

Public Hearing on Conditional Grants & Expenditure

Presentation by:

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Education

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Conditional Grants And Capital Expenditure:
Mpumalanga Department of Education

1. Conditional Grants outcome for 2005/06

Conditional Grants	Main Appropriation R' 000	Additional funds R' 000	Adjusted Budget R' 000	Exp R' 000	% spent	Transfers received R' 000
	1	2	3(1+2)	4	5(4-3)	
HIV/AIDS	10,317	-	10,317	10,541	102.2%	10,317
National School Nutrition Programme	70,235	16,712	86,947	76,479	88.0%	86,947
Infrastructure Development	114,213	71,446	185,659	66,153	35.6%	113,659
FET Recapitalisation	-	-	-	-	-	-
TOTAL	194,765	88,158	282,923	153,173	54.1%	210,923

2. Economic Classification 2005/06 CAPEX

Economic Classification	Adjusted Budget	Actual Expenditure	Variance	
	R'000	R'000	R'000	
Compensation of employees	4,349,632	4,325,174	24,458	0.6%
Goods and Services	1,059,477	1,070,237	(10,760)	(1.0%)
Transfers and subsidies	212,869	205,614	7,255	3.4%
Payments for capital assets (Incl Conditional Grants)	342,078	179,032	163,046	47.7%
Total	5,964,056	5,780,057	183,999	3.1%

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3. Conditional Grants outcome for 2006/07

Conditional Grants	Main Appropriation	Additional funds	Adjusted Budget	Expendit. 31/3/2007	% spent	Transfers received
	R'000	R'000	R'000	R'000		R'000
	1	2	3(1+2)	4	5(4-3)	
HIV/AIDS	10,936	-	10,936	11,603	106.1%	10,936
National School Nutrition	84,549	-	84,549	83,097	98.3%	84,549
Infrastructure Development	126,638	54,506	181,144	120,912	66.7%	181,144
FET recapitalisation	32,000	-	32,000	32,000	100.0%	32,000
TOTAL	254,123	54,506	308,629	247,612	80.2%	308,629

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4. Economic Classification 2006/07 CAPEX

Economic Classification	Adjusted Budget	Actual Expenditure	Variance	
	R'000	R'000	R'000	
Compensation of employees	4,611,828	4,751,115	(139,287)	(3.0%)
Goods and Services	1,115,285	964,707	150,578	13.5%
Transfers and subsidies	245,888	255,160	(9,272)	(3.8%)
Payments for capital assets (Incl. Conditional)	352,127	301,184	50,943	14.5%
Total	6,325,128	6,272,166	52,962	0.8%

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5. Conditional Grants 2007/08 (up to 31 December 2007)

Conditional Grant	Main Budget 2007/08	Adjusted Budget 2007/08	Exp as at 31 Dec 2007	% Expenditure
HIV	13,010	13,010	7,508	58%
NSNP	106,604	108,056	80,269	74%
FET	40,055	47,676	32,434	68%
Infrastructure	200,979	246,368	26,398	11%
TOTAL	347,638	402,100	139,101	35%

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6. Economic Classification 2007/08 CAPEX (up to 31 December 2007)

Economic Classification	Adjusted Budget	Expenditure 31 Dec 2007	%
	R'000	R'000	Expenditure
Compensation of employees	5,951,757	4,476,854	75.2%
Goods and Services	1,379,849	832,323	60.3%
Transfers and subsidies	357,500	286,234	80.1%
Payments for capital assets (Incl. Conditional Grant)	429,201	166,765	38.9%
Total	8,118,307	5,762,176	71%


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7. Conditional Grants 2007/08 (Under spending/ overspending)


Conditional Grant	Adjusted Budget 2007/08	Exp as at 31 Dec 2007	Projected March 2008	Variance Under / (Over)	% Spent
HIV	13,010	7,508	5,502	0	0%
NSNP	108,056	80,269	27,787	0	0%
FET	47,676	32,434	15,242	0	0%
Infrastructu	246,368	26,398	62,703	157,267	64%
Total	415,110	146,609	111,234	157,267	38%

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8. Status of monitoring capacity for 2007/08

- **HIV/AIDS:** Capacity exists at Regional Offices as well as Head office.
- **NSNP:** There are monitors in the Regional and Circuit offices.
- **FET Recapitalization:** The FET colleges do have the necessary capacity to monitor the projects currently instituted by them.
- **INFRASTRUCTURE :** The Department of Public works as the implementing agent, monitors the projects on behalf of the department. The department itself does not have the capacity
- Do not transfer to any institution outside the department.



9. Status of Tenders for the 2007/08 projects.

- Status of projects in the department.
 1. 0.1% at design stage.
 2. 25.5% at tender stage.
 3. 24.6% at construction stage.
 4. 0.1% at hand over stage.
 5. 49.6% at retention stage.
 6. 0.1% cancelled.
- Projects are at various stages as indicated above.
- What can be depicted from the above is that the expenditure for this financial year is below target due to the ratio of projects that are still in pre-construction stages.



Status of Tenders for the 2007/08 projects (cont....)

- Difficulties in projecting cash flows due to delays in correcting the Infrastructure reporting model and reconciliation of IYM report and the Public Works data base.
- Completing and closing out the old 2004-07 projects in a reasonable amount of time so that this can contribute to an improved cash flow. Infrastructure Grant was withheld by National Treasury.
- There have been noticeable improvement of the participation of the regions in the assessments of projects for the infrastructure plans
- The clustering of projects, with 1 to 9 projects per cluster managed by a group of consultants, improves the efficiency of the management of the program.

Completion of Legacy Projects (2001 – 2004) in Education



Rationale 4 Presentation

- Similarity in approach to the cluster infrastructure delivery initiative
- Short-time nature of the project
- Actualizing the One-on- One decision of 11/10/2007 to seek EXCO approval for the project going forward

Project Objective

Use available data to compile accurate project information and create a reliable system that the Department can utilize for the completion of the backlog and future work.



Background

- Incomplete Projects 2001-2004
- Appointment of Consultant and Contractors (MDoE)
- Lack of capacity – No M&E records
- Uncertainty of incomplete and completed projects
- No accurate and updated records of expenditure vs achieved progress



Appointment of Africon

- Appointed as Operational Support Team
 - R. de Bruin;
 - S. Naidoo;
 - D. Chowles;
 - N. Mathebula;
 - E. Warambwa
- Variation Order to complete Legacy Projects
- Joint Task Team Meeting outlined Project Scope and Terms of Reference



Assumptions

- Information readily accessible
- Relevant supporting Project Documents available
- Time allocated (8 weeks) based on the availability of the above



Findings

- No Project Management system
- No Letters of Appointment
- No Project Progress Reports
- No Site Visit Reports
- No Variation Order Trail
- No Project Expenditure Trail
- Partially completed Payment Certificates



Proposed Solution

- Client department must take ownership of the 2001-2004 Backlog

How?

- Establish Project Implementation Team consisting of stakeholders
- Establish Project Implementation System
- Compile comprehensive Project knowledge base



Proposed Solution

- Site Visits and Physical Inspections

- Status Quo Report
- Evaluate and cost outstanding work
- Separate legacy and current projects



Organogram



Benefits of Implementing Project

- Accurate knowledge base
- Accurate costing, budgeting and forecasting
- No disruption to current project implementation
- Internal ownership of projects
- Improved monitoring and evaluation processes
- Final commissioning of legacy projects
- Organisational Development Opportunity



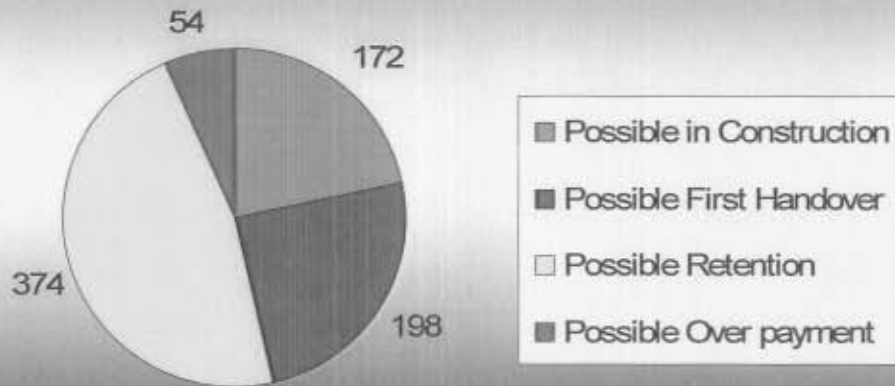
Assumed Construction Phase

Based on the Backlog Report (2004 figures)

Possible Construction phase	% Budget Spent	No	Project Budget	Unspent Budget
Possible in Construction	0%-79%	172	R 75,669,919.66	R 20,468,974.63
Possible First Handover	80%-94%	198	R 90,508,068.67	R 9,099,419.43
Possible Retention	95%-100%	374	R 173,008,392.24	R 12,960,439.04
Possible Over payment	100%+	54	R 34,638,470.94	-R 4,918.68
		798	R 373,824,851.52	R 42,523,914.42

Assumed Construction Phase

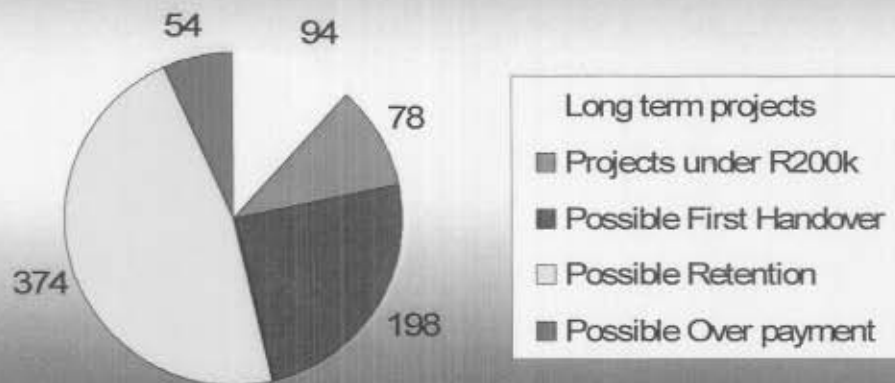
Based on the Backlog Report (2004 figures)



Assumed Total Number of Projects: 798

Possible Quick Wins

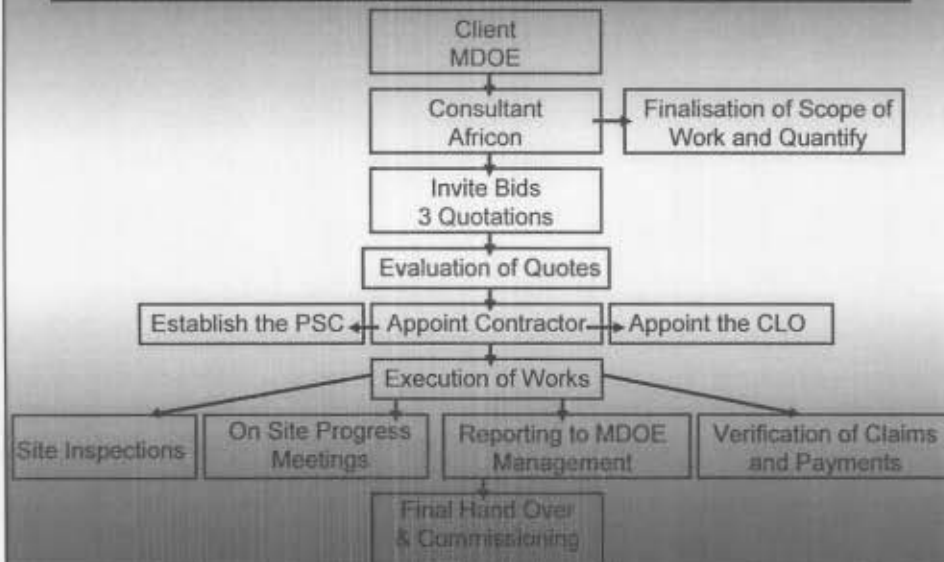
Based on the Backlog Report (2004 figures)



Assumed Total Number of Projects: 798

Fast Tracking Within Fast Track: Proposed Quick Wins

Process for the Quick Wins (Under R200k)



Deliverables

Following Proposed Model



1215 Classrooms



1312 Toilets



Water for 97 schools



Electricity for 64 Schools



Recommendations

- That the proposed process be approved for presentation to EXCO -- with costing
- That the MDoE program be used as proxy for the other social cluster departments in the implementation of Fast Track within Fast Track

Thank You.