REPORT OF THE PORTFOLIO COMMITTEE ON EDUCATION; CULTURE, SPORT AND RECREATION

4TH QUARTERLY PERFORMANCE REPORT (2016/17 FINANCIAL YEAR (F/Y) OF THE DEPARTMENT OF EDUCATION, CONSIDERED BY THE COMMITTEE ON 11 MAY 2017

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1. INTRODUCTION

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

The Portfolio Committee on Education; Culture, Sport and Recreation (the Committee) has a mandate in terms of Section 114 (2)(b) of the Constitution of South Africa (Act 108 of 1996) to oversee the performance of the Department of Education (the Department) and hold it accountable. The Committee considered the 4th quarter performance report of the Department for the 2016/17 financial year to assess its progress in terms of actual outputs and expenditure versus planned targets and allocated budget.

2. METHOD OF WORK

The Honourable Speaker referred the Department's 4th quarterly report to the Committee for consideration and report back to the House. The Committee met with the Department to consider the 4th quarterly performance report on 11 May 2017. Subsequently, the Committee considered and adopted its report on 13 June 2017.

The MEC for Education, Hon MR Mhaule was accompanied by the HOD, Ms MOC Mhlabane and her senior management team. Stakeholders invited to the deliberations were the Provincial Treasury, the Office of the Auditor-General (AG), the Office of the Public Service Commission (PSC) and the Department of Public Works, Roads and Transport (DPWRT).

3. POLITICAL OVERVIEW BY THE MEC

MEC Mhaule appreciated the opportunity to present the Department's 4th quarterly report to the Committee. She informed the Committee that the 2016/17 financial year did not end on a good note due to the budget cuts made by Provincial Treasury, which affected the operations of the Department. The MEC requested the Committee to allow the HOD to present the 4th quarterly report of the Department and the written responses to the questions raised by the Committee.

4. GENERAL OBSERVATIONS

The Committee made the following observations on the Department's 4th quarter performance:

a. The Department achieved **203** targets out of 274 planned targets for the quarter **(74%)**.

b. The Department spent **R17 813 619** (99%) of its R17 937 287 adjusted budget by the end of the 4th quarter. The 4th quarter expenditure was R4 031 269 (22%), which is 3% under spending in terms of the Provincial Treasury 25% quarterly benchmark.

c. Under spending occurred on Programme 5 Early Childhood Development (ECD) (80% spent); Programme 6 Infrastructure Development (81% spent); Programme 1 (93% spent) and Programme 7 (94% spent).

d. The Department faced budgetary constraints throughout the 2016/17 FY due to a budget cut in the 1st quarter of the year, which affected APP targets negatively. In addition to this, the Department had projected to over-spend on Compensation of Employees (COE) by the end of the year. The Department also applied for additional funding from Provincial Treasury during the 2016/17 budget adjustment but was unsuccessful. Thus the remaining 4th quarter Programme 2 targets could not be achieved due to non- availability of budget.

e. Late appointment of contractors by the implementing agent (DPWRT) was a recurring reason for the Department's slow roll-out of infrastructure projects in the preceding quarters as well as the 4th quarter.

f. The Department did not utilize its conditional grant funding efficiently. As at 31 March 2017, the Department spent R1 333 184 billion (92%) of the R1 447 923 billion received for 2016/17 financial year.

g. The Department did not have a disaster management budget to address the repairs to storm damaged schools. As a result the Department had to reprioritize its appropriated budget for 2016/17 to address storm damaged schools, which included 34 schools where damages occurred in the last quarter of the 2015/16 FY. In addition to this, the Department reported that 268 infrastructure projects earmarked for completion in 2015/16 FY had to be reprioritized for completion in 2016/17 FY as they had been committed and contractors were already on site.

5. ANALYSIS OF THE 4th QUARTER BUDGET EXPENDITURE

5.1. Overall expenditure trend as at 31 March 2017

The Department reported the following expenditure per service delivery programmes 1-7:

Programme (Table 1)	Main appropriation 2016/17 R' 000	Adjusted appropriation 2016/17 R' 000	Actual Expenditure as at 31 March 2017 R' 000	% of budget SPENT as at the end of Quarter 4
1. Administration	1 341 418	1 325 127	1 234 133	93%
2. Public Ordinary Schools	14 267 546	14 301 587	14 574 417	102%
3. Independent Schools	20 092	20 092	20 093	100%
4. Public Special Schools	247 638	247 638	248 131	101%
5. Early Childhood Development	317 672	317 672	253 605	80%
6. Infrastructure Development	1 030 777	1 030 465	831 131	81%
7. Examination & Education Services	691 640	694 706	652 110	94%
Total	**17 916 783**	**17 937 287**	**17 813 619**	**99%**

During the 2016/17 budget adjustment, the main allocation was increased from R17 916 783 billion to **R17 937 287** billion.

5.2. Economic Classification (Table 2)

The expenditure breakdown per Economic Classification for the 4th quarter was noted:

Economic classification	Adjusted appropriation 2016/17 R' 000	Actual Expenditure for the quarter R' 000	% spent on budget
Compensation of employees	14 003 938	14 247 302	102%
Goods and services	1 729 518	1 554 610	90%
Transfers and subsidies	1 269 857	1 276 145	101%
Payment for capital assets	906 912	735 506	81%
Total	**17 937 287**	**17 813 619**	**99%**

Compensation of Employees: the overspending trend continued from the 3rd quarter (77%); by the end of the 4th quarter the expenditure stood at 102%. The Department had anticipated over-spending on COE by the end of the 4th quarter.

Goods and Services: was underspent by 10%; by the end of the 4th quarter only 90% of the annual budget was spent.

Transfers and subsidies: this line item overspent throughout the 2016/17 reporting period (62% spent by 2nd quarter; 96% spent by 3rd quarter; and 101% spent by 4th quarter).

Payment for capital assets: this line item was adjusted downwards during the budget adjustment from R973 335 000 to R906 912 000. The under-spending trend continued throughout the 2016/17 reporting period (10% spent by the 1st quarter; 24% spent by the 2nd quarter, 60% spent by the 3rd quarter) and 81% by the 4th quarter.

5.3. Conditional Grants Expenditure as at 31 March 2017 (Table 3)

By the end of the 4th quarter the Department spent 92% of conditional grant funding as follows:

Conditional Grant	Adjusted Appropriation R' 000	4th Quarter Actual Expenditure R' 000	% spent
Education Infrastructure Grant	792 655	684 646	86.4%
HIV/AIDS Grant	19 342	19 146	98.9%
Maths, Science and Technology Grant	41 639	41 376	99.3%
National Schools Nutrition Programme	575 594	572 046	99.4%
EPWP Integrated Grant	3 066	1 521	49.6%
Social Sector EPWP Grant	15 627	14 449	92.5%
Total	**1 447 923**	**1 333 184**	**92.1%**

Adjustments to the conditional grants were effected as follows:

During the budget adjustment period the total conditional grant funding amount was adjusted upwards from R1 443 042 billion to R1 447 923 billion. However, by the end of the 4th quarter there was an underspending of 8.9% of the grant funding received for 2016/17FY.

Education Infrastructure Grant (EIG): only 86% was spent by the end of the 4th quarter (13.9% under spending) which was R684 646 000 spent of the R792 655 000 adjusted allocation. During the budget adjustment period, additional funding was received for EIG, yet it underspent by the end of the 4th quarter. The under spending trend had begun in the 1st quarter already; the main reason being the implementing agent's late appointment of contractors for the Department's sanitation projects.

HIV/AIDS grant: 98.9% of this grant spent by the end of the 4th quarter.

Maths, Science and Technology (MSTA) grant: 99.3% spent by the end of the 4th quarter.

National Schools Nutrition Programme (NSNP): 99.4% spent by the end of the 4th quarter.

Social Sector EPWP Grant: 92.5% spent by the end of the 4th quarter.

Expanded Public Works Programme (EPWP) Integrated Grant: only 49.6% of this grant was spent by the end of the 4th quarter; this slow spending was reportedly also due to the slow procurement of contractors by the implementing agent. The Department had indicated that the spending trend would improve after the bulk appointment of contractors in September 2016.

6. ANALYSIS OF THE PROGRAMME PERFORMANCE

The Committee noted the following **performance on planned targets** for the 4th quarter:

QUARTERLY TARGETS (JAN – MARCH 2017)				
Programmes	**Planned targets**	**Achieved targets**	**Non achieved targets**	**% achieved**
1. Administration	107	82	25	77%
2. Public Ordinary Schools	71	60	11	85%
3. Independent Schools	5	5	-	100%
4. Public Specials Schools	7	5	2	71%
5. Early Childhood Development	12	4	8	33%
6. Infrastructure Development	17	6	11	35%
7. Examination & Education Related Services	55	41	14	75%
TOTAL	**274**	**203**	**71**	**74%**

PROGRAMME 1: ADMINISTRATION

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

Budget expenditure – programme 1

By the end of the 4th quarter, the Department spent R 1 234 133 billion (93%) of the R1 **325 127** billion adjusted allocation for the programme (7% under-spending). The expenditure for the 4th quarter alone was R274 734 000 (21%) as the spending at the end of the 3rd quarter was 72% (R959 399 000).

The underspending trend in this programme was a result of the Department's deliberate scaling down on spending to minimize the impact of the projected R230 000 000 overspending on COE in Programme 2.

The Department explained that the 41% overspending on Transfers and Subsidies was due to the budget cuts implemented in March 2016, which led to cuts across all programmes and all economic classification items.

In response to the Committee's question as to how the Department planned to achieve the unmet targets, noting that Programme 1 had utilized 93% of its budget by 31 March 2017, the Department explained that the unmet 2016/17 targets would ordinarily be deferred to the next financial year. However, the Department indicated no budget available to meet these targets in the 2017/18 financial year and hence they are deferred to the outer years of the MTEF.

Performance in relation to planned targets:

The Department achieved 82 out of the 107 targets planned for the 4th quarter (76.6%); which indicated 25 unachieved targets.

Unachieved targets

There were also 38 unachieved targets from the 3rd quarter and 41 unachieved targets from the 2nd quarter. The cited reason for variance was budget constraints which had required ongoing cost curtailment measures to avoid overspending in the 4th quarter.

A number of targets in the APP and quarterly reports were to be reported on annually. The Department also had a trend of reporting on targets achieved in a quarter, even though there were no planned activities for that quarter.

Placement of bursars

On the sub-programme Human Resource Provision the Department planned to finalize the placement of bursary holders but did not achieve this target in full; there were still 84 bursary holders not placed by the end of the 4th quarter. The Department had issued bursaries to 446 students, of which 57 did not complete their qualifications; 305 students were placed and the remaining 84 were yet to be placed.

With regard to the placing of the remaining 84 students, the Department was in the process of coordinating the placement of learners with Provincial Departments. The Committee was informed that learners are continuously reminded to comply with the determination on the placement of learners and interns. However, the Department indicated that the process is hampered by the moratorium and decreased budgets of departments.

Regarding employees who did not complete their qualifications and whether they would reimburse the Department, it was noted in the Department's response that its Debt Management policy provides for recovery of costs incurred, especially for employees who are bursary holders. The Department will submit letters to respective Departments to recover the cost incurred by employee bursary holders who did not complete their qualifications. The process of recovering it from full time students is difficult and the Department is faced with having to write the debts off.

PROGRAMME 2: PUBLIC ORDINARY SCHOOLS

The programme ensures the provision of education services from Grade 1 to Grade 12 in accordance with the South African Schools Act, 1996 and White Paper on Inclusive Education.

Budget expenditure

The Department overspent by 2% on this programme. R 14 574 417 billion (102%) of the R14 301 587 billion adjusted allocation for the programme was spent by the end of the 4th quarter. For the 4th quarter alone, R 3 329 187 billion (23%) was spent, noting that by the end of the 3rd quarter the programme expenditure had been R11 245 230 billion (79%).

The over spending trend on Programme 2 began at the beginning of the financial year due to a budget cut effected on the compensation of employees (COE) budget. The programme budget was increased during the 2016/17 adjustment period in a quest to reduce the impact of the projected COE over-expenditure. The Department reported in the 3rd quarter deliberations that funds were transferred from operational programmes to the COE budget to reduce the deficit which was foreseen for the 4th quarter. However, programme operations were reportedly not adversely affected.

The Department explained the causes of over spending on the three (3) sub-programmes:

- Primary Schools: was due to compensation of employees over-spending
- Secondary Schools: was due to compensation of employees over-spending
- Human Resource Development: was due to payment to Higher Education Institutions (HEIs) for training of departmental employees who were already enrolled at the beginning of the 2016 academic year. Non-payment would have meant that students would not receive their results and certificates.

Performance in relation to planned targets

According to the 4th quarter report, the Department achieved 60 out of 71 planned targets (85%). The Committee enquired about the reasons for the Department's failure to achieve 11 of its planned targets in this programme.

In responding to the questions, the Department explained that it had taken precautionary measures in the 4th quarter to avoid over spending on its budget. As a result the Department had to defer, delay the start of programmes or find innovative ways of delivering services. For example, travel and accommodation were drastically reduced, a clustering model of schools for monitoring was introduced and programmes not requiring additional funding were prioritised. This led to the non-implementation of programmes such as SGB training which was scheduled for the 4th quarter.

The Department also explained that the reported over-achievement in other activities was due to covering backlogs experienced in the previous quarters.

Training of teachers on the use of ICT in education

For the 2016/17 financial year the Department planned to train 436 teachers on the use of ICT in education using the District teacher centres. As at 11 May 2017 the Department confirmed that in the 4th quarter a total of 1 173 teachers had been trained on strategic integration of ICT in teaching. It was noted that the training is highly dependent on ICT interns appointed by the Education and Training SETA (ETDP-SETA). According to the Department, the ETDP-SETA had delayed in renewing the intern contracts at the beginning of the financial year.

PROGRAMME 3: INDEPENDENT SCHOOLS

This programme exists to support Independent schools in accordance with the provisions of the South African Schools Act, 1996.

Budget expenditure

The Department spent 100% of its allocated budget for the year as a result of all transfers to independent schools being processed.

Performance in relation to planned targets

The Department achieved all five (5) planned targets for the 4th quarter. During the 3rd quarter deliberations, the Committee resolved to meet with Umalusi in the next financial year 2017/18 regarding the challenges experienced in relation to non-accreditation of independent schools in the Province.

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.

Budget expenditure

The Department spent R248 131 000 (101%) of the R247 638 000 budget for the programme by the end of the 4^{th} quarter. This equates to 23% or R 3 329 187 billion spent in the 4^{th} quarter, as R194 007 (78%) of the programme budget was spent by the end of the 3^{rd} quarter.

Performance in relation to planned targets

The programme achieved five (5) out of seven (7) planned targets.

Monitoring of Special Schools

The Department failed to monitor all of the 18 special schools. The reason for variance in the 4^{th} quarter was that some schools had to receive multiple visits for support needs assessment and therapeutic interventions due to referrals for learners who required additional support.

The following ~~schools~~ five (5) schools were visited multiple times in the 4^{th} quarter:

- Basizeni Special School was visited 5 times;
- George Hofmeyr Special School was visited 3 times;
- Osizweni Special School was visited 3 times;
- Tsakane Special School was visited 3 times; and
- Masinakane Special School was visited 4 times.

General challenges on programme 4

In the preceding quarters, the main challenges in Programme 4 related to the high cost of training on the use of assistive devices; and failure to conduct monitoring visits to all of the 18 special schools.

Regarding the training on assistive devices, the Department reported that it was in the process of setting up relationships with universities to help lower the cost.

PROGRAMME 5: EARLY CHILDHOOD DEVELOPMENT

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

Budget expenditure

Programme 5 was allocated a budget of **R317 672** for the 2016/17 financial year, which was not adjusted during the budget adjustment period. Expenditure by the end of the 4th quarter was R253 605 000 (80%) due to under spending on Compensation of Employees and Goods and Services cited as follows:

- Incomplete (but ongoing) conversion of Grade R practitioners to Grade R teachers
- Goods and Services underspending was due to slow procurement of LTSM and furniture for the Early Childhood Development Institute (ECDI) in Bohlabela District
- Ongoing NQF Level 6 training for ECD practitioners

Performance in relation to planned targets

The Department achieved four (4) out 12 planned targets for the 4th quarter (33%).

The department could not certify ECD practitioners due to the corrections needed by ETDP SETA. The Committee enquired as to when the department would complete the ECD Portfolios of Evidence (POE). The Department explained that it has no control over the ETDP-SETA programmes but follow-ups were made with the SETA and the affected practitioners. For those practitioners who submitted their POEs, the verification will commence on 01 July 2017. The Department stated that there will be no negative impact on ECD service delivery because the practitioners will be supported in cases where they have not submitted their POEs.

The Committee noted the non-correlation between the 80% expenditure of the programme budget and the 33% achieved targets. The Department explained that some targets did not have an allocated budget in Programme 5 but were funded from Programme 1: Administration Goods and Services (Operational budget) - School and ECD Centres Visits.

The Department informed the Committee that it had failed to meet its targets for Programme 5 due to burglaries at the ECDI which caused delays in the commencement of some of the activities and furthermore these activities could not be completed in the 2016/17 financial year.

- 300 Grade R practitioners were registered and enrolled with the North West University in March 2017. This resulted in an under-expenditure of R 5, 4 million;

- Due to limited budget LTSM provisioning had to be sequenced to ensure that the core was provided first. By the end of the financial year indoor and out-door equipment for ECD centres were not in schools but were at the warehouse. Thus, LTSM invoices amounting to R 700 000 were not paid.

Non-achievement of school readiness targets

School readiness targets were not achieved in the 4th quarter because of community protests in Bohlabela district. ECD subject advisers in Nkangala district also could not support schools in March 2017 due to District protest action. Since school readiness has to be conducted more or less at the same time for diagnostic purposes, the targets were deferred to the 1st and 2nd quarters of the 2017/18 financial year.

The Department reported that the targeted 210 schools could not be achieved due to:

- Limited ECD personnel to perform the tasks as two (2) Subject Advisers in Ehlanzeni District resigned in the 2nd quarter of 2016/17;
- There was a community strike in Bohlabela district and subject advisers could not visit and support targeted schools as planned.

Provision of resources for ECD centres

The Committee had noted by the 3rd quarter already, that the Department could not supply five (5) ECD centres with basic resources packs due to budgetary controls to offset the projected overspending on compensation of employees. The activity was re-prioritized to the 2017/18FY.

Non-development of standardised ECD model

The development of this model will assist to eradicate backlogs and improve planning and resourcing regarding ECD services. The planned drafting of the model (Provincial Plan) for compulsory 2 years of ECD prior to Grade 1 was not achieved in the 3rd quarter as the lead Department of Social Development (DSD) had planned an ECD summit to discuss the implications of the recently approved National Integrated ECD Strategy. As at 11 May 2017 the Department reported that the National DSD had not yet finalised the National ECD Plan. On receipt of the National Plan, DSD as the lead Department in 0-4 cohort will develop the Provincial Plan that is in congruent with National imperatives and legislation. It was further indicated that there was no cost implication in this line activity.

PROGRAMME 6: INFRASTRUCTURE DEVELOPMENT

The programme provides and maintains infrastructure facilities of the Department in compliance with the Basic Norms and Standards implementation plan.

Budget expenditure

The programme had an annual budget of **R1 030 777** billion for 2016/17FY, which was adjusted downwards by R312 000 (thousand) **to R1 030 465** billion during the budget adjustment period.

The underspending on programme 6 persisted throughout the 2016/17 financial year. By the end of the 4th quarter the Department had spent only R831 131 000 (81%) of its budget. This indicated 19% under spending. The actual 4th quarter expenditure was R222 600 (million) or 21.5% of the adjusted budget, noting that the 3rd quarter expenditure was R608 531 000 (59%) of the adjusted budget allocation.

Only 83% of the programme budget was spent on Payment for Capital Assets due to delays by the implementing agent in the appointment of contractors for sanitation projects. According to the Department, contractors were appointed in September 2016.

The slow progress on infrastructure projects was also exacerbated by the backlog on basic services projects from the previous financial year 2015/16 and new priorities that arose, such as repairs to storm damaged schools. Linked to this was the Department's lack of a disaster management budget to deal with storm damages.

Other reasons provided to date for the under spending on Programme 6 were noted:

- Non-filling of DORA funded vacant posts led to lack of capacity in Infrastructure;
- Delays in verification and payment of invoices received;
- Late submission of claims by the DPWRT – submissions were made in March 2017

<u>Performance in relation to planned targets –programme 6</u>

The Department only managed to achieve six (6) out of 17 planned targets for the 4th quarter (35%). The Department had to divert from its 2016/17 APP targets due to the following:

a) There were 268 projects earmarked for completion in the 2015/16FY that had to be completed as first priority in 2016/17 since they were committed and contractors were already on site. These projects were not on the approved 2016/17 Table B5;

b) There were 34 schools with storm damages that occurred in the last quarter of the 2015/16FY and these had to be addressed in the 2016/17FY, but were not budgeted for.

Late appointment of contractors; re-prioritization of sanitation projects and budget

The Committee enquired whether the Department had put systems in place to ensure that contractors are appointed timeously, so as not to keep delaying implementation of infrastructure projects. The Department indicated that the National Treasury Infrastructure Delivery Management System (IDMS) requires planning and design for a project to be done a year prior to implementation. Hence, the sanitation projects to be implemented in the 2017/18 FY were planned and designed in the 2016/17FY, thus the delays in appointment of contractors should not be a causal factor for non-implementation of projects in 2017/18FY.

In addition, the Department finalised its infrastructure plans in consultation with the implementing agent (DPWRT); a joint presentation of the plans was made to the Premier's Infrastructure Coordinating Committee (PPICC). The final infrastructure plans (Table B5) for 2017/18 was submitted to the implementing agent (DPWRT) during March 2017, before the start of the financial year to ensure timeous appointment of service providers.

The Committee further enquired about the completion dates for the 2017/18 sanitation projects in the 2017/18 financial year. To this end, the Department submitted a list (extract from the 2017/18 infrastructure plan) indicating the proposed start and completion dates for the sanitation projects to be implemented in the 2017/18FY. According to the Department, in terms of infrastructure projects (Capital Assets), the largest portion of the budget was utilised on new and replacement projects.

Incomplete sanitation projects

The Department explained that the late appointment of contractors for sanitation projects impacted the completion of projects in all the quarters including the 4th quarter, which ultimately resulted in the low expenditure on programme 6 and planned targets not being met. The District mostly affected in this regard was Nkangala District. The Department further stated that the Province does not have any schools without any form of sanitation at all.

Sanitation projects implemented included refurbishment of existing waterborne, addition of sanitation facilities to existing ones, a substitution of the existing dilapidated plain pit latrines or a combination of all these. The impact of the delays to the Grade 12 learners was therefore minimal since all schools had some form of sanitation facilities.

Re-prioritization of unachieved targets (electrification of schools and maintenance)
The Department failed to complete construction in 25 schools to be provided with electricity supply and also failed to complete the maintenance of 72 Public Ordinary Schools due to delays in the planning processes. As at 11 May 2017 the Department reported that out of the 25 schools, 15 were going to be implemented in the 2017/18 financial year and 10 projects had been further deferred to the 2018/19 financial year.

The Committee noted that the completion of the electricity supply projects and the maintenance of the 72 schools were deferred to the 2017/18 financial year. The Department explained that there was no rollover of funds in this regard; instead, the deferred projects were allocated a budget in the 2017/18 financial year.

Poor condition of circuit offices
The Committee raised a concern about the poor condition of circuit offices in the Province. In some cases the officials at circuit offices had to squat in nearby buildings. It was also noted that there were 14 circuit offices with no circuit managers; the offices were operating with acting circuit managers who were not getting remunerated. It was also noted that two of the Department's four districts had no District Director (Ehlanzeni and Gert Sibande districts).

The Committee resolved in the 3rd quarter deliberations that the Department should prioritize key and strategic circuit offices per district for construction.

In the progress report on the 3rd quarter House Resolutions, the Department indicated that five (5) Circuit offices were scheduled for planning and design in the 2017/18FY and for construction in the 2019/20FY:

- Lehukwe Circuit Office Bohlabela
- Marapyane Circuit Office Nkangala
- Sikhulile Circuit Office Ehlanzeni
- Badplaas Circuit Office Gert Sibande
- Lubombo Circuit Office Ehlanzeni

PROGRAMME 7: EXAMINATIONS AND EDUCATION RELATED SERVICES
The programme exists to provide education institutions as a whole with training and support.

Budget expenditure
Programme 7 was allocated a budget of **R 691 640 000** for the 2016/17 financial year, which was adjusted **upwards** by **R3 066** to **R 694 706 000** in the 2016/17 budget adjustment.

Expenditure by the end of the 4th quarter was R652 110 000 (94%) of the annual allocation. The 4th quarter expenditure was R94 181 000 (14%) of the annual budget. According to the Department the 6% under spending was due to the non-funding of the awarded bursars as they had changed their fields of study which were outside the Provincial Human Resource Development Strategy prioritized fields of study. The Department formally communicated with the declined bursars and replaced them with the other unsuccessful applicants from the database within the prioritised fields of study.

Performance in relation to planned targets

The Department achieved 41 targets out of the planned 55 targets for the 4th quarter (75%).

Placement challenges for in-service training

The Department reported that the private sector is generally non-cooperative but that it will continue to liaise with them through the established HRD Council. The Department's Strategic Partnership Directorate and the Office of the Premier are in the process of engaging social partners to address the placement challenges.

For the 4th quarter, the Department planned to place 375 learners with Eskom and Hydra Arc for in-service training. However, the target could not be reached due to ongoing placement challenges with Host Employers, especially for technical fields such as engineering. It was noted in the Department's response that the placement with the two companies would be finalized by the end of June 2017 (1st quarter of 2017/18FY).

Procurement for a graduate tracking system - the planned procurement for this tracking system for learners and interns in collaboration with EMIS (Education Management Information System) was not facilitated as the system was still being developed, for finalisation and implementation in the 2017/18FY.

7. FINDINGS

After considering the 4th quarter report, the Committee made the following findings:

7.1. The Department's Compensation of Employees (COE) budget for the 2016/17 financial year was not sufficient. Hence the Department experienced budget pressures and struggled to fund its pool of educator posts.

7.2. The achievement of the 2016/17 APP targets was negatively affected by budget constraints; a number of targets deferred to the 4th quarter had to be further deferred to the next financial year or the outer years of the MTEF.

7.3. The Department did not utilize its 2016/17 conditional grant funding efficiently.

8. RECOMMENDATIONS

Based on the findings above, the Committee made the following recommendations:

8.1. The Department must maintain its statutory obligation to ensure adequate funding for its Compensation of Employees budget. Provide a progress report by 31 July 2017.

8.2. The Department must avoid deferring of planned targets. All targets reflected in the 2017/18 APP must be funded and a plan must be implemented to ensure that all 2016/17 deferred targets are accounted for. Provide a progress report by 31 July 2017.

8.3. The Department must utilize its conditional grant funding efficiently and strengthen the measures that were put in place during the 3rd and 4th quarters of 2016/17 financial year in order to improve expenditure in this regard. Provide a progress report by 31 July 2017.

9. CONCLUSION

The Chairperson expressed his gratitude towards the Honourable Members of the Committee for their constructive input during the consideration of the 4th **quarterly report** of the Department of Education for the 2016/17 financial year.

The Committee appreciated the leadership of Hon MR Mhaule, the MEC for Education, as well as the HOD and her senior management team. The Committee also appreciated the Legislature staff for their support to the Committee.

The Chairperson requests the House to adopt this Committee report with its findings and recommendations. The Department is requested to implement the House Resolutions herein and submit a progress report to the Legislature by 31 July 2017.

HON. VV WINDVOËL, MPL
CHAIRPERSON: PORTFOLIO COMMITTEE ON EDUCATION; CULTURE, SPORT AND RECREATION

21/06/2017
DATE