**Budgetary Review and Recommendations Report (BRRR) for the Department of Public Service and Administration (DPSA) and its entities, dated 08 - 10 October 2013**

The Portfolio Committee on Public Service and Administration (the Committee), having assessed the performance of the Department of Public Service and Administration and its entities, reports as follows:

**1. Introduction**

During October of every year, Parliamentary Portfolio Committees must compile Budgetary Review and Recommendation Reports (BRRR) that assess service delivery performance given available resource; to evaluate the effective and efficient use and forward allocation of resources and may make recommendations for future utilisation of resources. All government departments and their entities had to undergo the process of the BRRR through their respective Portfolio Committees. The Department of Public Service and Administration (DPSA), Public Administration Leadership and Management Academy (PALAMA), Public Service Commission, Public Sector Education and Training Authority (PSETA) and State Information Technology Agency (SITA) had tabled their annual report on 27 September 2013 in Parliament.

The annual plan highlights the achievements of the 2012/13 financial year in terms of financial and non financial data for purpose of oversight. Annual reports reveal how the budget was spent and the state of the institution’s financial management system. It is quite important that the process should take into account the causal linkages of the 2012/13 Annual Performance Plan with deliverables on the Annual Report tabled in Parliament.

Section 40 of PFMA and Chapter 18 of the Treasury Regulations set out the legal requirements for departments’ annual reports. Section 55 of the PFMA and Chapter 28 of the Treasury Regulations set out the legal requirements for the public entities’ annual reports.

**1.1 Role of the Portfolio Committee**

The mandate of the Portfolio Committee on Public Service and Administration derived from the Constitution of the Republic of South Africa, 1996, Parliament’s vision and mission, and the Rules of Parliament. The mandate and the role of the Committee is therefore to:

* Conduct oversight on behalf of the public, over the Department of Public Service and Administration, to ensure executive enforcement of delivery of services to the people, as enshrined in the Constitution of the Republic of South Africa, 1996. Section 195 guarantees all South Africans a right to services that must be provided impartially, fairly, equitably and without bias.
* Oversee and review all matters of public interest relating to the public sector and economic development to ensure service delivery;
* Ensure compliance by the Department and its entities with relevant legislation (financial and otherwise); and
* Monitor the expenditure of the Department and its entities and ensure regular reporting to the Committee, within the scope of accountability and transparency.

According to Section 5 of the Money Bills Amendment Procedure and related Matters Act, the National Assembly, through its Committees, must annually assess the performance of each national department. The Committee must submit an annual Budgetary Review and Recommendation Report (BRRR) for each department that falls under its oversight responsibilities, for tabling in the National Assembly. Therefore, the Portfolio Committee on Appropriations should consider these when it is considering and reporting on the Medium-Term Budget Policy Statement (MTBPS) to the House.

The Portfolio Committee considered and adopted the Budget of the Department of Public Service and Administration on 2012/13. The Committee, in compiling this report, interacted and engaged with the following source documents:

* The report of the Auditor-General South Africa (AGSA) on the financial statements of the DPSA for 2012/13.
* The Annual Reports of the DPSA, PSC, PALAMA and SITA  for 2012/13, in terms of Section 65 of the Public Finance Management Act of No.1 of 1996, which requires the Ministers to table the annual reports and financial statements for the department and public entities to Parliament.
* Section 32 Expenditure Reports, in terms of the Public Service Finance Management Act, 1999 and reports of the first quarter of 201213 financial year.

1.2          The Department of Public Service and Administration

**Vision**

A professional, productive and responsive public service and administration.

**Mission**

·         Establish norms and standards to ensure that the state machinery functions optimally and that such norms and standards are adhered to.

·         Implement interventions to maintain a complaint and functioning Public Service.

·         Promote an ethical public service through programmes, systems, frameworks and structures that detect, prevent and combat corruption.

·         Contribute towards improved public administration in Africa and internationally through dialogue and sharing of best practices.

**Legislative Mandate**

The Department of the Public Service and Administration draws its mandate from section 195 (1) of the Constitution which sets out basic values and principles that the public service adhere to, and the Public Service Act (PSA), as amended. Here below are these principles and values:

·         The functions of the public service.

·         Organisational structures and establishments 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.

**1.3 Purpose of the BRR Report**

Section 5 of the Money Bills Amendment Procedure and Related Matters Act, Act No. 9 of 2009 requires the National Assembly, through its Committees, to produce a Budgetary Review and Recommendation Report (BRRR) which assesses the performance of each national department with reference to the following:

·         The Medium Term Estimates of Expenditure, Strategic Priorities and Measurable Objectives, as tabled in the National Assembly.

·         Prevailing Strategic Plans.

·         The Expenditure Report as published by the National Treasury in terms of section 32 of the Public Finance Management Act.

·         The Financial Statements and Annual Reports.

·         The Reports of the Committee of Public Accounts; and

·         Any other information requested by or presented to a House of Parliament.

**1.4 Method**

The Portfolio Committee on Public Service and Administration compiled the 2013/14 BRRR using the following documents:

·         The National Development Plan: Vision for 2030.

·         Medium Term Strategic Framework.

·         2013 State of the Nation Address.

·         The 2012/13 Management Performance Assessment Tool: National Departments Score Cards as issued by the Department of Performance Management and Evaluation.

·         Strategic Plan of the Department of DPSA and Its entities.

·         2013/14 Annual Performance Plan of the Department of DPSA and its entities.

·         2012/13 Annual Report of the Department of DPSA and its entities.

·         2012/13 Reports of the Auditor-General on the outcomes of audit findings.

·         2013/14 first quarter expenditure report.

**2. Department’s Strategic Priorities and Measurable Objectives**

**2.1 Outcome 12 Delivery Agreement**

During 2010, the President signed performance agreements with executive authorities of all government departments for 12 performance outcomes approach. The 12 priority outcomes government has set for 2009-2014 are underpinned by outcome 12: an efficient, effective and development orientated public service. Subsequent to the signing of performance agreements, the executive authorities signed with accounting officers of their respective departments. The Minister of the Department of Public Service and Administration and Minister of Arts and Culture are responsible and accountable to implement outcome 12. The delivery agreement is a sum total of commitments made by key government departments in all spheres to ensure that government is working together to improve on service delivery and lives of the people. The delivery agreement for outcome 12 covers the following key strategic areas; service delivery quality and access, human resource management and development, business process, system, decision rights and accountability, national building and identity, citizen participation and social cohesion.

The MPSA is responsible for providing the institutional arrangements and governance framework to ensure an efficient and effective public service by among other things ensuring that its people, processes and technologies are aligned to support the fundamental requirements of government for good public administration; ensure the continual improvement in the cost, quality, access, responsiveness and speed of service delivery to citizens and address the transformation challenges faced by a developmental state.

**2.2 National Development Plan**

In relation to the National Development Plan 2030, the Department has the following strategic priorities in place:

* 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.

2.3          Analysis of the Department’s Prevailing Strategic and Operational Plan

In short the Department has five strategic outcome oriented goals over five year period which contribute to the overall mandate, vision and mission which are as follows:

Strategic outcome oriented Goal 1: *An efficient and effective Public Service and Administration*

The areas of duplication, weaknesses and wastage within the public service and administration are identified and appropriate interventions to address these are implemented which will include: ensuring that the organisational structures of departments are rationalised and aligned to their mandates, improving the effective management of discipline and improving the implementation of resolutions signed with labour through the PSCBC collective agreements.

Strategic outcome oriented Goal 2: *A capable, Equitable and Professional Public Service and Administration*

There are measures to professionalise the public service are introduced which will include, amongst others, compulsory training programmes and the review and enhancement appointment for senior managers.

Strategic outcome oriented Goal 3: *Appropriate legislative framework Public Service and Administration*

The enabling environment for effective public administration is strengthened by reviewing existing legislation and introducing new legislative for public service and administration.

Strategic outcome oriented Goal 4: *An ethical and clean Public Service and Administration*

A corruption-free public administration is promoted through the implementation of practical interventions to prevent, detect and combat corruption and promote the ethical behaviour of public servants is re-enforced through improving compliance to public administration prescripts and regulations.

Strategic outcome oriented Goal 5: *Improved****public administration in Africa and internationally***

The department contributes towards improved public service and administration in Africa and internationally through entering into mutually beneficial partnerships, dialogue and domestication of best practices.

2.4 **Strategic Plans and Measurable Objectives of the Department**

The strategic priorities of the Department were identified for the 2012/13 financial year as follows:

* Ensuring that compliance with all the public administration and public service policies and regulations improves.
* Continuing to provide support and targeted interventions to support departments in achieving the required levels of compliance.
* Improving citizens’ satisfaction levels as measured against specific service delivery criteria
* Strengthening departments’ organisational structures and business processes to enable more effective service delivery
* Enhancing the use and efficiency of ICT as a resource that enables government to better communicate with and deliver integrated services to the citizens of South Africa
* Improving the efficiency of human resource management and development practices, norms and standards.
* Improving citizen engagement and public participation in policy development and feedback provision on the delivery of government services.
* Intensifying the fight against corruption through the implementation of anti-corruption policies and interventions.
* Contributing towards improved public service and administration in Africa and the international arena through sharing lessons and best practices.

**2.5 Response by National Treasury to the Portfolio Committees 2012 BRRR**

After the process of the assessment of annual report 2011/12 of DPSA, the National Treasury raised the following concern that “the Department should address what appears to be conflicting with regard to the roles of the Public Service Sector and Education Training Authority (PSETA) and the Public Administration Leadership and Management Academy. The mandate of the proposed School of Government should be established in consultation with PSETA and other institutions associated with the training of public servants.

In response to matter raised above during the Strategic Workshop held in OR Tambo on 15-17 April 2013, the PSETA clarified its roles which do not clash with PALAMA’s. It was indicated that the PSETA’s role is to ensure quality assurance whereas the PALAMA or School of Government will provide training and development in the public service. PSETA is now a funded institution. There is no conflict between the PSETA and PALAMA in terms of the roles. There is good working relationship between the two entities.

**3. Analysis of Section 32 Expenditure Reports**

The Department has a total budget of R726.9 million. The bulk of the budget is allocated to transfers and subsidies such as OPSC, PSETA and PALAMA. A total amount of R161.5 million and R124.4 million was transferred to OPSC and PALAMA. Compensation of employees accounts for 31.2 per cent of the total Vote budget and 55.2 per cent of the current payments budget. The bulk of the compensation of employees’ budget is under Programme 1: Administration and accounts for R96.7 million or 42.6 per cent of the vote’s compensation of employees’ budget. This allocation is in line with the staff composition for this programme as the programme has the largest staff complement when compared to other programmes. Programme 5: Service Delivery and Organisational Transformation and Programme 6: Governance and International Relations have the largest budget composition with budgets of R216.8 million and R226.6 million. This is due to the transfer payments facilitated by two programmes to the OPSC and PALAMA.

The overall variation from the financial plans in the department is mainly under compensation of employees and goods and services. Approximately 94 posts in the department were vacant at the end of the 2012/13 financial year and this contributed to the under spending in compensation of employees. In terms of the goods and services: expenditure as at the end of the fourth quarter was R181.5 million or 93.3 per cent of the available budget of R188.8 million.

**4. Summary of previous key financial and performance recommendations**

**4.1 Department of Public Service and Administration (DPSA)**

The Minister for the Department of Public Service and Administration leads the implementation of outcome 12: an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship. The DPSA is responsible to execute budget Vote 12 which cater for its entities which include PALAMA, OPSC, PSETA and CPSI. During the financial year 2012/13, the DPSA had been allocated budget of R726 852 million with expenditure of the R703 712 million.

The department had 120 annual targets in the 2012/13 Annual Performance Plan. The department had achieved 75 (62%) of the annual targets and 45 (38%) of the annual targets were not achieved. The DPSA has six programmes which are as follows:

**Programme 1: Administration**

The purpose of the programme is to provide coordinated strategic and administrative support services to enable the Ministry and the Department to deliver on mandates. The Department was able to table its 2012-2014 Strategic Plan and its revised Strategic Plan for 2012/13 on 18-19 April 2012 in Parliament. The Programme was allocated a final appropriation of R187 313 million and the overall expenditure on the programme was R181 322 million, which is 96.8% of the programme’s budget. However the budget was under-spent due to the following reasons:

·       The Minister of Public Service and Administration compensation of employees claims were not received from the Department of Defence (DoD),

·       There is R4.4 million under spending in respect of Office Accommodation. Which was as a result of the fact that DPSA was anticipating additional office space as the current building cannot accommodate all employees

·       There was also funding budgeted for office furniture which was not utilised. This money was earmarked for the purchase of the Minister’s vehicle which did not take place at year-end. The car was purchased in the new financial year.

**Programme 2: Human Resource Management and Development**

The purpose of the programme is to develop and implement an integrated strategy to monitor employment practices, conduct human resource planning and diversity management and to improve the health and well-being of public service employees. The programme was allocated a final appropriation of R38 466 million and had spent R36 615 million, which is an estimated 95.2%. This is a positive outcome because it is an indication that what the programme set out to do was realised. The under spending in this programme is as a result of the SMS government Summit date that was planned for early March but was postponed to early April 2013.

Regarding levels of compliance with signing of performance agreements by HoDs, Senior Management Service (SMS) members and the quality of these agreements, 115 reports were received from Departments (37 National and 78 provincial departments). There was 80% improvement against 54% compliance rate of 2011/12. The Department was able to facilitate participation of 17 860 internships, artisanship and learnerships out of the targeted 15 000. The Department wanted to pilot the revised HoD Performance Management Development System (PMDS) but it was unable because Ministerial approval was still pending. The existing PMDS is still in use pending this approval.

The Department developed a methodology to measure the extent and depth of skills of public servants. The baseline reports were produced and circulated to different departments through the HR Connect system. This will enable the Department and the entire public service to determine which skills and departments need urgent focus and attention.

The Department wanted a policy on compulsory capacity development and mandatory training days for SMS members implemented. Consultations were conducted with all relevant stakeholders in order to solicit inputs. The draft directive had been presented at Governance and Administration Working Session and Cluster meeting in preparation for Cabinet.

**Programme 3: Labour Relations and Remuneration Management**

The purpose of the programme is to develop and implement compensation policies and guidelines for the public sector. It also ensures coordinated bargaining and effective programme management for the establishment of the single public service. The programme was allocated a final appropriation of R29 146 million and had spent R26 936 million, which is an estimated 92.4%. This is relatively a positive outcome indicating that what the programme set out to do was to a greater extent realised. There was under spending on the programme as result of the eestablishment of Sick Leave Target for Public Service projects that was underfunded and the branch was forced to suspend it and it should noted that the SMS Review Panel, which was responsible for reviewing SMS remuneration, was changed to the Presidential Public Service Remuneration Review Commission, which will review remuneration for all public servant. These changes caused the delays in the movement of expenditure.

The Department anticipated developing proposals and costing benefit analysis for revised policy framework regarding the Single Public Service in 2011/12. However, the Personnel Expenditure Review (PER) project could not commence on time because there were no funds at the time of initiating the project. But this past financial year 2012/13 the Personnel Expenditure Review (PER) project had been conducted and finalized.

The Ministry negotiated and concluded with labour a Multi-Term Wage Agreement on salaries and improvement on certain conditions of service for the 2012/13 – 2014/15. This agreement was per PSCBC Resolution 1/2012. It is commendable that the Ministry and the Department were able to pull through this long-drawn conflict to bring about labour peace which was always missing over the years when wage negotiations were held.

A requirement to finalise disciplinary cases within 90 days in the public service was not fully achieved in 2011/12 because the analytical report to institutionalise disciplinary processes and a report on the number of Senior Management Service (SMS) charged, disciplined or discharged was not developed. In this financial year (2012/13), the Disciplinary Code and procedure have been reviewed with a final draft sent for Ministerial approval and subsequent tabling and negotiation at the PSCBC. The project was delayed due to a lack of human resources.

The Department envisaged the formulation of the New Exit Management policy. This was meant to effectively deal with the period it takes for a government department to process a pension claim as soon as it receives such a claim and to process it through to the Government Pensions Administration Agency (GPAA) for payout. There were some technical delays as a result of a lack of human resources. This is the issue that the Portfolio Committee was concerned about and had undertaken an oversight visit to the GPAA in 2011 in order to deal with these administrative and technical glitches regarding pension payouts where some retirees even die as a result of stress regarding the time it takes for the payout to go through.

**Programme 4: Information and Communication Technology Management**

The purpose of the programme is to promote and manage the use of ICT’s in the design and delivery of citizen-centred services and ensure that IT services support the continual improvement in the cost, quality, access, responsiveness and speed of service delivery to citizens, business and stakeholders. The programme was allocated a final appropriation of R28 131 million and had spent R22 217 million, which is an estimated 79%. There was under spending on the programme due to delays in the approval of submission in respect of E-Government and there were challenges in respect of Minimum Information Security Framework as a result of shortage of staff.

The Governance of ICT Policy Framework was adopted by Cabinet (November 2012) and the Minister issued a Directive (02/2013) including the Framework and Implementation Guidelines to assist the Department with implementation of the framework. This is meant to introduce uniform standards for the consumers of IT in the public service. The Green IT policy was finalised with e-waste guidelines as an appendix to the policy. This will help eliminate challenges posed by technology (waste paper and toners) on the environment.

The Batho Pele gateway has been re-launched with streamlined capabilities. Batho Pele helps to instil the culture of service on employees of the public service as they serve the recipients. The Government Information Technology Officer’s Council (GITOC) has been trained in the implementation of Green IT Policy. The IT Standards Framework was developed. As part of the process of promoting effective management of ICT expenditure, the Standard Charts of Accounts (SCOA) codes were implemented in the current financial year.10 new Thusong centres were identified and connected in the Gauteng Province.

A director was appointed to develop the broadband policy and strategy during the 2013/14 financial year. This is in line with the Presidential Directive during the State of the Nation Address where he indicated that the private and public sector laid about 7000 new fibre optic cables. The plan is to achieve 100% broadband internet penetration by 2020. This undertaking will assist in speeding up and ensuring connectivity at Thusong Service Centres countrywide. Connectivity at these centres had always been a concern of the Portfolio Committee.

**Programme 5: Service Delivery and Organisational Transformation**

The purpose of the programme is to promote a service delivery and organisational transformation framework and engage in interventions and partnerships to promote efficient and effective service delivery. The programme was allocated a final appropriation of R221 910 million and had spent R221 252 million, which is an estimated 99.7%. The program has performed well in terms of the financial and non financial information.

The Department conducted a National and Metro accessibility studies to determine the spatial location and access to government service points. Through these studies, points of under provision of services were identified in both national and metro areas. The Department created a platform for the formation of Government components by providing increased support to departments in their drafting of feasibility studies and business cases. The Department also institutionalised the Service Delivery Planning Toolkit so that business process mapping; standard operating procedures; service delivery standards, charters, plans; unit costing; access norms and complaint management systems can be successfully implemented.

The Department conducted a Study on Productivity Management to be concluded within the 2013/14 financial year. This would help in eliminating the impact of service delivery boycotts on the infrastructure and property that get damaged as community rise against public officials and political office bearers when they raise their concerns by resorting to violence and civic disobedience.

The Department held the National Community Development Workers (CDW) Conference whereby CDW Empowerment Workshops were conducted in each province which culminated in a national conference for 500 community development workers. In these workshops senior government leaders including the President and Ministers consolidated their vision on how government priorities were to be determined, how budget should be allocated to support government to implement projects and how community development workers must convey government messages and information to citizens.

The Department had targeted an improvement on compliance in the submission and quality of the Service Delivery Improvement Plans (SDIPs) within the Public Service. But there was no increase from the 78% baseline of 2010/11. The Department took longer than expected to analyse the information on the SDIPs to get substantive feedback to determine why there was no improvement on compliance, the quality of information on SDIPs and their implementation. This does not augur well for the Government that had set to improve service delivery for communities.

**Programme 6: Governance and International Relations**

The Department drives the programme to improve governance and public administration for enhanced service delivery through integrated public service, fighting corruption, monitoring and evaluation as well as advancing the public service agenda at national, regional and international levels. The programme was allocated R59 769 million with the expenditure of R53 253 million. The reason for under spending in this programme was mainly due to the delay in the operationalisation of the Public Service Anti-Corruption Unit (PSACU), delays in the finanlisation of the Citizen Report Card Survey project, non sitting of the National Governance Council for the APRM and spending in the Integrated Public Administration Reform due to a reluctance from the GCIS to participate in the development of a draft Business Case for Thusong Service Centres and the drafting of a Management Framework for the centres.

**The following are the overall achievements of the Department for 2012/13:**

* The Department received an unqualified audit report with no findings on performance information.
* Regarding the Internal Audit Plan, the Department achieved 99% of its projects with only two that are still in progress for finalisation.
* In terms of risk management, the Department is at Maturity Level 3.
* 17 860 learners, interns and artisans were appointed in the public service; topping up the set target of 15 000.The vacancy rate has dropped to below 10%.
* A Strategy for the Management of Poor Performance was developed and submitted for approval by the Minister.
* Reports on the Public Service Affirmative Action and one on the Employment Equity 2011/12, Youth Development in the Public Service, and on 2011 Gender Mainstreaming in the Public Service were produced and submitted for approval to the Minister.
* A Multi-Term Wage Agreement on salaries and improvement on certain conditions of service for the 2012/13 – 2014/15 was concluded per PSCBC Resolution 1/2012.
* Advice and support on discipline management was provided to Limpopo Province regarding Section 100 Intervention.
* The Batho Pele Gateway was re-launched with streamlined capabilities.
* The Service Delivery Planning Toolkit is undergoing the institutionalisation process.
* A Draft Uniform Job Grading Framework is in place as a result of research that was undertaken and concluded by the Department.
* Support to all provincial and national departments was given to clean up data on their PERSAL System with focus on the abolition of unfunded vacancies.
* The Cabinet facilitated the accession of South Africa to the African Charter on Values and Principles of Public Service and Administration for approval by Parliament, after which the country will ratify the charter.
* The Department formulated and facilitated the Ethics and Integrity Framework for approval by Cabinet in order to extend the Financial Disclosure Framework to all public servants and to restrict public servants from doing business with government.

**4.2 Public Service Commission (PSC)**

The Public Service Commission (PSC) is an independent institution established in terms of Chapter 10 of the Constitution section 195 and 196. The PSC is the only body empowered and constitutionally mandated to oversee and evaluate the functioning of the Public Service with a view to establishing good governance and best-practice principles. The Public Service Commission’s transfer from Budget Vote 12 amounts to R162 117 million with the expenditure of R162 076. Funds surrendered to National Treasury amounted to R41 000 which translated to 0,03% of the total allocated budget.

The PSC had achieved 85% of its targets for the 2012/13 financial year. The Auditor General report indicated that the PSC received unqualified audit for the 2012/13 financial year with no matters raised. The Portfolio Committee commented the PSC regarding work well done within the stringent financial management and receiving the unqualified audit in three years successive.

In 2013/14 financial year, the PSC had been allocated budget of R201 140 with the total of expenditure of R96 575. The PSC had spent 48% of the 50% intended to be for second quarter in the current financial year. The PSC requested the following additional funds for the estimates: 2014/15, R47 652 000; 2015/16, R67 404 000; and 2016/17, R67 553 000. The main reasons for such request are to cover for the extended mandate given to the Commission over the three spheres of government.

**4.3 Public Administration Leadership and Management Academy (PALAMA)**

The Public Administration Leadership and Management Academy (PALAMA) primary responsibility is to ensure the provision of training and management development for public servants in order to improve the capacity of the state. The aim of PALAMA is to provide and co-ordinate the provision of training and management development interventions that lead to improved performance and service delivery in the public sector. PALAMA receives a transfer of R124 384 million from Budget Vote 12 for 2012/13 financial year. The actual amount was R122 895 million. PALAMA had achieved and far exceeded most of its targets in 2012/13 financial year specifically on programme 2. However, the Portfolio Committee noted its challenges for not achieving some the targets. PALAMA obtained unqualified external audit report with emphasis on matters for 2012/13 financial year.

**4.4 State Information Technology Agency (SITA)**

The State Information Technology Agency is governed by the State Information Technology Agency Act (1998). SITA was established in terms of the SITA Act (No. 88 of 1998) as amended by Act 38 of 2002.  The act mandates the agency to consolidate and coordinate the South African government’s IT resources to achieve cost savings through economies of scale, increased delivery capabilities and enhanced interoperability of systems. SITA is funded from providing services as stipulated in the service level agreements referred to in the legislation.

Although the State Information Technology Agency (SITA) does not receive funds from Budget Vote 12, its budget has been included in National Treasury’s Estimates of National Expenditure 2011 Budget Vote 12 chapter. SITA plays a pivotal role in the Integrated Financial Management System, the PERSAL system and the connectivity of Thusong Services Centres for access to government services. 15 targets were achieved out of 30 targets in the 2012/13 financial year. This represents 50% of the total planned targets that were not achieved. The Auditor General identified several instances of non-compliance with laws and regulations pertaining to the procurement process, contract management and adherence to internal control. These non-compliance matters could have caused modifications to the government departments and other public bodies’ auditors reports.

**5. Overview and Assessment of Financial Report**

**5.1 Overview of Vote allocation and spending (2009/10 2014/15)**

**Programme**

**2009/10**

**2010/11**

**2011/12**

**2012/13**

**2013/14**

**2014/15**

Actual

Actual

Actual

Main

Adjusted

Actual

Estimates

Estimates

Prog 1: Admin

124 585

165 259

150 329

181 076

187 313

181 322

198 502

206 211

Prog 2: HRMD

63 460

33 966

32 120

37 165

38 466

36 615

40 349

42 261

Prog 3: LRRM

110 435

23 273

24 578

22 528

29 146

26 936

29 674

31 047

Prog 4: ICTM

36 920

40 862

34 704

43 916

28 131

22 217

39 360

43 876

Prog 5: SDOT

34 085

204 843

210 731

214 367

221 910

221 252

236 066

247 701

Prog 6: GIR

32 316

221 866

193 007

232 435

221 886

215 370

288 378

283 961

Prog7: CPSI

16 079

**Total**

**417 880**

**690 069**

**690 153**

**731 487**

**726 852**

**703 712**

**816 371**

**859 474**

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**Transfer payment to entities**

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| **Organisation** | **R’000** |
| PSC | 162 117 |
| PALAMA | 124 384 |
| PSETA | 25     295 |

**5.2   Financial Performance**

The Department has spent 96.8% or R703 712 million of its adjusted budget of R726 852 million in 2012/2013 financial year. Initially the main appropriation for the Department was R731.5 million for the 2012/13 financial year. The amount was adjusted downwards by R4.6 million, resulting in an decreased allocation of R726.9 million during the adjustment process. Reduced allocations are due to a decrease of R9.5 million for transfers and subsidies and an additional allocation of R4.9 million allocated for payments of capital assets. The R23.1 million under spent calculates to 3.2% which is an improvement on the previous spending that amounted to R44.7 million (6.47%) of the 2011/12 financial year. There is a significant improvement on utilisation of budget for the 2012/13 financial year.

The reduced allocations consist mainly of the following:

· *Administration*: An additional amount of R6.206 million due to virements and shifts from other programmes in the Department. Human Resources Management and Development: The programme received R1.6 million as a virement and shifts.

· *Labour Relations and Remuneration Management*: An amount of R5.6 million was allocated to this programme through virements and shifts.

· *Public Sector Information and Communication Technology Management*: the programme declared savings of R1.5 million and R13.1 million was shifted from this programme to other programmes.

· *Service Delivery and Organisational Transformation*: the programme received an additional allocation of R2.4 million. R1.3 million through virements and R1.1 million from other adjustments.

· *Governance and International relations*: The programme had declared savings of R5.3 million and an additional allocation of R1.1 million. An amount of R1.6 million was shifted to other programs.

**5.3 Auditor General Report**

The Department has received an unqualified audit opinion for its financial statements for 2012/12 financial year. The Auditor-General has reported that financial statements present fairly in all material respects the financial position of the Department as at 31 March 2013. The Department’s financial performance and cash flows for the 2012/13 were in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act (PFMA).

The Auditor-General’s Report has the following matters of emphasis:

***5.3.1 Achievement of planned targets***

Out of 120 planned targets, 45 were not achieved; this represents 38% of projects that were achieved.

***5.3.2 Financial management***

The Auditor-General identified material misstatements to commitments and to movable tangible capital assets, which were subsequently rectified.

***5.3.3 Strategic planning and performance management***

During the first three quarters of the year, the quarterly reports were not submitted to the executive authority.

***5.3.4 Internal control***

There were significant deficiencies as explained under different sections of the Auditor-General’s Report.

***5.3.5 Leadership***

The accounting officer of the department did not establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action as required by the Treasury Regulation 5.3.1.

**5.4 Financial Performance 2013/14**

The financial year of 2013/14, the Department accounted for first quarter for non financial and financial information for two quarters. The Department had achieved 36% of targets set in the Annual Performance Plan for the quarter 1 and 64% were not achieved.

The Department projected to spend R395 648 million at the end of second quarter. The actual expenditure amounted to R382 495 million, which constitutes 96.68% spending on the projected expenditure.

**6. Finance and Service Delivery Performance Assessment**

The Department of Public Service and Administration had been allocated budget of R726 852 million with expenditure of the R703 712 million during the financial year 2012/13. The Department had 120 annual targets in the 2012/13 Annual Performance Plan. The Department had achieved 75 (62%) of the annual targets and 45 (38%) of the annual targets were not achieved. The Portfolio Committee was concerned about the department not achieving 80% of their targets in the 2012/13 financial year. Change in Ministers within a short space of time within a one Presidential term was one of the major problems which hampered the efficiency and effectiveness of the department from achieving its intended outputs. The Auditor General further raised concerned in lack of reporting on the quarterly performance of the annual plan on the financial year 2012/13. Quarterly reporting was done without being accompanied by evidence which made it difficult for the internal audit in the department to confirm targets achieved.

The Portfolio Committee noted in the 2012/13 financial year that Department relied more on consultants. A significant progress was made between the employer and labour representatives in the negotiation of the Multi-Term Salary Negotiations. These brought stability in the public sector and further prevent the public servants from engaging in yearly long-drawn labour disputes demanding better salaries. The Portfolio Committee commend the Minister and the Department for the work well done concerning such an achievement.

Thusong Service Centres specifically in the rural areas were the main concerned of the Committee regarding service delivery on the ground level. The Committee observed during its oversight in Mpumalanga and Limpopo Province that there is a lack of coordination at the management or administration level in most of the centres. Governance issues affect the service delivery at these centres. The Department need to develop a framework on managing the coordination at the Thusong Service Centres. The Department in collaboration with Government Communication Information System and Department of Cooperative Governance should develop such a framework or model on governance at the Thusong Service Centres. Connectivity at the centres had been achieved at a very slow pace this affects delivery of services.

The launch of a National School of Government was a concern to the Portfolio Committee. Funding model was not clearly elaborated on to the Committee; which leaves much to be desired. The Department and PALAMA are in negotiation with the National Treasury to request additional funding for the National School of Government. The Committee expressed its disappointment regarding unsatisfactory performance on the State of Information Technology Agency, which impacts negatively on the information technology on government in general. SITA should urgently recover and be transformed to fit into the new Turnaround Strategy. The Management of SITA should ensure that all vacant posts are filled in order to make the agency deliver on its mandate.

The Public Service Commission had achieved 80% of its annual targets. Expenditure of R162 076 balanced with the overall achievement of the targets. The Committee was impressed with the manner in which PSC as an independent body is executing its activities.

In the current financial year of 2013/14, the Department had achieved 36% of the targets set out in the annual plan for the quarter 1 out of 64% which was not achieved. It was noted that the Department did not do much in the first quarter of the financial year. The Department intended to spend R395 648 million at the end of second quarter. An expenditure of R382 495 million was accounted for two quarters in the 2013/14 financial year. The Portfolio Committee would ensure that Department and its entities report on quarterly basis on the achievements and non-performance.

**7. Committee’s Findings**

The Portfolio Committee critically engaged with the Department and its entities on the achievements and non achievements of the annual (2012/13) and quarterly (2013/14) targets. Targets were achieved in the Department. However Cabinet reshuffle impacted negatively on the performance of Department. SITA performance was the main concerns to the Committee. The readiness of PALAMA to transform and translate into the National School of Government did not impress with the Committee due to insufficient funding and lack of proper plans. The PSC was well complimented for the satisfactory work done so far.

**8.**Recommendations

**8.1 Department of Public Service and Administration**

The following are recommendations in relation to DPSA:

i.          The Department should attend to the improvement of targets concerning the affirmation of the people with disabilities.

ii.          More attention should be given to ICT programmes in order to address connectivity in rural Thusong Service Centres to ensure the utility and value for money for the existence of these centres and programmes.

iii.          Collaboration of the DPSA with the HRCSA leaves much to be desired. Skills in dire sectors will not improve if there is no collaboration. The Department is urged to give this matter its urgent attention and subsequently report to Parliament how it is going to address this challenge.

iv.          The PAM Bill consultation and facilitation process needs to be speeded up in order to address challenging policy areas regarding section 100 intervention, anti-corruption programmes and improving on compliance standards.

v.          The Department should give more attention to improving performance targets to expected baseline standards to realise the value for money regarding programmes since the performance level of the department concerning targets was at 63% instead of the required standard of 80%.

vi.          Parliament would like to see an improvement on the vacancy rate from 8% to 9% down to 5% in the department and in the entire public service.

vii.          The Department is applauded for introducing the Uniform Job Grading process. The Department is urged to tie up loose ends on this policy so that standardised implementation of the policy is speeded up.

viii.          The Department should conduct a proper analysis of data concerning its Study on Productivity Management in order to fully determine the causes of lack of productivity in certain service delivery activities with a view to addressing the service delivery protests and community dissatisfaction about services.

ix.          The Department of Public Service and Administration should play a significant role in assisting SITA to achieve its intended targets.

x.          Parliament requests that the Executive Authority (EA) and the Accounting Officer should introduce a “Consequences Management” strategy in order to deal with non-compliance with laws, regulations, policies and sound financial management practices in the public service.

xi.          Parliament requests that it be furnished with a progress report on the Disciplinary Code and Procedure for the Public Service so that it can determine whether the entire public service is able to deal with disciplinary challenges emanating from non-compliance with legislation, policies and regulations. This is in line with Parliament’s proposal for the formulation of a “Consequences Management” strategy. Parliament sees the Disciplinary Code and the ‘Consequences Management” strategy as a panacea for the affirmation of people with disabilities, among other things, for which the public service had failed to reach set targets.

xii.          Parliament recommends that all departments should align their exit strategies with identification of employees as understudies of those employees who are due to exit the Department or the public service. This should address the concern regarding gaps in financial and administrative accounting.

xiii.          Parliament is concerned about the “evergreen contracts” that have no fixed term of close-out as this works against good financial management practices, especially at SITA. Therefore Parliament recommends that the Executive Authority, Accounting Officers and Boards, where applicable, should address this matter urgently to minimise incurrence of irregular, fruitless and wasteful expenditure.

xiv.          Parliament is concerned about management and administrative instability that occurs when the Executive Authority moves from one department to the other as this compromises financial and administrative accountability. Parliament recommends that there should be minimal movement of the administrative component even as the Executive Authority moves from one department to another.

xv.          Parliament is concerned that the Department underscores itself concerning its international work by not showcasing its achievements through regular reporting to Parliament and to the general public.

xvi.          Parliament requests the Department and the Government to ensure stability in all departments and entities through service delivery and protection of the available infrastructure with a view to realising the economic transformation and the objectives of a developmental state.

xvii.          Parliament urges the Department and the Government to ensure that all departments and entities adapt their strategies towards the realisation of the National Development Plan (NDP) 2030.

xviii.          The Portfolio Committee is concerned that the National Treasury does not honour invitations by the same Committee to avail itself when cross-cutting financial matters are discussed in the Portfolio Committee and within Parliament’s Governance Cluster.

xix.          Parliament is concerned about the outcry from public servants their families concerning long-drawn delays in pension payouts. Parliament requests the Government Employees Pension Fund (GEPF) and the Government Pensions Administration Authority (GPAA) to present a three-year report on how they had paid out pensions and the challenges they had met and how they had addressed these challenges over this period.

xx.          The Department must analyse carefully the audit opinion raised in the Auditor-General’s Report and present to Parliament how they will resolve the challenges raised in the report.

**8.2 Public Administration Leadership and Management Academy (PALAMA)**

The Portfolio Committee made the following recommendations regarding PALAMA/NSG:

i.          Parliament would like to see proper tracking of unemployed graduates who participate in the Breaking Barriers to Entry (BB2E) project so that they are not lost to the public service after investment on them by the State.

ii.          PALAMA/NSG should come up with proper and efficient funding model to set a base for trainers who will dedicate their service, skills and expertise to the public service. The School should have its own teaching and facilitation staff without relying to a greater extent on private facilitators and trainers, if it has to effectively offer courses tailor-made for the public service.

iii.          Parliament requests PALAMA/NSG to present a clear organogram layout, costing analysis, offerings tailor-made for the revised mandate, objectives of the new mandate as well as the income-generating map of the School.

iv.          The NSG should give more attention to training of levels 1-12 than to levels 13-16 since the lower levels are more functionaries to deliver a service.

v.          To avoid policy implementation gap, PALAMA/NSG must not ignore collaboration and consultation with PSETA, Department of Higher Education and Training (DHET), Human Resource Council of South Africa (HRCSA), SETA’s, and tertiary schools of public administration/government/management.

vi.          The organogram of the NSG needs to be formulated efficiently and properly to show exactly how the training operation side fits into the configuration of School of Government.

vii.          Vacancy rate at PALAMA/NSG is a cause for concern to the Portfolio Committee. PALAMA/NSG should urgently and gradually fill all the funded posts prior to migrating or transforming into the National School of Government. As the process of migrating and transforming unfolds, and a necessity presents itself for more vacancies; the NSG must gradually fill these vacancies to cater for the need.

viii.          Employment of People with Disabilities should be taken seriously by PALAMA/NSG prior to transforming into the National School of Government.

ix.          PALAMA/NSG must capacitate officials regarding the Service Charter that the Minister of Department of Public Service and Administration signed with Public Service Collective Bargaining Council.

x.          Parliament is of the opinion that all courses designed towards the institutionalisation of the Public Service Charter should incorporate the values of public administration enshrined in the Constitution. This means that PALAMA/NSG must work with the PSC in designing the curriculum on this project.

xi.          PALAMA/NSG must analyse carefully the audit opinion raised in the Auditor-General’s Report and present to Parliament how they will resolve the challenges raised in the report.

**8.3 State Information Technology Agency (SITA)**

The following are recommendations in relation to SITA:

i.          The Committee is concerned about the imbalances between the targets achieved and expenditure on programmes for the annual report of 2012/13 financial year. There should be close monitoring of SITA in the current and future years to avoid non-performance by the Management and the Board.

ii.          SITA must be a preferred supplier of ICT products by government departments. In order to ensure the preference, SITA must ensure that their pricing model is competitive with other service providers.

iii.          SITA must sharpen and tie up the gaps in their procurement management system.

iv.          Employment of the People with Disabilities should be made a priority during recruitment and appointment of the employees at SITA.

v.          SITA must give urgent attention to human resource reconfiguration so that the low morale of the employees is addressed and to ensure that personnel that will remain after the reconfiguration will be gainfully employed.

vi.          SITA should develop efficient human resource, financial management and governance plans to realise 100% of customer satisfaction.

vii.          SITA must on quarterly basis inform the Portfolio Committee on the strategy to deal with human resource, financial management and governance issues.

viii.          Rural Thusong Service Centres still have a major challenge in terms of connectivity and slow internet, which hampers service delivery and therefore the Committee, urges SITA to prioritise this matter.

ix.          SITA must analyse carefully the audit opinion raised in the Auditor-General’s Report and present to Parliament how they will resolve the challenges raised in the report.

**8.4 Public Service Commission**

The following are recommendations in relation to the PSC:

i.          Parliament complements the PSC’s collaboration with the Auditor-General’s (AGSA) Office and SCOPA in order to address gaps in the public service financial management to ensure that irregular, wasteful and fruitless expenditure can be minimised.

ii.          Parliament requests the National Treasury to reasonably increase the PSC budget of the medium-term to accommodate the mooted extended mandate to all spheres of government. This budget would cover financial as well as human resource issues of the extended mandate.

iii.          Parliament requests the Commission to measure the effectiveness and impact of the training courses provided by PALAMA/NSG to the public servants through conducting evaluation studies.

iv.          Parliament requests the Commission to finalise and present its perspective on the concept and features of a developmental state.

**8.5 Portfolio Committee: Public Service and Administration**

i.        The Portfolio Committee should on a quarterly basis hold Department and its entities to account on the quarterly financial and non financial performance information.

ii.        The Portfolio Committee will develop an action plan to monitor progress on the BRRR recommendations throughout the year.

**9. Conclusion**

The Portfolio Committee believes that if these recommendations could be implemented, there will be greater progress concerning the objectives of the Department, the entities and of the entire sector. Recurring challenges would be resolved as quickly as possible if accountability regarding these recommendations can be forthcoming from all the entities within the sector.

Report to be considered.