**3. BUDGETARY REVIEW AND RECOMMENDATIONS REPORT (BRRR) OF THE PORTFOLIO COMMITTEE ON PUBLIC SERVICE AND ADMINISTRATION 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): VOTE 10 DATED 16 OCTOBER 2019**

1. **BACKGROUND**

The Portfolio Committee on Public Service and Administration (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly, which is in line with Section 5 of theMoney 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 entities as well as 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 theMoney 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 compiled the 2018/19 BRRR using the following documents:

* The National Development Plan: Vision for 2030.
* Medium Term Strategic Framework 2015 - 2020.
* State of the Nation Address 2018.
* Strategic Plans of the PSC, the Department and entities.
* National Treasury (2019) 4th Quarter Expenditure 2018/19 Financial Year.
* Annual Performance Plans of the PSC, the Department and entities.
* Annual Reports 2018/19 of the PSC, the Department and entities.
* Auditor-General South Africa’s outcomes of audit findings 2018/19.
* The Portfolio Committee also met with the leadership of the PSC, the Department and entities under 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:

* The functions of the public service,
* Organisational structures and establishment of departments and other organisational and governance arrangements in the public service,
* Labour relations, conditions of service and other employment practices for employees,
* The Health and wellness of employees,
* Information management,
* Electronic government in the public service,
* Integrity, ethics, conduct and anti-corruption; and
* 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 2018/19**

The Department of Public Service and Administration spent R926 million or 97.4 per cent of its 2018/19 budget allocation of R950.6 million as at the end of March 2019. The R926 million in actual spending was R24.6 million or 2.6 per cent lower than the projected expenditure for the period under review. The lower than anticipated spending was mostly reported under the compensation of employees’ budget due to vacant positions, and goods and services’ budget due to delays in establishing the Government Employees Housing Scheme. The main cost drivers of the total Vote budget are: Administration (R248.3 million); Service Delivery Support (R258.3 million) and Governance of Public Administration (R307.0 million).

The Department incurred irregular expenditure of R310 000 as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The irregular expenditure was caused by goods and services with a transaction value below R500 000 which were procured without obtaining the required price quotations.

The number of posts on the establishment of the Department decreased in the 2018/2019 reporting year from 498 (of which 54 were additional employment) in 2017/18 to 482 (of which 59 were additional employments) in 2018/2019. A total 420 of these posts were filled. The decrease was attributed to the implementation of the cost containment measures in that the Department’s compensation budget for the MTEF period has been cut. The Department spent 96.7% of the total voted expenditure for compensation, with more spending realised in salary levels 13-14.

As of 31 March 2019, the DPSA had a total of 59 posts additional to the establishment, included in the total of 420 employees. The vacancy rate decreased from 13.85% (2017/2018) to 12.90% in the reporting year. Vacancy rate on SMS level remained the highest. The representativity of females at SMS levels (levels 13-16) remained at 41% as compared to the previous reporting period, a deficit of 9% to reach the national target of 50% women on SMS level. The Department met the national target of 2% in the previous reporting year, the percentage of people living with disability increased from 3% to 3.57% at the end of current reporting period.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme R’000** | **Final appropriation** | **Expenditure** | **Variance** | **Virement** | **Percentage** |
| 1. **Administration**
 | 248 344 | 242 34 | 6 036 | 7 821 | 97.6% |
| 1. **Policy Development, Research and Analysis**
 | 32 432 | 31 432 | 722 | (1 954) | 97.8% |
| 1. **Labour Relations and Human Resource Management**
 | 81 296 | 67 452 | 13 844 | 3 268 | 83.0% |
| 1. **Government Chief Information Officer**
 | 21 201 | 20 549 | 652 | (1 240) | 96.9% |
| 1. **Service Delivery Support**
 | 258 372 | 257 210 | 1 162 | (4 009) | 99.6% |
| 1. **Governance of Public Administration**
 | 309 253 | 307 027 | 2 226 | (3 886) |  |
| **Total (DPSA)** | **950 656** | **926 014** | **24 642** | **-** | **97.4%** |

**Source: DPSA 2018/19 Annual Report**

* + 1. **Programme Performance**

The Department has six programmes which are as follows:

**(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 had six predetermined targets in 2018/19 financial year. Of total targets, five (5) were achieved and one (1) not achieved. The programme reported an expenditure of R242.3 million or 97.6 per cent of the programme’s 2018/19 available budget of R248.3 million as at the end of the fourth quarter of 2018/19. The reported expenditure was R6.0 million or 2.4 per cent lesser than the projected expenditure of R248.3 million for the period under review. The spending is also as a result of the Department settling its payments for rental and maintenance costs for its office accommodation for the 2018/19 financial year, as well as for the two previous financial years it, at the time, did not have sufficient funding to pay the Department of Public Works. The main cost drivers of the Programme are: The Ministry (R40.3 million); Corporate Services (R82.6 million) and Office Accommodation (R66.8 million).

**(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.

The programme had achieved all seven (7) planned targets. The programme reported an actual expenditure of R31.4 million or 97.7 per cent of its 2018/19 budget allocation of R32.1 million as at the end of March 2019. The expenditure was R722 000 or 2.3 per cent lower than the programme’s projected expenditure of R32.1 million for the period under review. The low expenditure is evident in the budget for goods and services due to invoices received which were lower than projections. The main cost driver of the Programme is: Public Service Performance, Monitoring and Evaluation (R13.4 million).

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.

Under this programme, the Department drafted the business case research report on the legislative instruments, structure, functions, governance and envisaged operationalisation of the Office of Standards in terms of the Public Administration Management Act. Moreover, the Department submitted compliance report on the monitoring of selected Public Service Norms and Standards by line departments. As part of Macro-configuration of government, the Department drafted and submitted proposed model for the configuration of the Centre of national government.

The Department conducted consultations on the draft White Paper for the Transformation and Modernisation of public administration linked to the social vision of the NDP and provisions of PAMA of 2014. Productivity is key in delivery of quality services. The final Productivity Measurement Tool was approved by the Minister of the Department. The Department conducted eleven (11) workshops to support the Department on the application of the Productivity Measurement Tool. The Department submitted Public Administration Organisational Functionality Assessments (OFA) tool for approval.

**(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 had six predetermined targets in 2018/19 financial year. Of total targets, four were achieved and two not achieved. The programme spent R67.4 million or 83.0 per cent of its 2018/19 budget allocation of R81.2 million as at the end of March 2019. The expenditure of R67.4 million was R13.8 million or 17.0 per cent lower than the projected expenditure of R81.2 million over the period under review. The Department experienced low spending on its budget for goods and services linked to the Government Employees Housing Scheme due to delays in the establishment of the scheme. The low spending is mainly evident in consumables: stationery, printing and offices supplies, operating payments and training and development items. The main cost drivers of the Programme are: Remuneration and Job Grading (R22.0 million); Employee Benefits (R27.9 million) and Human Resource Planning, Employment Practices and Performance Management (R11.5 million).

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. In this regard, 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).

The Department provided policy support through engagements with selected national and provincial departments on the revised Performance Management Development System for Heads of Departments (HODs). Among targets not achieved was the drafting of the annual report on support provided to departments to implement the Graduate Recruitment Scheme Framework. In addition,

The Department submitted the annual report on the appointment of persons into developmental programmes within the public service. 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.

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. In 2018/19, the Department submitted first and second quarterly reports on the average number of days taken to resolve disciplinary cases by national and provincial departments.

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 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 2018/19 financial year, the Department submitted four (4) quarterly reports on the implementation of the GEHS to the Minister.

**(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 had achieved all five predetermined targets. The programme spent R20.5 million or 96.9 per cent of its 2018/19 total available budget of R21. 2 million as at the end of March 2019. The spending translated into a R653 000 or 3.1 per cent lower than anticipated expenditure for the same period mainly on the budget for goods and services. The main cost drivers of the Programme are: Public Service ICT E-enablement (R6.2 million) and Public Service ICT Stakeholder (R7.2 million).

The programme submitted the Public Service Digitalisation Strategic Framework and the Public Service Cloud Policy to the Director-General. The aim of the Framework is to assist the Public Service in planning how to improve service delivery to the citizens through leveraging data as well as Information and Communication. In order to reduce high costs of procuring ICT products and services, the Department submitted a report on progress made by all national and provincial departments in managing the cost related to IT procurement within the public service. Moreover, the Department submitted to the Director-General the Public Service ICT Value Management Framework, the Public Service ICT Security Assessment Standard and revised Corporate Governance of ICT Assessment Standard.

**(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 had seven predetermined targets in 2018/19 financial year. Of all total targets, four targets were achieved and three not achieved. The programme reported a total expenditure of R257.2 million against an available budget of R258.3 million as at the end of March 2019. The expenditure was R1.1 million or 0.4 per cent lower than the projected expenditure of R258.3 million for the same period, mainly due to the following reasons: the postponement of the second review of the African Peer Review Mechanism, more cost effective management of spending on public participation (Izimbizo), as well as lower than projected spending on Open Government Partnership. The low spending on Open Government Partnership was due to the project being run from the Office of the Minister. Accordingly, the traveling costs were paid from the operational budget of the Office of the Minister in programme 1, and not from programme 5 (as was originally planned). The main cost drivers of the Programme are: Service Delivery Initiatives (R15.2 million); Centre for Public Service Innovation (R36.0 million) and National School of Government (R169.0 million).

The Department submitted a report on the implementation of the Operations Management Framework by three prioritised departments. In addition, the Department submitted 2017/18 and 2018/19 assessment reports on the implementation of the Batho Pele standards by national and provincial departments. The Public Service Charter is a pledge of commitment between the employer and labour representatives to work together to improve service delivery. It aims to improve service delivery by ensuring adherence to basic values and principles of service provision. The Department submitted a report on the implementation of the Public Service Charter by departments.

The Community Development Workers Programme seeks to improve the dissemination of information to the poor about benefits and services to which all citizens are entitled, assist the poor to access and benefit from the services that could materially improve their lives and improve interface between municipalities and communities. The Department developed a framework towards the improvement of implementation of the Community Development Workers Programme.

The Department had provided support to national and provincial departments to improve the quality and implementation of the Service Delivery Improvement Plans. A report on the implementation of the SDIP by all national and provincial departments was produced. The Department was unable to develop framework for the establishment, promotion and maintenance of service centres.

**(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 had eight (8) predetermined targets for 2018/19 financial year. Of total targets, seven (7) were achieved and one (1) not achieved. The programme spent R307.0 million or 99.3 per cent of its available budget of R309.2 million as at the end of March 2019. The expenditure was R2.2 million or 0.7 per cent lower than the projected spending of R309.2 million. The lower than anticipated spending was mainly due to delays by the State Information Technology Agency regarding a review of the proposal for the development of a database for chairpersons and members of Commissions, and lower than projected spending on the e-disclosure system due to the SITA invoices for March 2019, which were submitted late and were only processed in April 2019. The main cost drivers of the Programme are: Ethics and Integrity Management (R15.6 million) and Public Service Commission (R264.4 million).

The Department was unable to develop the report on the adherence by national and provincial departments to the Directive on Public Administration and Management Delegations. The directive on standardized delegation principles and templates was issued and workshops were held nationally and provincially.

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 national and provincial departments to strengthen their internal Human Resources Capacity.

Chapter 3 of the Public Service Regulations provides for the 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 2018/19 financial year, the Department submitted a report on the adherence by designated employees from national and provincial departments to the legislative framework regarding electronic disclosure of financial interests (e-Disclosure System). 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. The Department conducted five consultative workshops to support national and provincial departments with the implementation of Framework for management of Protected Disclosure.

* 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 2018/19 financial year was R264 399 million with an expenditure of R263 895, estimated of 99.8%.

* + 1. **Programme Performance**
1. **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 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 R129.9 million and spent R129.8 million, which was an estimated 99.9% expenditure. The budget under this programme was used to implement the Information and Communication Technology infrastructure at the new National Office of the PSC. The procurement of Wi-Fi for Provincial Offices was also concluded. This was aimed at ensuring that Commissioners and employees get the best user’s experience on the network.

During the year under review, the PSC maintained a vacancy rate of 6.5% (18 of 274) and six critical posts were filled at SMS level, with four of these posts filled by women in an effort to attain the 50% representation of women at SMS level. The PSC approved Terms of Reference for Employment Equity Consultative Forum and a workshop on the Employment Equity Act was conducted to enable the Human Resource Practitioners to compile the Employment Equity plan with the correct Employment Equity benchmarks. The PSC forged relationships with organisations for People with Disabilities to enable the PSC to meet 2% target for PWD.

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 social media platforms such as Facebook and Twitter to communicate key activities of the Organisation. 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.

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 R42.5 million and the programme spent R42.2 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 505 (88%) of the 571 grievance cases were registered on its database while 66 (12%) remained pending. Of the 505 concluded grievance cases, 413 (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 R39.6 million and the expenditure was R39.5 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. The Constitutional Values and Principles were designed as a key instrument for governing public administration. Through, its work on the CVPs, the PSC has mainly focused on the evaluation of national and provincial departments towards an efficient and effective public service that responds to the developmental needs of the society.

The key outputs produced in the year under review include eleven (11) qualitative reports on the Social Development Sector covering National and selected provincial departments of Social Development, Human Settlements (National) and National Treasury. Furthermore, hundred quantitative reports on the adherence to the CVPs covering selected national and provincial departments. The PSC further produced the “State of the Public Service” report, which the PSC produces in terms of section 196(4)(e) of the Constitution.

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 R52 410 million and spent R52 361 million.

The PSC has the mandate in terms of section 196(4) of the Constitution to investigate either of its own accord or on receipt of any complaint of personnel and public administration practices and to reports to the relevant EAs and legislatures. The demands on the PSC to conduct investigations have increased over the years. Broadly, these investigations relate to personnel practices (irregular appointments, transfer, qualifications and compensation related allegations, Supply Chain Management practices and poor service delivery.

In relation to complaints lodged with the PSC, as at March 2019, a total of 283 complaints/request for investigations were on the database of the PSC. Of the 283 complaints, 193 (68%) were finalised and 90 (32%) were in progress. a breakdown of the nature of the 283 complaints handled by the PSC during the financial year 2018/19 indicates that 128 complaints (46%) relate to personnel practices and 155 complaints (54%) relate to public administration.

The National Anti-Corruption Hotline plays an integral part to combat corruption in the Public Service. The PSC registered a total of 51 581 incoming calls and of these, 1278 investigated case reports were generated. Of the 1278 cases, 1076 warranted further investigations in terms of the existing PSC protocols. Out of these 1076 cases, 1075 were referred to national and provincial departments and public entities within seven (7) days for investigation. Of the 1076 cases, 727 cases were referred to the South African Social Security Agency and closed on the Case Management System (CMS) of the NACH as these cases fall outside the mandate of the PSC.

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 a total of 10 253 of the financial disclosure forms during the year under review. 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 2018/19 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 2019. The PSC’s financial performance and cash flows for the 2018/19 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***

* One contract relating to IT goods and services, classified as mandatory, was not procured through SITA as required by treasury regulation 16A6.3(e) and section 7(3) of the SITA Act. Similar non-compliance was also reported in the prior year
* 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.

***Expenditure management***

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R980 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 relating to a contract identified as irregular in the prior year.

* 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 2018/19 financial year was R168 979 million with the expenditure of R166 802 million which was an increase from R153.9 million budget allocated in 2017/18 financial year. The National School of Government received clean audit and the NSG Trade Account received an unqualified audit from the Auditor-General.

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**
1. **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 R98.8 million for 2018/19 and spending patterns, compared to the 2017/18 financial year. Expenditure on the programme was R96.6 million.

Compensation of employees for the vote-funded staff component of NSG increased by 6.8% from R50.5 million (2018/19) to R54.2 million, due to salary adjustments. Goods and services increased by 7.9% from R37.2% million (2017/18) to R40.4 million in 2018/19. Expenditure on capital assets decreased by 21.0% from R2.3 million (2017/18) to R1.9 million in 2018/19. The decrease was related to office furniture procurement.

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 at 9.2% by the end of the 2018/19 financial year. The average number of days for debt collection was reduced from 48 days in 2017/18 to 46 days in 2018/19 financial year. Total revenue collected was R146.9 million, which was an increase as compared to R117 million in the 2017/18 financial year.

The School continues to pay all its suppliers within 30 days of receipt of a valid invoice. However, only one invoice was not paid on time. The School implemented two agreements supporting international exchanges and capacity building initiatives.

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.

The transfer of funds from the Vote to the TTA was R70.2 million in the 2018/19 financial year. Total revenue (including the transfer of funds from the vote appropriation for this financial year) increased by R45.8 million from R178.6 million (2017/18) to R224.5 million (2018/19). Income from course fees increased by R33.3% from R101.1 million (2017/18) to R146.8 million (2018/19).

The National School of Government maintained the status of being an accredited training provider by the relevant accrediting bodies. The School published eight research projects 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 70 evaluations and 4 applications of learning studies. As part of ensuring quality assurance, the School developed a curriculum programme and quality assured 17 programmes by the Quality Assurance Committee.

Over 25 e-learning interventions were offered to the public servants. A total of 61 005 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, two articles and three papers published to promote thought leadership knowledge creation and dissemination. A total of 12 coaches were enrolled to the Executive Coaching Programme by the end of financial year. In addition, 12 coaches (learners) have been paired with 8 coaches and have completed all the coaching sessions.

A total of 56 614 new and current trained on the Compulsory Induction Programme (CIP) in 2018/19 financial year, which was an increase from 49 050 of public servants in the previous year. Moreover, a total of 4391 unemployed youth graduates and interns were trained through the Breaking Barrier 2 Entry (BB2E) programme. This included Political Education Programme for NARYSEC Youth (PEPNAY) for its National Rural Youth Services Corps (NARYSEC) 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 R36 030 million with the actual expenditure of R33 722 million, which represents 93.6% of budget well spent. The CPSI was audited by the Auditor-General of South Africa. During the year under review, the vacancy rate increased to 11% compared to 5% in the 2017/18 financial year. The employment equity statistics at the end of the financial year were 5.8% in respect of persons with disabilities and 66.67% in respect of women at senior management service (SMS) level.

1. **AUDITOR-GENERAL OUTCOMES**

**7.1 Audit Opinion**

The Auditor-General presented the Department with an unqualified audit opinion for the 2018/19 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 2019. The Department’s financial performance and cash flows for the 2018/19 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**

Effective and appropriate steps were not taken to prevent irregular expenditure to R310 000, as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The irregular expenditure was caused by goods and services with a transaction value below R500 000 which were procured without obtaining the required price quotations.

**7. 2 Compliance with legislation**

In accordance with the PAA and the general notice issued in terms thereof, Auditor-General have a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. Auditor-General performed procedures to identity findings but not to gather evidence to express assurance.

**7.3 Internal control**

Auditor-General considered internal control relevant to audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in the report. Adequate internal processes were not implemented to prevent non-compliance with certain applicable laws and regulations pertaining to selected supply chain management practices.

1. **OBSERVATIONS AND KEY FINDINGS**

The Committee made the following observations:

* 1. The Committee notes that the Department of Public Service and Administration and entities received unqualified audit outcomes for 2018/19 financial year. The National School of Government received clean audit in programme 1. The Department and the Public Service Commission were advised to lead by example to achieve a clean audit status in future.
	2. The Committee notes the Department’s achievement of 33 out of its 40 (83%) annual targets, while seven were not achieved. The Department’s performance declined in two consecutive financial years (2017/18 and 2018/19) as compared to the 2016/17 financial year. Performance decline was attributed to instability in leadership positions at Ministerial level and the Director-General position. The Committee advised the Department to redouble its efforts in achieving set targets particularly in Programme 5: Service Delivery Support.
	3. Vacancy rate decreased from 13.85% (2017/18) to 12.90% in the reporting year. The Committee notes the high vacancy rate at SMS level at 24% in 2018/19 financial year. The Committee advised the Department to fill such positions once the new organisational structure is approved by the Minister, except urgently in the case of critical posts.
	4. The Department is lagging behind in terms of gender representivity. Currently, the Department has 41% of females in SMS level as compared to the previous years which were higher. The Committee advised the Department to lead by example in achieving 50% of women at SMS levels. The Committee commends Department for exceeding a national target of 2% employing people with disabilities.
	5. 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 2019/20 financial year. The Committee further advised the Department to develop policy to deal with misconduct.
	6. With regard to the Public Service Graduate Recruitment Scheme, the Committee was disappointed with the implementation of the framework. Only 19 departments are implementing the Graduate Recruitment Schemes in the Public Service. The combined total investment for the 2018/19 and 2019/20 financial years was in excess of R300 million, which has benefited 5 000 graduates.
	7. The Committee notes the total number of youth appointed in the development programmes from 2014 to 2018 was 149 411 in the public service. The Committee advised the Department to report annually on the actual number of youth appointed per financial year in order to monitor set target against performance on developmental programmes.
	8. Human Resource Management divisions in the public service have been identified as an area in need of interventions as per MPAT reports. The Department was advised to identify departments struggling and develop mechanisms to assist with a view to strengthening their human resource capacity.
	9. The Committee compliments the Department for resolving to induct Executive Authorities of the new Administration in 2019 and beyond, on the issue of Executive delegations to Accounting Officers. This resulted in improvement on the signing of performance agreements to 127 out of 165 directors-general/Heads of Department. However, the Committee requests to see a 100% improvement in this regard.
	10. The Committee was disappointed with the fact that some disciplinary cases drag beyond the set time of 90 days to finalise, in as much as there was improvement in a majority of cases. However, the costs involved in precautionary suspensions are still high at R27. 1 million nationally and R19.0 in provinces, respectively.
	11. The Committee compliments the Department for not moving forward with the idea of making the Government Employees Housing Scheme a separate entity in recognition of the economic outlook of the country and Government.
	12. The Committee noted with delight that the Ministry and the Department are proficiently handling the reconfiguration phases with utmost care for the welfare of public servants affected and for the good of the public service.
	13. The Committee welcomes the news that the Office of Standards and Compliance is being set up to take care of matters concerning criminality, unethical behaviour and non-compliance with prescripts of good governance. However, the Committee is disappointed that the Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit, which is meant to provide technical assistance and support to institutions in all spheres on the management of ethics, integrity and disciplinary matters relating to misconduct, is still not set up as well.
	14. The Committee was disappointed that there were still officials doing business with the State when there is legislation succinctly preventing them from doing so.
	15. The Committee regretted that there were officials who would not attend training when courses were prepaid.

**Public Service Commission**

* 1. The Committee noted that the setup of administrative process hampers the independence and integrity of the Commission as important governance matters that should be handled by the Commission get relegated to being management issues.
	2. The Commission expressed unhappiness about their budget coming through the Department and not through Parliament where the Commission accounts. The previous Portfolio Committee on Public Service and Administration of the Fourth Parliament also expressed its unhappiness about the situation.
	3. The Committee highlighted that the Commission’s recommendations are useful, and they would change the outlook of the public service if they would be efficiently carried out.

**National School of Government**

* 1. The Committee noted the work done by the School in ensuring training of public servants and expressed its compliments.

**Centre for Public Service Innovation**

* 1. The Committee noted the efficacy of the innovation projects and outcomes within the Centre and the public service.
1. **RECOMMENDATIONS**

The following recommendations are proposed:

**DPSA**

**Legislative and governance matter**

* 1. With the legislation in place, the Public Service Regulations 2016 must be amended to empower the Department to institute disciplinary action on its own accord, once officials who continue to do business with the State are found, without waiting on other departments to do so, as it has been proven that they do not normally do so.

**Administrative matters**

* 1. The Department should urgently improve on its vacancy rate, as this affects service delivery.
	2. There must be proper controls where permission had been granted to officials to do other remunerative work to ensure that primary employment and service delivery are not affected by the practice.
	3. The Department should develop systems to properly manage sick and disability leave to prevent abuse by employees.
	4. Procurement protocol and contract management regarding obtaining requisite quotes, per Treasury Regulations, should be strictly monitored to avoid irregular expenditure.
	5. The Department should ensure that it issues a defined timeline and to strictly monitor it, once it is informed that certain officials have been placed on precautionary suspension. This will ensure that the cost of precautionary suspension is minimised or completely prevented.

**PSC**

* 1. The policy and procedure gaps regarding supply chain management must be addressed to ensure compliance with legislation.
	2. The PSC should evaluate the impact of transfer or movement of the Accounting Officers from one department to the other during Cabinet reshuffling or on account of any other reason on performance in the public service.

**NSG**

* 1. There must be a mechanism to assess the impact of training courses and programmes offered by the School, besides accreditation, by outsourcing this project to a credible institution, to follow through the cohort of officials who attended programmes, to measure their performance against the programmes they had attended.
	2. The School must, at the finalisation of all due processes, present to the Committee the curriculum of the Nyukela Programme.

**CPSI**

* 1. The Committee enjoined the Centre to ensure the replication of innovation outcomes across the public service in order to deliver a better, quicker and less costly service.

**THE PORTFOLIO COMMITTEE**

* 1. The Committee will strictly monitor and follow through with the recommendations of the Public Service Commission, by calling on departments to account to it on such recommendations, especially where there is no improvement on issues affecting the recommendations.
	2. The Committee will look into the possibility of amending legislation in order to make recommendations of the Commission legally binding.
	3. The Committee, with the assistance of the Public Service Commission, will look into delineating governance matters from administrative matters, through amending legislation, so that matters that the Commission wants to address at its level are not relegated to the Office of the Public Service Commission by default of administrative processes.
1. **CONCLUSION**

The Department of the Public Service and Administration has in the 2018/19 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. There must be proper internal controls regarding procurement and contract management processes at the Department and the Public Service Commission.

Report to be considered.