

**REPORT OF THE PORTFOLIO COMMITTEE ON EDUCATION; CULTURE,  
SPORT AND RECREATION ON THE 1<sup>ST</sup> QUARTERLY REPORT OF THE  
DEPARTMENT OF EDUCATION, 2015/16 FINANCIAL YEAR**

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**1. INTRODUCTION**

Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature compels the Member of the Executive Council to table quarterly performance reports of the department to the Speaker of the Legislature, within 30 calendar days after the end of a quarter.

The consideration of the 1<sup>st</sup> quarterly performance report of the Department of Education (the department) for the 2015/16 financial year was to assess progress made by the department of Education in implementing the 1<sup>st</sup> quarter targets as set out in the 2015/16 Annual Performance Plan, in line with the allocated budget vote 7 as per the Mpumalanga Appropriation Bill, 2015.

**2. METHOD OF WORK**

The Honourable Speaker referred the 1<sup>st</sup> quarterly performance report of the department to the Portfolio Committee on Education; Culture, Sport and Recreation (the Committee) on 04 August 2015 for consideration and report back to the House.

On 19 August 2015 the Committee was briefed by the researcher on the 1<sup>st</sup> quarterly report and the meeting with the department to deliberate on the report was held on 27 August 2015. Questions for written response were sent to the department prior to the deliberations. During the meeting, the department presented the written responses to the Committee's questions and follow-up questions were then posed to the department. The department submitted written responses to the follow-up questions by 04 September 2015. The department complied with this request and the responses were incorporated into this Committee report. The Committee considered and adopted its report on 23 September 2015.

The Head of Department (HOD) led the departmental delegation, which included the DDG: Curriculum, CD: District Coordination, Acting CFO, Director: Planning and Director: Internal Audit. The Provincial Treasury, Office of the Auditor-General (AG) and the Department of Public Works, Roads and Transport were also invited to the meeting.

### **3. GENERAL OBSERVATIONS**

The Committee made the following general observations:

- a. The MEC for Education, Hon MR Mhaule did not attend the 1<sup>st</sup> quarterly report deliberations as she had been requested by the Hon Premier to attend a Women's Month event in Mbombela. Her apology was received and accepted.
- b. The 1<sup>st</sup> quarterly report of the department was neatly packaged and correctly tabled by the Hon MEC on 28 July 2015, within 30 days after the end of the previous quarter. The 1<sup>st</sup> quarter dashboard report was tabled on 26 August 2015. In future, the department is advised to table the two reports at the same time.
- c. The Committee considered the internal audit dashboard report for the 1<sup>st</sup> quarter in conjunction with the 1<sup>st</sup> quarterly performance report of the department as a means of keeping track of the department's quarterly performance towards a clean audit.
- d. Consideration of the 1<sup>st</sup> quarter dashboard report indicates that the department has regressed in the 1<sup>st</sup> quarter of 2015/16 financial year in comparison to the 4<sup>th</sup> quarter of 2014/15 financial year.
- e. The department obtained a qualified audit opinion for the 2014/15 financial year mainly as a result of the opening balance on immovable assets. This was a regression from the unqualified audit opinion in the 2013/14 financial year. The Committee noted that the department has an audit action plan to address the 2014/15 audit queries. The action plan was submitted to the Committee.
- f. At the time of the deliberations, the department had an acting CFO. The Committee was informed that the department was in the process of head-hunting to fill the position.
- g. The department is not effectively monitoring the use of its resources by the Department of Public Works, Roads and Transport for infrastructure projects, resulting in over expenditure and poor infrastructure delivery. The DPWRT was present in the meeting and responded to the Committee's questions on infrastructure.
- h. At the time of the 1<sup>st</sup> quarter report deliberations, the department had not yet tabled its progress report on the 4<sup>th</sup> quarterly report House Resolutions as the due date given for submission to the Legislature was 30 September 2015.

#### 4. OBSERVATIONS ON THE BUDGET EXPENDITURE

##### 4.1. Overall expenditure trend

The department's programmes decreased from nine (9) in the 2014/15 financial year to seven (7) in the 2015/16 financial year. For the 1<sup>st</sup> quarter of the 2015/16 financial year, the department's expenditure per service delivery programmes 1-7 was as follows:

Table 1

Programme	Appropriation 2015/16 R' 000	Actual Expenditure 1 <sup>st</sup> quarter R' 000	% SPENT as at the end of 1 <sup>st</sup> quarter
1. Administration	1 271 766	281 486	22%
2. Public Ordinary Schools	13 576 502	3 428 217	25%
3. Independent Schools	19 044	2 532	13%
4. Public Special Schools	225 860	62 060	27%
5. Early Childhood Development	268 027	42 482	16%
6. Infrastructure Development	960 422	112 321	12%
7. Examinations and Education	535 148	189 878	35%
<b>TOTAL</b>	<b>16 856 769</b>	<b>4 118 977</b>	<b>24%</b>

The Committee noted the following on the 1<sup>st</sup> quarterly budget expenditure:

- a. As at 30 June 2015, the department had spent **R 4 118 977 000.00 (billion)** which was **24%** of the 2015/16 budget allocation of **16 856 769 000.00 (billion)**.
- b. Each programme was assessed in view of the 25% benchmark guide. Clearly there were variances from this guide as reflected in the table above.
- c. The department has been constantly assuring the Committee that they are putting measures in place to stabilize the expenditure in each programme, to be in line with the 25% benchmark for quarterly expenditure. However, the pattern keeps recurring in each quarterly report, despite the department indicating that monthly Budget Advisory Committee meetings are held.
- d. The department needs to fast track the payment of contractual obligations so that expenditure within the programmes can improve by the end of the 2<sup>nd</sup> quarter.

## 4.2. Economic Classification

Table 2

Economic classification	2015/16 Budget R' 000	1 <sup>st</sup> Quarter Reported Expenditure R' 000	% Expenditure At 30/06/2015
Compensation of employees	13 094 156	3 209 088	25%
Goods and services	1 581 134	270 170	17%
Transfers and subsidies	1 224 749	546 199	45%
Payment for capital assets	956 730	93 519	10%
<b>Total</b>	<b>16 856 769</b>	<b>4 118 976</b>	<b>24%</b>

The Committee noted the following:

- Expenditure on economic classifications is always erratic, when compared to the 25% quarterly benchmark for expenditure. The Committee has raised this concern many times to the department. The department was again asked what plans were in place to ensure that all classifications spend as dictated by the Provincial Treasury benchmark and to provide written proof thereof. It was noted from the department's response that the economic classification expenditure is closely monitored through monthly Budget Advisory Committee meetings. Minutes of these meetings were attached as proof.
- The 45% expenditure on Transfers and subsidies reflected the need for transfers to schools to be at 50% by 15 May 2015, in terms of Government Gazette no. 31574 and Notice no. 1387 of 2008. The department reported to be on track in this regard. The cause of the underspending was the delay in the implementation of Steve Tshwete Boarding School.
- The very low (10%) expenditure on payment for capital assets was expected, since the department has a huge infrastructure backlog. There has been no substantial improvement in infrastructure spending by the department.
- The expenditure on compensation of employees in programme 1 was in line with the 25% Treasury benchmark, while goods and services underspent at 17%. This raises a concern about the delivery of school furniture, LTSM and other services via the service delivery programmes.

## 4.3. Conditional Grants

The department received conditional grant funding to the value of R 1 473 456.00 for the 2015/16 financial year. Expenditure was as follows by the end of the 1<sup>st</sup> quarter:

2015/16 Conditional Grant	Appropriation R' 000	Actual Expenditure R' 000	% spent
Education Infrastructure Grant	857 247	100 491	12%
HIV/AIDS Grant	19 631	4 331	22%
Maths, Science and Technology	39 138	8 486	22%
National Schools Nutrition Programme	545 910	148 130	27%
OSD for Therapists	337	-	-
EPWP Programme Integrated Grant	2 453	964	39%
Social Sector EPWP Grant	8 742	2 676	31%
<b>Total</b>	<b>1 473 456</b>	<b>265 078</b>	<b>18%</b>

EPWP = Extended Public Works Programme

- a. On the whole, the department underspent on conditional grant funding expenditure, at 18% (7% below the 25% quarterly benchmark).
- b. This year, the department did not receive the Dinaledi Schools grant, the Technical Secondary Schools grant and the FET Colleges grant due to the transfer of the Further Education and Training and the Adult Basic Education and Training programmes to the national Department of Higher Education and Training.
- c. Only 12% of the Education Infrastructure Grant was spent in the 1<sup>st</sup> quarter due to the delay in implementation of the Steve Tshwete Boarding School.
- d. Expenditure on HIV/AIDS Grant is satisfactory at 22%.
- e. The department received a Maths, Science and Technology Grant amounting to 39 138 000.00 this financial year, of which 22% was spent in the 1<sup>st</sup> quarter. The Committee is satisfied that the funds were used.
- f. Spending on the NSNP grant was slightly over the 25% quarterly benchmark. The Committee commends the department for this important service to the school children.
- g. There was no expenditure on the OSD for Therapists Grant.
- h. The EPWP Programme Integrated Grant and the Social Sector EPWP Grant were overspent by 14% and 6% respectively.

## 5. CONSIDERATION OF THE 1<sup>st</sup> QUARTER DASHBOARD REPORT

The Committee considered the department's dashboard report and commented as follows:

- a. There were a few spelling errors on the report, which the department was advised to correct. In future, the department must ensure quality assurance of the report before submission to the Legislature.

- b. In the 1<sup>st</sup> quarter of 2015/16 the department was still experiencing the problem of its officials doing business with other government departments, which was in contravention of government policy. The HOD informed the Committee that 247 officials of the department were about to be charged. She further explained that the problem lay with officials of Eskom and SABC who continued to do business with the Department of Education and since they did not have persal numbers it was difficult to detect the business activity.
- c. On item 1.a the Committee observed that managers needed to be more effective.
- d. Item 1.b showed regression from unqualified to qualified, possibly due to Human Resource constraints, or not unless the AG had added new audit areas.
- e. On item 1.c the department explained that more officials needed to be trained on policies and procedures at boarding schools, especially when the enrolment drops.
- f. On item 1.d the Committee felt that the recommendation of the Internal Audit was too vague and that PMDS should be able to address the matter.
- g. On item 2.a the Committee noted that record keeping was a problem and the HOD was urged to specify the issues.

## 6. INTERACTION WITH THE DEPARTMENT ON THE PROGRAMME PERFORMANCE

The HOD of the Department of Education presented the written responses to the Committee questions, which were based on programmes 1 - 7. Thereafter, the Committee interacted with the department and raised follow-up questions. The department was requested to submit written responses to the questions by 04 September 2015.

Below is an overview of the department's performance:

<b>ATTAINMENT OF 1<sup>ST</sup> QUARTERLY TARGETS (APRIL – JUNE 2015)</b>			
<b>Programme</b>	<b>Planned Outputs</b>	<b>Actual Outputs</b>	<b>% Achieved</b>
1. Administration	156	122	78%
2. Public Ordinary Schools	92	74	80%
3. Independent Schools	6	4	67%
4. Public Special Schools	9	7	77.8%
5. Early Childhood Development	10	6	60%
6. Infrastructure Development	16	6	37.5%
7. Examinations and Education	49	40	82%
<b>TOTAL</b>	<b>338</b>	<b>259</b>	<b>76%</b>

## PROGRAMME 1: ADMINISTRATION

The programme provides overall management and support to the education systems in accordance with the National Education Policy Act, the Public Finance Management Act and other relevant policies.

### Expenditure on programme 1 as at 30 June 2015

Administration	Appropriation 2015/16 R' 000	Actual Expenditure R' 000	% Spent
Office of the MEC	1 039	1 594	18%
Corporate Services	547 570	109 836	20%
Education Management	664 189	166 290	25%
Human Resource Development	9 839	810	8%
EMIS	41 129	2 956	7%
<b>Total</b>	<b>1 271 766</b>	<b>281 486</b>	<b>22%</b>

EMIS = Education Management Information System

The Committee made the following observations on Programme 1:

- As at 30 June 2015, programme 1 spent 22% of its annual allocation. Performance on planned targets was 78% (122 out of 156 targets).
- The main reason for under expenditure in programme 1 was the unpaid contractual obligations relating to labour saving devices due to a change of banking details and correction of invoicing details by the main service provider.
- The non-correlation between set targets and actual outputs (pages 17-18 of the 1<sup>st</sup> quarterly report) posed a challenge as the department's performance could not be accurately assessed. On the planned target to collect budget data for the 2015/16 financial year, the outputs speak to the 2016/17 financial year. The department must align the targets with actual outputs.

### **Officials doing business with government**

This had been an audit enquiry in the 2014/15 financial year and the department reported that a number of strategies were being implemented to curb this practice.

### **Litigations**

The planned target to administer all court cases by or against the Department of the MEC or HOD was not achieved. The department reported that all **new litigations** were being handled by a service provider appointed by the Office of the Premier.

### **Scholar Transport**

The Committee raised a question about reports of scholar transport service providers at Mhluzi (Steve Tshwete Local Municipality) who were being rotated on a monthly basis. The department indicated that the DPWRT had done this after discovering that a number of service providers were doing business with the State and not declaring their interest during the tender stage. These tenders were thus cancelled and service providers were appointed on a monthly rotation basis until the tender issues were resolved. The department reiterated that they had no input into this matter.

Another matter was raised about the lack of scholar transport at Mooiplaats in the Steve Tshwete Local Municipality due to the service provider reportedly not being paid. Subsequently, learners from Hendrina and Mphephethe were left without transport to school at Mooiplaats. The department responded to the Committee's concern, indicating that provision of transport to Mooiplaats School was not completely terminated. According to the department, the service provider had transported 72 learners for 59km for the past four years at no cost, and then stopped providing the service. A concern was raised by the Committee as to whether the service provider had been paid or not. The department further reported that they had submitted a request for scholar transport to the DPWRT on 24 April 2015 for the addition of 22 km to the route. However, when they inquired on 31 August 2015, the DPWRT informed the department that the request was still being considered for approval.

### **School Nutrition**

The Committee raised a concern about reports that Hendrina Primary School, which has an enrolment of 1200 learners but only 720 are being fed. Moreover, learners were allegedly receiving meals every second day. The department responded to the Committee's concern, indicating that Hendrina Primary School is a Quintile 4 school, meaning that it does not qualify for the NSNP. However, due to the fact that most children were from surrounding farms, the department had targeted only 720 children to be fed. The department confirmed that the 720 children are fed every day.

## **PROGRAMME 2: PUBLIC ORDINARY SCHOOLS**

**The programme provides education from Grade 1 to Grade 12 in accordance with the South African Schools Act, 1996 and White Paper on inclusive education.**



### **Expenditure on Programme 2 As At 30 June 2015**

<b>Public Ordinary Schools sub-programmes</b>	<b>2015/16 Appropriation R' 000</b>	<b>Actual Expenditure 30 June 2015 R' 000</b>	<b>% SPENT</b>
<b>Public Primary Level</b>	8 007 728	2 026 591	25%
<b>Public Secondary Level</b>	4 896 136	1 215 544	25%
<b>Human Resource Development</b>	73 411	22 361	30%
<b>School Sport, Culture and Media Services</b>	14 181	4 427	31%
<b>Conditional Grants</b>	585 046	159 294	27%
<b>Total</b>	<b>13 576 046</b>	<b>3 428 217</b>	<b>25%</b>

The Committee made the following observations on programme 2:

- As at 30 June 2015, expenditure on programme 2 was at 25%, which was in line with the 25% quarterly benchmark.
- Out of 92 planned targets, the department achieved 74, which is 80% performance.
- Procurement of LTSM has not been finalized due to consultation processes, which the department reported would be finalized by the end of July 2015.
- Transfers and subsidies: transfers to all schools were done in line with the policy by 15 May 2015 but not all schools had received their 50% as at 30 June 2015.
- The sub-programme School Sport, Culture and Media Services overspent at 31% due to late receipt of invoices for the 2015 National Athletics Championships.
- Goods and services underspent (16%) and transfers and subsidies overspent (43%), while Payments for capital assets underspent (13%).

### **Infrastructure Delivery Management System (IDMS)**

The department informed the Committee about the Infrastructure Delivery Management System (IDMS) whereby the National Treasury will regulate infrastructure delivered through the conditional grant funding. The Committee was told that a consultant had been appointed through the conditional grant funding to assist the department to comply with the IDMS. In terms of the IDMS, all departments are obliged to submit two-year implementation plans. The Committee noted that in the main, the department's infrastructure delivery challenges had been about poor planning. This is a challenge facing government in general. The multi-year approach was meant to ease the load on the department, not exacerbate the situation.

### **Steve Tshwete Boarding School**

The department informed the Committee that they have appointed a contractor, who will work throughout December 2015 to finish the school at the end of January 2016. In the event of a delay, the HOD undertook to write to the Hon Premier to inform him. The Committee expressed reservations that the school will be completed as pronounced and as planned.

### **School Governing Bodies**

The Committee was concerned about the department's assistance to SGB's on roles and responsibilities, specifically on financial management in order to prevent and address financial misconduct by school principals.

## **PROGRAMME 3: INDEPENDENT SCHOOLS**

The programme supports independent schools in accordance with the South African Schools Act of 1996.

### **Expenditure on Programme 3 as at 30 June 2015**

<b>Independent Schools Subsidy Sub-programmes</b>	<b>Appropriation 2015/16 R'000</b>	<b>Actual Expenditure R' 000</b>	<b>% Spent</b>
<b>Primary level</b>	13 197	0	0%
<b>Secondary level</b>	5 847	2 532	43%
<b>Total</b>	<b>19 044</b>	<b>2 532</b>	<b>13%</b>

The Committee made the following observations on programme 3:

- As per the table above, there was 0% expenditure on the Primary level sub-programme as the department reported it was awaiting a final decision on the implementation of the 2014 Annual National Assessment (ANA) results to be able to process the payments for the Primary level.
- Programme 3 achieved four (4) out of six (6) planned targets (67% achievement) and spent 13% of the 1<sup>st</sup> quarter budget allocation. This is a 12% underspending due to the 0% expenditure on the primary level subsidy.
- The Committee raised a concern that out of the planned target of 5 738 learners to receive the subsidy, only 991 learners received the subsidy.
- Out of the planned target of 27 schools to receive the subsidy, only 12 schools received the subsidy. This poor performance has been ongoing since the previous financial year; the department is not addressing the cause of the problem.

- During the previous quarter the Committee had noted that most independent schools were forfeiting their subsidies due to non-accreditation. Schools were also not complying with the National Norms and Standards for School Funding (NNSSF) by not submitting their audited financial statements.
- The department had reported that the schools were putting systems and processes in place to ensure compliance with the NNSSF. The Committee had taken note of the fact that the department had undertaken to continuously remind schools of their responsibility to adhere to the NNSSF in order to access the funding. The Committee had also agreed that the department has to strengthen its monitoring of these schools.

#### **PROGRAMME 4: PUBLIC SPECIAL SCHOOLS**

The programme provides compulsory public education in Special Schools in accordance with the South African Schools Act, 1996; the White Paper 6 on Inclusive Education; the Child Justice Act, 2008 and the Children's Act, 2005.

#### **Expenditure on Programme 4 as at 30 June 2015**

<b>PUBLIC SPECIAL SCHOOLS Sub-programmes</b>	<b>APPROPRIATION R' 000</b>	<b>ACTUAL EXPENDITURE</b>	<b>% Spent</b>
Schools	223 543	62 060	28%
Human Resource	1 980	0	0%
School Sport Culture, and Media Services	0	0	0%
Conditional Grant	337	0	0%
<b>Total</b>	<b>225 860</b>	<b>62 060</b>	<b>27%</b>

The Committee made the following observations on programme 4:

- Seven (7) out of nine (9) targets were achieved, which is 77.8% performance.
- Expenditure on this programme was 27% for the 1<sup>st</sup> quarter, which was above the 25% quarterly benchmark. The programme spent 32% on compensation of employees and 50% on Transfers and Subsidies, due to the 50% transfers to schools in the 1<sup>st</sup> quarter.
- The poor spending on goods and services continued from the previous quarter; the reason had been delays in the procurement of Learning and Teaching Support Material (LTSM). The department reported as at 27 August 2015 that procurement for LTSM and training were in progress and is urged to ensure that LTSM is procured and delivered to schools and community based centres timeously, as planned.

- The conditional grant was not spent. The department cited the same reason since the previous financial year, which was the non-procurement of highly specialized service providers due to scarcity. It was reported that the planned activities for the conditional grant funding would now be implemented from 02-05 October 2015.
- The sub-programme Human Resources also did not spend its allocation at all. The sub-programme School Sport, Culture and Media Services had no allocation.
- In the previous quarter, the Committee noted the same trend of low expenditure on the Human Resource sub-programme due to non-appointment of specialized accredited service providers who were not always available at the required times. The department had indicated to the Committee that these challenges had been addressed and the necessary service providers would be appointed in the 2015/16 financial year. However, the low expenditure on Human Resources sub-programme in the 1<sup>st</sup> quarter indicates that this matter is still a challenge to the department.
- The non- correlation of planned targets and the reported output was a challenge, for example, the output and the target to monitor and support six (6) homes with registration.
- The target to train 30 special school educators on Autism Spectrum Disorders was not achieved. The Committee was concerned about how teachers at special schools are supported by the circuit/district offices to deal with Autism Spectrum Disorders.

## **PROGRAMME 5: EARLY CHILDHOOD DEVELOPMENT**

The programme provides Early Childhood Education (ECD) services at the Grade R and earlier levels, in accordance with White Paper 5.

### **Expenditure on Programme 5 as at 30 June 2015**

<b>Early Childhood Development Sub-programmes</b>	<b>Appropriation 2015/16 R' 000</b>	<b>Actual Expenditure As at 30 June 2015</b>	<b>% Spent</b>
<b>Grade R in Public Schools</b>	222 514	35 277	16%
<b>Grade R in Early Development Centres</b>	19 440	4 530	23%
<b>Pre-Grade R training</b>	15 856	0	0%
<b>Human Resource Development</b>	1 475	0	0%
<b>Conditional Grant</b>	8 742	2 675	31%
<b>Total</b>	<b>268 027</b>	<b>42 482</b>	<b>16%</b>

The Committee made the following observations on programme 5:

- Overall expenditure was 16%, which was 9% below the expected expenditure. Conditional grant funding was overspent by 6%. Out of a total of 10 planned targets, the programme achieved six (6), which translates to 60% performance.

- Compensation of employees and Goods and Services spent 8% and 20% of their respective budgets. The department reported that training for ECD practitioners had not commenced as FET Colleges and the Education and Training Authority SETA had to be consulted on the accredited curriculum and workplace learning for the Province. The Committee raised a concern about the impact of non-finalization of LTSM procurement on teaching and learning.
- 26% of Transfers and Subsidies was spent, which was almost in line with the 25% expected expenditure for the quarter.
- Despite the sub-programmes Pre-Grade R training and Human Resource Development not spending their allocations at all, the department indicated that the activities for these sub-programmes were carried out. The reason for the no spending was the non-split in economic classifications. The department reported that the funds have since been split and were committed.
- The Committee raised a concern again about non-correlation of targets with reported outputs – the target for the quarter was 792 practitioners and the annual target is 300.

#### **Provision of ECD Infrastructure**

As at the end of the 4<sup>th</sup> quarter, out of 12 planned Grade R facilities, only four (4) were completed (Manyeleti, Sesete, Malibongwe and Umlambo), while one (Malibongwe) was behind schedule (at 23%) and seven (7) were put on hold (Daggakraal, Cana, Esibusweni, Matikinya, Nwa Macingele, Sinetjudu, Sizenzele and Somlingo). The department did not report on progress in the 1<sup>st</sup> quarter.

#### **Handover of ECD infrastructure**

According to the department, the following grade R facilities will be handed over before 31 October 2015: Manyeleti Primary; Sesete Primary and Umlambo Primary.

#### **Operationalization of the ECDI**

As at the end of the 4<sup>th</sup> quarter, the first phase of the ECDI was to professionalize the sector by addressing qualification gaps of ECD practitioners in the 0-4 age cohort (Pre-Grade R). The Committee noted that practitioners would be enrolled for a National Diploma in Early Childhood Development in the 2015/16 financial year.

#### **Staffing at the ECDI**

Staffing challenges needed to be addressed urgently by the end of the 4<sup>th</sup> quarter. There was no principal to manage the operations of the ECDI and coordinate training programmes; no

permanent lecturers; were appointed; no hostel supervisors and no management structure to handle and coordinate academic programmes, stakeholder engagement and research activities. *Progress on these matters is due by 30 September 2015 in response to the 4<sup>th</sup> quarter report House Resolutions.*

### **Provisioning of LTSM**

At the end of the 4<sup>th</sup> quarter, the department reported that the PMU had been appointed to execute procurement of ECD readers and play equipment to all 350 public ordinary schools and community based centres.

### **Absorbing of ECD practitioners to date**

Due to retirement of 17 ECD practitioners from the 40 who were initially absorbed from the former Bophuthatswana government, the department currently remains with 23 practitioners who were absorbed. Currently, all ECD practitioners with NQF Level 6 (REQV 13) qualification and above have been absorbed as educators. The process is still underway to ensure that all of these absorbed employees receive the R5 500 stipend with in line with the EXCO decision to professionalize the ECD sector. The stipend was to be paid with effect from 01 July 2015.

## **PROGRAMME 6: INFRASTRUCTURE DEVELOPMENT**

The programme provides and maintains infrastructure facilities of the department.

### **Expenditure on Programme 6 as at June 2015**

Infrastructure Development Sub-programmes	Appropriation R' 000	Expenditure at 30 June 2015 R' 000	% Spent
Administration	46 941	296	1%
Public Ordinary Schools	53 781	4 484	8%
Special Schools	-	-	-
Early Childhood Development	-	-	-
Conditional Grants	859 700	107 541	13%
<b>Total</b>	<b>960 422</b>	<b>112 321</b>	<b>12%</b>

The Committee made the following observations on programme 6:

- a. Programme expenditure was way below the benchmark at only 12% due to the late implementation of the Steve Tshwete Boarding School and further delays in implementation of basic services due to delayed appointment of the implementing agent.

- b. Programme performance was 37.5% (six out of 16 planned targets). The Committee raised a concern about the regression in performance from the 4<sup>th</sup> quarter (57%).
- c. All sub-programmes underspent drastically, with no expenditure at all on Special Schools and ECD sub-programmes. This matter needs urgent attention for the programme expenditure and performance to improve.
- d. Compensation of employees spending was at 14%, which is 11% below the expected spending at the end of the quarter.
- e. Goods and services spent 83% of its budget and the department reported that R19 million was earmarked for procurement of school furniture for the new schools. The Senior Management of the department resolved to commence with the process of issuing orders for the procurement of school furniture in order to improve the expenditure.
- f. The programme also had a challenge of non-alignment of targets with the actual outputs; hence the actual performance could not be assessed.
- g. The planned target to develop, workshop and implement day to day maintenance programme for schools, based on paper budget and TVET colleges was not achieved.

## **PROGRESS ON INFRASTRUCTURE PROJECTS OF THE DEPARTMENT**

### **Maintenance works at District offices:**

As at the end of the 4<sup>th</sup> quarter, it was reported that maintenance works at Ehlanzeni District Office was completed. It was also reported that maintenance works at Bohlabela, Gert Sibande and Nkangala District Offices had not commenced due to delays in scope of work verification. The implementing agent was to conduct scope verification to avoid further delay in commencement of the projects.

### **Remedial works on Khunjuliwe Secondary School:**

As at the end of the 4<sup>th</sup> quarter, a technical report from the implementing agent had identified the causes of the structural failure at the school and costed the remedial works at R11.8 million. The department resolved to make available the R11.8 million in 2015/16 financial year so that the remedial work could begin immediately to avoid further damage. The DPWRT was formally requested to repair the school within that budget.

### **Progress at Portia Shabangu Secondary School (Mbombela Local Municipality):**

As at the end of the 4<sup>th</sup> quarter, the department was awaiting a revised variation order from the implementing agent for installation of pipelines to the bulk municipal supply. Jo-Jo tanks were providing water to the school as no municipal water was available.

### **Technical Secondary Schools:**

In the 2015/16 financial year, the department no longer receives the Technical Secondary Schools conditional grant due to the transfer of the Further Education and Training programme to the national Department of Higher Education and Training (DHET). There had been a delay in appointing contractors to complete the four technical secondary schools (Hazyview, Zinikeleni, Highveld comprehensive and DD Mabuza). As at the end of the 4<sup>th</sup> quarter, reported progress was as follows: DD Mabuza (70% completion), Hazyview (80% completion), Zinkeleni (65% completion) and Highveld Comprehensive (65% completion).

The department also had incomplete targets to refurbish workshops at seven (7) technical high schools and renovation at three (3) schools in Chief Albert Luthuli Local Municipality, Mbombela Local Municipality and Nkomazi Local Municipality due to delayed commencement of projects and slow pace of work.

### **PROGRAMME 7: EXAMINATIONS AND EDUCATION**

The purpose of the programme is to provide education institutions as a whole with training and support.

#### **Expenditure as at 30 June 2015**

<b>Auxiliary And Associated Services Sub-programmes</b>	<b>Appropriation 2015/16 R' 000</b>	<b>Actual Expenditure at 30 June 2015 R' 000</b>	<b>% Spent</b>
Payment to SETA	33 000	0	0%
Professional Services	7 924	0	0%
External Examinations	144 343	9 409	7%
Special Projects	330 250	176 138	53%
Conditional Grants	19 631	4 331	22%
<b>Total</b>	<b>535 148</b>	<b>189 878</b>	<b>35%</b>

The Committee made the following observations on programme 7:

- a. The programme achieved 40 out of 49 planned targets, which translates to 82% performance. However, the programme overspent by 10% and yet there was no expenditure on the sub-programmes Payments to SETA and Professional Services. The Committee raised a concern about the impact of the non-payment to SETA and Professional Services on accreditation of the programmes offered and the other planned outputs for these sub-programmes.



- b. The 35% overspending is due to the transfer to MRTT. The department indicated that the programme will break even by the end of the financial year.
- c. The low spending on External Examinations (7%) and Compensation of employees (3%) is due to the fact that markers are only paid in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the financial year.
- d. Special Projects sub-programme and Transfers and Subsidies economic classification overspent hugely at 53% and 51% respectively, clearly contributing to the overspending on programme 7. Overspending on Special Projects has continued since the previous quarter. The department was urged to clearly indicate what these special projects were and the timeframe for their completion, as there should be value for money.
- e. The conditional grants sub-programme expenditure of 22% was within the expected norm for quarterly expenditure.
- f. The low expenditure on Goods and Services (14%) was due to non-payment of venues and facilities that will be paid in the 3<sup>rd</sup> and 4<sup>th</sup> quarter.

## **7. FINDINGS**

The Committee made the following findings on the 1<sup>st</sup> quarterly report:

- 7.1. For the 1<sup>st</sup> quarter, the department achieved 259 out of a total of 338 planned targets, which translates to 76% performance. The problem of non-correlation between targets and reported outputs persisted from the previous quarter.
- 7.2. The 1<sup>st</sup> quarter expenditure was R 4 118 977.00, which was 24% of the R 16 856 769.00 2015/16 budget allocation. Although the expenditure was on track as per the 25% quarterly benchmark, there were cases of erratic under and over expenditure within sub-programmes and economic classification items.
- 7.3. The department had commitments to the value of R1.2 billion up to 30 June 2015.
- 7.4. The department has a consistent problem of late submission of invoices by service providers.
- 7.5. At the time of the deliberations, the department had an acting Chief Financial Officer; the department indicated that they were in the process of head-hunting to fill the position.
- 7.6. Poor spending on conditional grant funding continued into the 1<sup>st</sup> quarter, at 18%. As from the 2015/16 financial year, the department will be obliged to comply with the Infrastructure Delivery Management System (IDMS) which the National Treasury has provided in order to regulate all infrastructure delivery through conditional grant funding.

- 7.7. According to the 1<sup>st</sup> quarter dashboard report, the department has regressed from the 1<sup>st</sup> quarter of 2015/16 financial year to the 4<sup>th</sup> quarter of the 2014/15 financial year.
- 7.8. The department has developed and is implementing an audit action plan to address the concerns of the Auditor-General for the 2014/15 financial year. The plan was submitted to the Committee on 03 September 2015.
- 7.9. Regarding officials doing business with government, the department submitted an action plan to deal with these employees. It was reported that 247 departmental officials were about to be charged for business done with the State in the 2014/15 financial year. These were repeat offenders who were given final written warnings in the 2013/14 financial year.
- 7.10. The department has developed an electronic leave management system that also includes reporting on learner attendance and incidents. Human Resource and District officials (including principals) were trained in the usage of the system.
- 7.11. Spending on the NSNP grant was at 27% for the 1<sup>st</sup> quarter. The Committee commends the department for this important service to the school children, although the spending is slightly above the 25% benchmark.
- 7.12. The department reported that new litigation cases were being handled by a service provider appointed by the Office of the Premier.
- 7.13. The department reported that a contractor had been appointed for the construction of the Steve Tshwete Boarding School. The Committee noted that the Boarding school will not be completed by January 2016, as per the pronouncement made by the Hon Premier in the 2015 State of the Province Address.
- 7.14. The Committee raised a concern about the roles and responsibilities of SGB's, specifically on reports of alleged financial misconduct by school principals. The department reported on 03 September 2015 that they had monitored and supported 83 schools on functionality and policy implementation. All newly elected SGB's were inducted in May 2015 and in June 2015 they were capacitated on their roles and responsibilities. Currently the SGB training is focusing on Policy development and financial management covering special schools and boarding schools as well.
- 7.15. The Committee requested the department to clarify the matter of the teacher at Tswenyane Secondary School (Mr MA Molwantoa) who was incapable of performing his normal duties. The department indicated that the teacher was on PILIR (sick leave) until 30 June 2015 and has been booked off until 31 December 2015. A substitute teacher was provided therefore teaching and learning was not affected.
- 7.16. The department submitted a request for scholar transport to the DPWRT on 24 April 2015 for the addition of 22 km to the 59km route from Hendrina and Mphephethe to Mooiplaats

School in the Steve Tshwete Local Municipality. As at 31 August 2015, the DPWRT informed the department that the request was still being considered for approval.

- 7.17. The poor expenditure and performance on programme 3 (independent Schools) is still a concern as the programme under spent considerably at 13%. One of the 4<sup>th</sup> quarter House Resolutions had instructed the department to strengthen its monitoring of all policies governing independent schools. The Committee awaits the progress report.
- 7.18. The Committee noted in the 4<sup>th</sup> quarter deliberations that unqualified ECD practitioners would be enrolled for a National Diploma in Early Childhood Development in the 2015/16 financial year, but the department did not report on this in the 1<sup>st</sup> quarter of 2015/16.
- 7.19. Provision of ECD infrastructure is a challenge which the department must address urgently. Out of the 12 planned grade R facilities in the 2014/15 financial year, 04 were completed, 07 were put on hold and 01 was behind schedule (at 23% completion) as at the end of the 4<sup>th</sup> quarter. The department did not report on the progress in the 1<sup>st</sup> quarter of 2015/16 financial year.
- 7.20. All sub-programmes in Programme 6 (Infrastructure development) underspent drastically, with no expenditure at all on Special Schools and ECD sub-programmes.
- 7.21. At the Portia Shabangu Secondary School in Mbombela Local Municipality, the department was awaiting a revised variation order from the implementing agent for installation of pipelines to the bulk municipal water supply at the end of the 4<sup>th</sup> quarter.
- 7.22. The department resolved to make available R11.8 million in the 2015/16 financial year for remedial works on the Khunjuliwe Secondary School in Lekwa Local Municipality, so as to avoid further damage to the affected building.

## **8. RECOMMENDATIONS**

The Committee recommended that the Department of Education must:

- 8.1. Ensure stringent quality assurance of the quarterly reports to avoid non-correlation of targets and reported outputs in future.
- 8.2. Continue to stabilize the expenditure within the sub-programmes and the economic classification items. Footnotes must also be provided in the quarterly reports in future where the expenditure deviates from the benchmark.
- 8.3. Provide a progress report on the R1.2 billion commitments which the department had as at 30 June 2015 and ensure that the committed funds are spent correctly.

- 8.4. Programme managers and the CFO must strengthen monitoring and evaluation of service providers in cases where services are rendered and no invoices/late invoices are received. Penalties must be introduced for service providers that do not submit invoices on time and/or do not comply with the department's specifications.
- 8.5. Ensure that the position of Chief Financial Officer is filled by 30 October 2015.
- 8.6. Ensure that the Infrastructure Delivery Management System (IDMS) is complied with and that all the necessary information is provided on time to the National Treasury. Submit a progress report in this regard, indicating challenges and interventions with timeframes.
- 8.7. Implement all the recommendations in the 1<sup>st</sup> quarter dashboard report and submit a progress report to the Committee. The department must also ensure proper quality assurance of the dashboard reports and ensure that all recommendations are SMART.
- 8.8. Indicate progress on the implementation of the audit action plan as at 30 October 2015.
- 8.9. Submit a progress report on implementation of the action plan to deal with the departmental officials found to be doing business with the State. The report must include progress on the 247 officials that were to be charged for the 2014/15 financial year.
- 8.10. Implement the electronic leave management system properly in all districts. Submit a progress report on all districts, clearly indicating challenges, achievements and interventions with timeframes.
- 8.11. Ensure that all systems in the National Schools Nutrition Programme continue to work smoothly to provide this important service to all qualifying school children. The programme must also not overspend, but remain within the benchmark expenditure.
- 8.12. Indicate progress and challenges with regards to litigation cases being handled by the legal section of the department and those handled by the appointed consultant.
- 8.13. Ensure that the terms of reference, designs and scope of work for the Steve Tshwete Boarding School are completed and the appointed contractor reports to the site as soon as possible.
- 8.14. Submit a progress report on the impact of the support (training and development) that was provided to SGB's up to 30 June 2015. Indicate challenges and achievements experienced by SGB's in relation to financial management matters at their schools and provide a progress report on the impact of interventions that were put in place.
- 8.15. Ensure that Mr Molwantua, the teacher from the Tswenyane Secondary School is afforded proper support by the district during his sick leave and that the situation is managed well, to deal with any eventualities in a mutually beneficial manner.
- 8.16. Ensure that the learners from Hendrina and Mphephethe are provided with transport before the end of October 2015, in order to attend school at Mooiplaats in the Steve

Tshwete Local Municipality. Provide a progress report on the approval of the addition of 22 km to the 59km route from Hendrina and Mphephethe to Mooiplaats School in the Steve Tshwete Local Municipality. Also confirm in writing whether or not the service provider was paid for the four years of providing the service.


- 8.17. Improve the performance and expenditure on Programme 3; all independent schools registered with the department must submit audited financial statements and in turn receive their subsidies.
- 8.18. Indicate progress with regard to the enrolling of unqualified ECD practitioners for the National Diploma in Early Childhood Development.
- 8.19. Indicate current progress of implementation of the grade R facilities that were planned for in the 2014/15 financial year, including the 07 facilities that were put on hold.
- 8.20. Submit a progress report on the implementation of the infrastructure minimum norms and standards implementation plan, which aims to address the infrastructure backlog.
- 8.21. Ensure that the municipal water supply is connected at the Portia Shabangu Secondary School and the project is completed and handed over as per the planned timeframe.
- 8.22. Ensure that the remedial works on Khunjuliwe Secondary School commences by 30 October 2015.

## 9. CONCLUSION

The Chairperson thanked the Honourable Members for their constructive input in consideration of the 1<sup>st</sup> quarterly report of the Department of Education for the 2014/15 financial year.

The MEC in absentia was commended for the leadership provided to the department. The Committee appreciated the presentations made by the Head of the Department of Education on the 1<sup>st</sup> quarterly report and the quarterly dashboard report. The efforts of the department to address the audit queries of the Auditor-General for the 2014/15 financial year were noted, as the department indicated the implementation of an audit action plan in this regard. The Committee fully supports the department in its efforts to obtain a clean audit in the 2015/16 financial year.

Finally, the House is requested to adopt this Committee report with its recommendations. A progress report on the implementation of the House resolutions contained in this report must be submitted to the Legislature **by 30 October 2015**.



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**HON. SK MASHILO, MPL**  
**CHAIRPERSON: PORTFOLIO COMMITTEE ON**  
**EDUCATION; CULTURE, SPORT AND RECREATION**

15.10.2015

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**DATE**