

DOD AR FY 2009/10

STRUCTURE AND POST ESTABLISHMENT (CONTINUED)

Salary Band	Funded Positions	Number of Employees	Percent Vacancy Rate
Senior Management	332	257	22.5%
Senior Professionals	0	79	0.0%
Highly Skilled Supervision	8429	8837	-4.8%
Highly Skilled Production	23223	23218	0.02%
Skilled	32756	33286	-1.6%
Lower Skilled	3652	2247	38.47%
Military Skills Development System	8828	8874	-0.5%
Interns	71	14	80.28%
Total	77291	76812	0.6%

DOD AR FY 2009/10

DETAILED INFORMATION PER PROGRAMME AND SUBPROGRAMME

SUMMARY OF PERFORMANCE REPORTS (ACHIEVEMENTS, CHALLENGES AND CORRECTIVE ACTIONS)

PROGRAMME 1: DEFENCE ADMINISTRATION

Def Sec Subprogrammes

- Ministerial Direction
- Departmental Direction
- Government Information Technology Officer (GITO)
- Policy and Planning (Defence Policy, Strategy and Planning)
- Financial Services
- Acquisition Services (Defence Matériel)
- Defence Supply Chain Integration
- Defence International Affairs
- Inspection Services
- Human Resource Support Services
- Legal Services

PROGRAMME 1: DEFENCE ADMINISTRATION

SANDF Subprogrammes

- SANDF Command & Control
- Corporate Staff Office
- Military Policy, Strategy and Planning Office
- Religious Services
- Communication Services (Corporate Communication)
- Defence Reserve Direction
- Defence Foreign Relations

**PROGRAMME 1: DEFENCE ADMINISTRATION
(DEF SEC SUBPROGRAMMES)**

DEPARTMENTAL DIRECTION

Achievements:

- Represented DOD interests at high level meetings (Cabinet Lekgotla, Clusters and DG's meetings).
- Ongoing implementation of Operation CLEAN AUDIT to consolidate good corporate governance, which has resulted in a reduction from 6 audit qualifications in FY 2008/09 to only one in FY 2009/10.
- Engaged in defence diplomacy to strengthen bilateral relations and Defence co-operation with other countries.
- Provision of policy advice to the MOD&MV and policy directives to the DOD.

DEPARTMENTAL DIRECTION (CONTINUED)

Challenges:

- In the year under review, decision making was the greatest challenge with Acting appointments and change of leadership in the Office of Secretary for defence.
- Appointment of Staff in the Office of the Sec Def therefore not achieved.
- Uncertainty in strategic direction in key areas of policy and projects.

ICT STRATEGIC DIRECTION (GITO)

Achievements:

- Promulgation of Information Strategy and related Policy to direct the following:
 - Integration of DOD Information Systems.
 - Replacement of DOD legacy systems to enhance administration efficiency.
 - Reduction of DOD Information Systems duplications.
 - Ensured economies of scale in the acquisition of IT equipment.
- *Details of the ICT Operational Support to be reflected under Programme 7- General Support*

POLICY AND PLANNING (DPSP)

Achievements:

- Ensured an effective participation of the DOD in the ICTS and JCPS Clusters through thorough preparation and co-ordination of DOD inputs.
- Submission of the DOD's Strategic Plan and Annual Report.
- Ensured the provision of administrative and secretariat support services to the National Conventional Arms Control Committee (NCACC) and its subcommittees.
- Prepared documentation for the legal authorisation of SANDF ordered commitments by Cabinet and President.
- In the area of organisational structure management completed various organisational reports and transactions.

POLICY AND PLANNING (DPSP) CONTINUED

Challenges:

- Inadequate knowledge base and research capacity.
- Reliability of performance information in the DOD as raised in the AG report.

POLICY AND PLANNING (DPSP) CONTINUED

Corrective Actions:

- In order to improve the management of performance information, the DOD has adopted the following interventions:
 - Contracted the services of the Technical Assistance Unit (TAU) to assist with the streamlining and improvement of the DOD planning process in terms of definition of performance indicators, measures and targets.
 - Over and above the yearly comprehensive reporting instructions, the DOD has started a process to develop a DOD policy framework to streamline the reporting requirements, responsibilities and accountabilities.
 - Established a DOD team to coordinate and verify DOD performance information.
 - The Internal Audit unit being established to supplement the IG system will conduct internal audits, and test the system before-hand and allow for improvements to be made before the AG's audit.

FINANCIAL SERVICES

Achievements:

- The Department of Defence expended 99,9% of its appropriated budget.
- Revenue management received an unqualified audit opinion due to improving systems and policies together with continuous training. Revenue Management was qualified in the FY 2008/09.
- More accurate and complete financial reporting contributed to reducing qualified audit opinions.
- Financial Management System was enhanced to comply with the minimum Standard Chart of Accounts requirements.
- A multi disciplinary financial management service was provided to the Chief of the SANDF.

FINANCIAL SERVICES (CONTINUED)**Achievements (Cont.):**

- Continuous participation in IFMS development with National Treasury.
- The enhancement of financial controls.

Challenges:

- Maintain and improve the achieved standards of budgeting, accounting and reporting.
- Smooth migration from FMS to IFMS.
- Excessive amount of cash in circulation.
- Administration of asset losses.

FINANCIAL SERVICES (CONTINUED)**Corrective Actions:**

- **Maintain and improve the achieved standards of budgeting, accounting and reporting.**
 - Consortium has transferred skills and knowledge in the area of revenue, financial statements etc.
 - Recruitment and retention of skilled and competent personnel.
 - Develop and implement the accounting manual – target date November 2010.
 - Align Financial Management Division's organisational structure with PFMA requirements and National Treasury initiatives.
- **Smooth migration from FMS to IFMS.**
 - Continuous participation in National Treasury development workgroups.
 - Develop a migration plan addressing training, testing, migration and closing down of current FMS

FINANCIAL SERVICES (CONTINUED)**Corrective Actions (Cont.):**

- **Excessive amount of cash in circulation.**
 - Implementation of purchase card (National Treasury approval obtain October 2010).
 - Continuous improvement of S&T advance system.
- **Administration of asset losses.**
 - Develop and implement policies and procedures.
 - Develop, implement and maintain an appropriate loss administration system.
 - Enforce accountability in terms of the Policy on Financial Misconduct.
 - Establish the necessary knowledge and skills in support of the above.

ACQUISITION SERVICES (DEFENCE MATERIEL)**Achievements (Project-Related):**

- Landward Defence Acquisition Projects ADRIFT, ARUMLILY and GIJIMA were delivered and successfully commissioned into the SA Army.
- Ito the Air Defence Strategic Packages, the last of 30 Agusta A109 Light Utility Helicopters, the ninth and last dual seat SAAB Gripen Advanced Light Fighter and first two of 17 single seat SAAB Gripen Advanced Light Fighters were delivered.
- Project MAULSTIC was successfully integrated into the SA Navy Meko 200 Frigates with full operational capability expected by the end of 2010.
- The Maritime Defence Strategic Package programmes are approaching completion, having operationalised four Meko 200 Frigates and delivered three Class 209 Type 1400 Submarines.

ACQUISITION SERVICES (DEFENCE MATERIEL) CONTINUED**Achievements (Project-Related) :**

- The Technology Development Programme undertook successful trials of the low-cost precision-guided munitions. The Landward Electronic Defence System tested well under competitive trials.

Challenges (Project-Related):

- Under-funding of the Landward Acquisition programme.
- After termination of the A400M programme in November 2009, the Department, through its contracting agent, ARMSCOR, is in process to recover the R2,9 billion already paid to Airbus Military. Agreement on repayment terms envisaged to be finalised by December 2010.

ACQUISITION SERVICES (DEFENCE MATERIEL) CONTINUED**Corrective Actions (Project-Related):**

- The SA Army adopted a strategy of partial acquisition to address the under-funding issue.

Defence Industry Strategy:

- Develop a Defence Industry Strategy by involving all role-players and stakeholders including the Defence Industry.

DEFENCE SUPPLY CHAIN INTEGRATION**Achievements:**

- Identification of policy gaps and the review of the logistics, acquisition, procurement, and disposal policies.
- Provision of procurement and materiel governance advice and support to C Log after migration of the DOD Corporate procurement function from SecDef to C SANDF.
- Support to C SANDF for peacekeeping operations by concluding contracts in mission areas for deployed forces.
- Executed materiel governance on all supply chain activities on behalf of the Accounting Officer to eliminate possible audit qualifications.
- Developed value systems and evaluated offers received for procurement of Category 1 goods and services via ARMSCOR.
- Developed value systems and evaluated offers received for disposal of redundant and phased-out Defence equipment.

DEFENCE SUPPLY CHAIN INTEGRATION (CONTINUED)**Challenges:**

- The Development of the Defence Industry Support Strategy is being finalised. It has not been completed because of the coordination of inputs of various role-players such as the Department of Trade and Industry and Aerospace Maritime Defence Association.
- **Auditor General performance audit on consultants usage in the DOD.**
 - Audit is not yet finalized.
 - DOD has in June and October 2010 formally responded to further audit enquiries to enable Auditor General to finalize the audit.

DEFENCE SUPPLY CHAIN INTEGRATION (CONTINUED)

Challenges:

- Public Private Partnerships (PPP's) - National Defence Training Institute:
 - Transaction Advisor cost for feasibility study was R657 869 for FY 2008/2009 and R6 083 817 for FY 2009/2010.
 - Feasibility study highlighted the issue of affordability and indicated that the DOD must either reprioritize its existing budget or request additional budget allocation in the next MTEF cycle to close the affordability gap.
 - The study further indicated that total risk was RM542 but RM198 could be transferred to the private party.
 - Total projected cost for the project is:
 - Total Capital Expenditure – R1 203 million
 - Annual operating expenditure – R2 340 million
 - Unitary payment (incl VAT & Contingency – R190 million)

DEFENCE SUPPLY CHAIN INTEGRATION (CONTINUED)

Corrective Action:

- Provision of the Defence Industry Support Strategy for inclusion in the Defence Industry Strategy.
- Comprehensive database of consultants used in the DOD is established and updated on a quarterly basis. Refinement of the definition of consultants is being addressed with National Treasury. Individual item codes linked to specific consultants have been created on the DOD Financial Management System to prevent erroneous reporting. The DODI on consultant utilization is being reviewed and is earmarked for promulgation in March 2011.

DEFENCE INTERNATIONAL AFFAIRS

Achievements:

- Drafted, negotiated, facilitated various defence agreements with other countries and International Organisations (AU, UN, Swaziland, Mozambique, Namibia, USA, Russian Federation, France, Sweden and Malaysia)
- Facilitated the servicing of various defence agreements with other countries.
- Supported the South African Foreign Policy initiatives through participation in various multilateral, bilateral, unilateral, state, Ministerial and official visits.

INSPECTION SERVICES

Achievements:

- Maintained its Quality Management System certification by satisfying all SABS requirements.
- The Inspector General of the Department of Defence tasked by Defence Inspectorate Working Group (DIWG) of SADC Standby Force completed an Inspection manual.
- 56 investigations were completed. Two cases were referred to the SAPS Commercial Branch and 10 cases were referred to the Mil Police Division for further investigations.

INSPECTION SERVICES (CONTINUED)

Challenges:

- **Staffing of vacant posts (members with required skills).**
 - Challenge due to long HR process to appoint newly recruited skilled members, especially PSAP.
 - Cannot staff due to unfunded Project MOUNTING relating to closing down of units (Item 10)
- During the FY 2009/10, 121 audits were planned. 115 audits were completed, with the bulk of the cancelled audits were due to the RSA contingent's withdrawal from Burundi.

INSPECTION SERVICES (CONTINUED)

Corrective Actions:

- **Auditor-General queries addressed:**
 - Draft Fraud Prevention Plan is being updated to take into account applicable legislative requirements.
 - MOD approved separation of Internal Audit/Inspection function, internal audit function to reside with Sec Def (Head of Internal Audit to be appointed by Sec Def).
 - Audit Committee (AC): Annual internal audit/inspection schedules and annual/quarterly reports are submitted to AC for approval.

HUMAN RESOURCE SUPPORT SERVICES

Achievements:

- The development of the DOD HR Strategy and can be presented at a suitable date to the PCD.
- Implementation of the New Salary Dispensation for members of the SANDF.
- Establishment and support of the Interim National Service Commission (INDFSC) to advise the MOD & MV on matters pertaining to their service in the SANDF.
- Hosting of the DOD Gender Conference with the theme "Inspired and Empowered to Advance Gender Equity" that was attended by 320 members of the DOD.
- 240 SANDF members transferred to the SAPS, which ultimately contributes to rejuvenation of the SANDF.
- Approval of the new individual grievance procedure in the DOD
- Training and Empowerment of all officers Commanding/managers in the DOD on basic Labour Relations.

HUMAN RESOURCE SUPPORT SERVICES (CONTINUED)

Achievements (Cont.):

- Implementation of the Occupation Specific Dispensation (OSD) on Social Work Professionals, Nurses, Legal Practitioners, and Medical Officers.
- 30 207 youth joined the MSDS since its inception in 2003. 15 217 ex-MSDS members joined the Regulars of which 1 438 is Officers and 8 403 Non-Commissioned Officers.
 - FY 2009/10 MSDS Intake, 4 883 (3821 members accepted in the Regular Force)
- The Regular Force mission readiness improved 45% its rank-age compliance of Privates.
 - In 2000 only 10.8% of Regular Force Privates were between 18-24 years old.
 - Today, 55.8% Privates are 18-24 years old.

HUMAN RESOURCE SUPPORT SERVICES (CONTINUED)**Challenges:**

- Unresolved grievances lodged into the old grievance procedure.
- Approval Process for determination of salary adjustment and other conditions of service for members of the SANDF.
- Military Bargaining Council and Military Arbitration Board not fully functional.
- MSDS.
 - Feeding of the Reserves is not sufficient
 - Seamless integration of former MSDS members into civilian employment as Reserve members.
- Scarce Skills. Loss of scarce skills is recognised as a challenge although it is not unique to the DOD and are driven by supply and demand factors in the broad labour market.

HUMAN RESOURCE SUPPORT SERVICES (CONTINUED)**Corrective Actions (cont.):**

- Individual Grievances:
 - Ensure visibility of grievances lodged at all levels.
 - Electronically supported.
 - Established accountability of all roll-players.
 - Process is supported by Grievance Committees and a Grievance Board.
 - Awareness campaigns in process through posters, information bulletins, articles and regional briefings.