

# **COMMITTEE REPORT OF THE PORTFOLIO COMMITTEE ON HEALTH AND SOCIAL DEVELOPMENT IN RELATION TO THE 2014/15 ANNUAL REPORT FOR DEPARTMENT OF SOCIAL DEVELOPMENT (DSD)**

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## **1. INTRODUCTION**

The Portfolio Committee on Health and Social Development (the Committee) conducted an oversight over the Department of Social Development (the Department), as it is mandated by Section 114 of the Constitution of the Republic of South Africa (Act 108 of 1996), to determine whether the Department has a specific, measurable, achievable, realistic and timeous (SMART) Plan and a sufficient Budget to implement an efficient, effective, equitable and economic service delivery to all the people of the Province during the 2014/15 financial year.

## **2. METHOD OF WORK**

The Speaker referred the Department's 2014/15 annual report to the Portfolio Committee on Health and Social Development for consideration and report back to the Legislature, as contemplated in rule 219 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules).

On 27 October 2015, the administration briefed the Committee on the analysis of the 2014/15 Annual Report; thereafter the Committee met with the Department on 03 November 2015 to deliberate and scrutinize in detail the aforementioned document. The Committee then met on 18 November 2015, to consider the draft Committee report.

## **3. GENERAL OBSERVATIONS**

The Committee noted and observed the following from the 2014/15 annual report of the Department:

- ❖ The Department regressed from obtaining a clean audit opinion in 2013/14 financial year to an unqualified audit opinion with matters of emphasis in the year under review, 2014/15;
- ❖ Though noted improvement in other programmes, the monitoring and evaluation in the Infrastructure Development Programme remains a challenge in the Department;
- ❖ Performance on planned targets also regressed from 75% in 2013/14 financial year to 72.4%; however, the Department spent 100% of its total allocated budget, an improvement compared to the 96.9% total expenditure in 2013/14 financial year;
- ❖ During the second quarter, there was slow expenditure on infrastructure and filling of vacancies that led to the downward adjustment of the Department's budget in the third quarter; from **R 1 232 065 000 (R1.2 billion) to R1 220 309 000** with a reduction of **R11 756 000**;
- ❖ The Department recorded an overdraft of **R3 706 000** and irregular expenditure of **R34 818 000**;

#### **4. PART A: PERFORMANCE ANALYSIS: STRATEGIC OVERVIEW**

##### **Compliance to the Annual Report Guide**

The Committee noted that the Department's Annual Report (AR) adhered to the National Treasury Guide for the Preparation of the Annual Report for the year ended 31 March 2015 and it was signed by all relevant designated officials as required.

The vision, mission and values were clearly stated as per the Treasury Guide. The Department also managed to outline the legislative and other mandates that govern its operations. The MEC's foreword managed to give an overview of the Department's achievements and challenges for the year under review.

## **Millennium Development Goals**

The Department did not report on the Millennium Development Goals. However, it is important to indicate that the Department was directly responsible for MDG 1: Eradicate extreme poverty and hunger; though there are overlappings with other goals such as MDG 2 (ECDs), MDG 3 (gender issues) and MDG 6 (HIV/AIDS). The United Nations (UN) MDG (2015) as signed by the Secretary-General-UN gives an overview that globally poverty has been reduced tremendously ( by 47% in 1990 to 14% in 2015) i.e. people live below \$1.25 a day . It is also important to indicate that Stats South Africa has been tasked with the responsibility to lead the process of consolidating the performance of the country with regard to the MDGs.

## **PART B: DEPARTMENTAL PERFORMANCE**

### **Service Delivery Environment**

The Department has adopted an integrated approach in dealing with social problems in the province where sister Departments are involved to offer a holistic service to those in need. DSD works in collaboration with Non-Profit Organizations and Community formations that are funded to run social services on behalf of the Department. Vulnerable groups who are beneficiaries to social services are; women, children, youth, elderly people and people with disabilities, who suffer most social ills. Mpumalanga is 66% rural and consists of poor and unemployed individuals.

The DSD together with National Treasury approved a revised budget structure during the year under review that saw the Department move from three to five programmes. This then necessitated the revision of the organizational structure that the Department did in consultation with the Work Study located at the Premier's office, to ensure that the five programmes are implemented correctly.

The successful completion of the household profiling exercise in 2013/14 allowed the Department to have a comprehensive database that will enable it moving forward to direct social services to deserving individuals. Community Development Workers (CDWs) are also used to identify such individuals as they work with communities on daily basis.

## PART C: FINANCIAL INFORMATION

### Expenditure per programme

(Two years expenditure pattern (2013/14 -2014/15))

Programme	Final Expenditure	Actual Expenditure	%	Final Expenditure	Actual Expenditure	%
	2014/15			2013/14		
1.Administration	250 101	250 097	100%	249 357	238 861	95.8%
2.social Welfare Services	408 738	408 738	100%	793 741	767 942	96.7%
3.Children & Families	353 436	353 435	100%	126 535	126 535	99.7%
4.Restorative Services	85 976	85 976	100%			
5. Development & Research	122 058	122 057	100%			
<b>TOTAL</b>	<b>1 220 309</b>	<b>1 220 303</b>	<b>100%</b>	<b>1 169 633</b>	<b>1 132 962</b>	<b>96.9%</b>

## PART: D REPORT FROM AUDITOR GENERAL (AG)

The AG found the financial statement of the Department have been presented fairly, in all material respects and in accordance to the Modified Cash Standards as prescribed by National Treasury, the Public Finance Management Act (PFMA) and Division of Revenue Act (DoRA). In as much as the AG did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes, there are additional matters that were raised to the attention of the Department. This then translated to an unqualified audit opinion for the 2014/15 financial year.

The AG identified material misstatements in Programmes 2, 3, 4 and 5 which management subsequently corrected during the audit period.

In paragraph 16 of the AG's report, reported that the Department failed to take necessary precautions in asset management and liability management where money

was borrowed without the approval of the authorisation by the MEC for Finance; thereby contravening section 66 (10 (a) of the PFMA. The Department in this regard reported to have not borrowed money. The contravention of Section 66 (10) (a) of the PFMA refers to the bank overdraft of R3.7 million which took place at the end of financial year 2014/15, where payments were made without adequate cash.

On internal control, recurring material findings were identified by the AG in the Annual Report of the Department which resulted in material adjustments made to the performance report and financials to avoid a modified audit opinion.

The Committee asked why the Accounting Officer failed to implement sufficient controls to ensuring that these findings do not re-occur. The Department reported that, material adjustment made to the financial relates to the irregular payment of R34, 8 million which resulted from the use of RIU to implement capital projects. The implementing agent, DPWR&T, did not comply with the necessary procurement processes when handing over capital projects to RIU for implementation.

The Department reported to have developed a monitoring and evaluation system to manage the generation and reporting of performance data and information in line with the framework for managing programme performance information. However, the system is manual and paper based and vulnerable to human errors during counting, verification and validation processes of evidence against reported information. Misinterpretation of method of calculating against means of verification was a major factor that resulted to some adjustments in the report. Training on performance information was provided to all information officers from districts and sub-districts offices but the recurring changes of performance indicators by national contributed to misunderstanding of the methods for calculating evidence.

Financial statements submitted were not free from material misstatements due to staff members not fully understanding information required during the audit period.

## **5. BROAD OVERVIEW BY THE MEC**

The MEC, Ms NS Mtsweni appreciated the opportunity given by the Committee and cited that the advices and the recommendations of the Committee assists the Department in achieving its mandate. The MEC acknowledged with regret that the Department had regressed from a clean audit opinion in the previous financial year to an unqualified audit opinion in the year under review.

### **Social Development Professionals**

Emphasising that human resource development and management is critical to the achievement of social protection of families, communities and society. The MEC indicated that this called for the need to expand human resource capacity through the employment of social service personnel, such as child and youth care workers, community development workers and Social Workers. She further reported that the Department managed to reduce the skills deficit and increased the delivery capacity by absorbing Social Work graduates in the province to ensure quality provision of service.

### **Social Work Indaba**

MEC Mtsweni reported that during the month of January 2015 the Department successfully held a provincial Social Work Indaba which subsequently culminated to the National Social Work Indaba held in Durban. The MEC indicated that among the issues discussed and resolved on, were working conditions, tools of trade, shortage of Social Workers, continuous training and the need to revitalise the social work profession. She also reported that this is meant to counter the scourge of social ills engulfing our country.

### **Social Infrastructure**

Responding to the call to increase access to social development services, the MEC reported that the Department during the period under review has successfully completed and opened both the Marite branch office and a centre for people with disabilities in Marite. Projects such as Swartfontein treatment centre, Hendrina branch office and Jerusalem branch office are at an advance stage.

### **Services to Children**

In honouring its commitment to building human and social capital, MEC Mtsweni reported that the Department continued to provide and strengthen community based services to children including; Early Childhood Development (ECD), Isibindi and foster care, amongst others. She further reported that, these services are not only meant to give children a good start but also break the cycle of poverty in the province. In the year under review, the MEC reported that, the Department has recorded significant improvement to children accessing registered programmes and have also expanded ECD services through the Non-centre Based Programme to reach out to those children in remote areas. She also reported that, the Department together with its partners has remarkably reduced the foster care backlog. This is attributed to the good cooperation between DSD, Department of Home Affairs, Department of Justice and Constitutional Development and Department of Correctional Services and South African Social Security Agency (SASSA).

### **Nigerian Disaster**

MEC Mtsweni reported that the Province received all the victims of the Nigerian disaster. She indicated that the Department played a major role in ensuring that the bereaved families received their loved ones. The MEC also reported that, the Department arranged memorial services, provided counselling services to families and attended all the funerals as directed by the national and provincial leadership.

### **Services to Persons with Disabilities (PWDs)**

During the launch of the Social Development month (September 2014), in Gert Sibande, the MEC reported that special focus was given to services of persons with disabilities. A number of stimulation centres and protective workshops were visited where advocacy on the rights of persons with disabilities were conducted. Over and above the visits, radio campaigns and public engagement campaigns were conducted on the rights and services for persons with disabilities.

### **Youth Development**

MEC Mtsweni reported that the Department supported seventy-six (76) youth development centres, exceeding the planned target of sixty-eight (68) youth

development centres by eight (08); citing that this was informed by the need and analysis conducted by the Department.

The MEC further reported that, the Department has successfully linked 400 youth to employment opportunities against the planned target of 340, emphasising that youth unemployment remains one of the major challenges in the province and a lot must still be done.

Through working with the private sector, the MEC reported that SASOL donated a structure equipped with seven (07) computers to strengthen youth development services in Gert Sibande.

### **Services to Older Persons**

In addressing lifestyle and general challenges facing older person in the province, MEC Mtsweni reported that, the Department successfully held provincial golden games for older persons from 3-5 September 2014 in Middelburg. Subsequently, the Department hosted the national golden games which took place at Mbombela Stadium from 26-31 October 2014. She indicated that these activities are meant to promote active ageing among senior citizens.

### **Non-Profit Organisations (NPOs)**

MEC Mtsweni reported that during the year 2014-15, the Department conducted a series of NPO road shows with the view to strengthen the relationship between the Department and the NPO sector. She further reported that a capacity building, registration of NPOs, Monitoring for compliance with norms and standards was successfully rolled out. The MEC reported that the NPO sector remains one of the key strategic partners towards successful social protection, therefore cooperation is paramount. In the quest for eradication of immediate hunger and fighting poverty, the MEC reported that the Department launched and opened five (05) Community Nutrition and Development Centre (CNDCs) starting with one at NAAS during October 2014. The CNDC's are meant to provide food parcels and cooked meals to individuals and families in need of food in the province.



## **Substance Abuse**

With concern, the MEC reported that substance abuse remains one of the challenges engulfing communities in the province. She reported that a lot of work has been done in the fight against substance abuse through campaigns targeting children and youth. The MEC reported that the Department has over-achieved all planned targets under this sub-programme ,however, the challenges seems to be far from total elimination. During the period under review, the MEC further reported that the Department observed an increase in relapse cases after having completed the rehabilitation treatment process. After a thorough analysis, the Department realised the need to strengthen community based aftercare services to reduce the number of cases and integrate the ex-users back to communities.

## **Overall challenges**

The MEC reported that the Department has noted the following challenges, however have put measures in place to addressing them:

- Poor performance in infrastructure development;
- Inconsistences on submission of NPO claims;
- Mismanagement of funds (in Youth Development Centres);
- The country's weak economic state has a negative impact on the Department's resources to enabling service delivery;
- Mushrooming of NPOs.

## **6. UPDATED PROGRESS REPORT ON THE 2013/14 ANNUAL REPORT HOUSE RESOLUTIONS**

Resolution 01: Maintain the status of getting clean audit opinion;

Progress: An audit action plan was developed to ensure that management matters raised by Auditor General are addressed to maintain clean audit status. Progress reports on the audit action plan are presented at management meetings to track progress thereof. As by end of September 2015, an audit action plan to address matters raised in the audit report and management letter of 2014/15 was developed in August 2015 subsequent to the conclusion of 2014/15 audit process.

**Resolution 02:** Ensure that all ECD centres comply with the norms and standards with emphasis on Phakama Mpanganeni at Mbuzini;

**Progress:** In terms of the ECD survey, it has become evident that ECD centres do not meet norms and standards due to various reasons including infrastructure, skills and quality of care. However, the Department in collaboration with other stakeholders has developed an integrated ECD strategy to deal with those challenges.

Phakama Mpanganeni crèche in particular is functioning in an old structure which needs to be rebuilt. It is funded and monitored by the Department. The crèche is funded for 40 children at an amount of R158, 400.

Progress as at September 2015; the Department engaged with TSB which is now RCL Foods regarding assistance. It has emerged that they will be assisting ECDs in ward 16 and 19, Phakama Mpanganeni crèche is at Mbuzini Ward 12. RCL Foods has indicated that they have engaged Hlanganani Mlambo Trust at Mbuzini to assist Phakama Mpanganeni crèche. However, no response has been received thus far. Lotto has also not provided feedback on the application that was made.

**Resolution 03:** Fast-track the project on the filling of beneficiaries forms, with emphasis on the project on updating employees SP files;

**Progress:** The Department started the process of updating beneficiary information in November 2014. All employees were requested to submit updated information where there are changes in beneficiary information. Follow up verification of beneficiary forms in SP Files of employees was undertaken during January 2015 and the project was completed by June 2015.

And about 20% of SP Files were found to have outstanding beneficiary nomination forms. The employees who had outstanding beneficiary forms were requested to submit them. This is an on-going process since employees change beneficiary nominations time and again. The beneficiary forms submitted by the employees where there are changes in beneficiary nominations, are copied and sent to GEPF for capturing in the system.

Challenges experienced are that some employees send their forms directly to the GEPF and this leads to the Department and GEPF having different completed beneficiary forms.

The details of beneficiaries captured by GEPF on the system supersede the information in the SP Files of the employees since GEPF is the custodian of the Pension System.

**Resolution 04:** Comply with the spending norm to avoid forfeiting funds that are most needed;

**Progress:** Generally the Department is compliant with the spending norm except on infrastructure. Spending for the period ended 31 August 2015, represents 43.0% of the appropriated budget of R1, 293,198 million of 2015/16 financial year. This spending level is within the spending norm of 41, 7% of the period ended 31 August 2015. Spending which is materially above the spending norm of the period under review is recorded under payment for capital assets which is attributed to once off payment of renewal of Microsoft licence and improved progress in the implementation of social infrastructure.

The Department reported to continue monitoring spending closely in particular on goods and services item to remain within the allocated budget. This will mainly be done through stringently compliance to cost curtailment measures largely on non-core spending items such as traveling, accommodation, catering for departmental meetings and other non-core items.

**Resolution 05:** Come up with strategies to deal with the challenges of infrastructure development;

**Progress:** The vacant post of Deputy Director Facilities Management has now been filled with effect from 1 January 2015. Filling of this post brings stability with regard to management and co-ordination of departmental infrastructure functions as this post has been vacant for more than two years. However, the overall performance of the unit is dependent on the implementing agent.

The Department reported to continue develop a user friendly asset management plan to inform the MTEF infrastructure master plan.

Since September 2015, robust meetings are held with the implementing agent with relevant professional inputs. However, the infrastructure budget is far less than the required cost estimates for the planned projects as a results construction is done in phases to remain within the available funds.

**Resolution 06:** Intervene and normalize the working conditions and relations of the Probation Officers placed in magistrate Court;

**Progress:** The challenges that were experienced by Probation Officers at Mdutjana Court have been resolved after discussions at various levels, including the Regional Court Manager.

**Resolution 07:** Must continuously monitor the centre in Kameel River B with guidance to complying with the required norms and standards;

**Progress:** The centre was visited on the 05, 12, 18 November and 17 December 2014; with a view to provide guidance and support in complying with the norms and standards. Currently the centre has:

- 23 older persons and persons with disabilities, including a psychiatric patient.
- There is a standing arrangement with the Department of Health for the mobile clinic to visit Centre.
- The centre is operating from a privately owned house and consists of five (5) rooms with single beds. There is only one toilet in the centre.
- A 24-hour service is provided.

The Centre did apply for registration and funding for the 2012/13 financial year and the application was not approved due to the following reasons:

- It is not a community based facility, but is privately owned and managed by a family.
- There was no clearly defined target group and the beneficiaries, as the application included mentally ill patients, older persons and persons with disabilities.

- The Health Inspector indicated that the building does not comply with minimum norms and standards.

The health inspector's report (with recommendations) was discussed with the centre's Committee. The issue of members of the Committee being family members was also raised.

No progress since the first visit has been noted. The financial and administrative books of the centre were not available, since they are kept at the house of the manager's daughter.

Since September 2015, the Department is in the process of implementing a gradual phase-out plan for the centre, as the progress to meet the norms and standards is very slow. Monitoring visits will be conducted on a continuous basis to ensure that the process runs smoothly.

**Resolution 08:** Fast-track the planned ECD building projects;

**Progress:** The geotechnical survey is completed. The process is at tender advertisement stage, however, there were delays experienced regarding procurement processes by the implementing agent and late confirmation of sites. By the end of September 2015, the project manager was appointed and construction was reported to commence during the third quarter of 2015/16 financial year.

**Resolution 09:** Must implement the resolutions taken regarding the renovation of the centre at Delmas;

**Progress:** An assessment was conducted with the assistance of the Department of Public Works, Roads and Transport in order to prepare cost estimates for rehabilitating the centre. By end of September 2015, the assessment had been concluded and not all buildings are suitable for rehabilitation. The estimated cost for the entire project is plus or minus R150 Million which is far above the total budget for infrastructure. Eskom is being engaged to give financial support.

**Resolution 10:** Fast-track and manage the payment on expanded Public Works Project (EPWP) interns

Progress: All outstanding payment of EPWP interns have now been implemented in the PERSAL system and paid. Spending on the grant which includes payment of stipend is managed monthly through the In Year Monitoring report.

By the end of September 2015, the function for the appointment of the EPWP participants was removed from all Mpumalanga Departments in line with the implementation of the Provincial moratorium on appointments. This resulted in delays of payment of the existing participants as well as the appointment of new participants. The Department subsequently requested approval for the function to be re-allocated to the Department for the purpose of implementing the payments as well as the new appointments (EPWP participants). The process of implementing the new appointments is being fast tracked through liaison with all affected District Offices of the Department. The Department was anticipating finalising this process by the end of October 2015.

Resolution 11: Ensure that the infrastructure budget is fully utilised by the end of the financial year 14/15, also consider building another office in Dutjwa;

Progress: The Department will ensure that the budget of infrastructure is fully spent, through continuous interaction with the Implementing Agent, Department of Public Works Roads and Transport. Reports on cash flow estimates provided by the implementing agent indicate that all funds for infrastructure delivery will be spent. The Department does have a five year infrastructure plan informed by the needs of the province. The area identified will be investigated and included in the infrastructure plan during the 2016/17 MTEF period. The table below reflects actual spending for the period ended 31 March 2015 for infrastructure.

R Thousands	Final Budget	Actual to the end of Mar 2015	Outcome as % Budget	(Over) / under-spending
<b>Infrastructure</b>				
New infrastructure assets: Capital	62 040	61 328	98.9%	712
<b>Total New Infrastructure</b>	<b>62 040</b>	<b>61 328</b>	<b>98.9%</b>	<b>712</b>

The table below reflects actual spending for the period ended 31 August 2015 for infrastructure.

R Thousands	Main Budget 2015/16	Adjustments as per AEPRE	Adjusted Budget	Post Adjustments	Final Budget	Actual to the end of Aug 2015	Outcome as % Budget	Projections to end of Mar 2016
<b>Infrastructure</b>								
New infrastructure assets: Capital	70 354	-	70 354	-	70 354	42 148	59.9%	28 206
<b>Total New Infrastructure</b>	<b>70 354</b>	<b>-</b>	<b>70 354</b>	<b>-</b>	<b>70 354</b>	<b>42 148</b>	<b>59.9%</b>	<b>28 206</b>

## 7. INTERACTION ON THE ANNUAL PERFORMANCE: 2014/15

### PROGRAMME 1: ADMINISTRATION

#### Expenditure

The Committee wanted to know if the Department had measures in place to ensuring that capital projects proceed as planned to accelerate the spending pattern in the next financial year (F/Y) 2015/16. The Department reported that the expenditure on capital projects for 2015/16 F/Y has been accelerated through close monitoring and site visits, the expenditure by 30 September 2015 was at 68.3%.

The Committee noted that the Department incurred irregular expenditure of R34 818 000 waiting to be condoned; which was caused by the Supply Chain Management (SCM) not following due processing when procuring through the Rapid Implementation Unit (RIU). The Committee further noted that in the progress report on the house resolutions, the Department reported that it was going to write a letter to the Implementing Agent to remedy the matter. The Committee indicated that this was unsatisfactory and wanted to know why the Accounting Officer failed to take the responsibility to ensuring that proper procurement procedures are followed. The Department reported that Infrastructure projects of the Department are implemented by DPWRT (the implementing agent). The implementing agent is responsible for the procurement processes which include advertising, adjudication and awarding of tenders on behalf of the Department. The Department is only responsible for paying for work done. The Committee further urged the Department to strengthen its monitoring and evaluation system and emphasized that the Department is equally

responsible as the implementing department. Citing that it is irresponsible to pay for work done that was not monitored and evaluated.

The Committee further asked why the Department spent more on subsistence and travelling in 2014/15 than in 2013/14. The Department reported that the business operations of the social development sector are largely driven by extensive traveling to achieve its goals and objectives. Traveling and subsistence is one of the key cost drivers of the Department hence the increase in spending by 17, 5% in 2014/15 compared to 2013/14 financial year from R31, 485 million to R37, 006 million. Furthermore, inflationary adjustments have also contributed to the increased spending.

The Committee wanted to know the reasons for increased expenditure on intangible assets between 2013/14 and 2014/15 financial years. The Department reported that the spending on intangible asset items relates to the annual renewal of Microsoft licence fees. The difference in spending on intangible assets of R3,525 million of 2013/14 and R11, 676 million of 2014/15 is due to the fact that in 2013/14, an agreement to pay half of the annual licence fees of R7,000 million and the other remaining half to be paid in 2014/15 was reached with Microsoft. In 2014/15 financial year, the Department paid half of the 2013/14 annual licence fees and the full annual licence fees amounting to R8,150 million of 2014/15 financial year, hence a substantial difference in spending of the comparable two financial years.

### **Monitoring and Evaluation**

Having been aware of the poor performance on infrastructure development, the Committee asked if there was designated personnel within the Department responsible for project/contract management rather than to rely solely on the implementing agent. The Department reported to have appointed a Deputy Director who is responsible for Infrastructure / project management; this is reported to have assisted the Department in managing its infrastructure planning and roll out processes instead of relying entirely on the Implementing Agent.



## **Poor Performance**

The Department reported to have managed to achieve 72.4% of planned targets, a decline from the previous year where the Department was at 75%. The Committee enquired on the problem areas that led to the failure to achieve on all targets as planned and further enquired on the remedial actions put in place. The Department reported that majority of targets reflecting non-achievement are those under restorative services. An achievement on this programme is not measured by a positive indicator but rather a negative indicator. Under-achievement does not necessarily depict poor performance but the opposite. Under-achievements recorded under the children and families programme were mainly on Early Childhood Development (ECD) due to some ECD sites not meeting the requirements for registration of ECD's and partial care sites. With regards to placements of foster care, the main challenge was the non-availability of required documentation for placements. The Department will insert a footnote under restorative services indicating the method of measurement for those indicators. Capacity building and awareness campaigns will be intensified during the NPO road shows to minimise the number of NPO's not meeting the required norms and standards for registration.

Two (2) out of four (4) quarterly programme reviews were conducted. The Committee asked why the Accounting Officer did not put in place the correct roll out strategy to ensuring that the quarterly reviews are conducted as planned. The Department reported that the correct roll-out strategy was put in place to ensuring that the quarterly reviews are conducted as planned, however due to budget pressures to accommodate all participants, two sessions were then decided upon; that two (02) reviews for performance will be conducted, one (01) after six months (April-September 2014) and (October -March 2015).

## **Financial and Performance Management**

Being aware that the financial statements submitted by the Department were not free from material misstatements and recorded a Bank Overdraft, the Committee wanted to know if the Department have standard operating procedures to guide officials in their different sections to enable them to perform even in the absence of designated officials; e.g.: Chief Financial Officer. The Department reported that there are

operating procedures in the Department which include conducting daily and weekly bank reconciliations. The Department further reported that there is also banking software that reflects daily bank balances. The operating procedure manuals are updated as and when necessary to ensure compliance with any directive from Provincial or National Treasury. However, in this case, the Department reported that the official who caused the overdraft was new in the Department, still learning the environment, processes and procedures of the Department. The Committee indicated that this was not acceptable nor excuse.

Noting that the Department reported a bank overdraft of R3.7 million, where payments were made without adequate cash; the Committee requested the Department to clarify as to whose responsibility it is to authorise overdraft between the CFO and or any official in the Department. The Department reported that there is no responsibility given to neither the CFO nor the Accounting Officer to authorise overdraft. Overdrawing of bank accounts is not allowed because it attracts interests from the banks (No bank interest were attracted in this particular case).

The Committee asked how the overdraft occurred if the Department has a tool to monitor expenditure and budget availability in the bank. The Department reported that the bank reconciliation is done daily to determine cash requirements on a daily basis. Furthermore, communication also takes place between officials who manage cash-flow and those who are responsible for payment processing; however, analysis indicates that lack of proper communication largely contributed to the occurrence of overdraft.

### **Fraud Prevention Awareness**

The Committee noted with regret that seven (7) of the eight (8) planned fraud prevention awareness workshops were conducted due to the unavailability of relevant official. The Department reported that the planned awareness workshop was communicated in time to the officials; however, there was no nomination of officials to attend. The Department has since put control measures in place by ensuring that managers nominate officials to attend the workshop, the list of nominated officials should then be signed-off for accountability, and submitted to the relevant manager prior the date of the workshop.

## **Performance Management System**

The Committee noted as a recurring matter, the failure by the Department to implementing the Performance Management System for Senior Management and Level 1-12, the Committee asked what steps were put in place to ensuring that employees and supervisors submit assessment on time. The Department reported that the HOD's annual assessment report is conducted by the Office of the Public Service Commission and the Office of the Premier – the annual assessment is normally conducted after the annual report has been received which is after the end of the financial year.

The 18 SMS members that were in service for the period under review and were all assessed for the reporting period; the deviation of minus 1 is for the post of District Director: Nkangala which was vacant funded and not filled. The deviation for Levels 1 – 12 of minus 267 is due to late submission of assessment reports and in some instances where employees transfer / resign before the end of the financial year, thus impacting negatively on the achievement of targets. The Department is monitoring submission and capturing of quarterly assessment reports and these reports are presented to Management meetings and to EXCO.

## **Human Resources Management**

The Committee requested the Department to explain why the Department in 2014/15 financial year spent more on compensation of employees than in 2013/14, noting that no new appointments were made due to the moratorium on filling of posts. The Department reported that the moratorium on filling of posts came into effect from 01 April 2015, and during the financial year under review vacant funded posts were filled. Vacant posts filled include 102 social work graduates. The net increase in the number of employees at the end of the financial year under review is 165 employees.

The Committee also enquired on the reasons for the big difference on salaries and wages between 2013/14 and 2014/15 financial years. The Department reported that the difference in spending of R423 450 million of 2014/15 compared to R376 877 million of 2013/14 which represents 11% thereof is attributed to the improvement in

conditions of services (ICS) and the annual general salary increase and also the appointment of 102 social work graduates (50 from April 2014 and 52 from February 2015).

### **Infrastructure Development and Management**

The Committee advised the Department to invest more on infrastructure development and to look into the exorbitant prices charged on rentals to avoid unnecessary over-expenditure. The Department reported that they were looking into the matter and the legal services section would have to advise as there are contracts already in place. It must be noted that the Department of Public Works Roads and Transport is responsible for provision of office accommodation and rental prices are negotiated at that level.

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

### **Social Services Centre in Kameel River B**

The Department reported that even with intervention from the Department, the centre recorded slow progress on compliance with the norms and standards and the centre is in the process of being phased-out. The Committee enquired on the progress of the phasing-out process. The Department reported that the phasing out of the centre in Kameel River B is in process. An application was made for 1 person suffering from epilepsy at SANEL Dullstroom, but the transfer could not be finalised due to the fact that there is a waiting list and admission depends on the availability of beds.

The Department reported that the process of tracing families of the beneficiaries is underway; families of two older persons were traced to the Eastern Cape and Ermelo, respectively and another older person has since been taken by her family. No new admissions were made, as per the agreement with the Department of Social Development and there are currently 22 older persons at the centre. The Department further reported that contact was made with a number of families, but reunification is complicated by families making excuses or showing no interest in removing the older persons from the facility. The Department cited that it seems to be convenient for the

families to leave the responsibility of caring for their respective older family members to the centre.

The Department also reported that upon the realisation that the phasing out of the Centre is progressing very slowly due to the unavailability of beds in registered facilities and a lack of cooperation of family members, the centre was capacitated on the minimum norms and standards for residential care facilities for older persons. Subsequently some structural improvements were made at the Centre. Four (04) additional toilets were added (two for females and two for males). The centre also received a donation of 25 beds; however, space is still a serious challenge. With intensified monitoring at the centre the Department reported to have noted improvement.

### **Regulation of Social Workers**

The Committee noted with appreciation that Social Workers in the Department are registered with the South African Council for Social Services Professions (SACSSP). The Department reported that this is a requirement for any practising social worker and social auxiliary worker. When applying for employment, applicants are required to attach proof of registration for the current year to their application forms; applications without proof of registration are disqualified. A Social Worker is allocated a registration certificate with a registration number by the Council which enables any employer to verify any information. Renewal of the registration is also on annual basis and failure to adhere to this legislated directive, salaries are terminated.

### **Non Profit Organisations (NPOs)**

The Committee noted that on pages 87 to 101 of the 2014/15 Annual Report, the budgeted and transferred amounts to NPOs were different. The Committee requested the Department to clarify why the budgeted amounts for NPO's were not equal to the amounts transferred. The Committee further asked why the Department failed to transfer all the allocated/budgeted money to the NPOs. The Department reported that the budget to NPOs is based on the number of beneficiaries they had indicated that they will serve. The amount transferred to NPOs per quarter is per attendance of the beneficiaries, and therefore if fewer beneficiaries attended, the

Department will only transfer according to that number. The amount that is not transferred to NPOs gets surrendered to Provincial Treasury, at the end of the financial year.

On page 175 of the 2014/15 Annual Report, the Committee noted that the money transferred to SAVF Belfast Children's Home was (R 6 120, 00) against the budgeted R 6 420 000, 00. The Committee requested for clarity in this regards. The Department reported that the actual amount transferred to SAVF Belfast Children's Home, is R 6 413 880. The R 6 120, 00 is the variance between the amount budgeted for and actual amount transferred to the NPO.

### **Social Relief**

Noting that social relief was mentioned as one of contributors to over-spending, the Committee requested the Department to explain social relief and what it entails. The Department reported that social relief, is a programme aimed at responding to emergency needs identified in communities affected by disasters not declared, and or any other social condition resulting in undue hardship by providing counselling and support to affected individuals and families, developing care plans for short, medium and long term interventions and providing financial and material assistance to individuals or households directly or via suitable and approved service delivery partners. The families who lost their loved ones due to the Nigerian incident were among some of the beneficiaries who benefitted from the Social Relief Programme. The escalation of food prices is among the issues that lead to over spending in this programme.

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

### **Phakama Mpanganeni Crèche at Mbuzini**

With disappointment, the Committee noted that Phakama Mpanganeni Crèche remains undeveloped with dilapidated infrastructure, no playground for the children, bad ablution facilities and limited to educational toys for the children as reported by the Department earlier in the year. The Committee enquired on the status quo to date. The Department reported that the structure is now fenced and with a lockable gate, four suitable toilets for children have been built i.e two for boys and two for girls

and the Department has assisted the Crèche to complete application forms for funding to build a proper structure from Lotto; but waiting for the response to the application.

The Committee indicated that this was not acceptable and wanted to know why the Crèche was not planned for in the 2015/16 financial year to deal with the problem. The Department reported that the reason for Phakama Mpanganeni Crèche not to be planned for in 2014/15 and 2015/16 financial years was due to budgetary constraints. In a quest to address the infrastructural challenges within Early Childhood Development Centres (ECDs), the National Department of Social Development conducted an ECD Audit, which led to the development of an ECD Policy on Infrastructure. The cost implications of ECD infrastructure are also part of the policy, and funds will be ring fenced through a conditional grant in the near future. This will assist the Department to plan for areas that are in dire need.

### **Food Security**

The Committee noted that a target of 24 000 was planned on people accessing food through the DSD feeding programme and only 1583 was achieved (difference 22 817), the Committee enquired to factors that led to the failure. The Department reported that the following factors led to the failure:

a. The Food Security Programme is being implemented as a pilot project from 2014/15 and funded by the National Department of Social Development. During the beginning of the financial year some of the processes were put on hold, following the review of the national model and the implementation guidelines. The centres started to operate in September 2014 after funds were released and this led to delays in provision of foods to beneficiaries.

b. The incorrect targeting and the misinterpretation of the indicator description also contributed to under achievement. The indicator refers to the growing number of people accessing food whereas it was not supposed to as the same people would benefit throughout until they exit. The indicator description has since been revised in the current financial year and targeting is corrected.

To ensure that the people who are supposed to benefit from the food security programmes get the benefit as planned, the Department reported that they will work closely with the centres in the communities. Each centre is allocated a Community Development Practitioner to support and monitor the programme and also to ascertain that the targeted beneficiaries receive services appropriately. The centres keep daily standardised registers and the reports are generated on a monthly basis for accountability. The Department further reported that according to the guideline of the programme, the beneficiaries of the Community Nutrition and Development Centre (CNDC) include the following:

- Food in-secured, poor and vulnerable households;
- Vulnerable children: 0 – 5 years age group, with focus on the first 2000 days of children;
- Orphans and vulnerable children including child headed households;
- Chronically ill patients referred by health facilities – HIV/AIDS patients, TB patients and the malnourished needing food and nutrition support;
- Disaster affected households and communities;
- Vulnerable groups especially the elderly, people with disabilities, the unemployed and food insecure individuals who are not receiving grants.

## **PROGRAMME 4: RESTORATIVE SERVICES**

### **Mpumalanga Anti- Drug Master Plan**

The Committee noted with appreciation that the Mpumalanga Anti- Drug Master Plan has been approved by the Executive Council on 14 October 2015.

### **Youth Centres**

The Committee noted the poor utilization of funded youth centres as a result; targets on youth mobilization were not achieved. The Committee wanted to know the reasons led to the non-achievement of the planned targets. On the number of youth accessing services delivered in Youth Centres, the Department reported that the under achievement is due to delays in the transfer of funds to some Youth Development Centres (YDCs) without the required documentation. The Department has ensured that the processing of assessments is finalised before the new financial



year for funds to be transferred in the first month of the quarter. On the number of youth participating in youth mobilization programmes, the Department reported that the under achievement was due to over-targeting on mobilisation programmes while Youth Camps were revised in the Districts. The challenge has been addressed in the current financial year and proper baseline information was used for targeting.

## **PROGRAMME 5: DEVELOPMENT AND RESEARCH**

### **Research Reports**

As a recurring issue, the Committee noted the non-achievement of the planned targets on research reports completed and enquired on the measures put in place to address this challenge. The Department reported that, the delays in signing the Service Level Agreement (SLA) with the Human Science Research Council (HSRC) resulted in non-completion of the State of the Province Population Report (SPPR) and the inexperience with the Early Childhood Development (ECD) research undertaken in-house resulted in work pressure; since similar tasks in two projects relied on the same personnel. In addressing this challenge, the Department reported that a meeting was held with the HSRC to agree on corrective action for the SPPR. The Department also reported that in 2015/16 financial year, outsourced projects are scheduled to run across two financial years to avoid failure due to delays and pressure during "quiet" periods i.e: December to January. The Department will also ensure early identification and conceptualization of projects for 2016/17 financial year so that implementation can commence earlier. The Department further reported that a mentor was appointed to support departmental personnel with the ECD research; this also includes capacity building for researchers.

### **Training and Education of Employees**

The Committee noted that an amount of R1, 2 million was allocated for employees' skills development and payment of the Skills Levy to the HWSETA. The Department reported that the allocated budget was fully utilized and six hundred and eleven (611) employees were trained during the year under review.

## **8. LEGAL ANALYSIS**

The Committee noted that there were no significant legal findings identified in the annual report of the Department. The Committee enquired whether their social workers are registered with the relevant council.

## **9. PETITIONS**

The Committee noted that 36 petitions were referred to the Department for consideration. The following challenges were noted when processing the petitions:

- None compliant on due dates by the Department to most Committee resolutions on the implementations of the petitions;
- Poor filing by the Department on the petitions referred - prolongs the processing of the petitions; as a result the contact details of the petitioners no longer in use or invalid.

The MEC reported that the Department had noted the challenges on petitions, however, indicated that the Department was addressing them. The progress report will be provided to the Committee.

## **10. COMMITTEE FINDINGS FROM THE INTERACTION WITH THE DEPARTMENT**

After the interaction with the Department, the Committee found that:

- a. The Department obtained an unqualified audit opinion in the year under review (2014/15), they regressed from a clean audit opinion obtained in 2013/14 financial year;
- b. (i) The Infrastructure Development programme has challenges achieving its planned targets. The Department lacks understanding of their role and responsibility and that of the implementing agent (DPWRT) on infrastructure development.

- (ii) The Department incurred an overdraft of R3 706 000 (caused by a new employee) and irregular expenditure of R34 818 000 (for non-compliance to procurement procedures) due to poor monitoring and evaluation systems;
- c. The Department declined on its overall performance on planned targets from 75% in 2013/14 financial year to 72.4% in 2014/15 financial year. The main contributors is poor performance on ECD due to some sites not meeting the requirement for registration of an ECD; foster care due to required documentation for placements; NPOs due to non-compliance with the norms and standards and Feeding/food Security services due to wrong targeting to mention but a few;
- d. The Centre in Kameel River B is being phased-out. The Centre is reported to be progressing slowly on compliance with the required norms and standards. The Department also reported that the tracing of families of the beneficiaries is underway, however with noted challenges. The Centre currently has 22 older persons with no new admission as per agreement between the Centre and the Department;
- e. There is minimal improvement on the development of Phakama Mpanganeni Crèche with no report of it being budgeted for in the next financial year in terms of infrastructure development. An application was submitted to the National Lottery for funding for the infrastructure development;
- f. The Department experienced an increase in relapse cases by recovering drug addicts/patients after completion of the rehabilitation treatment process;
- g. The Department has the following challenges with Non-Profit Organisations:
- Inconsistences on submission of NPO claims;
  - Mismanagement of funds (in Youth Development Centres);

- The country's weak economic state has a negative impact on the Department's resources to enabling service delivery;
  - Mushrooming of NPOs.
- h. The Department launched and opened five (05) Community Nutrition and Development Centres (CNDCs) during October 2014. The CNDC's are meant to provide food parcels and cooked meals to individuals and families in need of food in the province;
- i. There is a backlog on petitions, the 36 received petitions dates as far back as 2012;

## **11. RECOMMENDATIONS IN RESPECT OF THE FINDINGS**

The Committee recommends that the Department must:

- a. Provide the Committee with the Audit Action Plan and ensure that the Audit Action Plan is effectively implemented and also strengthen the monitoring and evaluation system. A progress report on the should be provided by 29 February 2016;
- b. (i) Outline clear roles and responsibilities for both the Department of Social Development and the Implementing Agent (Department of Public Works, Roads and Transport)
- (ii) Improve their monitoring and evaluation systems to enhance performance. Quality assurance must be done by both departments (DSD & PWRT) going forward. A progress report must be provided by 29 February 2016;
- c. Ensure that capacity building and awareness campaigns are intensified during the NPOs road shows, review the monitoring and evaluation system and ensure that all planned targets are achieved. A progress report must be provided by 29 February 2016 ;
- d. Provide a detailed progress report on the phase-out of Kameel River B Centre by 29 February 2016;

- e. Provide a detailed improvement plan on Phakama Mpanganeni Crèche to ensure that it is in a habitable condition by 29 February 2016;
- f. Provide a detailed plan on how the Department will address the challenge of the increased substance abuse relapse cases by 29 February 2016;
- g. Provide the detailed plan on how the Department will address the noted challenges with Non-Profit Organisations, ensure implementation and monitoring of the plan and also provide a progress report in this regard by 29 February 2016;
- h. Provide a detailed progress report on the Community Nutrition and Development Centres (CNDCs) inclusive of their impact on the communities;
- i. Ensure that all the outstanding petitions are processed and provide a progress report by 29 February 2016.

## 10. CONCLUSION

The Chairperson wishes to express her gratitude to the MEC Hon NS Mtsweni; the HOD and the senior officials of the Department of Health for their active involvement during the deliberations with the Department.

The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations on the 2014/15 annual report of the Department of Social Development and also thanked the Legislature staff for the support they provided during the deliberations.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations and the Department to provide the progress report by **29 February 2016**.



**HON. P NGOBENI**

**CHAIRPERSON: PORTFOLIO COMMITTEE ON  
HEALTH & SOCIAL DEVELOPMENT**

26/11/15

**DATE**