REPORT OF THE PORTFOLIO COMMITTEE ON HEALTH AND SOCIAL DEVELOPMENT IN RELATION TO THE 4<sup>th</sup> QUARTERLY PERFORMANCE REPORT FOR 2015/16 FINANCIAL YEAR - DEPARTMENT OF SOCIAL DEVELOPMENT - MEETING HELD ON 30 AUGUST 2016 IN COMMITTEE ROOM 07

### 1. INTRODUCTION

As stated in Rule 218 sub-rule (1) (2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature, the Member of the Executive Council responsible for a provincial Department must table quarterly reports of the Department to the Speaker, within 30 calendar days after the end of a quarter.

The Committee considered the 4<sup>th</sup> quarterly report of the Department of Social Development (the Department) for the 2015/16 financial year, reporting period January – March 2016. Interaction with the Department was aimed at assessing the Department's performance for the quarter, in relation to its 2015/16 Annual Performance Plan (APP).

### 2. METHOD OF WORK

The Speaker referred the Department's fourth (4th) quarterly report to the Portfolio Committee on Health and Social Development for consideration and report back to the Legislature, as contemplated in Rule 218 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules).

On 30 August 2016, the Committee met with the Department to deliberate and scrutinize in detail the aforementioned document. The Committee then met on 07 September 2016, to consider the draft Committee Report.

#### 3. GENERAL OBSERVATIONS

• The quarterly overall performance shows improvement across, though the overall expenditure shows a decline from 100% to 98.6%;

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4th QUARTER REPORT OF THE DEPARTMENT OF SOCIAL DEVELOPMENT

• Programme 4: Restorative services recorded a decline in the achievement of planned targets in the quarter.

### 4. BROAD OVERVIEW BY THE MEC

MEC BP Shipa appreciated the oversight conducted by the Committee. In her overview she report that:

- As part of the Victim Empowerment Programme, the Department has declared every 25<sup>th</sup> day of every month as Orange Day; this is intended to create awareness against violence on women and children. Community members, leaders, civil society and any other persons are encouraged to wear orange colours as a symbol to denounce violence against women and children. During the period under review, the Department advocated messages of no violence against women and children.
- On infrastructure development, the Department successfully completed Glenmore Branch Offices; Swartfontein Treatment Centre and Hendrina Branch Office are at an advanced stage of development.
- The Department conducted NPO road shows in all the districts from 16-18 February 2016. This exercise was intended to strengthen the relationships between the Department and the NPOs and also to identify challenges, gabs and remedial actions through capacity building. Monitoring for compliance with the NPO Act has been conducted in all the funded organisations. Majority of NPOs approved for funding have received their fourth quarter allocations as planned.
- The Department successfully hosted the four (4) day EPWP Conference in Mbombela from 01 04 March 2016. The key focus areas for the conference were as follows:
- Disability mainstreaming addressing sources of exclusion and marginalisation;
- Monitoring and evaluation systems strengthening M&E and reporting;
- Distressing mining communities revitalisation of mining communities;
- Training strategy strengthening and diversifying training;
- Knowledge management develop knowledge management specific system.

## 5. DELIBERATIONS ON THE 4th QUARTERLY REPORT

After the MEC's overview, the HOD was requested to brief the Committee on the progress made on the implementation of the APP's strategic objectives of the 4<sup>th</sup> quarter. Thereafter the Committee interacted with the Department on the following:

## **Programme Analysis**

Table 1: Comparison of the four quarters

	Budget		Achievement	of Targets	
	2014/15	2015/16	2014/15	2015/16	
Quarter 1	21.4%	22.7%	63.4%	74.2%	
Quarter 2	46%	49.2%	79.3%	80.2%	
Quarter 3	75%	74%	76.7%	77.2%	
Quarter 4	100%	98.6%	70.2%	87.4%	

Table 2: Expenditure Outcome for the period ended 31 March 2016

Programme	Adjusted Final Budget R'000	Actual Expenditure	Percentage %	(Over) Und Expenditu	
Administration	259 368	260 230	100.3%	(862)	0.3%
Social Welfare Services	280 412	277 967	99.1 %	2445	0.9%
Children & families	455 032	457 265	100.5%	(2233)	-0.5%
Restorative Services	157 767	135133	85.7%	22 634	14.3%
Development & Research	142 119	145 943	102.7%	(3824)	-2.7%
Total	1 294 698	1 276 538	98.6%	18 160	1.4%

### **PROGRAMME 1: ADMINISTRATION**

The programme has three sub-programmes which are Office of the MEC, Corporate Management and District Management.

Administration	Adjusted Budget R'000	Final	Actual Expenditure	Percentage %
Total(s)	259 368		260 230	100.3%

### **Economic Classification**

The Committee noted that there was under-spending recorded under 'compensation of employees' by 1.0% which is the same as last year; indicating an under-expenditure of R5 812 000 due to vacant positions. The total transfers and subsidies and payments for capital assets also reflected under-expenditure at 97.9% and 95.4% respectively. The Committee then requested for progress report on the filling of critical vacant posts as per the Department's report during the 3rd quarter deliberations that Cabinet has allowed Departments to make submissions/requests to appoint. The Department reportedly made submissions to the Director General indicating critical vacant posts; however no approval has been given to date.

#### **Expenditure**

Transfers and subsidies received an additional R12 697 000 adjustment as per AEPRE and the report indicates a 2.1% under-expenditure; the Committee enquired on the causes of under-expenditure in Programmes 2, 3 & 4 as indicated on page 7 of the Department's 4<sup>th</sup> Quarterly Report. The Department reported that transfers and subsidies item did not receive additional funding during adjustment appropriation, an amount of R12 697 000 was shifted from the item to the following items:

- Goods and services R3 167 000
- Buildings and other fixed structures R9 500 000

The amount shifted to buildings and other fixed structures is reportedly for Early Childhood Development infrastructure. The Department further reported that these funds were allocated under transfers and subsidies during the main appropriation for transfer to National Development Agency (NDA) as it was the implementing agent then dealing with ECD infrastructure projects. Subsequently, the funds were shifted to the capital assets item following the change of the NDA to Department of Public Works, Roads and Transport as implementing agent of ECD infrastructure.

The Department went further to report that the under- spending on transfers and subsidies is due to reduction of EPWP grant funding amounting to R2, 225 million and downward change in beneficiary levels. The grant allocation reduction was communicated to the Department by the Provincial Treasury after adjustment appropriation; however the reduced amount is still part of the adjusted budget.

The under-spending in programme 2 is reportedly recorded under transfers and subsidies which is due to change in beneficiary levels and fourth quarter claims which were received after cut-off date of processing payments for the year end. The Department however reported that final shifting of funds was done from identified savings to cover the excess spending of this programme. This was duly approved by the Accounting Officer according to Public Management Act No1 of 1999 as amended by Act no 29 of 2000.

Programme 3: the 0.5% over spending has been recorded on compensation of employees, and goods and services, whilst transfers and capital assets show under-spending. The Department reported that the over-spending on compensation of employees is due to misalignment of employees largely social service professionals at district level following the implementation of the new budget and programme structure which brought specialization in the work of social service professionals. Over-spending on goods and services is as a result of traveling and subsistence mainly by professionals when performing their work. The Department reported that the process of aligning employees to correct objective is on-going due to changes in staffing needs. This process is done jointly with districts management teams as it largely affects employees at district level and co-ordinated and facilitated by Co-operate Services and Finance units.

Under-spending recorded on programme 4 is reportedly recorded on compensation of employees, which is due to misalignment of employees to correct objectives in line with their functions following the implementation of the new budget and programmes structure. The Department also reported that the process of aligning employees to correct objectives is ongoing which will continuously be influenced by changes in staffing needs. In preparing the annual financial statements of 2015/16, final shifting of the savings realised from this programme was done to defray excess spending in other programmes.

## Infrastructure, Machinery and Equipment

The Committee noted that payment for capital assets under-spent by 4.6% due to infrastructure, machinery and equipment as per the report of the Department; the Committee then asked the Department to provide a list of infrastructural projects that were affected and the remedial action as in the current financial year (2016/17).

The Department outlined the list below in their response:

- Embalenhle branch office
- Ogies ECD
- Standerton ECD
- Siyabuswa ECD
- Tweefontein ECD
- Ermerlo ECD
- Manzini ECD

The Department further reported that together with the Implementing Agent through structures such as Programme Operation Management Meetings (POMM) and Joint Operations Committee (JOC) meet and discusses and also addresses related infrastructure matters.

## **Adherence to Cost Curtailment Measures**

The Committee noted with concern that the Department had cost curtailment measures in place but still overspent in goods and services (e.g. travelling and subsistence,

communication costs); the Committee asked why the Department failed to monitor adherence to the cost curtailment measures. The Department reported that the day to day operations of the Department involves extensive traveling and communication to reach out to communities and provide services, thus excess spending on traveling and subsistence and also communication costs. However, the cost curtailment measures put in place resulted in under-spending on non-core spending items such as catering for Departmental meetings, hiring of venues, consumable supplies (stationery et cetera), running costs of fleet and other items. The Department further reported that after closure of books of account for year-end, goods and services item reflected a saving which represents 2,2% of its final appropriation of R177 634 million which is attributed to the cost curtailment measures put in place.

## **Under expenditure on Transfers and Subsidies**

The Committee enquired on the reasons that led to the under expenditure of 25.2% on 'transfers and subsidies'. The Department reported that the under-spending on transfers and subsidies is attributed to lesser amount paid for leave gratuities than the estimated budget. The budget leave gratuity was increased during adjustment appropriation after showing over-spending in six months of the financial year. The Department also reported that the budgeting estimate of leave gratuity is not definite due to factors such as deaths, early retirements and resignations.

#### **PROGRAMME 2: SOCIAL WELFARE SERVICES**

This programme has been reworked and some sub-programmes were channelled to programme 3 and 4. The change currently is that, the youth and children matters are dealt with separately. The programme focuses on some part of the vulnerable groups; the elderly, people with disabilities and those affected by HIV and AIDs.

Social Welfare	Adjusted Budget R'000	Final	Actual Expenditure	Percentage %
Total(s)	280 412		277 967	99.1%

# Over expenditure in the Sub-Programme on People with Disabilities (PWDs)

The people with disabilities sub-programme reportedly received additional funding through adjustment (R1 507 000) but still overspent at 108.4% instead of indicating some savings; the Committee enquired on the reasons for the over-expenditure as not all planned targets were achieved. The Department reported that the sub-programme on PWDs did not receive additional funding through adjustment, an amount of R1 507 000.00 was shifted from this sub-programme. The Department further reported that the budget was shifted from transfers and subsidies to goods and services to fund identified budget pressures. The preliminary budget and expenditure outcomes for the period ended 31 March 2016 reportedly shows over spending of the sub-programme under compensation of employees. The Department reported that this is attributed to the on-going project of linking social workers and social auxiliary workers to the correct objective in line with the new budget structure. Subsequent to closure of books of account for year end, the Department reported that final reconciliations have been done and the overspending has been closed through shifting of savings realized from other sub-programmes.

#### **Social Relief**

The target on social relief beneficiaries was reportedly not achieved (999 achieved over 1250 planned); the Committee asked what caused the expenditure of 112.2% i.e. 12.2% above the 100% benchmark if there was no demand or need for the service. The Department reported that the over spending is largely attributed to general escalations in prices for goods and services. In an attempt to contain the price escalations and enhance monitoring of expenditure for social relief, the Department reported that services providers were requested to also furnish the Department with supporting documents from wholesalers

or manufacturers with regard to the goods or items ordered. This was to enable the Department to analyse prices/costs charged on the invoices of the contracted services providers.

## **PROGRAMME 3: CHILDREN AND FAMILIES**

This programme is aimed at the improvement of the lives of children and the youth in the province. It has the following sub-programmes:

- Care and services to families;
- Child care and protection services;
- Early Childhood Development;
- Child and youth care centres;
- Community-Based care services for children.

Children and Families	Adjusted	Final	Actual	Percentage
	Budget		Expenditure	%
	R'000			
Sub-programme				
Management and support	60 398		31 888	52.8%
Care & support services to families	18 605		23 480	126.2%
Child care & protection services	54 354		82 162	151.2%
ECD & partial care	208 609		228 471	109.5%
Child & youth care centres	51 037		33 514	65.7%
Community-based care services	62 029		57 750	93.1%
Total	455 032		457 265	100.5%
Economic classification				
Compensation of employees	130 914		139 481	106.5%
Goods and services	11 188		12 822	114.6%
Total transfer and subsidies	303 130		301 106	99.3%
Payment of capital assets	9 800		3 856	39.3%
Total	455 032		457 265	100.5%

## **Expenditure**

As per the table above, this programme exceeded the 100% benchmark by 0.5%, which is within acceptable margins or immaterial. However, the Committee noted inconsistency in their spending pattern - some sub-programme overspent while others underspent. The Committee then requested for a report on reasons that led to the over- and under-spending of sub-programmes as indicated in the table above. The Department responded as follows:

## Management and Support:

Under-spending on this sub-programme is reportedly recorded on compensation of employees, this is due to the on-going process, since the implementation of the new budget and programmes structure, of aligning employees to correct objective in line with functions performed by those employees. The process of aligning employees to correct objective is on-going due to changes in staffing needs. This process is done jointly with districts management teams as it largely affects employees at district level. However, in preparing the annual financial statements of 2015/16, final shifting of savings from other sub-programmes was done to defray the excess spending recorded. This was duly approved by the Accounting Officer according to Public Management Act No1 of 1999 as amended by Act no 29 of 2000.

# Care and Support Services to Families, Child Care and Protection Services and ECD and Partial Care

The over expenditure is due to the fact that these sub-programmes were allocated budget which is below the projected expenditure for NPO transfers in the 2015/16 financial year. This therefore resulted in the sub-programmes spending more than the actual baseline to transfer funds to the NPOs that the Department had signed SLAs with. In preparing the annual financial statements of 2015/16, final shifting of savings from other sub-programmes was done to defray the excess spending recorded. The shortfall was addressed in the 2016/17 budget allocation.

### Child and Youth Care Centres

The under expenditure in this sub-programme is due to the fact that less children were admitted to the Child and Youth Care Centres. Admission to CYCCs is based

on identified needs and the payment of subsidy to the CYCCs is based on the actual number of children admitted within the quarter.

## Community Based Care Services to Children

The under expenditure in this sub-programme is due to the fact that the budget set aside to for establishment of new Isibindi sites was not used. This was caused by the fact that there was an impasse between the Department and NACCW regarding the cost of training of the CYCWs. The impasse was resolved at the end of the financial year.

## **PROGRAMME 4: RESTORATIVE SERVICES**

Programme 4, is aimed at social crime prevention and anti- substance abuse services to restore families. Sub-programmes are:

- Crime prevention and support;
- Victim Empowerment;
- Substance abuse, prevention and rehabilitation.

Restorative services	Adjusted	Final	Actual	Percentage	
	Budget		Expenditure	%	
Su-programmes	R'000				
Management and support	64 125		27 918	43.5%	
Social crime prevention	45 236		51 139	113.0%	
VEP	17 238		20 382	118.2%	
Substance abuse	31 168		35 694	114.5%	
Total(s)	157 767		135 133	85.7%	

107 809	84 584	78.5%
18 991	19 397	102.1%
29 580	30 240	102.2%
1 387	912	65.8%
157 767	135 133	85.7%
	18 991 29 580 1 387	18 991     19 397       29 580     30 240       1 387     912

### **Expenditure**

Aware of the expenditure pattern as reflected on the table above, the Committee requested the Department to give reasons that led to savings/under-expenditure in the compensation of employees. The Department reported that the under-spending recorded on this programme is recorded on compensation of employees, this is due to the on-going process, since the implementation of the new budget and programmes structure, of aligning employees to correct objectives in line with functions performed by those employees. The process of aligning employees to correct objectives is on- going largely due to changes in staffing needs. In preparing the annual financial statements of 2015/16, final shifting of the savings realized from this programme was done to defray excess spending in other programmes.

The Committee noted that regarding the huge under spending of 43.5% on the Management and support sub-programme, the Department reported similar reasons as those outlined in the above paragram on the under spending on compensation of employees.

The Committee also requested the Department to provide reasons for the under-spending - payment of capital assets underspent by 34.2% below the 100% benchmark. The Department reported that the under-spending on payment for capital assets is largely attributed to the fact that completion of construction of phase one of Swartfontein Treatment Centre happened in the beginning of the fourth quarter which affected spending on other household furniture and equipment such as lounge suites. A request to roll over unspent funds of 2015/16 financial to 2016/17 financial year has reportedly been forwarded to Treasury.

### **Performance**

Not all targets were met in the substance abuse and crime prevention sub-programme but both overspent as indicated in the table above, the Department was requested to justify the report or the over-expenditure. The Department reported that all the targets for Substance Abuse Prevention Programme were achieved in the fourth quarter, and further outlined the following:

INDICATOR	TARGET	ACTUAL OUTPUT
Number of children 18 years and below reached through	7,500	21638
substance abuse prevention Programmes		
Number of people 19 years and above reached through	5,000	8854
substance abuse Programmes		
Number of service –users who accessed in-patient treatment	68	106
services at funded treatment centres.		
Number of service users who accessed out-patient	237	626
treatment services		
Number of service-users receiving aftercare services	34	172
Numbers of persons accessing social work services	225	574
Number of funded NPOs delivering services on prevention	6	6
and treatment of substance abuse		
Number of policies developed (MPDMP, aftercare,	0	2
Swartfontein)		

The Department reported that the over expenditure is due to misalignment of employees largely social service professionals at district level following the implementation of the new budget and programmes structure which brought specialization in the work of social service professionals. The process of aligning employees to correct objectives is on- going largely due to changes in staffing needs. In preparing the annual financial statements of 2015/16,

final shifting of the savings realised from this programme was done to defray excess spending in other programmes.

Social Crime Prevention has reportedly under achieved by only 3 Indicators due to their dependence on other stakeholders for referrals. Three (3) children were discharged from the Child and Youth Care Centre (Ethokomala) due to an instruction of the court order.

The Department further reported that a target of 6197 EPWP job opportunities was planned but 6181 achieved (difference 16).

## **Expanded Public Works Project (EPWP) Grant**

The Committee noted with regret that the EPWP grant was cut-off and requested the Department to provide reasons why the allocated grant was cut-off. The Department reported that according to the Provincial Treasury, the allocation was reduced due to application of Section 22 (4) of 2014 Division of Revenue Act to offset the 2015/16 grant allocations of unspent funds of this grant of 2014/15 financial year which was supposed to have been surrendered to the National Revenue Fund. This was communicated after the adjustment appropriation was tabled and approved, however the final budget of R1, 294,698 -00 includes the reduced amount.

The Committee enquired on the extent of the grant reduction and the impact thereof. The Department reported to have had to review spending plans on the grant to avoid overspending at year end. Savings were identified in the equitable share funding to cover for targets planned.

The Committee further asked which organizations were not paid and if this did not violate any service level agreement. The Department reported that a total number of 16 participants (coordinators) from 16 organisations, (that is Isibindi Model and the Drop in Centres) were mainly affected by the cut — off, however, savings were identified in the equitable share funding to cover for targets planned. The service level agreement was never violated as all the affected organizations were remunerated accordingly.

## **Youth Development**

The Committee noted that the under expenditure on transfers and subsidies was at 92.5% and on the Youth Development sub-programme was at 81.8%, and that the Department reported that the under-expenditure was due to delays in transfer of funds before Treasury could close the system for any transactions to be made as the financial year was closing. The Committee then asked if the under expenditure was as a result of the problem encountered with the one Youth Centre that had a bank account number problem, enquiring if this challenge was resolved - If not, requested that the Department to indicate how the Youth Centre was assisted and the factors that led to the under-expenditure. The Department reported that the bank account problem was resolved and the under-expenditure was due to delays in transfer of funds before Treasury could close the system for any transactions to be made as the financial year was closing.

The Committee also noted that there was a target of 533 people (19 years and above) that could not be reached through the substance abuse prevention sub-programme and enquired if the sub-programme was rolled-out in all the three Districts of the province and to indicate areas visited. The Department reported that the sub-programme was rolled out in the three districts and the target was achieved as planned. The Department further outlined the achievement of the 4<sup>th</sup> quarter per district as per the table below:

DISTRICT	TARGET	ACTUAL
EHLANZENI	2000	2942
NKANGALA	1750	2280
GERT SIBANDE	1250	3632
TOTAL	5000	8854

The Department further reported that the scourge of substance abuse is still high in the province hence the intensification of prevention services. The Department has reportedly increased the targets for 2016/17 focusing more in the hotspot areas such as Emalahleni, Thembisile Hani, Victor Khanyi, Mbombela, Mjindi, Nkomazi, Thabachweu, Govan Mbeki, Msukaligwa, Dipaliseng, and Albert Luthuli.

DISTRICT	TARGET
Ehlanzeni	8333
Nkangala	8334
Gert Sibande	8333
TOTAL	25 000

# **PROGRAMME 5: DEVELOPMENT AND RESEARCH**

This programme is aimed at the development and research in the province. It has the following sub-programmes:

- Professional and administrative support;
- Youth development;
- Sustainable Livelihood;
- Institutional capacity building;
- Research and demography;
- Population capacity development and advocacy.

Development	and	Adjusted Budget	Actual Expenditure	Percentage %
research		R'000		
		142 119	145 943	102.7%

### 6. COMMITTEE FINDINGS

After the deliberations on the 4<sup>th</sup> quarterly report of the Department of Social Development for the 2015/16 financial year, the Committee made the following findings:

- Cabinet has allowed the Department to make submissions/requests to appoint, the
  Department reportedly made submissions to the Director General indicating critical
  vacant posts however no approval has been given to date;
- b) The EPWP grant was cut-off.

#### 7. RECOMMENDATIONS

After the findings, the Committee recommended that the Department must:

- a) Provide progress on the Department's request to the Director General for the filling of vacant critical posts by 28 October 2016;
- b) Improve on the Department's spending to avoid forfeiting funds (unused budget allocated) in the next financial year.

## 8. CONCLUSION

The Chairperson would like to thank the MEC, the HOD and the officials of the Department of Social Development for availing themselves for the deliberations on the 4<sup>th</sup> quarterly report of the Department.

The Chairperson would further like to thank Members of the Committee for their active participation and contribution during the deliberations of the 4<sup>th</sup> quarterly report of the Department and the Legislature staff for their support and contribution towards the production of this report.

Lastly, the Chairperson requests that the House adopts the report with its recommendations and request the Department to submit the progress report on 28 October 2016.

**CHAIRPERSON: PORTFOLIO COMMITTEE ON** 

**HEALTH AND SOCIAL DEVELOPMENT**