucially, the Annual Report indicates that no irregular expenditure was recovered during the 2022/23 financial year. However, it must be noted that the AGSA stated that "The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. Consequently, I [the AGSA] was unable to determine the full extent of the understatement of irregular expenditure."

Fruitless and wasteful expenditure was not recorded for 2022/23. The DMV states in its Annual Report that "due to administrative challenges in the department, it was not possible to identify and quantify fruitless and wasteful expenditure during the 2022/23 financial year." However, the AGSA notes that "the majority of the fruitless and wasteful expenditure was caused by duplicate payments made for education support."

There was no unauthorised expenditure to report during the 2022/23 financial year

### **5.2 Auditor-General of South Africa (AGSA) Report**

The DMV received a qualified audit opinion from the Auditor-General for 2022/23. The basis for the qualified audit opinion and other findings by the AGSA include the following:

- *Payables exceed voted funds to be surrendered.* R95.2 million exceeded the payment term of 30 days, as required by Treasury Regulation 8.2.3. This amount, in turn, exceeded the R54.4 million of voted funds to be surrendered by R40.8 million as per the statement of financial performance. Therefore, the amount of R40.8 million would have constituted unauthorised expenditure had it been paid in time.

- *Socio-economic Support performance.* In terms of Housing provided, an achievement of 222 was reported against a target of 355. However, the audit evidence did not support this achievement. The AGSA could not determine the actual achievement, but it is estimated to be materially less than reported.
- *Annual financial statements, performance and annual report.* Financial statements were not submitted for auditing within the prescribed timeframe after the end of financial year, as required by section 40(1)(c)(i) of the PFMA. Furthermore, the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required.
- *Consequence management.* The AGSA did not find evidence of effective steps taken against employees involved in irregular expenditure, nor fruitless and wasteful expenditure.
- *Procurement.* Some of the goods and services of a transaction value of R2 000 but not exceeding R1.0 million were procured without following quotation process, as required by treasury regulation.

## 6. HUMAN RESOURCES

The number of posts on the establishment of the DMV is 169. The total number of posts filled as at 31st March 2023 was 125, which is lower than the 128 at the end of the previous financial year. A total number of 44 posts were additional to the fixed establishment as at the 31 March 2023. The Department has maintained a vacancy rate of 26% by the end of the reporting period (compared to 24% at the end of the previous financial year).

*There is, however, a misprint in the 2023 Annual Report, as in the Table below, where the number of additional employees to the establishment should total 46 and not 44 as per the total reflected.*

Programme	No of posts approved	No of posts filled	Vacancy rate	No of additional employees to establishment
Administration	103	74	28%	26
Socio-economic Support	20	13	35%	16
Empowerment and Stakeholder management	46	38	17%	4
Total	169	125	26%	44 (total incorrectly calculated in Annual Report; should reflect as 46)

**Table 5: DMV Human Resources per programme**

Additional matters of interest in terms of Human Resources in 2022/23:

- *Filling of vacancies.* The Department advertised the SMS vacant posts during 2020/21 and these posts were not filled during that period. The posts were re-advertised during 2022/23, with a view of being filled during 2023/24. Reasons for these posts not being filled in time put forward by the DMV include (1) a lack of support from other employees as panel members and (2) delays caused by administration challenges between the department and external stakeholders.
- *Employment equity.* Of the 172 personnel members active at the DMV, 97% are African, thus making the Department not broadly representative of the South African populace. The Department includes two employees with disabilities.
- *Disciplinary Action.* The DMV Annual Report does not reflect on any disciplinary action taken during the year. Three disciplinary hearings that rolled over from the previous year were finalised in 2022/23, resulting in two written warnings and one dismissal.
- *Signing of a performance agreement.* Only 82% of the senior management staff signed their performance agreements. While some personnel were on suspension, others did not sign despite reminders by the Department.



- *Precautionary suspensions.* Currently there are eight (8) staff members on suspension, of which four (4) who have been suspended for more than 30 days. The average number of days suspended is 365 and the cost to the Department currently is R3.779 million.

## 7. COMMITTEE OBSERVATIONS: DEPARTMENT OF MILITARY VETERANS

During deliberations on the 2022/23 DMV Annual Report, the Committee made the following observations:

- The Committee has noted the continuous decline in the performance levels of the Department to 36% in 2022/23. The Committee further highlighted the fact that the low level of performance does not reconcile with the high level of expenditure of 92% against the Department's budget allocation for the year.
- The Committee expressed its dissatisfaction with the DMV's non-implementation of the access to employment facilitation benefit in 2022/23. Members noted the observation from the Department that a lack of staff in this area impacts on the provision of the benefit, but that some progress has been made in 2023/24 through engagement with PRASA and Armscor, among others.
- Members questioned why the South African National Military Veterans Association (SANMVA) is not currently constituted, but noted that they have been instructed to go to conference and will be assisted by the DMV. The Committee was also informed that the SANMVA term ended in 2018, but it was decided to extend the term and the process to hold a new elective conference is underway. The target for having completed this conference was set for September 2023, but was missed, partly due to the difficulty in the DMV not having a travel agent and therefore not being able to provide effective logistical support.
- The Committee again expressed its concern around the high level of vacancies at the DMV, especially at senior level, as this impacts on the management of the Department. In addition, Members expressed concern about the high rate of resignations from the DMV.
- The Committee noted that the pension benefit was not implemented in 2022/23, but welcomed the fact that this has since been finalised and the roll-out commenced. Members did, however, note the low number of veterans that received payment and that several who do not qualify applied for the benefit, suggesting better information and education about the benefit is required.
- The Committee observed that there has been an increase in applications to be included in the military veterans' database since the announcement of the pension benefit. Members further observed that the verification process for non-statutory forces has not resumed yet and that the DMV is working on the backlog in this regard.
- The Committee questioned why the Loss Control Committee became defunct and now needs to be re-established, as this points to poor management in the DMV.
- Members questioned whether there has been any effective interaction between the DMV and the Department of Sports, Arts and Culture on military veterans' heritage and memorialisation.
- Members requested clarity on the housing benefit and what the DMV offers. It was noted that the DMV provides an additional R78 000 to the Department of Housing benefit to increase the footprint of houses provided to veterans.
- The Committee requested clarity on the status of suspended personnel and progress in relation to investigations and disciplinary action. The Committee was informed that the Minister uplifted the suspensions as they were precautionary in nature. The Ministry is reviewing whether there is any performance improvement upon the return of senior managers.
- The Committee requested clarity on performance contracts signed by senior DMV personnel and how these relate to the performance contract signed by the Minister of Defence and Military Veterans as directed by the President. Furthermore, the Committee expressed concern that in 2022/23, only 82% of the senior management staff signed their performance agreements.
- The Committee noted that the internal audit subprogramme spent R10.8 million of its allocated R12.4 million in 2022/23, yet the Audit Committee was not constituted for most of the year. The Department indicated that R3.5 million was paid as salaries to the Acting CFO and other staff paid from this environment (four personnel). The balance was paid for services to the AGSA, other permits and the Chair of the Risk Committee (external).
- Members noted higher than planned expenditure on travel and subsistence, but noted information from the DMV that this relates to outstanding bills for travel and subsistence in the previous year. The Committee also noted higher than planned spending on Operating Leases and Fleet services in Programme 1.
- Members noted observations from the DMV that it is not currently spending on SANMVA in terms of salaries or accommodation.
- The Committee expressed concern that the Audit Action Plan of the DMV remains a work in progress.

## 8. COMMITTEE RECOMMENDATIONS

Based on its analysis and overview of the 2022/23 DMV Annual Report, the Committee makes the following recommendations:

- a. The Minister and DMV should resubmit the Annual Report to Parliament and correct the editorial mistakes, including incorrect page references throughout the document as it relates to the AGSA's report and the repeat of page 15 at the end of the document. The corrected version submitted to Parliament should also include consultation with the AGSA on the responses to its audit report. When submitted to Parliament, the PCDMV should also be provided with a letter indicating, in detail, all the subsequent changes made in comparison to the Annual Report submitted to Parliament on 30 October 2023.
- b. The DMV should submit to the Committee, in writing, a breakdown of the number of military veterans paid in terms of the pension benefit per month since the inception of payments in 2023 until the end of 2023. The information should be provided by 31 January 2024.
- c. The Minister and the DMV are encouraged to finalise the filling of critical vacancies as a matter of urgency. The Committee also notes that this has been an ongoing concern for Parliament as captured in a number of previous reports and recommendations. A written update of the vacancy levels should be provided to the Committee by 31 January 2024.
- d. The Committee considers the access to employment facilitation benefit as crucial to uplifting deserving military veterans and encourages the DMV to enhance efforts to improve this benefit. Clear measures to improve on this benefit should be visible in the 2024/25 Annual Performance Plan.
- e. The DMV is encouraged to work on the high rate of resignations from the Department and ensure better retention of skilled staff as well as ensuring an institutional culture conducive to retaining staff. The DMV should also implement awards ordered by the courts in an effort to improve staff retention.
- f. The Committee noted that, in terms of operating leases, funds were not paid to the DOD for providing security services. The DMV should provide the Committee with a written breakdown of all funds paid to the DOD in 2022/23 and indicate all outstanding funds yet to be paid by the DMV to the DOD up to 31 December 2023. The information should be provided by 31 January 2024.
- g. The Committee expresses its frustration at the non-conclusion of the SANMVA conference. The Committee notes that this Conference was already promised in the 2019/20 Annual Report of the DMV and yet, by November 2023, this has not been concluded. The Committee urges the Minister to assist in having this process finalised as a matter of urgency.
- h. The Committee noted with concern that some senior managers have not signed their performance agreements in 2022/23 and that this is still not in place by November 2023. The DMV should provide written feedback to the Committee on when senior managers signed their performance agreements and the consequence management implemented in each case for non-signing or late signing of such agreements. The information should be provided by 31 January 2024.
- i. The DMV should provide the Committee with a written explanation of the outsourcing of the internal audit function in 2022/23 and the first six months of 2023/24, including (a) how much was spent, (2) who the appointed entity was, (3) the process of appointing this entity, and (3) a copy of the terms of reference provided to the service provider. The information should be provided by 31 January 2024.
- j. The DMV is urged to speed up the process of finalising the Audit Action Plan, including consultation with the AGSA. The DMV should provide the Committee with written feedback on the finalisation of this Audit Action Plan by 31 January 2023, including target dates to address audit queries.

***Report to be considered.***