



Public Service Accountability Monitor
Monitoring Accountability and Service Delivery in the Public Sector

Monitoring Brief
Performance Monitoring Programme



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Eastern Cape Department of Education - Monitoring Brief for 2001/02 – 2002/03

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Summary

This report provides a review of the Eastern Cape Department of Education's performance through a comparative analysis of its budget allocations and expenditure, as well as delivery achievements and problems, during the 2001/02 and 2002/03 financial years.

The key findings of the report are as follows:

- *The Department continues to overspend its budget, especially in regard to personnel spending, negatively impacting service delivery in Education.*
- *The Department is expected to continue to overspend its budget in the 2003/04 financial year.*
- *Poor financial management continues to cost the Department millions of rands.*
- *There is no effective follow-up of recommendations made by the Auditor-General and the Department's Standing Committee. In certain instances there appears to be contemptuous disregard for the recommendations of these Constitutionally mandated institutions.*

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1. Introduction

The Eastern Cape Department of Education is mandated to provide lifelong, quality education and training opportunities to the population of the Eastern Cape province. To achieve this objective the Department is tasked to provide an effective and efficient education system which properly addresses the educational needs of the province.

In 2003, under the direction of President Thabo Mbeki¹, the Interim Management Team (IMT) took curatorship of four major service delivery departments in the province. The task of the IMT was to assist the province in improving the delivery of essential services through the development and implementation of appropriate turn-around strategies within the four key departments. The Education department was one of the departments placed under curatorship.

2. Budget and Expenditure

Table 1 Budget and Expenditure by Financial Year¹

Financial Year	Total Budget (R' 000)	Actual Expenditure (R' 000)	Variance: (over) / under expenditure (R' 000)	Percentage of (over) / under expenditure ('000)
2000/01	7 439 714	7 191 331	248 383	3.33%
2001/02	8 132 008	7 865 561	266 447	3.27%
2002/03	8 811 429	9 148 768	(337 339)	(3.82%)
2003/04	9 911 993 (est.)	10 276 682 (est.)	(364 689) (est.)	(3.67%)
Total	34 295 144	34 482 342	(187 198)	(0.54%)

2.1. Budget and Expenditure 2001/02

In the 2000/01 financial year the Department underspent its total budget of R7.439 billion by over R248 million or 3.3 per cent.² In the 2001/02 financial year the Department received a budget of R8.132 billion, of which it spent R7.865 billion, which means that it underspent by R266.447 million or 3.3 percent.³

¹ Eastern Cape Department of Education, Annual Reports, 2000/01 – 2002/03 and the National Treasury, Fourth Quarterly Spending Results for 2003/04.

² Eastern Cape Department of Education, Annual Report, 2000/01, p. 44.

³ Eastern Cape Department of Education, Annual Report, 2001/02, p. 108.

Table 2 Expenditure by programme for 2001/02⁵

Programmes	Budget ('000)	Actual Expenditure ('000)	Under/ (over) expenditure ('000)	Percentage of (over) / under expenditure ('000)
Administration	549 986	389 058	160 928	29.26%
Public Ordinary Schools	6 486 717	6 759 388	(272 671)	(104.20%)
Private Ordinary Schools	11 257	10 971	286	2.54%
Special Needs in Education	165 241	147 218	18 023	10.90%
Teacher Training	161 295	110 065	51 230	31.76%
Technical Colleges	117 134	75 839	41 295	35.25%
Non-Formal Education	96 524	90 868	5 656	5.85%
Auxiliary and Associated Services	530 702	280 460	250 242	47.15%
TOTAL	8 118 856⁴	7 863 867	254 989	3.14%

In the 2001/02 financial year all of the Department's programmes, save the Public Ordinary Schools programme, underspent their budgets by between 2.5 and 47 percent.⁶ In contrast the Public Ordinary Schools programme overspent its R6.486 billion budget (for transfer payments to schools) by R272.671 million.⁷

Some of the more significant underspending amounts, by standard line items, were recorded under its Land and Buildings programme line item, which under spent by R198 million. Under Miscellaneous, the Department under spent by over

⁴ This figure does not include revenue additional to the equitable share portion received by the Department. The additional revenue which is reflected in table 1 (p. 3) for the 2001/02 financial year consists of R9.152 million raised from the Department's own revenue and R4 million received in the form of local and foreign aid assistance. See, Eastern Cape Department of Education, Annual Report, 2001/02, p. 108.

⁵ Eastern Cape Department of Education, Annual Report, 2001/02, p. 125.

⁶ Ibid, p. 125.

⁷ Ibid.

R146 million. Professional services underspent by R137 million, while R125 million went unspent under Inventories.⁸

The most significant overspending occurred within Personnel, which overspent its budget by more than R256 million. The explanation given by the Department for this variance in the personnel budget was that a total of R146 million had been incorrectly “suspended” under the Miscellaneous programme account that was actually meant to cover personnel costs.⁹ Factoring in this explanation, brings the personnel overspending figure down to R109 million.

The Department claimed that the remaining overspending was due to arrear salaries from previous years being paid out to staff in the year under review.¹⁰ This explanation highlights the lack of forward planning by the Department, as it indicates that salary payments were not properly planned and budgeted for in previous years. Had there been proper control over the payment of salaries the Department would have avoided this significant overspending.

The Department reported that although their financial statements reflected that there was also underspending within the Lands and Buildings item, this amount, the Department claimed, was already committed for projects that had not yet commenced. However, in terms of the Cash Basis of Accounting¹¹, the Department can only enter in its financial records an amount as spent, when it has been paid over to a third party.¹²

The Department explained that the R137 million underspent within Professional Services was due to the misallocation of these funds which were meant to be allocated to Transfer Payments. The Department indicated that the underspent funds listed under Professional Services, set off the overspending reported under Transfer Payments.¹³ The explanation that monies can be misallocated under different line items is disturbing, particularly when such misallocations can have a detrimental effect on the efficient delivery of services, and create an environment which exposes the Department to the risk of fraudulent activity. Furthermore, the Department’s contention that the funds ‘appear’ to be misallocated does not engender any confidence that this was indeed the case, which suggests that the Department is not exactly sure what actually transpired.¹⁴

The Department’s explanation for underspending of over R125 million under Inventories demonstrates its inability to pay its service providers timeously. The Department noted that an amount of R90 million, meant for Learner Support Materials, was already committed for expenditure and that payments to service providers were being processed and would be completed by the end of December 2002. The Department also noted that other tenders for equipment and furniture had been awarded in April 2002.¹⁵ Both these dates are past the year-end date for the financial year under review, which is 31 March 2002. The Department was therefore

⁸ Ibid. Please note that these figures do not take into account overspending that occurred in other items, which offset the budget’s underspending.

⁹ Eastern Cape Department of Education, Annual Report, 2001/02, p. 126.

¹⁰ Ibid.

¹¹ In terms of this accounting regime the Department only accounts for transactions on receipt or payment of funds and does not recognise, for instance, funds that are committed but not yet paid and funds that are owed to the Department but not yet received.

¹² Ibid.

¹³ Eastern Cape Department of Education, Annual Report, 2001/02, pp. 126 – 127.

¹⁴ Ibid, p. 126.

¹⁵ Ibid.

claiming that these funds were committed but was clearly not able to fulfil its commitments to its suppliers during the financial year under review.

The Department's overall underspending of its budget in 2001/02 is partially mitigated by the constraints inherent in the Cash Basis of Accounting system it used. This system prevents departments from reflecting funds that are committed to projects and other activities as having been spent prior to the completion of these activities. The remaining underspending however was largely due to slow payment processes and the Department's inability to spend funds on time. Needless to say, the Department's failure to spend public funds translates into the denial of services to learners in the Eastern Cape.

The single most significant overspending (R109 million) by the Department was within the personnel budget. While this overspending was off-set by even greater underspending in the Department's various programmes, it has the potential to negatively impact on the Department's financial position and compromise its ability to deliver adequate levels of service in the medium term. This is because overspending has to be funded by the following year's budget and, if left unchecked, will gradually erode the Department's ability to deliver on its pre-determined goals.

2.2. Budget and Expenditure 2002/03

In 2002/03 the Department's total revenue was R8.811 billion. This represented an 8.4 percent increase in the Department's budget from the previous financial year. The Department's declared expenditure was R9.148 billion, which translates into overspending of R337 million, or 3.82 percent of its budget.¹⁶

Three programmes overspent their budgets. They were; Administration/Management (by R33.857 million), General Education and Training (by R621.222 million) and Special Schools (by R4.417 million).¹⁷ The remaining six programmes, which account for 12.79 percent of the total budget, all underspent their respective budgets.

Looking at the budget by standard items, three items were responsible for the entire amount of overspending.

Table 3 Expenditure by programme for 2002/03¹⁸

Programmes	Budget ('000)	Actual Expenditure ('000)	Under/ (over) expenditure ('000)	Percentage of (over) / under expenditure ('000)
Management	467 065	500 922	(33 857)	(7.24%)
General Education and Training	7 061 563	7 682 785	(621 222)	(8.79%)
Special Schools	155 552	159 969	(4 417)	(2.83%)
Further education and Training	340 483	259 143	81 290	23.87%
Professional Development	201 317	130 361	70 956	35.24%
Assessment	133 609	45 140	88 469	66.21%
Physical Planning	368 826	333 006	35 820	9.71%
District Development & Support Services	47 775	21 550	26 225	54.89%
Special Programmes	35 289	15 892	19 397	54.96%
TOTAL	8 811 429	9 148 768	(337 339)	(3.82%)

¹⁷ Ibid.

¹⁸ Eastern Cape Department of Education, Annual Report, 2002/03, p. 150.

These were, in descending order, Personnel (R582.438 million over budget), Inventories (R108.345 million over budget) and Land and Buildings (R2.740 million over budget).¹⁹

The Department's explanation for overspending under Personnel was that a virement²⁰ increase of only 4 percent was provided for the Improvement of Conditions of Service (ICS) which fell short of the 9.5 percent approved. It would appear that the ICS shortfall pertains to a budgeting discrepancy for funds earmarked for the ICS initiative. It is not clear, however, how, after the requisite budget for ICS was approved during the year, the Department still managed to overspend on this item. A second explanation given by the Department to account for personnel overspending was that the services of temporary staff were not timeously terminated from the pay-roll system (PERSAL).²¹ This means, in effect, that staff were paid for work they did not actually do. It is of some concern that the Department failed to indicate if it had made any attempt to recover these funds.

The Department explained that overspending under Inventories was due to the fact that an amount of R70.5 million, for the previous years Learner Support Materials (LSM), was only paid in the year under review.²² However, this amount (R70.5 million) is significantly different to the amount (R90 million) cited in the 2001/02 annual report which indicated that this money was being processed at the end of the 2001/02 year for these materials.²³ No explanation was given for this difference. In addition, the R70.5 million overspend does not adequately account for the R108 million overspent under Inventories. The Department failed to provide an account of the reasons for the remaining R37.5 million overspent.

The Department claimed that overspending occurred within the Land and Buildings budget item because of incomplete projects and the Department's slow allocation of the school maintenance budget.²⁴ However, it seems reasonable to conclude that an incomplete project is only likely to contribute towards overspending if it was not properly budgeted for in the first instance. Under normal circumstances incomplete projects would logically contribute toward underspending, not overspending. It is also not clear how the slow allocation of school maintenance funds could lead to overspending, save through an accumulation of interest on funds claimed by service providers but not paid out in time by the Department.

It is of some concern to the PSAM that the most significant reason for the Department's overspending in the financial year under review was, once again, the ineffective management of personnel. Clearly, the knock-on effect of the Department's poor provisioning for the payment of teachers in previous financial years continued to be felt in the year under review. Coupled with this was the continued inability by the Department to pay Learner Support Material suppliers timeously. The failure to pay service providers on time results in the Department incurring unnecessary losses through the payment of interest on these accounts.

¹⁹ Ibid, p. 151.

²⁰ Virements are those portions of programme budgets (or transfers) that may be used for purposes other than those they were intended for as per approval by National Treasury or provincial treasury. See National Treasury Regulations, 25 May 2002, p. 19.

²¹ Ibid, p. 162.

²² Eastern Cape Department of Education, Annual Report, 2002/03, p. 162.

²³ Eastern Cape Department of Education, Annual Report, 2001/02, p. 96.

²⁴ Eastern Cape Department of Education, Annual Report, 2002/2003, p. 163.

The importance of well considered planning for capital projects was again highlighted by the Department's failure to complete certain projects in the year, while simultaneously managing to register overspending on these projects.

2.3 Conditional Grant Spending

Table 4 Conditional Grant allocations by projects 2001/02²⁵

Project	Budget	Expenditure	Variance
HIV/AIDS	11 747 000	11 149 000	598 000
Early Childhood Development	3 885 000	3 885 000	0
Financial Management and Quality Enhancement focus schools	39 405 000	39 405 000	0
Total	55 037 000	54 439 000	598 000

The Department's performance in the spending of its conditional grants in 2001/02 is commendable. It spent 98.91 percent of these grants which translates into an underspending of R598 000, or 1.08 percent. The Department stated that it under spent its HIV/AIDS conditional grant by R598 000, because this amount was suspended by the National Department of Education. No explanation was given in the annual report as to why this grant was suspended.²⁶ National government is empowered to withhold conditional grant funds where for instances the receiving provincial or local government sphere does not comply with the conditions attached to an allocation or persistently commits material breaches of these conditions.²⁷ This would be a likely explanation for the suspension of these funds.

Table 5 Conditional Grant allocations by projects 2002/03²⁸

Project	Budget	Expenditure	Variance
HIV/AIDS	26 270 000	11 163 411	15 106 589
Early Childhood Development	9 620 000	9 218 000	402 000
Financial Management and Quality Enhancement focus schools	41 500 000	19 723 000	21 777 000
Total	77 390 000	40 104 411	37 285 589

The Department under spent its total conditional grant budget by 48.17 percent in 2002/03.

The Department under spent its schools financial management and quality enhancement conditional grant by 52.47 percent. The Department can ill afford to underspend this conditional grant given that there is a desperate need for effective financial management skills within schools in the province.

²⁵ Eastern Cape Department of Education, Annual Report, 2001/2002, p 112.

²⁶ Ibid.

²⁷ Division of Revenue Act, 2002/03, Part VI, Section 22 (1) (a).

²⁸ Eastern Cape Department of Education, Annual Report, 2002/03, p 125.

Only schools which are managed effectively and efficiently, can maximise the use of their available resources and provide as good a learning environment as possible.

The HIV/AIDS education project, focussing on primary and secondary schools, under spent its budget by R15.106 million, or 57.50 percent. This means that over half the schools targeted for vital HIV/AIDS education were deprived of this opportunity in the year under review. Given the critical importance of HIV/AIDS education in trying to limit the impact of the pandemic it is concerning that the Department was unable to spend these funds. By contrast the Early Childhood Development project achieved an impressive 95.82 percent expenditure.

The Department cited three main reasons for underspending conditional grants:

- The Department indicated that 'tight' tender board timetables meant that it could not plan effectively for the spending of conditional grants.²⁹
- The Department argued that the low delegation it was allowed, beyond which contracts have to go on tender, contributed to poor conditional grant spending. The Department noted that it had a delegation limit of R100 000, while Programme managers had a limit of R7000.
- The Department also blamed bureaucratic payment processes which, it said, resulted in unacceptably long payment delays. Clearly this situation is untenable and must be resolved as a matter of urgency.³⁰

In recognition of these problems the Department has put in place measures to address these issues and ensure a 90 percent expenditure rate by February of each financial year.³¹ The measures are:

- Project leaders were given delegation letters committing them to 70 percent expenditure by year end.
- The Department's procurement Committee would prioritise Conditional Grant expenditure.
- The national Department of Education would be requested to make available to the provincial Department, National Period Contract Tenders which would assist the province in expediting expenditure.
- Programme managers rather than project leaders would be responsible for conditional grant spending.
- Tighter procurement and expenditure schedules were drawn up by the Department.
- The Department stated that it had also put mechanisms in place to ensure the effectiveness of its finance division.

The PSAM will closely monitor these measures and reflect on their effectiveness in our review of the Department's performance for the 2003/04 financial year.

2.4. Pre-Audited Year End Spending Results (2003/04 financial year)

The fourth quarter spending results published by the national Treasury department reveal that the Department is likely to overspend in the 2003/04 financial year, thus continuing the trend of the previous financial. Against an adjusted budget total of R9.9 billion for the whole year, the Department is estimated to have spent over R10.2

²⁹ Ibid. It should be noted that the Department is aware of such constraints, and timetables only become 'tight' when inadequate planning has taken place.

³⁰ Ibid.

³¹ Ibid, p. 126.

billion.³² This would result in overspending totalling R364 million or 3.7 percent of the total budget.

The Department is expected to do well in terms of its capital expenditure budget. Out of a total adjusted capital budget for the 2003/04 year of R437.1 million, the department is estimated to have spent R434.7 million or 99.5 per cent.³³ The Department, however, posted poor results in terms of its conditional grant spending. Out of a total transferred budget of R13.810 million for Early Childhood Development, the Department is estimated to have spent only R7.182 million. Out of a total transferred budget for HIV/AIDS (life skills education) of R16.716 million, the department spent only R9.857 million.³⁴ No explanations are given in the report for this underspending.

3. Oversight

3.1. Auditor-General

*The provincial Auditor –General is responsible for auditing, on a test basis, the financial statements of government departments and their levels of compliance with relevant laws and regulations applicable to the financial management of public resources and for expressing an opinion on these matters.*³⁵

2001/02

For the 2001/02 financial year the Auditor-General issued the Department's financial statements with an audit disclaimer. An audit disclaimer is the most severe opinion the Auditor-General can issue, and is issued where a department's records and supporting documentation are either unavailable for audit purposes or are of such poor quality that no reasonable determination of the validity of financial transactions can be made. In issuing the Department with a disclaimer the Auditor-General identified the following issues:

- Non availability of documents: A significant number of transactional supporting documents were not made available by the Department for purposes of the audit as required by law. The Auditor-General reported that the Department had been given two opportunities to provide his office with the necessary documentation before the finalisation of the audit, but had failed to do so. The Auditor-General noted that the Department's inability to provide the necessary documentation had been reported to the Department since 1995 and was 'of the utmost concern.'³⁶ The Auditor-General reported the failure of the Department to provide the documentation as an act of financial misconduct in terms of section 41 of the Public Finance Management Act (PFMA).
- Irreconcilable treasury balances: No proper records were kept for major departmental accounts which were maintained on the Financial Management

³² Provincial Budgets 2003/04, Fourth Quarterly Expenditure and Revenue Report, p. 3. The report reflects pre-audited figures for the department for the 2003/04 financial year. These figures could be revised after the final audit has been performed.

³³ Ibid, p. 6.

³⁴ These figures are obtained from an annexure table to the 4th Quarter Results for 2003/04, on conditional grant spending for the Eastern Cape.

³⁵ Auditor General's Act No.12 of 1995, Section 3.

³⁶ Eastern Cape Department of Education, Annual Report, 2001/02, p. 99

System. Consequently a treasury balance amount of over R229 million disclosed on the Provincial Treasury's financial statements could not be verified by the Auditor-General. In the opinion of the Auditor-General this represented a limitation of the scope of the audit. This problem was reported by the Auditor-General to the Provincial Treasury as far back as 2001, but no action has been taken to deal with the issue.³⁷

- Non-clearance of suspense accounts: Millions of rands in suspense accounts remained uncleared contrary to treasury regulations. Furthermore funds in these accounts could not be verified by the Auditor-General due to the non availability of supporting documents.³⁸
- Personnel Expenditure: The Auditor-General noted that personnel expenditure according to the PERSAL system was not reconciled with the financial information on the Financial Management System (FMS) to ensure that only personnel expenses relevant to the Department was recorded. This led to an unreconciled difference of R22.63 million.³⁹
- Undisclosed unauthorised expenditure: The Department did not properly disclose its overspending as unauthorised, as it is required to do by law.⁴⁰

The Auditor-General also raised a number of serious concerns under the emphasis of matter section of his report:

- Internal Controls:
 - i) There was weak internal control in the management and updating of personnel and leave records.
 - ii) Invoices from suppliers were not reconciled with the Departments records to check for any discrepancies or outstanding amounts.
 - iii) There was inadequate management and maintenance of asset registers.
 - iv) Some R64.6 million worth of payments relating to the 1999/00 and 2000/01 financial years were only settled in the 2001/02 financial year.
 - v) Some R12.5 million worth of obligations were not settled by the Department within 30 days as required by the PFMA.
 - vi) No evidence could be found to indicate that annual stocktaking had taken place in all areas of the Department.⁴¹
 - vii) According to the Auditor-General there was little evidence to show that the accounting officer had satisfied himself that the external institutions to which the Department transferred funds to had met the conditions of such funding in the previous year and whether continued funding was still warranted.⁴²
 - viii) Non-adherence to revenue collection procedure: The AG noted that revenue was not deposited daily and revenue was not always deposited into the provincial revenue account.⁴³

³⁷ Ibid, p. 100.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid, p. 102 for points i) to vi).

⁴² Ibid, p. 103.

⁴³ Ibid.

- Fruitless expenditure: The Department incurred legal and interest charges amounting to over R4 million in the year under review due to its failure to pay creditors on time.⁴⁴
- Despite the appointment of a new provincial head of internal audit, there was no evidence available to suggest that any internal audit reports for the Department were drawn up during the year under review.⁴⁵
- The Auditor-General noted that the Department's financial statements 'were not, in all respects, complete.' Among other things he noted that; Conditional grants to the value of R10 million had not been reflected in the financial statements; no explanation was given for a surplus in programme one of R 160 million and, a reconciliation of the movement in unauthorised, irregular and fruitless and wasteful expenditure was not disclosed.⁴⁶
- The Auditor-General noted that his office was carrying out special investigations into ghost employees, salaries and staff procurement, learner support materials, schools building programme, consultants, tenders and various disciplinary matters.⁴⁷

2002/03

In the 2002/03 financial year the Auditor-General issued the Department's financial statements with another audit Disclaimer.⁴⁸

Three long-standing issues, which directly contributed to the opinion, were identified by the Auditor-General. These were:

- The non-submission of important supporting documentation,

The Auditor-General pointed out again that the non-submission of supporting documentation was a long-standing issue and had been reported to the Department since 1995. As in the previous year, he reported the issue as financial misconduct in terms of the Public Finance Management Act.⁴⁹

- Irreconcilable Treasury Balances

The lack of proper record keeping meant that the Auditor-General could not verify a treasury balance of over R112 million. This matter had been reported by the Auditor-General's office in the previous two financial years, yet little, if anything, appears to have been done to address this problem.⁵⁰

- Improperly maintained Ledger Accounts

The Department's ledger accounts were not reconciled and cleared on a regular basis as required by National Treasury Regulations. This resulted in Billions of Rands

⁴⁴ Eastern Cape Department of Education, Annual Report, 2001/02, p. 101.

⁴⁵ Ibid.

⁴⁶ Ibid, p. 103.

⁴⁷ Ibid, p. 104.

⁴⁸ Eastern Cape Department of Education, Annual Report, 2002/03, p. 142.

⁴⁹ Public Finance Management Act, No.29 of 1999, Section 81 as it applies to section 40 (1).

⁵⁰ Eastern Cape Department of Education, Annual Report, 2001/02, p. 100.

being left uncleared in ledger accounts. The Auditor-General noted that the effect of these balances on the financial statements and the extent to which they were over or under stated could not be determined due to insufficient supporting documentation.⁵¹

The Auditor-General again identified the following serious concerns under emphasis of matter:

- Personnel spending as reflected on PERSAL was not reconciled on a monthly basis with the Department's FMS. This resulted in an unreconciled difference of R14.5 million.⁵²
- Unauthorised expenditure of over R659 million was reported which reflected overspending in departmental programmes.⁵³
- Legal costs and interest charges amounting to nearly R3 million was incurred by the Department due to delays in settling claims. The Auditor-General reported this cost as fruitless expenditure in terms of the PFMA and noted that it 'could have been avoided had reasonable care been exercised.'⁵⁴
- Despite the existence of a shared internal audit unit, no evidence could be found to suggest that it had completed any work.
- Internal Controls: The Auditor-General expressed exactly the same concerns over internal controls as he had in the previous year. These related to personnel records, obligations, account statements, revenue collection, asset management and loss controls.⁵⁵
- A Chief Financial Officer was not appointed in the year under review.⁵⁶
- As in the previous year the Department's financial statements were not 'in all respects, complete.'⁵⁷
- Conditional grants were underspent by 48 percent.⁵⁸

It is of serious concern to the PSAM that the Department of Education has now received seven audit disclaimers in a row, including the two that the Department received for the financial years under review. In each of the years under review, the Auditor-General pointed out numerous examples of non-compliance with basic financial regulations. The continuous reference to issues such as the inadequate management of suspense accounts and the non-submission of supporting documentation is a matter that requires urgent attention. The Department is clearly not doing enough to address these very serious financial management problems, and its failure to rectify these issues must be interpreted as demonstrating contempt for the constitutional oversight role of the Auditor-General.

3.2 Audit Committee

There were no Audit Committee reports for the Department for the financial years under review. This is of particular concern given the many problems identified by the Auditor-General. Part of the work of an Audit Committee includes ensuring that the recommendations of the Auditor-General, as well as those of the Department's internal audit unit, are implemented.

⁵¹ National Treasury Regulations, May 2002, Section 17.1.

⁵² Eastern Cape Department of Education, Annual Report, 2002/03, p. 143.

⁵³ Ibid, p. 144.

⁵⁴ Ibid.

⁵⁵ Ibid, p. 145.

⁵⁶ Ibid, p. 146.

⁵⁷ Ibid.

⁵⁸ Ibid.

3.3. Standing Committee on Education

*The Standing Committees of the provincial Legislatures are responsible for ensuring that all provincial government departments and other state organs are accountable to them. This oversight role is carried out by Committees through monitoring, investigating and the making of enforceable recommendations relating to the performance of departments and state organs within their jurisdiction.*⁵⁹

In terms of section 63 of the Standing Rules of the Eastern Cape Legislature (Rules), standing committees must ensure *inter alia* that all provincial executive organs of state (including government departments) are accountable to them.⁶⁰

According to the Education Standing Committee's Resolutions report of February 2001, the Department of Education had not complied with a number of key legislative reporting requirements. This is despite section 133 (3) (b) of the Constitution which obliges members of the Executive Council of a province to provide the Legislature with full and regular reports concerning matters under their control.⁶¹

Some of the information that the Department had not made available to the committee included reports on:

- Material losses through criminal conduct,
- Unauthorised expenditure,
- Irregular expenditure, and
- Fruitless and wasteful expenditure.⁶²

This information is critical in enabling the committee to perform effective oversight over the Department.

The Committee also raised concerns relating to:

- the lack of internal control measures.
- the lack of a functional asset register.
- poor planning and co-ordination by managers.
- the lack of a fraud prevention plan within the Department.
- the lack of proper monitoring of training and skills development and its impact on the Department.
- the fact that the Personnel Salary system (Persal) was not being updated regularly.

The Committee made a number of recommendations:

- They argued that punitive action be taken against managers who do not comply with regulations, in particular those managers who do not perform to their "maximum capacity".⁶³
- The Committee ordered programme managers within Programmes 6 and 7 to account for significant underspending within their programmes.

⁵⁹ Standing Rules of Procedure of the Eastern Cape Provincial Legislature, Section 63.

⁶⁰ Standing Rules of the Eastern Cape Legislature, p. 36.

⁶¹ The Constitution of the Republic of South Africa, Act 108 of 1996.

⁶² Resolutions of the Standing Committee on Education, 1 Feb. 2001, p. 1.

⁶³ Ibid, p. 2.

- The Committee instructed the department to settle all outstanding payments for temporary examination staff by the end of March 2001.
- The department was instructed to improve its general administration.⁶⁴

In terms of the Education Standing Committee's Resolutions report of January 2003, it is apparent that a number of recommendations made by the Committee were not acted upon by the Department. During its deliberations the Committee remarked on the following issues:

- Little progress had been made in regard to improving the general administration in the Department.
- The person-to-post matching exercise⁶⁵ had not been completed by the Department.⁶⁶
- A Superintendent-General, as well as a Chief Financial Officer, had yet to be appointed. In response, the Department reported that candidates would be short-listed by 20 February 2003, and both appointments made by April 2003.⁶⁷
- The Department misallocated personnel between different programmes, resulting in under and overspending within programmes.⁶⁸ This forced the Department to apply for virements in order to resolve its spending difficulties.
- The timely payment of teachers remained a problem for the Department and the Committee instructed the Department to ensure that ABET teachers were paid on time.⁶⁹
- Monitoring within the Department still required significant improvement. The Committee instructed the department to ensure that service level agreements with school building contractors were properly monitored.⁷⁰
- The Committee cautioned about possible delays in the delivery of Learner Support Materials (LSM) to schools if virements for these materials were not processed in time.⁷¹ The Department responded by saying that applications for virements were made and that orders for materials for use in the 2003 year had already been placed with suppliers.⁷² A visit by the Standing Committee in January 2003 to a selection of farm schools revealed that the provisioning of LSM's remained a serious problem for schools in remote parts of the province.⁷³
- The Committee reported that the Department did not know its correct personnel figure. The Committee instructed the Department to meet with the Treasury to correct this situation.⁷⁴ In response, the Department reported that it was to complete an internal personnel review process and would supply the Committee with the correct figures by the end of February 2003.⁷⁵

⁶⁴ Ibid, p. 3.

⁶⁵ This exercise sought to match the right job level and requirements with the right professional skills level.

⁶⁶ Eastern Cape Education Department's Responses to Resolutions of the House, 26 Feb. 2003, p. 4.

⁶⁷ Ibid, p. 2.

⁶⁸ Resolutions of the Standing Committee on Education, 1 Jan. 2003, p. 4.

⁶⁹ Resolutions of the Standing Committee on Education, 24 Jan. 2003, p. 1.

⁷⁰ Ibid, p. 3.

⁷¹ Ibid, p. 4.

⁷² Eastern Cape Education Department's Responses to Resolutions of the House, 26 Feb. 2003, p. 5.

⁷³ Resolutions of the Standing Committee on Education, 24 January 2003, p. 6.

⁷⁴ Resolutions of the Standing Committee on Education, 24 Jan. 2003, p. 4.

⁷⁵ Ibid.

Summary

It is the responsibility of the Standing Committee to uphold the interests of the beneficiaries serviced by the Department, through ensuring the effective and efficient management of the Department. Given that Education constitutes the single biggest investment made by the provincial government (it accounted for 37.85 percent of the total provincial budget in 2002/03), it behoves oversight bodies, such as the Standing Committee, to ensure the realisation of value for money from this investment. The Standing Committee on Education is yet to demonstrate that it has the necessary resolve and commitment to ensure that the Department is accountable to it, and that its recommendations are effectively implemented. The Standing Committee must take a more rigorous and assertive stance regarding the non-performance of responsible officials. In terms of public finance management legislation, the Standing Committee must ensure that relevant Departmental officials are held fully accountable for their breaches of the regulatory framework. Only when public officials know that they will be held accountable for their failures will real improvements be realised within the Department.

3.4. Standing Committee on Public Accounts (SCOPA)

*The Standing Committee on Public Accounts is responsible for ensuring that all provincial departments comply with the relevant laws and regulations relating to the proper management of public finances. This financial oversight role is carried out by the Committee through monitoring, investigating and the making of enforceable recommendations to ensure compliance.*⁷⁶

Despite repeated requests the PSAM was unable to obtain SCOPA resolutions specific to the Department of Education for the years under review.

4. Critical Issues

4.1. Learner Support Material (LSM)

According to a media statement released by the National Department of Education following a Council of Education Ministers' meeting on 26 November 2001, the Eastern Cape Department of Education had budgeted R180 million for text books and stationery (learner support materials) for the 2001/02 year.⁷⁷

However, from the start of the 2001/02 school year media reports indicated that the Department had not prepared adequately for the distribution of LSMs. Schools throughout the province, and especially those in remote areas, were said to have received no LSMs at all. In response the Department enlisted the support of the South African National Defence Force to delivery LSMs to schools in remote areas.⁷⁸

In May 2001 it was reported that undelivered learner materials had been discovered in warehouses, confirming the failure of the existing distribution system.⁷⁹

⁷⁶ Standing Rules of Procedure of the Eastern Cape Provincial Legislature, Section 63.

⁷⁷ 'The Minister Of Education Professor Kader Asmal, MP Holds The Last Meeting Of The Year With The Council Of Education Ministers In Pretoria', 26 Nov. 2001, Press Statement.

⁷⁸ 'Eastern Cape Education Department not ready for new term', *City Press*, 21 Jan. 2001.

⁷⁹ 'Books could be delivered directly to schools', *The Herald*, 4 May 2001.

The Standing Committee on Education recommended to the Legislature, that as an interim measure suppliers be allowed to deliver LSMs directly to schools.⁸⁰

At the start of the 2002 school year, many schools again failed to receive their consignment of LSMs. This was despite the Department's undertaking to ensure that these materials reached schools before they closed in the previous calendar year. A number of distributors attributed the delays in the delivery of these materials to poor roads, rain and the fact that teachers were absent during the delivery of the materials.⁸¹ The South African Democratic Teachers' Union (SADTU), which also decried the late delivery of books and stationery to schools, blamed the delays on the Department's failure to make timeous orders to suppliers.⁸²

As late as April 2002 there were still a number of schools in the Maluti district of the Eastern Cape, that had not received any books or stationery. In protest, SADTU along with over 60 000 scholars, boycotted classes in protest. In its defence, the Department explained that education officials had lost the necessary requisition forms to order stationery.⁸³

The Standing Committee on Education tabled its report on Schools' Readiness in the Legislature in June 2002. The report provided an account of standing committee members' random visits to 100 schools around the province, between 23 and 31 January 2002. The report revealed, amongst other things, that most of these schools had shortages of learner support materials, furniture and even staff. According to the report schools in the Eastern Cape were therefore not ready for the start of the new school term at the beginning of 2002.

In November 2002 the Standing Committee on Education tabled another report in the Legislature detailing how the department would overspend its budget by over R705 million in the 2002/03 financial year. Part of the explanation for this overspending was attributed to poor LSM budgeting that did not take into account price adjustments by suppliers. The report argued that as a result of this poor spending the department would not be able to deliver LSMs before the end of 2002.⁸⁴

However, at the start of the 2003 calendar year there were fewer reports of serious delivery problems at schools. Some schools in the Mbashe, Maluti and Mt Frere areas were said not to have received materials on time while other schools were said to be without materials in early February.⁸⁵

The provision of LSMs to schools was notably poor over the two financial-years under review. The inadequacy of the Department's planning resulted in a number of schools not being able to start the school year on time, jeopardising the ability of educators to complete their syllabus timeously. In light of these issues the Department should revise its current plans and LSM budget to ensure that all schools start each new school year with the necessary LSMs.

⁸⁰ Ibid.

⁸¹ 'Publishers blamed for book bungling', *Daily Dispatch*, 30 Jan. 2002.

⁸² 'Book delivery dismal says SADTU', *Daily Dispatch*, 1 Feb. 2002.

⁸³ 'Eastern Cape education chaos', *Mail and Guardian*, 26 April – 2 May 2002.

⁸⁴ 'Education over spends budget by millions', *Daily Dispatch*, 27 Nov. 2003.

⁸⁵ 'Bisho admit problems at schools', *The Herald*, 23 Jan. 2003, 'Shaky start in Mbashe area', *Daily Dispatch*, 23 Jan. 2003, 'Distributors late with schools LSMs', *Daily Dispatch*, 1 Feb. 2003.

4.2. Human Resource Matters (Payment Backlogs)

In its 2001/02 annual report the department reported an approved establishment of 77 669 posts. Of its 72 985 employed staff, 21 260 were additional to the fixed establishment (i.e. surplus employees). By the department's own admission, however, this information must be seen as unreliable due to the Department's staff restructuring process.⁸⁶ In 2001 the Auditor-General's office performed a head count audit in an attempt to ascertain the number of educators employed by the Department. The audit revealed that 72 000 educators in the department's employ.⁸⁷

According to media reports in 2001 as many as 2000 posts in the Department were vacant due to a lack of funds.⁸⁸ Funding problems had also affected those educators who were already employed by the department. In October 2001 SADTU voiced its dissatisfaction with the slow payment, and sometimes non-payment, of teachers' salaries - particularly substitute teachers'.⁸⁹ In the same month, recognising the payment problem, the Provincial Treasury assisted the Department by providing it with additional funds to pay educators who had not been paid or received any benefits for months.⁹⁰

By the end of the 2002/03 financial year, the Department reported a vacancy rate of 21.9 percent, with 76 610 staff employed of which 14 723 were additional to the approved establishment of 98 133.⁹¹

It is the view of the PSAM that the Department must urgently rectify its human resource management problems if it is to make progress in delivering against its mandate. The final IMT report described the Department's management of human resources as 'unacceptable'.⁹² The Department needs to perform a proper audit of its current educator and non-educator staff and identify priority posts to be filled. It should then motivate to the Provincial Treasury for the necessary funds to fill these posts.

The Department's strategic planning documents need to take into account the Department's current vacancies in regard to the objectives for each of its programmes. These plans also need to include measures the Department intends to introduce to fill its vacant posts. Difficult decisions will have to be taken concerning the management of surplus staff, particularly those staff that cannot be re-trained. In the interest of efficient service delivery, and in an effort to avoid overspending on personnel, retrenchments will have to be made.

In addition, the final IMT report indicated that senior managers still needed to sign performance agreements linked to the Department's strategic objectives.⁹³ This is of concern because it means that the Department has no systematic way of evaluating the performance of its senior staff members against its set objectives.

⁸⁶ Eastern Cape Department of Education, Annual Report, 2001/2002, p 10 – 11.

⁸⁷ 'EC teachers fear 3000 may lose jobs', *Daily Dispatch*, 27 May 2003.

⁸⁸ '000 teaching posts vacant in EC', *Daily Dispatch*, 29 Sept. 2001.

⁸⁹ 'Teacher pay delays are slammed', *The Herald*, 10 Oct. 2001.

⁹⁰ 'R181m on hand to pay unpaid teachers', *Daily Dispatch*, 19 Oct. 2001.

⁹¹ Eastern Cape Department of Education, Annual Report, 2002/03, p. 190.

⁹² Final Interim Management Team Report, March 2004, p. 59.

⁹³ *Ibid.*

4.3. Infrastructure Needs

According to the National School Register of Needs (NSRN) of 2000, more than 35 percent of school buildings in the Eastern Cape were 'weak', while 18 percent of buildings were said to be in a 'very weak' state. Overall, the Eastern Cape accounted for 31.2 percent of all 'weak' school buildings in the country.⁹⁴ In terms of the existence of basic infrastructural facilities, the Eastern Cape was the worst in the country. Nearly 25 percent of the schools in the province did not have the most basic facilities such as water, toilets, electricity and telephones.⁹⁵ The national Auditor-General's office conducted a countrywide audit in 2001, which investigated schools infrastructure needs in the country, and found that there was a shortage of over 15 000 classrooms in the Eastern Cape.⁹⁶

It is within this context that future medium term expenditure patterns look set to focus spending on school infrastructure and facilities, with a view to bringing the province's schools up to a standard more in line with national norms. The National Department of Education has chosen the Regional Targeting route in dealing with the country's schools shortage, in the context of budgetary constraints. This means that the national Department will focus resources on improving the infrastructure of particular regions, and by so doing, address backlogs within these regions to establish relative parity with other regions.⁹⁷

In the 2001/02 financial year the Eastern Cape Department of Education reported that it had built 132 new schools.⁹⁸ In 2002/03 221 new schools were constructed, housing 3 500 classrooms.⁹⁹ The Department expects to have completed 479 schools by the end of the 2003/04 financial year.¹⁰⁰

While the Department does not provide exact details of its current infrastructure backlog in terms of the number of classrooms required, it does, in its 2002/03 annual report, acknowledge that the educational infrastructure backlog is 'considerable'.¹⁰¹ In this regard, it notes that effective planning for the development and management of both existing and future infrastructure programmes will be critical in addressing the backlog.¹⁰²

The Department's annual report for 2002/03 estimates the total cost of the infrastructure backlog at R4.482 billion.¹⁰³ Table 5 below illustrates this cost spread out over eight years, categorised by the different components of basic education infrastructure.

⁹⁴ Ibid.

⁹⁵ Ibid. p 23.

⁹⁶ 'Huge crisis at E Cape schools', *The Herald*, 24 May 2001.

⁹⁷ Ibid. p 22.

⁹⁸ Eastern Cape Department of Education, Annual Report, 2001/02, p. 2.

⁹⁹ Eastern Cape Department of Education, Annual Report, 2002/03, p. 9.

¹⁰⁰ 'New Impetus to tackle school building backlogs', *Daily Dispatch*, 26 May 2003.

¹⁰¹ Eastern Cape Department of Education, Annual Report, 2002/03, p 127.

¹⁰² Ibid.

¹⁰³ Ibid, p. 128.

Table 6 Projected Infrastructure Costs between 2003 and 2010¹⁰⁴

Year	2003	2004	2005	2006	2007	2008	2009	2010
Power	331	331	442	442.5	442.5	764	555	73
Drinking water	369	369	492	504	540	779	332	20
Toilet	3923	3923	3923	5230	4740.1	7736	5760.4	4713.88
Fence	280	280	373	286.5	286.5	366	257	73
Telephone	303	303	404	475	475	859	360	48
Classrooms	2482	2482	3310	3625	3625	6400	5665.5	5791
Total cost in millions	371	371	494	507	507	864	716	652

According to the above projections, the education infrastructure backlog, in terms of classrooms alone, will require the building of 33 380 by 2010. It will also require the electrification of 2 938 schools, the supply of water to 3 405 schools and the provision of 39 949 toilets.

It is not clear on what body of evidence the Department bases these projections particularly when, by its own admission, more work needs to be done before the Department has a proper and thorough understanding of the extent of the infrastructure needed. The Department has indicated that it needs to establish the current utilisation of existing schools, their location vis-à-vis the communities they service, their state of repair and their enrolment statistics.¹⁰⁵ Given that these facts still need to be established it is clear that the Department is currently unable to provide well informed and detailed plans for its infrastructure provisioning in the province.

The annual report notes initiatives that the Department has embarked on in working towards a more informed infrastructure plan. These initiatives include the administration of a survey to establish the real extent of the classroom backlog, the results of which are to inform the development of an infrastructure database. The Department believes that once it has an updated infrastructure database it would be in a position to develop better schools maintenance and building plans.¹⁰⁶

The PSAM wishes to draw attention to the fact that the infrastructure needs of the province are enormous and will require the effective management of resources to ensure that the classroom backlogs are addressed timeously. While the Department spent 89 percent of its infrastructure budget for 2002/03, this budget was still under spent by an amount of R37.869 million, severely inhibiting its ability to address educational infrastructure needs. This is particularly so given that the Department is already inadequately funded.

Concerns remain about the quality of spending of the Department's infrastructure budget in the absence of properly researched infrastructure and maintenance plans. It is important therefore, that the Department finalises these plans in order to better inform its infrastructure provisioning.

It is also of concern to the PSAM that the annual report does not provide clarity on the impact of the current overspending by the Department on its future infrastructure budget. The report does, however, warn that the infrastructure budget would have to,

¹⁰⁴ Ibid, p. 129.

¹⁰⁵ Eastern Cape Department of Education, Annual Report, 2002/03, p 129.

¹⁰⁶ Ibid.

'remain the same and increase' if the Department is to address the backlog.¹⁰⁷ Given the extent of the overspending by the Department, especially on personnel, it is unlikely that its infrastructure budget will remain the same, let alone increase, which will result in further delays in addressing the backlog.

4.4. Matric Examinations

In 2000 the province's matric pass rate stood at 49.8 percent, in 2001 this figure dropped to 45.6 percent and in 2002 the province posted a 51.8 percent pass rate. Despite these gains the Eastern Cape's matric examination performance has consistently fallen short of the national matric pass rate. In 2001 the national pass rate was 61.7 percent, improving to 68.9 percent in 2002.

The Department has established a Matric Intervention Programme (MIP) task team which has been working towards achieving a 60 percent pass rate for the 2003 calendar year, through extensive teacher training workshops.¹⁰⁸

The task team's efforts have focused on interventions in key subjects like Mathematics, Physical Science, Accounting and Biology, and have prioritised the poorest performing schools (those schools with a pass rate of under 50 per cent).

It is not only the relatively poor matric pass rate that is of concern in the Eastern Cape. Of equal concern is the relatively low number of learners actually sitting for matric examinations. In the Eastern Cape it is estimated that only a quarter of scholars complete their matric. In 2003 for example, there were 292 798 grade 1 scholars and 70 206 grade 12 scholars in the province.¹⁰⁹ The provincial department has advanced a number of reasons for this high drop-out rate. It argues that attendance rates are low because 67 percent of all learners in the province come from rural areas. The Department argues that the long distances that rural learners often have to walk to get to school acts as a disincentive and results in students dropping out of school. Another likely reason for this high attrition rate is the HIV/AIDS pandemic and its effects on learners, which sees them either succumb to the virus themselves or stay at home and care for sick family members.¹¹⁰

The PSAM would like to emphasise the fact that the matric examinations pass rate will remain a significant challenge for the Department for the foreseeable future. It is important, therefore, that the Department builds capacity through interventions such as the MIP so that scholars in the province are better prepared for their grade 12 examinations. This is particularly important for priority subjects such as mathematics and the sciences.

The Department needs to formulate creative strategies to motivate scholars to complete their Senior Certificate. Part of the solution must be the rapid delivery of new school buildings in rural areas to shorten the distances that learners have to travel to attend school. The schools feeding scheme must also be administrated more effectively to give learners an incentive to attend school. Lastly, the proper utilisation of the HIV/AIDS education conditional grant would serve to reduce the number of HIV/AIDS infections in schools, thus improving attendance.

¹⁰⁷ Ibid, p. 130.

¹⁰⁸ 'Act on matric pass target, dept told', *Daily Dispatch*, 11 March 2003.

¹⁰⁹ Quarter of EC grade 1s make matric, *Daily Dispatch*, 10 June 2003. The figure for the number of full-time scholars is supported by the national Education department's report on the Senior Certificate examinations, 26 Dec. 2002, p 3.

¹¹⁰ Ibid.

5. The Interim Management Team (IMT) Findings

In June 2003 the IMT published an interim report on its findings and recommendations for the four departments it had assumed curatorship over. With regard to the Education department, the IMT detailed the following problem analysis:

General

- Lack of a Head of Department frustrated the work of the IMT.
- Lack of clarity on numbers of staff employed.
- Overspending projected at R575 million for 2002/2003.

Financial Management

- Lack of proper financial controls and financial discipline.
- Backlogs in suspense accounts and debt collection.
- Procurement problems including specifications, evaluation and administration of contracts.
- Lack of effective document management.

Human resource Management

- Ineffective use of PERSAL system.
- No basic Performance Management system in place – including the use of work plans, assessment of staff and fair granting of rewards.
- Appointment backlogs.

Ethics and Corruption

- Management inward looking, not client oriented. Lack of discipline and commitment.
- Failure to finalise disciplinarys and failure to support IMT.
- Cliques contesting power in the department.

Leadership

- Fragmented management. Lack of unity of purpose.
- Lack of structured management system e.g. structured system of meetings.
- Performance management system not properly applied to Senior Managers.

Service Delivery

- Over provision of schools in some areas – requires rationalisation.
- LSM system is not centralised under a single manager – need to monitor accountability.
- Lack of professional guidance to teachers, lack of administrators.
- Many department buildings in a state of neglect / lack of essential facilities.
- Insufficient support for education quality assurance – undermined by unions.

The IMT Turnaround Strategy

The turnaround strategy proposed by the IMT for the Department of Education consists of twelve turnaround projects. Eight of these projects are linked to the function of corporate services; three are linked to the strengthening of support to

schools in terms of the delivery and utilisation of Learner Support Materials and one is linked to the effective management of the Primary School Nutrition Programme.¹¹¹

The report identified the biggest single problem within the Department as the mismanagement of the corporate services function. In an attempt to address these concerns the IMT has proposed the establishment of four corporate services centers in Zwelitsha, Port Elizabeth, Mount Ayliff and Mthatha. This would mean that 24 district offices would then concentrate their efforts on the delivery of professional education services.¹¹²

The report identified a number of risks that could impact the implementation of the turnaround strategy. These risks included the following:

- Over-expenditure burden: the Department's overspending burden could have an enormous effect on the twelve turnaround projects if the Department does not get further financial assistance from the provincial Treasury.¹¹³
- Irregular budgeting processes for personnel: the budgeting procedure adopted for the personnel budget for 2004/05 used the baseline figures of posts filled in 2003/04 and did not take into account the MTEF projections. The report noted that this practice by the provincial Treasury was undermining planning in the Department.¹¹⁴
- Non-conducive political climate: the close political ties between the unions and departmental managers were described as not being conducive for the implementation and sustainability of the turnaround strategies. This brings into question the commitment and capacity of some managers to integrate the twelve projects.¹¹⁵
- Absence of permanent Head of Department: the report noted that the lack of a head of department had resulted in incoherent management. In this regard, it noted that the appointment of a head who was supportive of the turnaround strategy would be an enormous boost for the implementation and sustainability of the strategy within the Department.¹¹⁶

It is significant that the IMT report identified general mismanagement within the Department but singled out the mismanagement of the corporate services function in particular. The mismanagement in this function related to;

- a lack of professional support to schools
- problems with the procurement of goods and services
- a lack of consistent leadership
- poorly defined roles between political and management positions.¹¹⁷

Given these problems it is clear that the Department of Education cannot afford to have the turnaround strategy process derailed. The Standing Committee on Education needs to pro-actively ensure that the Department fully implements these strategies. Oversight bodies must demonstrate their commitment to the turnaround strategy to ensure that the IMT intervention yields dividends for the province.

¹¹¹ Final Interim Management Team Report on the Eastern Cape, 17 March 2004 , p. 60.

¹¹² Ibid.

¹¹³ Ibid, p. 85.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Ibid, p. 86.

¹¹⁷ Ibid, p. 89.

6. Recommendations

The PSAM submits the following recommendations to the Department and oversight bodies with regard to the issues raised in this report:

1. The majority of the Department's overspending in the last two financial years has been due to personnel costs. The Department and Standing Committee need to urgently and effectively deal with the growing budget deficit as a result of increasing overspending within personnel. Proper plans need to be put in place to ensure a lasting solution to the problem.
2. Capital projects need to be better planned and implemented, which means giving due consideration for procurement durations and other variable factors which affect the rate of delivery.
3. Although improvements in the provisioning of LSM's are slowly becoming evident, it is essential that the department improves its planning and strives to ensure the timeous supply of LSMs to all parts of the province.
4. The absence of an Audit Committee report for the department casts doubt on the oversight role played by this committee in the years under review. This is a particularly serious issue given the size of the budget that is administered by the Department and its financial management weaknesses.
5. The Department needs to fully implement all of the Auditor-General's recommendations from the last two financial years. The consequences of neglecting these recommendations has been consecutive audit disclaimers, and the continued recurrence of long-standing financial management weaknesses. These avoidable weaknesses cost the Department millions of Rands which could have been utilised in the delivery of much needed services.
6. The Standing Committee on Education needs to use its constitutional powers more effectively to ensure that Departmental officials are accountable to it, and that all its recommendations are implemented by the Department.
7. The department needs to build on the work it has initiated in regard to improving matric pass rates in the province. However, to do so it needs to vigorously monitor the progress of the Matric Intervention Programme.
8. The Department needs to ensure that its finance division is adequately staffed with competent professionals who will effectively monitor transfer payments to schools and external entities such as NGOs.