

Eastern Cape Department of Education

Expenditure Tracking Report

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Introduction

The South African Constitution commits government departments to the progressive realisation of socio-economic rights, including the right to education, healthcare, housing and social welfare, within available resources. The PSAM defines social accountability as the obligation by public officials and private service providers to justify their performance in progressively addressing the above rights via the provision of effective public services.¹ In order to effectively realise these rights through the delivery of public services, state departments and private service providers responsible for the management of public resources must implement effective accountability and service delivery processes. These include: planning and resource allocation processes; expenditure management processes; performance monitoring processes; integrity management processes; and, oversight processes. Together these processes combine to form a *social accountability system*, which acts as the central pillar of a responsive democratic state. The effectiveness of these processes can be established by monitoring their information outputs. To evaluate the social accountability system, the

¹ Constitution of the Republic of South Africa, sections 26, 27 and 29.

PSAM has developed a set of evidence-based tools for monitoring the information produced annually by each process.

This report focuses on the implementation of an effective expenditure management process by the Eastern Cape Department of Education (hereafter 'the Department') and, to a lesser extent, the Department of Social Development.² It provides an account of what funds were available and whether they were spent efficiently and effectively during the financial year under review. The report also briefly reflects on previous findings by the PSAM within the 2012/13 budget analysis. In the year under review, the Department instituted an Audit Intervention Plan whose objectives were primarily to implement a turnaround in negative audit outcomes with which the Department had become synonymous over its 20 year history.³

An overview of the Department's recent performance in terms of audit outcomes reveals positive changes. Shifting from a history of recurrent audit Disclaimers from the office of the Auditor General, the Department's most recent audit resulted in a Qualified opinion.⁴ According to the Superintendent-General- Mthunywa Ngonzo- this positive shift in audit outcome is attributable to collective support from Provincial Treasury, social partners, the Office of the Premier and to the Section 100 (1) b intervention by the Department of Basic Education.⁵ A latter section of this report also reflects on the findings of the Audit in as far as the overall financial management and performance of the Department.

The mandate of the Department of Education is to deliver quality education that "...transforms schools into centres of community life and promotes shared moral values, good governance and sustainable development".⁶ The vision and mission are supported by values founded on Batho Pele principles.⁷ The Department has the following 8 programmes:⁸

² The focus on two different government departments is necessitated by the joint mandate at ECD issues of the Departments of Education and Social Development on both the national and provincial levels.

³ Eastern Cape Department of Education, *Annual Performance Plan 2013/14*, Introduction by the Accounting Officer. p.9. This is also referred to as the "Audit Rectification Plan".

⁴ Eastern Cape Department of Education, *Annual Report 2012/13*.

⁵ Eastern Cape Department of Education, *Annual Report 2012/13*, p.24.

⁶ Eastern Cape Department of Education, *Annual Report 2011/12*, p.11.

⁷ Eastern Cape Department of Education, *Annual Report 2011/12*, p.11.

⁸ Eastern Cape Department of Education, *Annual Report 2011/12*, p.63.

- *Programme 1: Administration aims to “provide overall management of the education system in accordance with the National Education Policy Act, the Public Finance Management Act and other policies.”*
- *Programme 2: Public Ordinary Schools aims to “provide public ordinary education for Grades 1 to 12 in accordance with the South African Schools Act.”*
- *Programme 3: Independent Schools’ objective is to “support independent schools in accordance with the South African Schools Act.”*
- *“Programme 4: Public Special School Education aims to “provide compulsory public education in special schools in accordance with the South African Schools Act and White Paper 6 on Inclusive Education.”*
- *Programme 5: The FET programme aims to provide “Further Education and Training (FET) at Public FET colleges in accordance with the Further Education and Training Act.”*
- *Programme 6: Adult Basic Education and Training aims to “provide Adult Basic Education and Training (ABET) in accordance with the Adult Basic Education Act.”*
- *Programme 7: Early Childhood Development is mandated to “provide Early Childhood Development (ECD) at the Grade R and earlier levels in accordance with White paper 5.”*
- *Programme 8: Auxiliary and Associated Services aims to provide for projects specified by the Department of Education that is applicable to more than one programme and funded with conditional grants.”⁹*

Of interest in this report is Programme 7 which, as stated above is concerned with issues of ECD both within the Grade R phase as well as in the 0-4 year old cohort (also known as ‘pre-Grade R’). In addition, this caters for Grade R at community based sites as well as Grade R in schools. Not accommodated in this report are non-registered community based sites as these are not necessarily subsidised or funded by Social Development nor the Department. The Department’s vision for ECD is driven by- amongst other policies- the Education White Paper on Early Childhood Education which sought to guide the universal access to ECD for all 5 year-olds.

From the perspective of the Department of Social Development (hereafter ‘Social Development’), ECD funding is somewhat more complex in the sense that Social Development provides funding to non-governmental entities who in turn provide ECD services at registered sites. Social Development also provides subsidies to registered

⁹ Eastern Cape Department of Education. *Annual Report 2008/09*, p.27-28.

ECD centres. In addition, the role of Social Development at the national level and that of the provincial departments differs radically. Social Development, in order to target learners most at need uses a subsidy system that is pro-poor. The subsidy provides for children's nutritional, educational and developmental needs. Where the national department is mandated with a policy-making and co-ordinating role, it is at the provincial level that the implementation of budgets for ECD programmes actually occurs. It is for this reason, therefore, that the focus of this expenditure tracking report is on Social Development at the provincial level and- to a far lesser extent, the local government level.¹⁰ The latter tier of government will briefly be the subject of discussion in relation to determining other sources of ECD funding.

Within the Department of Basic Education, the School Nutrition Programme is a national priority that aims to promote the needs of learners in the process of active learning through the provision of nutritious food.¹¹ In recent times the programme has seen some improvements (Eastern Cape) as well as some serious setbacks (Limpopo).¹² On a national level, the School Nutrition Programme exhibits marked contrasts where consistency in the quality and quantity of service provided to learners.

In addition to the overall national importance of both these programmes, the focus on ECD and SNP is especially vital in this report as the Department (of Education) considers them both as areas that are "vulnerable" to corruption.¹³

¹⁰ Discussions at an Eastern Cape provincial ECD Forum meeting on 7th November 2013 revealed uncertainty about sources and/or availability of funding from local government for ECD infrastructure, for example.

¹¹ Department of Basic Education, *Annual Report 2012/13*, p137. Available Online: <http://www.education.gov.za/LinkClick.aspx?fileticket=%2FxFxGqk%2F1E2IY%3D&tabid=36&mid=2514>

¹² In November 2013, the Department of Education in the Limpopo province was subject to legal action by the civil society organization Section 127 following failure by the Department to meet delivery targets for select schools over a period of two months.

¹³ Department of Basic Education, *Annual Report 2012/13*, p138. Available Online: http://www.ecdoe.gov.za/ecdoe/files/documents/2012_2013_annual_report.pdf

Early Childhood Development

International agreements such as the World Declaration on the Protection and Development of Children and other United Nations charters guide South Africa's prioritisation of early childhood education. Section 28 of the South African Constitution is also integral. Additionally, the Education White Paper 5 (2001) on Early Childhood Development highlights the importance of establishing a national system for the provision of a reception year for all 5-year old children.

Chapter 6 subsections 91 to 103 of the South African Children's Act addresses ECD. The Act states that the MEC for Social Development "...may, from money appropriated by the relevant provincial legislature, provide and fund early childhood development programmes for that province".¹⁴ The fact that that Act says that the MEC *may* fund ECD programmes means, however, that the MEC is at liberty to fund ECD only in part or not at all. In addition to this, the Act envisages that the MEC for Social Development must "...provide for a provincial strategy aimed at a properly resourced, co-ordinated and managed early childhood development system."¹⁵ Each of these considerations are significant in making strides to address ECD needs in South Africa. Two fundamental problems, however, are inherently a lack of streamlined and/or adequate funding as well as poor co-ordination of government ECD programmes. The former will be addressed below.

At first glance, it is encouraging to note that the Department lists 6 Sub Programmes within ECD and that amongst these is the provision of support to "particular" community centres at the Grade R level.¹⁶ A cursory look at the budget allocated for this Sub Programme (Grade R in Community Centres), however, reveals no budget allocation for it. The last available data for this programme was in 2011/12 when the budget was decreased from R 1.34 million to R 24 thousand.¹⁷ Nationally, Early Childhood Development has been characterised by a lack of interdepartmental coordination within government despite the various policies and commitments made at the national level.

¹⁴ *Children's Act 38 of 2005*, Chapter 6, Sub Section 93 (1).

¹⁵ *Children's Act 38 of 2005*, Chapter 6, Sub Section 92 (2) (b)

¹⁶ *Eastern Cape Estimates of Provincial Revenue and Expenditure 2013/14*. Provincial Treasury. p. 359.

¹⁷ *Eastern Cape Estimates of Provincial Revenue and Expenditure 2013/14*. Provincial Treasury. p. 359.

In 2012, the PSAM published findings in a budget analysis report that indicated that despite the Department's intentions to increase the number of ECD personnel, the Annual Performance Plan and Budget Estimates were not aligned with one another and that there was no indication of how many additional personnel would be catered for within a budget of R 334.4 million set aside for compensation of ECD employees.¹⁸ It was thus recommended that there was a strong need to centralise the plans for intergovernmental strategic work set out in White Paper 5 of 2001 in Early Childhood Development in a joint ECD strategic plan between the Departments of Social Development, Health and Education. Currently, there are various government policy and research interventions designed to improve the state of planning and budgeting for ECD nationally and provincially.

In the Eastern Cape- there are several trends that highlight the general state of the ECD sector in addition to the afore-mentioned poor state of play regarding interdepartmental collaboration. These are reflected in the figures below from statistics elicited from the Eastern Cape Department of Education's Education Management Information System (EMIS). The data emanates from the 2012 SNAP Survey by the Eastern Cape Department of Education released in 2013.

Table 1: The number of Schools by Phase in the Eastern Cape¹⁹

| Phase | Total Number Schools | Percentage of Total |
|------------|----------------------|---------------------|
| Primary | 2319 | 35.61% |
| Secondary | 901 | 13.83% |
| Combined | 2484 | 38.14% |
| Lsen | 42 | 0.64% |
| ABET | 294 | 4.51% |
| ECD | 473 | 7.26% |

According to the EMIS data as reflected in Table 1 above, there are 473 schools that provide ECD facilities in the Eastern Cape; accounting for 7.26% of all schools in the

¹⁸ Kota, Z. 2012. *Budget Analysis: Eastern Cape Department of Education 2012/13*, Public Service Accountability Monitor, Grahamstown. Available Online: www.psam.org.za

¹⁹ Data sourced from 2013 EMIS data Available Online: www.ecdoe.gov.za

province. This figure, however, is at severe odds with the number quoted within service delivery measures in the Estimates of Provincial Revenue and Expenditure for the 2013/14 fiscus of 4597 for 2012/13. This is also at odds, though to a lesser degree with the “desired performance” figure of 4568 stated for 2012/13 in the most recent Annual Performance Plan.²⁰ It is also possible, however, that the figure in Table 1 is indicative of schools that are exclusively Grade R/ECD- although this in itself requires an explanation.

While the number of ECD facilities provided for by the Department is comparatively small, the actual need for future allocation and spending in education should no longer be ignored as investment in ECD is a direct influencing factor in national educational outcomes. Several studies have highlighted the need to place greater investment in the earlier years in order that a country can reap the benefits within the latter stages of an education system.

Despite ECD being *articulated* as a priority nationally and provincially; there is a limited amount of research into ECD in South Africa; a state highlighted by the HSRC (2006).²¹ The other limitation, as will be highlighted in this expenditure tracking report is the degree to which national and provincial departments put ‘their money where their mouth is’, colloquially speaking. The underlying assumption of this report is that the importance of a programme is determined by the level of investment of public funds or, alternatively, explicit investment plans in the short to medium term.

There have been delays in executing and completing forensic investigations relating to financial management in Programme 7. In 2011, the Auditor General reported that investigations/performance audits were in execution phase in ECD.²² In the process, the presence of ‘ghost teachers’ in Programme 7 were uncovered.²³ This also lead to some legitimate teachers being taken off the Department’s payroll, resulting in backlogs in payment of teachers.

²⁰ Eastern Cape Department of Education. *Annual Performance Plan 2013/14*. p.133.

²¹ Human Science Research Council (HSRC). 2006. *Child, Youth, Family and Social Development; Indicators for Early Childhood Development Report for the Research Directorate Department of Social Services and Poverty Alleviation*; Provincial Government of the Western Cape. Compiled by Andrew Dawes, Linda Biersteker and Lee Louw. P.22.

²² Eastern Cape Department of Education. *Annual Report 2010/11*. p.165.

²³ Politicsweb. 17th April 2012. *Grade R teachers in P.E. Unpaid for Months*. Available Online; www.politicsweb.co.za

Table 2: Economic Classification for Programme 7: Early Childhood Development**2012/13** ²⁴

| (R' 000) | Outcome | | | Main Appropriation 2011/12 | Adjusted appropriation 2011/12 | Revised estimate 2011/12 | Medium-term estimate | | | | Real Change between 2011/12 and |
|--------------------------------------|--------------------|--------------------|----------------|-------------------------------|-----------------------------------|-----------------------------|--------------------------------------|---------|----------------|----------------|------------------------------------|
| | Audited 2009/10 | Audited 2010/11 | | | | | % change from Adjusted Appropriation | 2012/13 | 2011/12 | 2013/14 | |
| Current payments | 182 155 | 229 763 | 331 788 | 364 229 | 357 229 | 342 222 | 354 088 | -0.88 | 373 461 | 393 889 | -4.31 |
| Compensation of employees | 163 198 | 207 852 | 320 615 | 323 348 | 323 348 | 326 113 | 334 400 | 3.42 | 351 107 | 370 418 | -0.16 |
| Goods and Services | 18 957 | 21 911 | 11 173 | 40 881 | 33 881 | 16 109 | 19 688 | -41.89 | 22 354 | 23 470 | -43.90 |
| Transfers and Subsidies to | 7 679 | 3 276 | 5 224 | 30 786 | 30 786 | 33 421 | 45 818 | 48.83 | 107 215 | 165 526 | 43.68 |
| Provinces and municipalities | | | | | | | | | | | |
| Non-profit institutions | 7 679 | 3 276 | 5 224 | 30 786 | 30 786 | 33 421 | 45 818 | 48.83 | 107 215 | 165 526 | 43.68 |
| Households | | | | | | | | | | | |
| Payments for capital assets | 59 274 | 34 582 | 21 677 | 110 345 | 110 345 | 52 737 | 115 421 | 4.60 | 121 192 | 127 252 | 0.98 |
| Buildings and other fixed structures | 44 137 | 34 077 | 20 356 | 110 345 | 110 345 | 52 737 | 115 421 | 4.60 | 121 192 | 127 252 | 0.98 |
| Machinery and equipment | 15 137 | 505 | 1 321 | | | | | | | | |
| Software and other intangible assets | | | | | | | | | | | |
| Payments for Capital Assets | | | | | | | | | | | |
| Total | 249 108 | 267 621 | 358 689 | 505 360 | 498 360 | 428 380 | 515 327 | 3.40 | 601 868 | 686 667 | -0.17 |

Table 2 depicts budgetary expenditure and allocations for ECD in the Eastern Cape over the 2011/12 and 2012/13 financial years respectively. Table 3, on the other hand reflects 2012/13 and 2013/14 figures for purposes of comparison.

The allocation for ECD in 2012/13 decreased in real terms by 0.17% from 2011/12, indicative of some non-alignment between the stated priority status of ECD and actual budgetary allocations. Table 2 above highlights the under expenditure in the programme in 2011/12 particularly in the Goods and Services and in the Buildings and Other Fixed Structures line items.

The Compensation of Employees reflects a nominal increase from the 2011/12 adjusted appropriation of 3.42% and 2.54% from the revised estimate (Table 2). This is a decrease of 0.16% between 2011/12 and 2012/13 in real terms. The Department intends to cater for “additional practitioners”²⁵ whose stipends are capped at R 5000.00.²⁶ At this average rate with 5 258 practitioner posts in 2010, the Department would need to

²⁴ Eastern Cape Estimates of Provincial Revenue and Expenditure 2012/13. Provincial Treasury. Table 6.40, p. 279.

²⁵ Early Childhood Development educators are referred to as ECD practitioners in the Departments of Education and Social Development.

²⁶ Eastern Cape Estimates of Provincial Revenue and Expenditure 2011/12. Provincial Treasury. p. 279.

allocate at least R 315.5 million to pay practitioners' stipends with a balance of approximately R 18.9 million. This would thus enable the Department to employ an additional 315 practitioners within the financial year. This figure does not take into account various other non-teaching posts within ECD centres such as cooks and gardeners for which ECD centres are responsible.

Table 3: Economic Classification for Programme 7: Early Childhood Development 2013/14²⁷

| (R' 000) | Outcome | | | Main Appropriation 2012/13 | Adjusted appropriation 2012/13 | Revised estimate 2012/13 | Medium-term estimate | | | |
|--------------------------------------|-----------------|-----------------|-----------------|----------------------------|--------------------------------|--------------------------|--------------------------------------|---------|----------------|----------------|
| | Audited 2009/10 | Audited 2010/11 | Audited 2011/12 | | | | % change from Adjusted Appropriation | | | |
| | | | | | | | 2013/14 | 2012/13 | 2014/15 | 2015/16 |
| Current payments | 229,114 | 331,788 | 334,764 | 344,160 | 344,379 | 338,027 | 361,899 | 5.09 | 373,461 | 393,889 |
| Compensation of employees | 207,852 | 320,615 | 324,437 | 334,400 | 334,619 | 334,619 | 351,275 | 4.98 | 351,107 | 370,418 |
| Goods and Services | 21,262 | 11,173 | 10,327 | 9,760 | 9,760 | 3,408 | 10,624 | 8.85 | 22,354 | 23,470 |
| Transfers and Subsidies to | 3,276 | 5,224 | 30,687 | 45,818 | 45,818 | 45,818 | 84,294 | 83.98 | 107,215 | 165,526 |
| Provinces and municipalities | | | | | | | | | | |
| Non-profit institutions | 3,276 | 5,224 | 30,687 | 45,818 | 45,818 | 45,818 | 84,294 | 83.98 | 107,215 | 165,526 |
| Households | | | | | | | | | | |
| Payments for capital assets | 505 | 1,321 | | 0 | 0 | 0 | 276 | 100.00 | 121,192 | 127,252 |
| Buildings and other fixed structures | | | | | | | | | 121,192 | 127,252 |
| Machinery and equipment | 505 | 1,321 | | 0 | 0 | 0 | 276 | 100.00 | | |
| Software and other intangible assets | | | | | | | | | | |
| Payments for Capital Assets | | | | | | | | | | |
| Total | 232,895 | 338,333 | 365,451 | 389,978 | 390,197 | 383,845 | 446,469 | 14.42 | 601,868 | 686,667 |

It is notable that the 2013/14 budget for Programme 7 as depicted in Table 3 of R 446.47 million is lower than the original allocation to the programme in 2012/13 of R 515.33 million (Table 2). While a nominal increase in the budget in 2013 of 14.42% is positive, the overall year on year change in the budget does not reflect positive trends for the sector. The allocation to Non-profits has seen a significant increase since 2010/11 when the allocation was a mere R 52.24 million to R 45.62 million in 2012/13 and R 84.3 million in 2013/14. In nominal terms- this has been an 84% increase between 2012/13 and 2013/14. Retrospectively, however the Department had projected a budget of approximately R 107.22 million for 2013/14 within the MTEF (Table 2). Instead the Non-profits' allocation was R 22.92 million lower than had been project the previous financial

²⁷ Eastern Cape Estimates of Provincial Revenue and Expenditure 2013/14. Provincial Treasury. Table 30, p. 360. Note: the figures reflect nominal changes in allocated budgets between 2012/13 and 2013/14.

year. No explanation is provided for this change. Similarly, while the Department aims to universalise access to Grade R as of 2014, the service delivery targets do not match this policy intention. The number of public schools that currently offer Grade R (2012/13) in the Eastern Cape amounts to approximately 4597; to be increased to 5601 in 2013/14, 4630 in 2014/15 and 4645 in 2015/16.²⁸ This a mere increase of 48 schools across the province. Assuming that the Department neither intends to accommodate all learners requiring Grade R in schools nor to support Grade R in communities (as has been highlighted), it is rather disconcerting that there is no mention of an inter-departmental plan to ensure universal access from a budgetary perspective.

Table 4a: Eastern Cape: Economic Classification for Programme 7: Early Childhood Development²⁹

| R' 000 | Audited | | | Main appropriation | Adjusted appropriation 2012/13 | Revised estimate | Medium-term estimates | | | % change from 2012/13 |
|---------------------------------|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|-----------------------|
| | 2009/10 | 2010/11 | 2011/12 | | | | 2013/14 | 2014/15 | 2015/16 | |
| 1. Grade R in Public Schools | 221702 | 323 711 | 358 698 | 375 366 | 375 585 | 374 731 | 431 714 | 530 636 | 669 838 | 15.21 |
| 2. Grade R in Community Centres | 2 834 | 1342 | 24 | - | - | - | - | - | - | |
| 3. Pre-grade R Training | 8 359 | 13 075 | 6 336 | 12 806 | 12 806 | 8 553 | 12 858 | 15 883 | 16 661 | 50.33 |
| 4. Human Resource Development | - | 205 | 393 | 1806 | 1806 | 561 | 1 897 | 1991 | 2 089 | 238.15 |
| 5. Conditional Grants | - | - | - | - | - | - | - | - | - | |
| Total | 232 895 | 338 333 | 365 451 | 389 978 | 390 197 | 383 845 | 446 469 | 548 510 | 688 588 | 16.31 |

Table 4a reflects under expenditure across all ECD programme areas in the Eastern Cape for 2012/13. Tables 4a and 4b also reflect differences in prioritisation of Grade R in allocation and expenditure in Grade R in Community Centres, Human Resource Development and the Conditional Grant attached to the Expanded Public Works Programme.

²⁸ Eastern Cape Estimates of Provincial Revenue and Expenditure 2013/14. Provincial Treasury. Table 8.7, p. 361.

²⁹ Eastern Cape Estimates of Provincial Revenue and Expenditure 2013/14. Provincial Treasury. Table 29, p. 359.

Table 4b: Western Cape: Economic Classification for Programme 7: Early Childhood Development³⁰

| Sub-programme R'000 | Outcome | | | Main appro- piation 2012/13 | Adjusted appro- estimate 2012/13 | Revised piation 2012/13 | Medium-term estimate | | | |
|---|--------------------|--------------------|--------------------|--------------------------------------|---|-------------------------------|--------------------------------------|--------------|----------------|----------------|
| | Audited 2009/10 | Audited 2010/11 | Audited 2011/12 | | | | % Change from Revised estimate | | | |
| | | | | | | | 2013/14 | 2012/13 | 2014/15 | 2015/16 |
| 1. Grade R in Public Schools | 149 888 | 169 912 | 198 658 | 231 274 | 238 274 | 236 962 | 303 590 | 28.12 | 358 145 | 455 517 |
| 2. Grade R in Community Centres | 45 869 | 45 288 | 46 838 | 47 530 | 40 530 | 41 842 | 50 002 | 19.50 | 51 002 | 52 000 |
| 3. Pre-grade R Training ³¹ | 68 249 | 80 028 | 86 031 | 90 240 | 90 240 | 90 240 | 94 932 | 5.20 | 99 583 | 104 163 |
| 4. Human Resource Development ³² | | | | 1 | 1 | 1 | 1 | | | 1 |
| 5. Conditional Grant ³³ | | | 8 066 | 23 924 | 16 985 | 16 985 | 8 051 | (52.60) | | |
| Total payments and estimates | 264 006 | 295 228 | 339 593 | 392 969 | 386 030 | 386 030 | 456 576 | 18.27 | 508 731 | 611 681 |

An examination of provincial Social Development plans for the Eastern Cape³⁴ and the Western Cape³⁵ reveals little by way of budget information in relation to expenditure relating to ECD-specific infrastructure and resourcing. Uniformly, Social Development houses ECD services within the Child Care and Protection Sub Programme within Programme 2; Social Welfare. This makes it difficult to effectively track expenditure in ECD in either of these provinces either through Social Development or Education. Admittedly, however, this is marginally easier in Education.

³⁰ Western Cape Department of Education Estimates of Provincial Revenue and Expenditure 2013/14. Provincial Treasury. Table 6.7, p. 181.

³¹ 2013/14: The cost of the Expanded Public Works Programme (EPWP) for the training of ECD learnerships is included in Sub-programme 7.3. R94 932 000.

³² 2013/14: The cost for human resource development is included in sub-programmes with the same name in each of the relevant programmes.

R9 341 000 is included in Programme 1, Sub-programme 1.4 and R112 295 000 is included in Programme 2, Sub-programme 2.3 as there is no method by which the recording of the actual expenditure related to a particular person can be distributed between the human resource development sub-programmes.

³³ 2013/14: Includes Social Sector Expanded Public Works Programme Incentive Grant to Provinces: R8 051 000.

³⁴ Eastern Cape Department of Social Development and Special Programmes Estimates of Provincial Revenue and Expenditure 2013/14. Provincial Treasury. Available Online:

<http://www.treasury.gov.za/documents/provincial%20budget/2013/4.%20Estimates%20of%20Prov%20Rev%20and%20Exp/EC/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/EC%20-%20Vote%2004%20-%20Soc%20Dev%20and%20Special%20Programmes.pdf>

³⁵ Western Cape Department of Social Development Estimates of Provincial Revenue and Expenditure 2013/14. Provincial Treasury. Available Online:

<http://www.treasury.gov.za/documents/provincial%20budget/2013/4.%20Estimates%20of%20Prov%20Rev%20and%20Exp/WC/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/WC%20-%20Vote%2007%20-%20Social%20Development.pdf>

Tracking ECD Funds at the Local Government Tier: An Alternative?

In a bid to determine the current and potential future sources of funding for ECD at the local government level, an examination of two sets of district and local municipality annual reports and Integrated Development Plans (IDPs) was carried out. One was in the

Eastern Cape (Cacadu District Municipality and Makana local municipality) and the other in the Western Cape (West Coast District Municipality and Cederberg Local Municipality). In each case, the most up-to-date reports available on the municipal were used.

In each of the reports (containing varying levels of detail relating to programme expenditure); Vote 4: Community and Social Services was examined and, where available municipal budgets or budget implementation plans were also examined.

The Cacadu and Makana reports revealed nothing explicit by way of expenditure outcomes relating to ECD either in relation to site funding or infrastructure.³⁶ The West Coast District and Cederberg municipal documents made reference to ward councillors responsible for 'Education and ECD' but also had no explicit expenditure or budgetary allocations for ECD-related matters.³⁷ In the case of the latter, the Service Delivery and Budget Implementation plan made no reference to the development, maintenance or upkeep of ECD-related sites though a general plan to complete a neighbourhood development project was cited.³⁸

Interestingly, in as far as targets and goals related to the Millennium Development Goals, the West Coast District Municipality IDP refers to MDGs 2 and 3, relating them to national level outcomes and municipal key performance areas.³⁹ The Makana Municipality IDP makes no reference to MDGs.

³⁶ *Makana Municipality Annual Report 2011/12*. Available Online: <http://www.makana.gov.za/wp-content/uploads/2013/07/Makana%20Annual%20Report%202012%20final.pdf>

³⁷ *Cederberg Municipality Annual Report 2011/12*. Available Online: http://www.cederbergmunicipality.co.za/Documents/2013021384333_item_Final%20Annual%20Report%202011-2012.pdf

³⁸ *Cederberg Municipality Draft Service Delivery and Budget Implementation Plan 2013/14*. Available Online: <http://www.cederbergmunicipality.co.za/downloads.php>

³⁹ West Coast District Municipality, May 2012. *Integrated Development Plan 2012-2016*. Available Online: http://www.westerncape.gov.za/sites/www.westerncape.gov.za/files/documents/2012/11/west-coast-district-idp-2012-2017_0.pdf

It is at the local government level where inspection of ECD centres' compliance with municipal health and safety bylaws is carried out. At present, local government is not obliged to provide funding to the ECD sector whether at the community-based level or at schools. This was a finding of a study undertaken in 2011 by Ilifa Labantwana in which a District Municipality in the Eastern Cape had no evidence of ECD provisioning beyond assistance with some land and infrastructure, while a Western Cape District Municipality was able to provide once-off grants for the training of ECD practitioners and ECD-related workshops. These findings are corroborated in this brief exercise undertaken of Cacadu, Makana, West Coast and the Cederberg. While it is certainly no surprise that this is the case given the lack of legislative obligation on municipalities, it is surprising that this remains the case given both the importance of ECD and the proximity of local government to community-based centres.⁴⁰

School Nutrition Programme

The School Nutrition Programme (SNP) has seen two fundamental changes in the Eastern Cape. The first is that while the programme will continue to serve food to learners in Quintiles 1 to 3 as well as non fee-paying schools, it will now be extended to learners within the ECD category; Grade R.⁴¹ The second change has been that the Department now operates the SNP through a decentralised model that allows schools to be directly responsible for food procurement and service provider appointment.

Findings of a budget analysis released in 2013 by the PSAM revealed that the SNP was one of three programmes to which an overall departmental under expenditure of R 691.9 million (2.6%) was attributed (2012/13 budget). It is positive to note, however, that the SNP remains, generally financially stable in as far as financial management and reporting at the level of Head Office. To determine the true state of affairs; a forensic evaluation that is inclusive of school-level financial management is necessary. This is currently not reflected in the Department's Annual Report nor in the Estimates of Provincial Revenue and Expenditure published by Treasury. Below is a table extracted from the Department's 2012/13 Annual Report emphasising key areas. Worth emphasising, however is the need for an evaluation of the decentralised SNP.

⁴⁰ Giese, S., Budlender, D. November 2011. *Learning Brief No. 1: Government Funding for Early Childhood Development*. Ilifa Labantwana. Available Online: <http://72.249.167.103/~ilifalab/wp-content/uploads/2012/03/Government-Funding-Learning-Brief.pdf>

⁴¹ Eastern Cape Department of Education, *Annual Report 2012/13*, p.29.

Table 5: School Nutrition Programme Expenditure 2011/12

| DEPARTMENT / MUNICIPALITY TO WHOM THE GRANT HAS BEEN TRANSFERRED | DEPARTMENT OF EDUCATION: EASTERN CAPE |
|--|--|
| Purpose of the grant | To provide nutritious meals to targeted learners in Q 1-3 and special schools |
| Expected outputs achieved | Enhanced learning capacity and improved access to education |
| Actual outputs achieved | Nutritious meals served to learners |
| Amount per amended DORA | R907 814 000 |
| Amount transferred (R'000) | R892 095 |
| Reasons if amount as per DORA not transferred | Not applicable |
| Amount spent by the Department (R'000) | R892 095 |
| Reasons for the funds unspent by the entity | Delayed payments on compensation of employees Late submission of invoices by service providers A general decline in learner numbers |
| Monitoring mechanism by the transferring Department | Monitoring and support visits were conducted targeting those schools with allegations of irregularities in financial management Additional 20 vehicles were purchased to strengthen monitoring by Districts 54 monitors were employed and deployed to Districts to strengthen monitoring |

Report of the Audit Committee⁴²

All departments are expected to produce a risk management plan from which the Audit Committee can determine the various risks in the department as well as evaluate the risk management itself. Once again, internal control, governance and risk management systems were deemed inadequate by the audit committee. Similarly, departmental risk and fraud management systems were found wanting. However, a marked improvement in the preparation of Annual Financial Statement was cited by the Committee. The latter is certainly encouraging in light of past years' findings and should form the basis of performance across individual programme areas in the Department; namely ECD and SNP as a conditional grant.

⁴² These finding relate to those of the Audit Committee of the Eastern Cape Department of Education within the Department's 2012/13 Annual Report (Part E: Report of the Audit Committee) Available Online: http://www.ecdoe.gov.za/ecdoe/files/documents/2012_2013_annual_report.pdf

Progress on Millennium Development Goal 3

There has been no change in terms of articulation of means by which to address relevant Millennium Development Goals since the publishing the PSAM's 2012 Expenditure Tracking Report where, amongst other observations; the following was made;

“Two of the 7 Strategic Goals of the Eastern Cape Department of Education refer to accessing quality education and promoting achievement regardless of “race, gender, disability, geographic location...” (emphasis added).⁴³ While these are linked to the country's constitutional principles and Article 8 of the Children's Charter of South Africa⁴⁴, the links to Millennium Development Goal 3 are not articulated. The latter relates to the promotion of gender equality and the empowerment of women.⁴⁵ Issues of gender parity in education on both a provincial level remain constant and are close to 1.⁴⁶ Expenditure and budgeting trends in the Department are not illustrative of attempts to address or *monitor* issues of gender equity and empowerment. This is especially the case in relation to employment of women in senior educator and management positions.”⁴⁷

Conclusion and Recommendations

Early Childhood Development is yet to be fully recognised as a priority areas where actual funding is concerned. The School Nutrition Programme is amongst the most important interventions by the South African government to improve access and availability of education to young people in the country. Its importance has been highlighted both in terms of its conditional grant status but also in the budgetary proportion it is allocated.

⁴³ Eastern Cape Department of Education, *Strategic Plan 2010/11-2014/15*, p.29.

⁴⁴ The Children's Charter of South Africa; refer to Article 8.1. Available Online: <http://dohsoc.nwpg.gov.za/NWDoH/documents/legislation/childrens%20rights%20charter.pdf> Accessed 12th December 2012.

⁴⁵ UNDP South Africa, Available Online: <http://www.undp.org.za/millennium-development-goals/what-are-the-mdgs/millennium-development-goal-3> Accessed 12th December 2012.

⁴⁶ Kota, Z. *Strategic Plan Evaluation 2012/13, Department of Education, Eastern Cape*, Public Service Accountability Monitor

⁴⁷ Kota, Z. December 2012. *Expenditure Tracking Report: Eastern Cape Department of Education*, Public Service Accountability Monitor. Grahamstown.

The Early Childhood Development sector is fragmented between government departments at the national and provincial levels. Regarding the latter; there appears to be a higher degree of fragmentation and lack of budget implementation clarity. It is important that all stakeholders of ECD must 'speak the same language' in relation to funding priorities, provisioning needs, curriculum and resourcing of the sector. To this extent, there is a pressing need for 1) an explicit budget to ensure the universalisation of access to ECD across South Africa and 2) clearer budget allocation and expenditure at the provincial government level. It is also imperative that ECD programmes become prioritised at the local government level within IDPs. There is a strong need for ECD budgets at the provincial level to be disaggregated to allow better tracking of ECD-specific public expenditure.

The previous, centralised model of the SNP was the subject of some monitoring and evaluation both from internal and external education stakeholders. The current model has not as yet undergone an extensive evaluation process. The PSAM thus recommends that the Department must establish regular monitoring and evaluation activities targeted at assessing the performance, efficiency and efficacy of the SNP across all 23 districts and at each of the thousands of schools on a more random basis.

Additionally, it is imperative that a thorough public expenditure tracking survey (PETS) is carried out by an independent entity to determine the directional flow of allocated funds in relation to the new model of programme funding and implementation. This is necessary within the early stages of the new SNP model to allow for any remedial interventions to be established in good time. Currently, while it is possible to determine the overall performance of the programme, the financial management and tracking of public funds can only be done with careful analysis. It is also necessary for the Department to establish school-level monitoring mechanisms for the SNP in order that the programme can be continuously monitored at the local level.