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Analysis of the 2011/12 Annual Performance Report of the Department of Higher Education and Training

1. Introduction

The purpose of this brief is to provide the Select Committee on Education and Recreation with analysis of Department of Higher Education and Training 2011/12 financial annual performance report. This was the second year for the Departments operation and with its own appropriated budget since its inception in 2010.

Its key functional role and purpose amongst few, is to develop and facilitate a quality higher education and vocational sector through support that will yield quality throughput. Additional to that need also to promote access to higher and vocational education and skills development training opportunities. This priority is aligned and finds its basis from the two broad goals of the Medium Term Strategic Framework 2009-2014 Strategic Priority 4 namely:¹

- To broaden access to post-school education and to improve the higher education throughput rate by 20 per cent by 2014, including access for people with disabilities and
- Ensure that training and skills development initiatives in the country respond to the requirements of the economy, rural development challenges and social integration.

The Department is responsible to align itself to the Ministers delivery agreement², the National Development Skills Strategy (NSDS) priorities³ and other legislations that seek ensuring that a skilled and capable workforce is created to support an inclusive growth path (outcome 5). It is the aim of the Department to achieve the mentioned above, have then set related strategic goals. These are to:

- Increase the number of skilled youth by expanding their access to education and training; ensure a further education and training college curriculum that is responsive to the demands of the market;
- Increase the number of students successfully entering the labour market on completion of training;
- Increase the number of university graduates, particularly in scarce skill areas; improve the linkages between the world of work and study; and

¹ The Presidency (2009)

² Delivery Agreement 1

³ NSDS iii



- Establish a credible institutional mechanism for skills planning.

The above goals were to be achieved by a number of performance indicators and targets set under each programme. The 2011/12-2012/13 strategic plan and annual performance plans showed a lot of improvements from 2010/11. Most of the performance indicators were measurable with clear targets and time-frames. However, there were 29 per cent of those in 2011/12 that the Auditor-General felt were not suitably developed during the strategic plan process.

2. Analysis of 2011/12 Expenditure Trends

The analysis in this section will focus on the departmental spending performance including the spending of the National Skills Fund. It will also highlight issues raised by the Auditor-General's report.

In 2011/12 financial year, the Department was allocated R38 billion (R28 billion voted funds and R10 billion direct charges). R27.8 billion (98 per cent) of the total of R28 billion excluding direct charges, was allocated to transfers and subsidies on the Department's vote. Transfer payments from the voted were in respect of the FET Colleges Conditional Grant, subsidies to 23 institutions of higher learning as well as public entities. It is clear that a larger portion of the Department's budget is spent on transfers and subsidies and the remainder budget of 1.71 per cent is the one used by the Department for its internal departmental operations of which the spending is good except in programme 5: Skills Development. In 2011/12 the programme spent less than 94 per cent of its allocated budget. It therefore means that the Department should put adequate and effective measures and systems to monitor the implementing institutions to use the funds to deliver the required outputs.

2.1. Spending of the FET Colleges Conditional Grants

The total adjusted allocation for the FET Colleges Conditional Grant for the 2011/12 financial year amounts to R4.375 billion and the total preliminary expenditure as at 31 March 2012 is R4.592 billion. The total transfer of funds to Provincial Departments of Education is R4.375 billion which represents 100 per cent of the total adjusted budget allocation. Over-expenditure was recorded in three provinces (Eastern Cape, Free State and Gauteng) due to roll-over funds from 2010/11 approved by Provincial Treasuries. Limpopo Province recorded over-spending on Pearsal payments while Northern Cape Province under-spent on Pearsal payments.



Questions/ concerns:

- The limited number of Colleges with access in Persal system blocks and delays the process of identifying and filling of vacant post. e.g. for colleges to fill their vacancies they need to do so via provinces and normally happens after a huge delay.
- Page 105 of the report indicates that only three Colleges in Mpumalanga have access to Persal system, while the Department committed to 20 Colleges having access. Why was the target of 20 not achieved?
- When will all the Colleges have access to the Persal system to be able to recruit and spend the allocated budget accordingly?
- On accountability, been reported that only 33 out of 37 Colleges who submitted their Annual Financial Statements received unqualified reports, what happens to the rest of the colleges and what measures in place to combat the tendencies?

2.2. Under-expenditure Analysis

Table 1: Under-expenditure between 2010/11 – 2012/13⁴

2010/11			2011/12	
Programmes	Under-expenditure	Percentage %	Under-expenditure	Percentage %
Administration	3 735	2.98	3 284	2.11
Human Resource Development, Planning and Monitoring Coordination	864	3.53	660	1.70
University Education	1 870	0.01%	635	0.10
Vocational Education and Training	3 583	0.09	4 625	0.10
Skills Development	13 796	9.68	8 613	6.59
Totals	23 848		17 817	

The under-spending for the year under review amounted to R17.8 million and it is high in programme 5: Skills Development at 6.59 percent, but 3.09 per cent lower than in 2010/11. The Department has reported a recurring under-expenditure reason since 2010/11 and 2011/12 namely, the Institute for the National Development of Learnerships, Employment, Skills and Labour

⁴ DHET (2012)



Assessment (INDLELA) security system. During its 2012 first quarter reporting in August 2012, the Department reported that INDLELA security system issue was not yet finalized. Though the under-spending did not impact negatively on the Department's programmes and service delivery, it should be addressed urgently. Other factors that contributed to the under-expenditure in 2011/12 included goods delivered but not paid for, and claims not received in respect of examiners and moderators.

There is also a recorded under-spending by the National Skills Fund (NSF). In 2011/12 it recorded under-spending of 40 per cent against the budgeted income of R2.2 billion, while in 2010/11 was 74 per cent under-spending (spent R558 million from the total income of R2.12 billion). Compared to the past financial year, the fund has significantly reduced its level of under-expenditure.

2.3. Audit opinion

The Department received financially unqualified audit opinion with findings by the Auditor-General (AG).

2.4. Non-compliance with laws and applicable legislation

In 2010/11 financial year, the Auditor-General's finding was that the Department was not complying with laws and applicable legislation. There has been a movement in this respect as no prior findings were expressed in this area for the 2011/12.

2.5. Expenditure Control

The Auditor-General's finding in this area is that the money owed by the Department was not always paid within 30 days of receiving an invoice or statement, as required by section 38(1)(f) of the Public Finance Management Act (PFMA) and Treasury Regulations 8.2.3.

2.6. Human Resource Management and Compensation

In 2010/11, the findings were that the verification process for new appointments did not always take place and did not cover criminal record checks, citizenship verifications, financial record check, qualification verification, and reference check as required in terms of Public Service Regulations 1/VII/D.8. There were no job descriptions for the selected employees as required by the Public Service Regulations 1/III/11. The same findings were expressed by the AG in 2011/12 annual report.



Questions/concerns:

Verification of qualification, employment history, criminal record and citizenship checks is part of the anti-corruption programme of government, and that lack of compliance with this may adversely affect the ethical credibility of the Department as a whole. The Public Service Commission has cautioned that leaving the verification of qualification until the appointment has been done might be problematic because the employee would have entered into a contract of employment and started work already. If the qualifications are found to be fraudulent, this might be costly for the Department to remove the employee from the contract.⁵

The Department reported during its 2012/13 first quarter reporting that it is experiencing capacity constraints in human resource and Members were concerned about persons employed without necessary expertise and knowledge. This is as a result of not verifying employment history claimed by the employee during the application process. The Department will have to spend money on capacitating such employees.

- What are constraints in the Department relating to verification process?
- Given that the Department is not always able to conduct verification, does it attach qualifications verification and security clearance condition to the employment contract? If not why?

2.7. Financial Misconduct

Disciplinary hearings were not held for financial misconduct committed by 25 out of 31 officials that were identified by a forensic investigation finalised during 2010, as required by Treasury Regulation 4.1.1

2.8. Usefulness and reliability of reported performance information

The following criteria are used to assess the usefulness and reliability of the information on the department's performance with respect to the objectives in its strategic plan:

- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
- Relevance: Is the performance information, as reflected in the indicators and targets, clearly linked to the predetermined objectives and mandate of the department? Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

⁵ PSC (2005)



On the basis of the above criteria, the AG found that the reported performance information was deficient in respect of the following criteria:

- The validity of reported performance against indicators could not be confirmed as inadequate supporting information was provided;
- The accuracy of reported performance against indicators could not be confirmed as inadequate supporting source information was provided; and
- Sufficient and appropriate evidence to support reported indicators was not submitted.

Though the Department has shown some progress in terms of reporting on the predetermined objectives, 29 per cent of the total planned targets for the 2011/12 financial year were not achieved.

2.9. Irregular, fruitless, wasteful and unauthorised expenditure

Table 28: Irregular, fruitless, wasteful and unauthorised expenditure

Year Incurred	Irregular Expenditure	Fruitless and wasteful expenditure	Unauthorised Expenditure
2010/11	R4 023 000	R0	R0
2011/12	R2 000 000	R0	R0

Source: Auditor-General (2006/07-2010/11) and DHET 2011/12 Annual Report

In 2010/11 financial year, the Department incurred irregular expenditure of R4 023 000; and R2 million in 2011/12 due to non-compliance with supply chain management processes. Another irregular expenditure of R174 million was incurred by the National Skills Fund arising from its project related activities in 2011/12.

3. Programme Performance: Achievements and challenges

3.1. Successes

The achievements of the Department build on the work that had commenced in 2010/11 and they are reported as follows:

3.1.2. Programme 1: Administration

- The Department was able to develop an information security policy, disaster recovery plan and change management policy.
- It also established ICT governance structures such as the ICT Strategy Committee and the ICT Steering Committee and enhanced the capacity of the Information



Technology directorate to provide LAN and desktop maintenance and support service to the Department.

- It conducted two ministerial shows in Mpumalanga and Kwazulu-Natal.
- It held a Mandela Day Career Festival in Lusikisiki and career exhibitions in Kwazulu-Natal and Northern Cape.

In its revised 2011/12 strategic plan, the Department committed to establish one office per province with three core staff by December 2011. The regional offices were to link with Provincial Skills Development Forums in the Premiers Office, FET colleges and adult education and training functions located in provincial departments, SETAs and the Department of Labour.

Question/concerns:

The Department reported that 27 regional posts were created and pilot started in Kwazulu-Natal and Eastern Cape.

- Was funding secured for the posts?
- When will all the provinces have fully functional regional offices?
- How these regional offices contribute in the overall performance of the Department?
- What are the plans for these similar offices to be introduced in all other provinces?

The Department reported that had 187 posts of which 133 were filled; 54 reported to be in the process, What is the current state of these posts?

It is reported that the Department had infrastructural challenges. e.g. ICT service and office space; What mechanisms are in place to address these challenges.

3.1.3 Programme 2: Human Resource Development, Planning and Monitoring Coordination

Some achievements for 2011/12

- The Department, in collaboration with the South African Qualifications Authority (SAQA), developed the Career Advice Services System
- The Information Framework and Career Advice Services Framework were developed
- It hosted a UNESCO data mission in July 2011 and developed data plan for South Africa
- Processed the Higher Education Laws Amendment Bill, 2011 and Skills Development Bill 2011 and were promulgated
- Processed the Further Education and Training Colleges Amendment Bill, 2011 which were approved by both houses of Parliament
- On International Relations:



- The Department participated and contributed in meetings of the SADC, UNESCO and the 4th IBSA Summit.
- The Department undertook international study trips to access and share best practices, to enhance cooperation and review collaborations

Question/concerns:

- In page 67 of the Annual report, has been reported that there were 24 Court cases administered to. The question is whether these administered cases were dissolved?
- Also In the same page, 60 Agreements were drafted and/or vetted; details are required.

3.1.4. Programme 3: University Education

In this programme the Department recorded the following achievements:

- Finalised a national three-year enrolment planning for 2011/12-2013/14.
- Finalised the draft of the Policy Framework for the Provision of Distance Higher Education in South Africa and was gazetted for public comments.
- Developed a project plan and work is underway to establish a National Central Application Service.
- Completed the Ministerial Committee for the review of the provision of Student Housing at South African Universities.
- Significant progress has been made with respect to strengthening Foundation Phase Teacher Education Programmes and it is now in the third year of implementation. Twenty universities are involved in Foundation Phase Teacher Education.
- Completed a task team report on the establishment of the two new universities in Mpumalanga and Northern Cape.
- The seats for the two new universities were gazetted by the President.
- Project management teams were appointed in November 2011 and work is underway to begin the establishment of the new universities.
- Development framework for the establishment of the new universities has since been published.
- Developed and published a policy on Professional Qualification for Further Education and Training Colleges Lecturers for public comment.



Targets not achieved:

- Compilation of report on future space capacity and enrolment growth;
- Compilation of report on campus enrolment;
- Report on dropouts and throughput rate;
- Report on best practices and challenges of implementing the restructuring of higher education;
- Report on review of funding framework for institutions of higher learning;
- New input funding strategy;
- Proposal for the establishment of an Ombudsman Office for discrimination in higher education;
- Report on the recommendations for improving efficacy of institutional forums; and
- Report on the qualitative use of teaching grants at public universities

Question/concerns:

It is reported that DHET provided scholarship support for 4 Honours students 34 MEd students and 39 PhD students.

- Details of the selection criteria, funding, students, institutions where these students are studying, study progress of these students and the future plans.

The Universities and FET colleges under administration.

- How is the progress and how much time is left to finalise the administration process? What are future strategies in place to capacitate these institutions or preventative measures in order to shake off these trends?

Every year there are lot of students' protests especially during the registration time.

- How the DHET addresses this challenge?

Following the findings and recommendations of the Task team on student accommodation; what are developments with regard to students' residents at universities.

3.1.5. Programme 4: Vocational and Continuing Education and Training

The programme recorded the following achievements:

- Developed an additional National Senior Certificate NC (V) programme, Transport and Logistics and the offering commenced January 2012.
- Developed curriculum for additional programme, Primary Health, in partnership with Health Welfare Sector Education and Training Authority and the Department of Health
- Reviewed five NC (V) subjects to improve content, teaching and assessment.
- Developed and gazetted the draft Adult Education and Training Assessments.
- Expanded access to further education and training significantly through the R1.270 billion bursary allocation awarded to 165 273 students enrolled in state-subsidised programmes offered in colleges.



- 2 645 college staff members trained towards improved subject knowledge.
- 3 499 college staff members trained towards improved classroom practice.
- 469 college staff members trained towards improved lecturer access to workplace exposure.
- 168 workshop/practical rooms upgraded for the delivery of teaching and learning.
- 382 classrooms upgraded for the delivery of teaching and learning.

While the Department has recorded achievements in this programme, the following targets were not achieved:

- Finalisation of the amendment of the National Norms and Standards for funding FET Colleges.
- Revision of NC (V) qualification policy document.
- Compilation on College implementation of internal continuous assessment guidelines.
- Compilation of implementation report on improved pass, certification and throughput rates.
- Development of a policy on minimum requirements for Adult Education and Training practitioners.
- Compilation of report on the quality, efficiency and performance of public adult learning centres.

Questions/ concerns:

- Has the Department done impact assessment to measure if the lecturer training provided improves teaching and learning and increases success and throughput rate? If not why and if yes, what are the findings?
- What is the criterion for selecting lecturers for training and who controls it
- What measures are in place to ensure that all lecturers benefit from these trainings?
- What is the department doing to ensure that all College personnel benefits in development opportunities especial lecturing personnel.
- Can the Department disaggregate the number of trained teachers per colleges and subjects, the number of upgraded workshops and classrooms per colleges and campuses
- Based on the review of the NCV levels 2-4, curriculum, what are developments in place to improve relevancy and articulation of the qualification?
- What is the status of the old NATED (Report 191) programmes such as N4-N6?
- What proactive mechanisms are in place to control establishment of illegal colleges?
- Does the DHET have any clear programme for in-service professional development of FET lecturers?
- What strategies and remedial in place to quickly address the qualification level of FET lecturers who are labelled under qualified e.g. with N6 adding to overall poor performance of individual colleges?



3.1.6. Programme 5: Skills Development

Achievements:

- A new constitution for the SETAs was developed and implemented.
- The Quality Council for Trades and Occupations (QCTO) was finally established and functional.
- The highest number of artisan learners (13 168) completed training nationally since 2007.
- A skills conference was held to deepen understanding on the National Skills Development Strategy (NSDS) III.
- A new SETA landscape and establishment were published in Government Gazette.

Targets not achieved:

- The Minister did not sign the SETAs 2011/12 strategic and annual performance plans.
- Annual report on the implementation of National Skills Development Strategy III.
- Audit of 20 SETA accredited trade test centres.
- Publication of grant regulation by the Minister.

Questions/concerns:

There is a notable inconsistency in the reporting on predetermined targets. In some of the targets not achieved the Department gave escape explanations of not achieving the targets while in some the implementation was delayed to the last quarter of the financial year. In some, explanations were not given for not achieving. In the achieved targets the Department reports that reports were compiled and available while in some there is no indication of the availability of the reports.

- Are there any financial implications for delaying the implementation of some targets?
- If yes, what are the implications?

3.2. Challenges

While acknowledging the milestones achieved in terms of delivering on its mandate, the Department still experiences the following challenges:

- Unfilled vacancies: the Department has never been fully resourced since its inception and the situation is further aggravated by financial constraints. This has created a shortfall in terms of human resource capacity in the department. At the end of the 2010/11 financial year, the Department had a vacancy rate of 28.23 per cent with



5. Conclusion and Recommendations

Although the DHET is fairly new and in the process of reconfiguration, it however made huge progress since its inception in terms of creating a seamless post-school education and training system. The following are recommended to further ensure improved efficiency of the system and better service delivery:

Essentially the Department should:

- Fill all vacant funded posts to realise its goals and objectives.
- Develop and submit a clear comprehensive bid to the National Treasury regarding funding of the vacant positions to fully resource the department because the department cannot function well in the midst of capacity constraints.
- Bid for more funds for the National Student Financial Aid Scheme to be able to provide total cost of study bursaries and loans to academically deserving and poor students.
- Ensure that systems put in place during the administration period do not collapse after the administration period is over.
- Bid for more funds from the National Treasury to resource the critical programmes like the University Education and Vocational Education and Training with competent and qualified personnel to ensure that all planned activities are carried out.
- Develop a sustainable strategy of employing qualified and competent chief financial officers for the FET Colleges as their current strategy of using retired accountants is not sustainable.
- Strengthen its monitoring and evaluation strategies and support to Council of institutions of higher learning and FET Colleges in terms of governance and financial management
- Bid for funds to develop curriculum for the National Senior Certificate for Adults and to review the Report 191 outdated programmes so as to not delay the implementation of National Senior Certificates for Adults, as well as to ensure that Report 191 programmes are relevant and do respond to the needs of the labour market.
- Address delay in delivery of textbooks at FET Colleges
- Consider listing the National Skills Fund as an entity to reduce its administrative and human resource burden from the department.
- Finalise the security system of INDLELA to avoid recurring under-spending.
- Address all the findings raised by the Auditor-General in relation to 2011/12 annual performance report



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