**3.    BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR) OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION AS WELL AS PERFORMANCE MONITORING AND EVALUATION ON THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION (DPSA), PUBLIC SERVICE COMMISSION (PSC), NATIONAL SCHOOL OF GOVERNMENT (NSG) AND THE CENTRE FOR PUBLIC SERVICE INNOVATION (CPSI)**

**DATED 17 OCTOBER 2018**

1. **BACKGROUND**

The Portfolio Committee on Public Service as well as Planning, Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly, which is in line with Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 to consider and report on the Annual Reports of the Department of Public Service and Administration, and its entities and Public Service Commission (independent body), reports as follows:

1. **INTRODUCTION**

Parliament derives its mandate from the Constitution of the Republic of South Africa. The strategic objectives of the Portfolio Committee are informed by five strategic goals of Parliament. The functions of the Portfolio Committee on Public Service and Administration as well as Monitoring and Evaluation are as follows:

* Participating and providing strategic direction in the development of the legislation and thereafter passing the laws;
* Conducting oversight over the Executive to ensure accountability to the Parliament towards achieving an effective, efficient, developmental and professional public service;
* Conducting public participation and engaging citizens regularly, with the aim to strengthen service delivery; oversee and review all matters of public interest relating to the public sector;
* Monitoring the financial and non-financial aspects of departments and its entities and ensuring regular reporting to the Committee, within the scope of accountability and transparency;
* Supporting and ensuring implementation of the Public Service Commission (PSC) recommendations in the entire public service
* Participating in international treaties which impact on the work of the Committee.

1. **PURPOSE OF THE BUDGETARY REVIEW AND RECOMMENDATIONS REPORT**

In terms of Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009 the National Assembly, through its Committees, must annually compile Budgetary Review and Recommendations reports (BRRR) that assesses service delivery and financial performance of departments and may make recommendations on forward use of resources. The BRRR is also a source document for the Committees on Appropriations when considering and making recommendations on the Medium Term.

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

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

**3.1** **Method**

The Portfolio Committee on Public Service and Administration as well as Monitoring and Evaluation compiled the 2017/18 BRRR using the following documents:

* The National Development Plan: Vision for 2030.
* Medium Term Strategic Framework 2015 - 2020.
* State of the Nation Address 2017.
* Strategic Plans of the PSC, the Department and its entities.
* National Treasury (2018) 4th Quarter Expenditure 2017/18 Financial Year.
* Annual Performance Plans of the PSC, the Department and its entities.
* Annual Reports 2017/18 of the PSC, the Department and its entities
* Auditor-General South Africa’s outcomes of audit findings 2017/18.
* The Portfolio Committee also met with the leadership of the PSC, the Department and the entities under this budget vote.

1. **NATIONAL DEVELOPMENT PLAN VISION 2030**

The Department of Public Service and Administration is required to implement and coordinate interventions aimed at achieving an efficient, effective and development oriented public service, which is an essential element of a capable and developmental state as envisioned in the National Development Plan (NDP) 2030. In relation to the National Development Plan 2030, the Department has the following strategic priorities:

* Measures to advance women’s equality.
* Graduate recruitment scheme for the public service to attract highly skilled people.
* Realising a developmental, capable and ethical state to ensure a dignified treatment of citizens.
* Addressing unevenness in state capacity to deal with uneven performance in local, provincial and national government.
* Professionalisation of the public service in order to:
* Put in place the Administrative Head of the Public Service.
* Introduce a hybrid system for the appointment of Heads of Department (HoDs).
* Establish delegations of authority and principles on human resource matters.
* Address the shortage of scarce skills.
* Solve skills shortage at technical and managerial levels.
* Improve intergovernmental relations.
* Fight and eliminate corruption in the public service.
* Foster leadership and inculcate responsibility throughout society.
* Put responsibility for human resource matters on the shoulders of the HoDs.

1. **MANDATE OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

The mandate of the Department of Public Service and Administration is derived from Section 195(1) of the Constitution to implement basic values and principles that the public service should adhere to, and the Public Service Act (PSA) of 1994, as amended. In terms of the PSA, the Minister for the Public Service and Administration is responsible for establishing norms and standards relating to:

1. The functions of the public service,
2. Organisational structures and establishment of departments and other organisational and governance arrangements in the public service,
3. Labour relations, conditions of service and other employment practices for employees,
4. The Health and wellness of employees,
5. Information management,
6. Electronic government in the public service,
7. Integrity, ethics, conduct and anti-corruption; and
8. Transformation, reform, innovation and any other matter to improve the effectiveness and efficiency of the public service and its service delivery to the public.

5.1 Strategic Goals

The priorities for the Department of Public Service and Administration over the medium term period are informed by the National Development Plan objectives, which are therefore translated into the Medium Term Strategic Framework (MTSF) 2015-2020. The Department highlighted the following priorities to the Portfolio Committee:

1. **A stable political-administrative interface**

Promoting stability of leadership in the top levels of bureaucracy which is central to building a capable and developmental state by introducing clear delegations, effectively managing the political-administrative interface, improving public confidence in the process and quality of appointments.

1. **A public service that is a career of choice**

Promoting the public service as a career of choice by adopting a more long term approach to developing the skills and professional ethos that underpin a development oriented public service, recruiting young professional into the public service, ensuring that the work environment is conducive for learning to take place on the job and by adhering to the Constitutional principles that guide personnel practices.

1. **Efficient and effective management and operations systems**

Improving management and operations systems to challenges frontline staff face in delivering quality services to citizens by clarifying responsibilities, introducing efficient and effective work processes, including IT systems that are tailored to specific areas of service delivery and by delegating greater authority to resolve day-to-day problems.

1. **Increased responsiveness of public servants and accountability to citizens**

Improving accountability as set out in the Batho Pele Principles and the Public Service Charter by strengthening accountability to citizens, particularly at the point of delivery, increasing the responsiveness of public servants to the views and concern raised by citizens and other service user and by developing the capacity to monitor the quality of service provision and effecting the required improvements.

1. **Improved mechanisms to promote ethical behaviour in the public**

Improving confidence in the integrity of the public service through strengthening the fight against corruption by effecting amendments to the relevant codes of legislation in order to limit the scope for conflicts of interest, preventing public servants from doing business with the state and by building the capacity of departments to investigate issues relating to ethics, integrity and implement disciplinary actions on cases where there is a possible or actual conflict of interest.

1. **DEPARTMENT AND ENTITIES’ PROGRAMME PERFORMANCE**
   1. **DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

**6.1.1    Budget Allocated and Expenditure 2017/18**

The Department of Public Service and Administration had in 2017/18 financial year received an appropriation of R877.1 million, which was an increment as compared to R779.8 million in 2016/17 financial year. The actual expenditure was R856.9 million of the allocated budget, leaving funds unspent to the tune of R20.3 million in 2017/18 financial year.

Transfers and Subsidies account for R498.1 million of the available budget and of this amount the Department had transferred R498.1 million, or 101.9 per cent, mainly to departmental agencies and accounts. This means the Department had an available budget of R452.5 million for operations. Of this, the Department spent R436.6 million, or 96.5 per cent, the majority of which has been used on compensation of employees and goods and services.

The Department spent R763.3 million of its R779.8 million to the end of the 2016/17 financial year, leaving funds unspent to the tune of R16.6 million. During the 2016/17 financial year, the Department had achieved 89% of its planned targets. This is mainly due to funded vacant positions.  The Department reported a monthly average vacancy rate of 12 per cent throughout the year.

**Appropriation per programme (R’000)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme R’000** | **Final appropriation** | **Expenditure** | **Variance** | **% spent on Budget** |
| **Administration** | 233 700 | 222 877 | 10 823 | 95.4% |
| **Policy Development, Research and Analysis** | 29 964 | 26 275 | 1 272 | 87.7% |
| **Labour Relations  and Human Resource Management** | 66 323 | 64 685 | 1 638 | 97.5% |
| **Government Chief Information Officer** | 17 145 | 16 495 | 650 | 96.2% |
| **Service Delivery Support** | 49 408 | 47 950 | 1 458 | 97.5% |
| **Governance of Public Administration** | 44 584 | 42 585 | 1 999 | 92.5% |
| **Total (DPSA)** | **441 124** | **420 867** | **20 257** | **95%** |
| **Centre for Public Service Innovation** | 34 055 | 34 055 | - | 100.0% |
| **National School of Government** | 153 906 | 153 906 | - | 100.0% |
| **Public Service Commission** | 248 059 | 248 059 | - | 100.0% |
| **Total (Transfers)** | **436 020** | **436 020** | **-** | **100.0%** |
| **OVERALL TOTAL** | **877 144** | **856 887** | **20 257** | **97.7%** |

**6.1.2 Programme Performance**

**(a) Programme 1: Administration**

The purpose of the programme is to manage overall strategic and operational functions of the Department which include policy direction; strategic leadership; coordination and facilitation of multilateral and bilateral programmes; integrated planning and programme support; provisioning of financial and human resource management services; security and facilities management; communication and ICT management; coordination of the provisioning of internal legal advice services, as well as , and audit and risk management oversight.

The programme was allocated a final appropriation of R233.700 million and spent R222 877 million, which is estimated at 95.4%. The Department has achieved all seven (7) planned targets. It is worth noting that the Department of Public Service and Administration has received an unqualified audit in the 2017/18 financial year. The Department is leading by example in terms of compliance with legislation in the public service, more particularly the Treasury Regulations and the Public Finance Management Act.

In 2016/17 financial year, the Department had reported that a draft second phase of the Public Administration Management Regulations were submitted to the Minister for approval in March 2017. The PAM regulations were published for the consultations with various stakeholders. In 2017/18 financial year, the Department held a consultation on the second phase of the Public Administration Management Regulations with the National Treasury and South African Local Government Association in March 2018. Moreover, the Department complied with submission of the quarterly performance reports to the National Treasury, Department of Planning Monitoring and Evaluation and the Portfolio Committee.

**(b) Programme 2: Policy, Research and Analysis**

The purpose of this programme is to research, analyse, monitor and evaluate the formulation, development and review of policies and policy reform through a cogent policy and research agenda and strategy for public administration discourse and reforms, based on both national and international trends, using capacity and functionality assessments; providing Public Service productivity measurement instruments; investigating appropriate and alternative pubic administration delivery models through knowledge management and best practices; managing and evaluating transformation programmes; in order to enhance access to public services through feasibility and continuity studies.

Programme 2 was allocated a budget of R29 967 million and spent R26 275 million, which is an estimated 87.7%. The Department had achieved five (5) planned targets. Of total targets, department achieved four (4) targets and one (1) not achieved. The programme contributes to the National Development Plan objectives of an efficient, capable and productive public service; and building a capable public service.

The Public Administration Management Act (PAMA) was signed into law by the President in 2014. The Act seeks to provide a legal framework across the three spheres of government for bringing some degrees of uniformity in the public administration pillars, transversal institutions, Human Resource, Information Communication Technology and systems. Regulation are drafted which will bring into effect the Act. To give effect to PAM Act, the Department held consultations on draft Strategic Framework for Norms and Standards which inform the structure, governance and functioning of the Office of Standards with the national and provincial departments.

A working paper for consultation on the establishment of a strategic centre to drive public administration functionality that supports strategic state capability was signed in March 2018. Furthermore, the Department is in process of drafting a concept document informing the drafting of the White Paper for Public Administration Transformation and Modernisation which is linked to the social vision of the NDP and provisions of PAMA, 2014 to be approved in 2018/19 financial year. Productivity is key in delivery of quality services. The final Productivity Measurement Tool was submitted for the approval to the Ministry of Public Service and Administration. The Department had in the year under review conducted workshops on the re-designed and refined Public Administration Organisational Functionality Assessments (OFA) tool with national and provincial departments.

**(c) Programme 3: Labour Relations and Human Resource Management**

The purpose of the programme is to develop, implement and monitor human resources policies and functions, by managing labour relations negotiations, employee relations, discipline and work environment management, designing remuneration and job grading policy frameworks; as well as, support the implementation of human resource development and planning strategies, systems and practices. The programme was allocated a final appropriation of R66 323 million and spent R64 685 million, which is an estimated 97.5%. There was variance of R1 638 million.  The programme had eight (8) targets, of which five (5) were achieved and only three (3) were not achieved.

A public service that is career of choice is among the objectives of the National Development Plan (NDP). The NDP proposes a number of interventions aimed at ensuring public service becomes a career of choice, that attracts and retains appropriate skills and expertise necessary to deliver on the goals and mandate of government. The Department is responsible to monitor and report on the average percentage of funded vacant posts on PERSAL against 10% or less. The Department submitted report to the Minister on the average percentage of funded vacant posts on Personnel and Salary Administration System (PERSAL). Based on the information on the PERSAL, the vacancy rate in the public sector was at 9.98% by March 2017.

The Department had revised the Performance Management Development System for Heads of Departments (HODs) and issued Directive on the revised PMDS for members of the SMS in February 2018. The Department had revised and prescribed the dates for entering into performance contracting, reviews, assessments and evaluations in the public service. The Department provided policy support and guidance to the national and provincial departments on the revised Senior Management Service PMDS.

The Department drafted Model for the Public Service Graduate Recruitment Scheme in the 2016/17 financial year. In the 2017/18 financial year, the Department submitted the Graduate Recruitment Scheme to the Minister for the approval, but there was a delay in granting the approval.

In terms of 2015/2020 Medium Term Strategic Framework (MTSF) a total of 100 000 youths have to be appointed into Learnership, Internship, and Artisan programmes by 2019. The Department has worked closely with departments to ensure that a target of 20 000  is met. Circulars clarifying the targets, scope and funding sources, applicable legislation and implementation mechanisms were also issued. The Department conducted Human Resource Development Forum workshops with national and provincial departments to support the appointment of youths into learnership, internship and apprenticeship programmes.  As of March 2018, the Department was unable to achieve the target due to lack of human capacity to gather, capture and validate data from departments and this impacted on the non-submission.

The Department is also responsible to monitor the average number of days taken to resolve disciplinary cases by all national and provincial departments. The Department did not achieve this critical target over the consecutive years due to late submission of reports by the departments for 2017/18 on the average number of days taken to resolve disciplinary cases. As part of monitoring the reports on the implementation by departments of the Public Service Co-ordinating Bargaining Council (PSCBC) resolutions, the Department planned to develop proposals for the next round of negotiations and the target was achieved.

Government and Organised Labour concluded a collective agreement in 2015, signed at the PSCBC, to establish a Government Employee Housing Scheme (GEHS). According to clause 4.1.3 of the Resolutions7 of 2015 the employer is responsible to operate, administer and manage the GEHS with consideration of Labour as a key partner in the governance of the Scheme. The Department has on an interim measure, established a Project Management Office for the GEHS.  Progress on the implementation of the services of the GEHS as at March 2016 is as follows: Housing Allowance Administration

* A housing allowance of R1200 per month to qualifying employees to assist them towards accommodation.
* R300 of the housing allowance for Tenants will be saved in the GEHS Saving facility in order to assist employees accumulate a deposit required for buying houses

In 2016/17 financial year, 527 038 employees had enrolled to receive the new GEHS housing allowance and 417 338 employees who do not own houses (i.e. tenants) have a portion of their housing allowance diverted and accumulated into a saving facility. To date, nearly R2 4 billion has been accumulated by employees.  In 2017/18 financial year, the Department submitted four (4) quarterly reports on the implementation of the GEHS to the Minister. The Department identified departments to be supported in the development of targeted assessment mechanisms, particularly in areas where specific technical or policy skills are required. Six departments were approached to support with modalities.

**(d) Programme 4: Government’s Chief Information Officer**

The purpose of this programme is to promote and manage the use of ICT’s as a strategic tool in the design and delivery of citizen-centred services within government, by coordinating and consolidating public service ICT policies, strategies, costs, risk assessments, as well as ICT Governance matters.

The programme was allocated a final appropriation of R 17 145 million and spent R16 495 million. All four (4) planned targets had been achieved. The Department compiled four quarterly progress reports on the implementation of the five prioritised e-Enablement Services. In addition, ICT project implementation standards were developed under this programme. The Department submitted report to the Minister on the improvements made by departments in reducing the cost related to IT procurement within the public service.

In order to reduce high costs of procuring ICT products and services, the Department had developed Policy Guidelines on Leveraging government’s ICT buying muscle aimed at enabling government to procure ICT products and services at more competitive and cost effective prices by using the collective purchasing power of departments and public bodies, at the same time promoting competitive bidding. In 2016/17 financial year, the ICT security guidelines were not issued and the Department conducted three quarterly workshop to support all national and provincial departments on the Guidelines. However, in the 2017/18 financial year, the Department submitted a report on the implementation of the ICT security policies by national and provincial departments to the Minister.

**(e) Programme 5: Service Delivery Support**

The purpose of this programme is to manage and facilitate the improvement of service delivery in government by supporting and monitoring Operations Management and Service Delivery Planning; Frontline service delivery, including Service centre oversight; integrated citizen participation through African Peer Review Mechanism (APRM), the Open Government Partnership (OGP), as well as the implementation of community development programme. The programme was allocated a final appropriation of R49.408 million and spent R47 950 million, which is an estimated as 97.4%. Targets were 100% achieved.

The Department was required to provide technical support through workshops to prioritised departments in the mapping of business process and development of Standard Operating Procedures. Three (3) priority departments are International Relations and Cooperation, Environmental Affairs and National School of Government. The Department reported on the improvements in the turnaround times of departments with mapped business processes.

During the 2017/18 financial year, the Department had provided support to approximately 70 national and provincial departments to improve the quality and implementation of the Service Delivery Improvement Plans.  There is concern about the 15 out of 161 (9%) departments that could not submit their SDIPs in the 2015/18 cycle despite the support that has been provided over the past 5 years. The overall quality of the SDIPs developed by departments has improved from 19% in the 2012/15 SDIP cycle to 62% in the 2015/18 SDIP cycle. The quality of the SDIPs developed by departments in 2017/18 financial year deteriorated to 17 as compared to 71 in the 2016/17 and 65 in the 2015/16 financial years.

The Department supported four (4) departments to develop standards for Batho Pele Principles, namely, the departments of Basic Education, Human Settlements, Free State Office of the Premier and Military Veterans. In 2013, government had signed the Public Service Charter with Organised Labour Unions. As part of implementing the Charter, the Department coordinated and monitored the implementation of the Public Service Charter through capacity building workshops held in various national and provincial departments.

**(f) Programme 6: Governance for Public Administration**

The Department drives this programme to manage and develop policies, strategies and programmes on Public Service ethics, integrity and leadership; intergovernmental relations; macro organization of the state, including organisational design; strategic planning frameworks; as well as, monitor government intervention programmes and Human Resource information systems. The programme was allocated a final appropriation of R44 584 million and spent R42 585 million, which is estimated at 92.5%. There was a variance of R1.9 million. The Department had under this programme achieved seven (7) planned targets and one (1) not achieved.

The Minister for Public Service and Administration issued a Directive on Public Administration and Management Delegations in August 2014. The directive on standardized delegation principles and templates was issued and workshops were held nationally and provincially. In 2016/17 financial year, the Minister approved the Guidelines to clarify administrative roles and responsibilities when developing operational policy. A circular was issued to the national and provincial departments in February 2017. In April 2017, the Department submitted a monitoring report on improved adherence by national and provincial departments on the Directive on Public Administration and Management Delegations as measured by the Management Performance Assessment Tool.

The Department submitted a report on the implementation of the guideline on mentoring and peer support mechanism for senior managers by the departments to the Director-General. A report on the lessons learnt from the pilots was submitted to the Minister. The Department is expected to monitor the implementation of the competency assessments practice for the senior management services. The Department is responsible for producing annual statistical fact sheets on the average time spent by the HODs in a post. The fact sheet on the average time spent by the HODs in a post was submitted to the Minister. The Department had supported 14 national and 4 provincial departments to strengthen their internal Human Resources Capacity.

Chapter 3 of the Public Service Regulations provides for the revised and electronic submission of disclosure of financial interests, which had been revised. A revised determination was drafted to address conflict of interest arising from public servants doing business with the State. The Public Service Regulations have been amended to prohibit public servants from doing business with the State, and have been aligned with the Public Administration Management Act.

In 2017/18 financial year, the Department submitted a report on the implementation of electronic disclosure of financial interests (e-Disclosure System) by designated employees to the Minister. Furthermore, a report on the implementation of the Directive on Other Remuneration Work was submitted to the Director-General. The amendment of the Protected Disclosure Act created a need to strengthen the protection of Public Servants reporting on corruption an unethical conduct. To give effect to regulations 13 (e) and 14 (g) the Regulations 2016, the Department drafted a framework for the management of Protected Disclosure for Public Service employees. Consultations on the draft framework will commence during 2018/19 financial year.

1. **THE PUBLIC SERVICE COMMISSION (PSC)**

The PSC derives its mandate from Sections 195 and 196 of the Constitution, 1996. Section 195 sets out the values and principles governing public administration, which should be promoted by the PSC, as well as powers and functions. The PSC is required by the Constitution to exercise its powers and to perform its functions without fear, favour or prejudice. The Constitution links the PSC’s independence firmly with its impartiality and no organ of state may interfere with the functioning of the PSC. The Public Service Commission gets its budget through a transfer from the budget vote of the Department of Public Service and Administration.

The budget allocated for 2017/18 financial year was R248 059 million and all monies were spent, which is an estimated of 100%.

1. **Programme Performance**
2. **Programme 1: Administration**

The main aim of this sub-programme is to provide overall management of the PSC and its Office. The activities of this sub-programme are structured to meet the following objectives: assisting the Head of Department with the delivery of functions and responsibilities assigned by either legislation, providing strategic support and administrative services, providing continuous and adequate support service to the PSC and its Office towards achieving its strategic and operational objectives.

The programme was allocated a budget of R125.6 million and spent R125.6 million, which was an estimated 100% expenditure. Financial constraints impacted on the programme’s ability to renew the IT licences. The PSC management took a decision not to include unfunded projects on the Annual Performance Plan. The PSC continues to promote sound cooperate governance in order to strengthen financial management. As part of implementing the cost containment measures, the PSC installed video-conferencing facilities at national and provincial offices, which decreased travelling expenditure.

An internal newsletter titled Mafhungo was published on a monthly basis as well as a quarterly publication called Izwi lase OPSC, which covered internal events and activities. In profiling the work of the PSC, during the year under review, the PSC used various tools to increase its visibility. Quarterly media briefings based on the PSC’s operations titled, the Pulse of the Public Service, were held, resulting in the PSC reviewing extensive media coverage. Vacancy rate was maintained below 10% and six posts were abolished in order to reduce the compensation of employee’s budget. The PSC will strive to ensure 50% of women are employed at SMS level and 2% of people with disabilities.

1. **Programme 2: Leadership and Management Practices**

The purpose of the Programme is to promote sound public service leadership, human resource management, labour relations and labour practices. The budget allocated for the programme was R39.3 million and the programme spent R38.9 million. All planned targets were achieved.

Labour relations management forms an integral part of management in a labour intense organisation such as the Public Service.  The PSC is mandate in terms of Section 196 (f) (ii) of the Constitution to investigate grievances of employees in the Public Service. The concluded 559 (85.5%) of the 654 grievance cases were registered on its database. Of the 559 concluded grievance cases, 461 (82%) were concluded within the prescribed timeframes of the Grievance Rules, that is 30 days for levels 1-12 and 45 days for the SMS from date of receipt of the cases. The PSC is committed to reducing the percentage of cases that remain pending by the end of the financial year through the implementation of an electronic grievance management system that will enhance monitoring processes.

The Constitution further mandates the PSC to monitor and evaluate personnel practices in the public service. In order to contribute towards effective performance in the public service, the PSC engages with the Executive Authority, Heads of Department and various other stakeholders on key topical issues, monitors human resource practices and priorities strategic research projects in order to address challenges and best practices that can be replicated in the public service.

1. **Programme 3**: **Monitoring and Evaluation**

The programme is responsible for establishing a high standard of service delivery, monitoring and good governance in the Public Service. There are two sub-programmes under the programme, which are Governance Monitoring and Service Delivery and Compliance Evaluations. The budget allocated to the programme was R33.9 million and the expenditure was R33.8 million. A total of 100% of the targets were achieved.

Section 196 (4) (e) of the Constitution requires the PSC to provide an evaluation of the extent to which the values and principles set out in Section 195 are complied with. These evaluations are meant to go beyond compliance and determining whether the intention of the public administration values and principles are achieved at outcome level. During the period under review, the PSC customised its institutional Evaluation Tool to the context of classification of the six departments in line with their different mandates, which resulted in six different tools.

The PSC makes extensive use of data both from its own internal sources and from sources across the public service.  A Data Warehouse was set up in order to modernise the PSC’s data analysis processes. The tool will advance the PSC’s functionality to analyse data and produce customised reports especially on the quantitative evaluation of the Constitutional Values and Principles (CVPs). The PSC undertaken 13 engagements with departments to promote compliance with the CVPs. The engagements were used to consult departments on indicators and standards under each value and principles. Inspections were also conducted at various service delivery sites, include inspection to health facilities, Thusong Service Centres, police stations and schools.

1. **Programme 4:** **Integrity and Anti-corruption**

The programme is responsible for undertaking public administration investigations, promoting a high standard of professional ethical conduct amongst public servants and contributing to the prevention and combating of corruption. There are two sub-programmes; which are Public Administration Investigations and Professional Ethics. *The programme was allocated R48 965 million and it spent R48 961 million.*

The PSC plays a key role in enhancing public administration practices in the public services. The role is accomplished through conducting public administration investigations and producing reports that comprise, inter alia, findings, advice, recommendations and directions. Accounting officers are required in terms of PFMA to report on the outcome of completed disciplinary proceedings of financial misconducts. The PSC has been publishing reports on Factsheets on financial misconduct. During the year under review, the PSC finalised the investigation and evaluation of the awarding of higher salaries in the national Departments of Basic Education and Home Affairs.

With regard to the complaints lodged through the PSC, a total of 306 complaints/requests for investigations were on the database as 31 March 2018. Of the 306 complaints, 211 (69%) were finalized and 95 (31%) were in progress. The PSC further dealt with applicable procedures which forms part of integral part of personnel and public administration practices. The PSC received complaints with regard to the personnel and public administration. The breakdown of complaints handled indicates that 134 complaints (44%) relate to personnel practices; for example, irregular appointments, transfers, qualification and compensation related allegations and the remaining 172 complaints (56%) relate to public administration practices such as procurement irregularities and poor service delivery.

The National Anti-Corruption Hotline plays an integral part to combat corruption in the Public Service. The PSC has received 66 986 calls on the NACH up to 31 March 2018. Out of 66 986 calls, a total of 882 case reports were generated. This indicates that the NACH is regarded as a reliable mechanism to report cases of alleged corruption in the public service. The PSC referred 878 out of 882 cases to national and provincial departments as well as public entities within 21 days and the remaining four cases were referred within 22 days due to technical problems embedded in the system.

The PSC monitors the implementation of the Financial Disclosure Framework in the public service as part of promoting a high standard of professional ethics. Section 18(1) mandates all members of the SMS in the public service to disclose all their registrable interests annually to their respective HoDs by no later than 30 April each year and HoDs submit to Executive Authority within 30 days of receipt thereof. The PSC has scrutinized 100% of the financial disclosure forms for the third consecutive year. The PSC further found that SMS members in departments are still engaged in Remunerative Work Outside the Public Service (RWOPS). The PSC advised EAs and HoDs to consult with SMS members who did not provide proof of approval to engage in RWOPS to determine if such approval was granted, and if not, consider taking appropriate steps in terms of section 31 of the Public Service Act as amended.

6.2.2        **Auditor-General’s Report for 2017/18 on the PSC**

**(a) Opinion**

The Auditor-General issued an unqualified audit opinion in respect of the Entity for the 2017/18 financial year. The Auditor-General reported that financial statements present fairly in all material respects the financial position of the Public Service Commission as at 31 March 2018. The PSC’s financial performance and cash flows for the 2017/18 were in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act (PFMA). However, the Auditor-General reported the following matters:

***Procurement and contract management***

* Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by Treasury Regulations 16A6.1.
* Some of the IT-related goods and services, classified as mandatory, were not procured through SITA, as required by Treasury Regulation 16A6.3 (e) and section 7(3) of the SITA Act.
* Some of the bid documentation for procurement of commodities designated for local content and production did not specify the stipulated minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8 (2). Similar non-compliance was also reported in the prior year.
* Some of the contracts were awarded to suppliers whose tax matters had been declared not to be in order by the South African Revenue Services as required by Treasury Regulations 16A9.1 (d).

***Expenditure management***

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R610 000, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.

1. **NATIONAL SCHOOL OF GOVERNMENT**

The National School of Government received its budget appropriation through budget vote 12 of the Department of Public Service and Administration. The appropriated funds for the 2017/18 financial year was R153 906 million with the expenditure of R153 667 million which was an increase from R88.5 million budget allocated in 2016/17 financial year.

The School of Government operates a Trading Account for its training operations. The Department submits separate financial statements for the NSG Training Trading Account (TTA), a trading entity established in terms of the Public Finance Management Act (PFMA). Course fees are determined on a cost-recovery basis in accordance with Treasury Regulations 19.5.2. The tariffs are assessed annually and revised as deemed necessary as part of the on-going NSG financial status reviews and in accordance with Treasury Regulation 19.5.3.

1. **Programme Performance**
2. **Programme 1: Administration**

The programme governs the overall management of the School and provides for organisational support services enabling the Director-General/Principal, Branch Heads and all employees in the NSG to carry out their responsibilities within an effective governance system. The responsibilities of this programme include providing administrative, legal, human resource and financial management, across the Department. The programme comprises of the following sub-programmes: Office of the Principal and Corporate Management. The programme was allocated R88.5 million for 2017/18 and spending patterns, compared to the 2016/17 financial year.

Compensation of employees for the vote-funded staff component of NSG increased by 2.9% from R49.1 million (2016/17) to R50.5 million in 2017/18, due to salary adjustments. Goods and services increased by 4.5% from R35.5% million (2016/17) to R37.2 million in 2017/18. Expenditure on capital assets decreased by 18.7% from R2.8 million (2016/17) to R2.3 million in 2017/18. The decrease is maintained the current computer hardware.

The School developed a five-year Strategic and Annual Performance Plan which was tabled timeously to the National Treasury, Department of Planning, Monitoring and Evaluation and Parliament. The vacancy rate was 10% by the end of the 2017/18 financial year. The average number of days for debt collection was reduced from 48 days in 2016/17 to 45 days this financial year. Total revenue collected was R116.7 million, which decreased by 14.8% from R137.0 million in 2016/17 financial year.

The School continues to pay all its suppliers within 30 days of receipt of a valid invoice. The School signed a Memorandum of Understanding (MoU) with UNISA School of Business Leadership (SBL) on 22 May 2017 to further its learning and development capacity. Implementation of MoU between NSG and UNISA is progressing well. The School participated in the BRICS Seminar on Governance, and held bilateral discussions with Fujian Academy of Governance and the Chinese Academy of Governance to create a curriculum that improves the planning and implementation culture of South African public servants.

1. **Programme 2: Public Sector Organisational and Staff Development**

The main aim of the Public Sector Organisational and Staff Development Programme is to facilitate transfer of payments to the Training Trading Account for management development and the training of public sector employees. The programme caters for the School Training Trading Account, which comprises of the following three sub-components: the Training Policy and Planning; Training Management and Delivery; and Specialised Services. Programme 2 was allocated budget of R191.3 million from the Training Trading Account. The actual expenditure was R189.5 million and with variance of R1.9 million.

The National School of Government maintained the status of being an accredited training provider by the relevant accrediting bodies. The School published six research projects as some of the targets set in the year under review. The school completed eight training needs analyses to inform training and development opportunities in the public service. The School further completed 65 evaluations and 4 applications of learning studies. As part of ensuring quality assurance, the School developed curriculum programme and quality assured 18 programmes by the Quality Assurance Committee. Over 22 e-learning interventions were offered to the public servants. A total of 52 557 current and potential public servants were trained on compulsory and demand–led training on the School curriculum and programmes.

 The School had hosted seven research colloquia workshops. In addition, five articles and three papers published to promote thought leadership knowledge creation and dissemination. Furthermore, the School held nine leadership platforms in this financial year. Executing Coaching Programme was institutionalised through contracting of eight coaches and thirty-one executives were trained on the programme.

A total of 49 050 new and current trained on the Compulsory Induction Programme (CIP) in 2017/18 financial year, which is an increase from 32 824 of public servants compared to the previous year. Moreover, a total of 3 507 unemployed youth graduates and interns were trained through the Breaking Barrier 2 Entry (BB2E) programme. This had included PEPNAY training numbers through the Department of Rural Development and Land Reform partnership.

1. **Centre for Public Service Innovation**

The Centre for Public Service Innovation (CPSI) is an entity of the Ministry for the Public Service and Administration established to entrench and drive service delivery innovation across all sectors. Chapter 3 of the National Development Plan (NDP) states that “Innovation across state, business and social sectors should start to become pervasive”. The NDP stipulates that innovation should also focus on improved public service delivery and on goods and services aimed at low-income sectors.

The CPSI is bridging the gap between the world of science and technology driven by the National System of Innovation led by the Department of Science and Technology. The National System of Innovation includes entities such as National Advisory Council on Innovation (NACI), the Innovation Hub and the Technology Innovation Agency (TIA). The CPSI’s Strategic Plan is aligned to the Government priority outcomes.

The budget of the CPSI is transferred through the budget vote of the Department of Public Service and Administration. In the 2017/18 financial year, the final appropriation was R34 055 million with the actual expenditure of R34 055 million, which represents 100% of budget well spent. The CPSI was audited by the Auditor-General of South Africa.

1. **AUDITOR-GENERAL OUTCOMES**

**7.1 Audit Opinion**

The Auditor-General presented the Department with an unqualified audit opinion for the 2017/18 financial year. This means that the Department’s financial statements present fairly, in all material respects, the financial position of the Department as at 31 March 2018. The Department’s financial performance and cash flows for the 2017/18 were in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act (PFMA). The Auditor-General, however, drew attention to the following matters:

1. **Irregular expenditure**

Irregular expenditure is to the value of R4 205 000. Occurrences of irregular expenditure are under investigation for possible disciplinary action. Three hundred and seventy-three cases related to previous years’ irregular expenditure to the value of R9 263 000.00 were condoned/derecognised during the 2017/18 financial year.

1. **Fruitless and wasteful expenditure**

Two cases of fruitless expenditure to the total value of R2 000.00 were identified. One of these fruitless expenditure cases, to the value of R1 440.00, was written off before 31 March 2018.

**7. 2 Compliance with legislation**

*Procurement and contract management* - Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

*Compliance monitoring* - A deficiency was identified in the internal control of monitoring compliance with the applicable laws and regulations pertaining to supply chain management, as the Department’s policy and procedure was not aligned to the legislative requirements governing supply chain management.

**7.3 Internal control**

*Expenditure management* - Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R4 635 000, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The majority of the irregular expenditure was caused by some of the goods and services with a transaction value of below R500 000 which were procured without obtaining the required price quotations.

1. **OBSERVATIONS AND KEY FINDINGS**

The Committee made the following observations:

1. The Committee commended the Department of Public Service and Administration, the Public Service Commission and its entities for receiving unqualified audits for 2017/18 financial year. The Department was urged to lead by example and maintain the good audit status in the future. The Committee noted regression from clean audit in 2015/16 financial year for the Department of Public Service and Administration and its entities.
2. The Committee noted service delivery on these areas by the entire sector: Vacancy rate: DPSA (13.85%); PSC (6%); NSG (10.1).

People with disabilities: DPSA (3.3%); PSC (1.8%); NSG (3.4).

Women at SMS level: DPSA (55.94% women representivity across levels); PSC (48.9%); NSG (52.3%).

Targets against the budget:

**DPSA:**

Total targets set: 34.

Targets achieved: 30/34.

Targets partially achieved/not achieved: 4.

Success rate: 88%.

Overall Budget: R877. 1 million.

Expenditure: R856. 6 million**.**

Under-spending: R20. 5 million.

Total % Budget spent: 97.7%.

The National School of Government received an overall transfer of R159 961 million. It managed to spend R 161 882 million of its overall budget, which is 101.2%. Targets:  A total of 17 against 22 quarterly targets were achieved in the fourth quarter. This translates to an overall achievement of 77% of quarter 4 targets*.*

Total Budget: R 247 759 million.

Actual expenditure: R247 295 million.

Under-expenditure: R 464 000.

Targets achieved: 93.8% (61/65).

Targets partially achieved/not achieved: 6.2% (4/65).

Success rate: 93%.

Total Budget spent: 99.73%.

Total Budget: R 34 055 million.

Actual expenditure: R 32 411 million.

Under-expenditure: R 1 644 million.

Total targets set: 15.

Targets achieved: 13/15.

Targets partially achieved/not achieved: 2.

Success rate: 87%.

Total Budget spent: 95.2%.

1. The Committee noted the achievement of 87% (33) on the attainment of the annual targets and only 13% (5) were not achieved. There was a decline in the attainment of targets as compared to previous financial year. The Committee was relatively pleased with the performance and further encouraged the Department to double its efforts to achieve 100% of its set targets.
2. The Department has to ensure that the 9.98% of un-filled funded posts get filled so that monies meant for funded posts are not returned to the National Treasury as this impacts negatively on service delivery.
3. In light of the Auditor-General’s audit findings, the Department and its entities were required to develop an action plan to address matters raised to avoid recurrence of similar issues in the 2018/19 financial year. The Auditor-General raised issues on the Supply Chain Management, which needs to be strengthened in the Department and at the Public Service Commission.
4. The Committee had consistently raised the issue of the high turnover rate at senior management, more particularly at the Heads of Department level (average 3.62 years nationally, 3.14 years for provincial DGs, and 2.86 years for provincial HoDs, respectively) in the Public Service. The DPME report on performance assessment clearly indicates that “in 2016/17 financial year, there were 161 HoDs across the provincial and national public service. Forty-seven (47) were in national and one hundred and fourteen (114) at provincial level. Thirty-four (34) (22%) HoDs across government were in acting position. Fifty-eight percent (58%) of HoDs in Limpopo were in acting position”. Some HoDs are suspended with full pay, which costs the state a lot of money for paying salaries of officials staying at home.
5. The Committee welcomed official announcement by the Minister of the Public Service and Administration on alleged retrenchments of the public servants. The Minister reported that Government has no plan whatsoever to retrench public servants. Government would explore the voluntary severance package as one of the options on a needs basis.
6. The Committee welcomed and applauded government in entering into 3-year multi-term wage agreement for the 2018/19 -2020/21 medium term for salary adjustments and improvements on conditions of the service in the public service with the Organised Labour.
7. The Committee further welcomed the sterling progress thus far with regard to the implementation of the Government Employees Housing Scheme. Between May 2017 and March 2018, the number of employees (level 1 to 12) who enrolled to receive the new GEHS housing allowance increased from 496 884 to 560 967. A total of 399 564 employees who do not own houses (tenants) had a portion of the housing allowance diverted to and accumulated into a saving facility. As at March 2018, R4.5 billion has be accumulated by the tenants employees into a saving facility as compared to R2 billion that was accumulated in May 2017.
8. The Public Service Graduate Recruitment Scheme is a noble initiative towards building a capable and professional public service and addressing the rising youth unemployment rate. The Graduate Recruitment Scheme will assist government to build its own capacity to deliver on the NDP mandate, promote a culture of upward mobility within the ranks and instil the ethos of ethical disciplines, in order to ensure that all recruited through the Graduate Scheme perceive public service as a career of choice.
9. The Committee noted that 96 913 youths were assisted by government and the Department into accessing learnership, internship and artisan programmes. A total of 40 052 (41.3%) of these were appointed permanently (11 316) and on contract (12 463). The remaining 16 273 learners were recruited on contract in the National Rural Youth Service Corps.
10. The Committee was concerned about the average number of days taken to resolve disciplinary cases by national and provincial departments. This was caused by the delays of submission of reports from government departments. The Department acquired legal experts to reduce the backlog and deal decisively with the disciplinary cases in the public service. The average number of days taken to resolve disciplinary cases was 96 days against the targeted 90 days.
11. A decline of submission of the Service Delivery Improvement Plans from 71% in 2016/17 to 17% in 2017/18 financial year was a concern to the Committee. Also, the decline in the quality of SDIPs was attributed to amongst others, poor planning and the lack of understanding on how SDIPs are developed and implemented. The Department was encouraged to closely monitor and support departments who are unable to submit SDIPs and to also ensure the quality of submissions thereof.
12. The Committee noted a report on the implementation of the Directive on other Remunerative Work, which indicates that a number of departments identified public officials who did not resign from the Public Service, but are continuing to do business with the state. The total number of public servants conducting business with the state increased from 580 in March 2017 to 679 in March 2018. Provincial government officials’ figure increased sharply from 373 in 2017 to 496 in March 2018, whilst national departments’ official figure declined from 207 in March 2017 to 183 in March 2018.
13. The Department was urged to devote more resources in training public servants working at the Thusong Service Centres more particularly on the Batho Pele Principles and the Service Charter. The Committee raised concern about the attitudes and inefficient services provided in these centres. The example of the Maponya Mall Thusong Service Centre, being run competitively better, should be replicated across all Thusong Service Centres.
14. The Committee was pleased with the National School of Government’s  efforts to train public servants’ on an online ethics course in the public service. The training course unpacks Chapter Two of the revised Public Service Regulations to promote and instil a culture of ethical conduct in the public service. The course is relevant to all employees as it helps them to understand the revised Code of Conduct outlined in the Regulations as well as helping departments comply with MPAT standards on ethics.
15. The National School of Government’s prepaid method is gradually yielding the intended results as some government departments are paying for their training courses in advance.
16. The Committee commended the National School of Government on the implementation of the *Rutanang Ma Afrika*campaign of utilising current and retired public servants, contracting independent individual contractors (IICs) and partnering with universities.
17. The Centre for Public Service Innovation should continue to entrench a culture and practice of innovation in the public sector. The CPSI has to play pivotal role in assisting government departments to develop innovation solutions in order to unlock hindrances to service delivery.
18. The Public Service Commission is confronted with a mammoth task of investigating, monitoring and evaluating the implementation and adherence to the Constitutional Values and Principles enshrined in Section 195 of the Constitution. Challenges in the public service are ever increasing due to a myriad of factors, and the PSC is the only institution established to unravel unevenness in the public service and to report to Parliament for further action. Therefore, the budget shortfall experienced by the PSC might render the institution ineffective in the long term and thus compromise their independence if the National Treasury does not urgently give attention to the matter.
19. The Committee is concerned about the level and quality of service at 1 Military Hospital. The Public Service Commission should share its findings with relevant stakeholders to give this matter urgent attention.
20. **RECOMMENDATIONS**

The following recommendations are proposed:

**DPSA**

1. The Department of Public Service and Administration should finalise a strategy towards retention of HoDs and accordingly report to the Committee.
2. The Department of Public Service and Administration should intensify its efforts to attract more young people into the public service by utilising the Public Service Graduate Recruitment Scheme. Furthermore, the DPSA should continue to support and monitor the appointment of youth into learnership, internship and artisan programmes and to appoint them permanently and on a contract basis.
3. The Department of Public Service and Administration should continuously communicate by issuing circulars annually to the departments to conscientise government officials about prohibition of public servants from doing business with any organ of state.
4. The Department of Public Service and Administration should encourage departments to deal with and finalise disciplinary cases within 90 days and duly give requisite reports.
5. The National School of Government should continue to provide training to government employees on ethics in the public service. The NSG trained 2000 employees during the financial year under review, and this training must gradually increase to complement 1.3 million public servants. The National School of Government and the Minister should consider making ethics courses compulsory/or mandatory for all senior management and officials working in the supply chain management in the public service.
6. Training offered by the NSG is outcomes-based as required, however, quantity of training courses offered must also complement the quality so that there is improvement on service delivery, efficiencies and governance systems.
7. The departments owing the NSG over a lengthy period of time is a reflection of these departments not honouring the requirement to pay for service within 30 days, and this should be reflected as such in the DPME reporting phase, so that those responsible should face the consequences during evaluation of their contracts. The Department should find a way of soliciting this information from the NSG so that the performance area on paying the service providers reads as “payment of service providers, including the NSG, where relevant”.
8. The Centre for Public Service Innovation should replicate innovation solutions to government departments for implementation if the innovative project is cost efficient and assisting government to enhance service delivery. The CPSI should also approach all relevant national and provincial departments to showcase innovative solutions intended to intervene in enhancing service delivery.
9. The National Treasury should attend to the budget shortfall experienced by the Public Service Commission as it impacts on the effectiveness, efficiency and independence of the Public Service Commission.

**THE ENTIRE SECTOR**

1. The Department, including all entities within the sector, should look into the issue of accessibility to buildings so as to facilitate access to people with disabilities.
2. The Department of Public Service and Administration and its entities should develop an action plan to address matters identified by the Auditor-General audit outcomes and report to the Committee on the improvement plan.
3. **CONCLUSION**

The Department of the Public Service and Administration has in the 2017/18 financial year continued to implement and coordinate interventions aimed at achieving an efficient, effective and development-oriented public service, which is an essential element of a capable and developmental state. The Department and entities were able to spend almost their entire allocated budgets, which is commendable. Accountability within the Department has slightly receded regarding financial internal controls. There must be proper internal controls regarding procurement and contract management processes, even at the Public Service Commission and the National School of Government. The PSC funding must be given urgent attention to prevent the shortfall occurring in every financial year.

Report to be considered.