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# 2018

## Education Expenditure Tracking Report

Public Service Accountability Monitor  
Eastern Cape, South Africa



### PSAM



Public Service  
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Monitor

## Siyabulela Fobosi



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ADVANCING YOUR RIGHT TO SOCIAL ACCOUNTABILITY

## **Expenditure Tracking Report: Education**

**2018/19**

**November 2018**

**Siyabulela Fobosi**

Monitoring and Advocacy Programme

Public Service Accountability Monitor

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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. Social accountability is central to good governance and relates to being accountable or responsive to citizens. Through social accountability, the citizens as users of public services voice their needs and demand for an improved delivery of basic services.<sup>1</sup> The Public Service Accountability Monitor (PSAM) defines social accountability as the obligation by public officials and private service providers to justify their performance in progressively addressing the socio-economic 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. These processes, together, combine to form a social accountability system, which acts as the central pillar of a responsive democratic space.

This Expenditure Tracking Report (ETR) focuses on interrogating expenditure in programme 5, Early Childhood Development (ECD) of the Eastern Cape Department of Education (ECDoE) from the 2016/17 financial year to the 2017/18 financial year. In so doing, this ETR also tracks 2017/18 spending and performance in the ECD grant of the Department of Social Development (DSD). This ETR also provides an analysis of the DSD transfers and subsidies, DSD Children and Families Programme in relation to the sub-programme of ECD and Partial Care. The tracking of the ECD grant in the Eastern Cape Department of Social Development (ECDSD) is compared to other provinces in South Africa. This ETR provides

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<sup>1</sup> Baez Camargo, C and Jacobs, E. 2013. *Social Accountability and Its Conceptual Failures: An analytical framework*. Basel Institute on Governance: Working paper series No. 16.

an account of the available funds and whether these funds were spent efficiently and effectively from 2016/17 to 2017/18 financial year.

It was explained in the 2018 Medium-Term Budget Policy Statement (MTBPS) that R500 million is allocated to the ECD grant.<sup>2</sup> This allocation is for the purposes of continuing to subsidise ECD services for 60 000 children from low-income households and improve early childhood development centres. The allocation is not enough to subsidise the number of poor children and ensure adequate infrastructure for ECD centres in South Africa. Whilst no adjustments or additional allocations were made to the ECD grant in the 2018 MTBPS, the National Treasury; the National Department of Social Development and the relevant provincial treasuries should provide comprehensive support and assistance to provinces to address the ECD grant implementation challenges, as explained further below.

## **KEY FINDINGS AND RECOMMENDATIONS**

### **I) Finding**

The ECDoE recorded underspending in programme 5 (Early Childhood Development) in the 2017/18 financial year, by 16%, which is R92.8 million of the total adjusted budget of R588.4 million. According to the 2017/18 Annual Report of the ECDoE, this underspending was due to the appointment of professionally qualified practitioners into mainstream school, leaving educator vacancies in Grade R. This means that the professionally qualified Grade R practitioners were promoted to the mainstream schooling system. In the 2016/17 financial year, programme 5 also experienced underspending by 23% (R130.5 million) from the adjusted budget of R580.4 million.

### **I) Recommendation**

The Department should make plans to provide training to Grade R practitioners. The provincial treasury should provide financial management support to the department to better manage its resources. The Public Finance Management Act (PFMA) 1 of 1999, in section 18 (2) (e) states that a provincial treasury “may assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management”.<sup>3</sup> This is important to improve spending in the departments and ensure the realisation of quality education from the foundation phase onwards.

### **II) Finding.**

The ECDSB only spent 48.6%, which is R27.2 million of its allocated R56.4 million for the ECD grant, while the Free State spent 70% (R12.9 million) of R18.3 million in the 2017/18 financial year. The underspending by these provinces was due to the late appointments of officials or service providers. Meaning the service providers for maintaining and upgrading ECD centres were either not appointed on time and/or late payments were made.

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<sup>2</sup> 2018 Medium Term Budget Policy Statement, p. 36

<sup>3</sup> Public Finance Management Act 1 of 1999, Updated in October 2017, p. 29.

## **II) Recommendation**

The ECDSD should be provided with financial support in order to avoid under-expenditure and improve performance within the ECD grant. In other words, there is a need for more financial management support to avoid under-expenditure or poor expenditure and improve expenditure within the ECD grant. The PFMA is very clear that provincial treasuries can assist provincial departments in building their capacity. The internal Chief Financial Officer (CFO) and strategic planning of the department should also support the department to improve performance on the ECD grant implementation.

## **III) Finding**

The report of the Auditor-General to the Eastern Cape Provincial Legislature (ECPL) on the ECDoE, in 2018, explained that the department did not take effective and appropriate steps to prevent unauthorised expenditure amounting to R57.6 million. Similar to this, the ECDSD “incurred irregular expenditure of R85.75 million as it did not follow it did not proper procurement processes”.<sup>4</sup>

## **III) Recommendation**

Both departments, ECDoE and ECDSD, should take effective steps to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1., and follow proper procurement procedures.

## **1. POLICY BACKGROUND**

The Department of Basic Education (DBE) works with the Department of Social Development (DSD) to expand access to ECD.<sup>5</sup> Children continue facing challenges related to attending ECD centres with poor infrastructure. The South African National Curriculum Framework (NCF) for children from birth to four (4) years old regulates and monitors the curriculum offered at ECD centres across the country.<sup>6</sup> In addition, the Human Resources Strategy for the Employment of Qualified ECD Practitioners within schools, as well as a Sector Plan was developed in order to regulate access to quality ECD. The 2017/18 annual report of the DBE, reported that “a total of 2 231 registered ECD centres are implementing the NCF for children from birth to 4 across provinces”.<sup>7</sup> All the NCF documents are published in ten (10) official languages. In order to ensure the training of ECD practitioners, a total of 4 968 ECD practitioners from all registered ECD centres across provinces, enrolled for NQF Level 4 ECD Qualification.<sup>8</sup>

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<sup>4</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 211.

<sup>5</sup> Department of Basic Education, 2017/18 Annual Report, p.9.

<sup>6</sup> [http://ilifalabantwana.co.za/wp-content/uploads/2017/10/SA-ECR\\_2017\\_WEB-new.pdf](http://ilifalabantwana.co.za/wp-content/uploads/2017/10/SA-ECR_2017_WEB-new.pdf)

<sup>7</sup> Department of Basic Education, 2017/18 Annual Report, p. 64.

<sup>8</sup> *Ibid*

The Cabinet approved the ECD policy “in December 2015, with an integrated implementation plan on the policy expected to be finalised in March 2018”.<sup>9</sup> Government expects that when the policy is implemented, a subsidy will be provided to all poor children accessing ECD services in registered centres. The DSD has been in the process of developing an implementation of the National Integrated Early Childhood Development Policy since 2016. The aim of the National Integrated Early Childhood Development Policy of 2015<sup>10</sup> is to provide a multi-sectoral enabling framework for ECD services.<sup>11</sup> This policy makes provision for a comprehensive package of ECD services for young children. It prioritises the delivery of an essential package of ECD services. The essential package of services includes those that are necessary to promote the survival and development of young children.

In line with the National Outcome 1: Quality education, the Eastern Cape Department of Social Development<sup>12</sup> (ECDSD) “implemented Provision of ECD Programmes to Children 0-5 years for a full comprehensive age and developmental stage appropriate quality ECD services in all infants, young children and their care givers”.<sup>13</sup> The various ECD programmes rendered by the ECDSD include Centre-Based, Non-centre Based and Mobile ECD programmes to ensure the access of all children to ECD programmes. This was done regardless of the geographical spread of children and socio-economic status of their families.<sup>14</sup>

The DSD developed the National Integrated Plan on Early Childhood Development (NIPECD) in collaboration with 29 government departments, civil society and ECD structures in order to implement the ECD policy.<sup>15</sup> During 2017/18, the DSD registered 2 255 new ECD centres across the provinces and 827 338 children accessed ECD services.<sup>16</sup>

## 2. FUNDING OF EARLY CHILDHOOD DEVELOPMENT

Funding from the DSD is available through a subsidy provided to all registered centres. There is also funding available for non-profit organisations (NPOs) in respect of the ECD programmes.<sup>17</sup> The DBE, among other things, provides funding for Grade R in schools and

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<sup>9</sup> National Treasury. Estimates of National Expenditure 2018, p. 340.

<sup>10</sup> “In support of the *National Integrated ECD Policy (2015)*, the Basic Education ECD Sector Plan was finalised, presented and discussed at the HEDCOM workshop in April 2017” – Department of Basic Education, 2017/18 Annual Report, p. 64.

<sup>11</sup> South African Early Childhood Review 2017, p.4.

<sup>12</sup> “The Department rendered various ECD programmes such as Centre Based, Non-centre Based and Mobile ECD programmes for universal access of all children to ECD programmes irrespective of geographical spread and socio-economic status of their families” - Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 33.

<sup>13</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 33.

<sup>14</sup> *Ibid*

<sup>15</sup> *Ibid*

<sup>16</sup> *Ibid*

<sup>17</sup> “The overwhelming bulk of ECD-related budget allocations are made at provincial level by the Departments of Social Development (DSD) and Education (DOE). The Expanded Publics Works Programme (EPWP) and Community Works Programme (CWP) also play a role in supporting ECD although much of this funding is not “new” funding as such. Some funding for ECD is also available from the National Development Agency (NDA). There was, however, little evidence from this research of financial support from local government for ECD.” -



subsidies for community-based Grade R's registered as independent schools.<sup>18</sup> Both the DSD, the DBE have different programmes and sub-programmes dealing with the ECD. The allocation to ECD programme of the ECDoE has increased between 2017 and 2018, by only 1.4% from R580.4 million in 2017 to R588.4 million in 2018. However, this programme focuses mainly on the Grade R in public schools.

The ECD centres offering Grade R are required to first register with the DOE as independent schools in order to qualify for DOE funding for Grade R.<sup>19</sup> Once the ECD centres are registered with DSD or DOE, their access to funding is dependent on their (centres') meeting additional department-specific criteria, including registration with the NPO directorate. The barrier to accessing funds is because of delay in obtaining NPO certificates. The funds transferred to NPO's are discussed in the following section.

## **2.1 TRANSFERS AND SUBSIDIES**

The transfers and subsidies to non-profit institutions for programme 3: Children and Families of the ECDS in the 2017/18 financial was R327 million, with an expenditure of 94.7%, which is R309.5 million and underspending of R17.3 million.<sup>20</sup> For sub-programme 3.4 of programme 3, which is ECD and partial care, the total transfers and subsidies to non-profit institutions was R220 million. Of this total, 93%, R203.2 million was spent, with an underspending of R15.526 million. The ECDS underspent on the transfers and subsidies because funded organisations did not claim for full capacity because of the lower number of children admitted in ECD centres.

## **3. POPULATION ESTIMATES: CHILDREN**

While noting the transfers and subsidies to non-profit institutions discussed in the preceding section, it is important to note that the delivery of ECD services requires an understanding of the number and distribution of young children. It is also critical to understand the conditions that children live in and the services they need. The last national census was conducted in 2011 and counted 6.7 million children under 6 years. Over half of South Africa's young children live in just three provinces, namely KwaZulu-Natal, Gauteng and Eastern Cape. Table 1 below shows the number of children aged 0-4 in South Africa, by province. The DBE, together with the DSD continue collaborating with community-based and non-governmental organisations in order to develop a network of ECD centres that would benefit children aged 0-4. For example, this is done through the DSD transfers to NPOs, as discussed in the preceding section.

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<http://ilifalabantwana.co.za/wp-content/uploads/2017/06/Government-funding-for-ECD-in-South-Africa-summary.pdf>

<sup>18</sup> <http://ilifalabantwana.co.za/wp-content/uploads/2017/06/Government-funding-for-ECD-in-South-Africa-summary.pdf>

<sup>19</sup> "ECD services are legally required to register with the DSD. Non-centre based ECD services must be registered as an "ECD programme". ECD centres must register both as an "ECD programme" and as a "partial care facility". This dual registration is both a legal requirement and a prerequisite for DSD funding. It is also a source of confusion." - <http://ilifalabantwana.co.za/wp-content/uploads/2017/06/Government-funding-for-ECD-in-South-Africa-summary.pdf>

<sup>20</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 238.

**Table 1: Provincial mid-year population estimates, 2018: Age 0-4<sup>21</sup>**

Province	Age 0-4
Eastern Cape	744,571
Free State	292,277
Gauteng	1,289,558
KwaZulu-Natal	1,228,339
Limpopo	688,603
Mpumalanga	508, 218
Northern Cape	127,111
North West	440,192
Western Cape	610,082
<b>TOTAL</b>	<b>3,262,468</b>

Table 1 above shows that Gauteng and KwaZulu Natal have the highest number of children aged 0-4, at 1.3<sup>22</sup> million and 1.2<sup>23</sup> million respectively. It is important to note that ECD is vital for the development of these children. Table 1 shows that there is approximately a total of 3.2<sup>24</sup> million of South African children aged 0-4 year olds.<sup>25</sup> From this number of children aged 0-4 years, Table 2 below shows the percentage of children aged 0-4 who attended ECD facilities in 2017.

<sup>21</sup> Stats SA. Provincial mid-year population estimates, 2018.

<sup>22</sup> 1 289 558

<sup>23</sup> 1 228 339

<sup>24</sup> 3 262 468

<sup>25</sup> Stats SA. General Household Survey 2017, at page 2.

**Table 2: Percentage of children aged 0-4 years attending ECD facilities by province, 2017<sup>26</sup>**

Province	Percentage
Eastern Cape	34,6%
Free State	45,5%
Gauteng	45,8%
KwaZulu-Natal	27,8%
Limpopo	35,9%
Mpumalanga	37,0%
Northern Cape	25,3%
North West	33,7%
Western Cape	41,1%
<b>RSA</b>	<b>36,9%</b>

It can be seen in Table 2 above that Gauteng had the highest (45, 8%) attendance at formal ECD facilities, followed by Free State (45, 5%) and Western Cape (41, 1%).<sup>27</sup> In the Eastern Cape, 34, 6% of children aged 0-4 years attended ECD formal facilities in 2017. It is clear that the rural provinces had the lowest percentages of learners attending ECD facilities. Also, it is worth noting that all provinces are below 50%, and the country average is below 40%. In particular, all the rural provinces are below 40%. It is clear that the rural provinces had the lowest percentages of children attending ECD facilities. The rural provinces of the Eastern Cape, Northern Cape and North West face different challenges related to infrastructure and poor sanitation. Therefore, the plans for ECD infrastructure should differentiate between the needs of urban and rural populations.

The 2017/18 annual report of the ECSD reported that 25 536 children, from the planned target of 29 993, accessed 384 registered ECD programmes.<sup>28</sup> This means that the department failed to ensure that 4 457 children access registered ECD programmes because there was a less number of children enrolled in registered ECD programmes.<sup>29</sup>

#### **4. EASTERN CAPE DEPARTMENT OF EDUCATION: EARLY CHILDHOOD DEVELOPMENT PROGRAMME EXPENDITURE AND PERFORMANCE, 2016/17-2017/18**

The ECDoE has seven (7) programmes, listed in Table 3 below with their appropriations and expenditures from 2016/17 to 2017/18. Programme 5, (ECD) in particular, which is the focus of this ETR, is important to support the overall development of children. Through this

<sup>26</sup> General Household Survey, at page 10.

<sup>27</sup> Stats SA. General Household Survey, p. 10.

<sup>28</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 93.

<sup>29</sup> *Ibid*



programme, the ECDoE aims “to provide ECD at the Grade R and Pre-Grade R in accordance with the Whitepaper 5”.<sup>30</sup> The PSAM, in its Strategic Plan Evaluation (SPE), noted that the 2018/19 OP of the ECDoE provided targets and budgeting for the training of Pre-Grade R practitioners on ECD NQF Level 4 qualification. This is important for ensuring that learners/children are taught by qualified ECD practitioners.

Programme 5 has five (5) sub-programmes, namely: Grade R in Public Schools; Grade R in Early Childhood Development Centres; Pre-Grade R training; Human Resource Development; and Conditional Grants.<sup>31</sup> Through Grade-R in ECD centres, the department supports Grade-R at ECD centres. The training and payment of stipends of Pre-Grade R practitioners/educators is done through the sub-programme of Pre-Grade R training.

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<sup>30</sup> Eastern Cape Department of Education, 2016/17 Annual Report, p. 60.

<sup>31</sup> Eastern Cape Department Education, 2017/18 Annual Report, p. 67.

**Table 3: Programme Expenditure, 2016/17-2017/18<sup>32</sup>**

Programme Name	2016/17				2017/18			
	Final Appropriation	Actual Expenditure	Balance	Over/Under Expenditure	Final Appropriation	Actual Expenditure	Balance	Over/Under Expenditure
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Administration	2,612,752	2,608,524	-4,228	-0.2%	2,794,041	2,715,720	-78,321	-2.8%
Public Ordinary Schools Education	24,888,901	25,012,249	123,348	0.5%	26,620,156	26,596,281	-23,875	-0.1%
Independent Schools Subsidies	120,000	119,985	-15	0.0%	123,042	122,899	-143	-0.1%
Public Special Schools Subsidies	649,366	643,705	-5,661	-0.9%	695,754	682,834	-12,920	-1.9%
<b>Early Childhood Development</b>	580,484	449,985	-130,499	-22.5%	588,460	495,651	-92,809	-15.8%
Infrastructure Development	1,679,493	1,629,640	-49,853	-3.0%	1,659,618	1,659,618	0	0.0%
Examinations & Education related services	451,640	502,863	51,223	11.3%	532,994	532,639	-355	-0.1%
<b>TOTAL BUDGET</b>	<b>30,982,636</b>	<b>30,966,951</b>	<b>-15,685</b>	<b>-0.1%</b>	<b>33,014,065</b>	<b>32,805,642</b>	<b>-208,423</b>	<b>-0.6%</b>

<sup>32</sup> Eastern Cape Department of Education 2017/18 Annual Report, p. 15.

In the 2017/18 financial year, the ECDoE had a final appropriation of R33 billion and spent 99.4% (R32.5 billion) of the budget. This means that the department underspent by 0.6%, which is R208.4 million in 2017/18 financial year. Comparing this to the 2016/17 financial year, the department spent 99.9% (R30.966 billion) of the adjusted budget of R30.982 billion. Meaning that the department underspent by 0.1% in the 2016/17 financial year. The ECDoE had underspending in most of its programmes in the 2017/18 financial year.<sup>33</sup> For example, programme 5 (ECD), had an under-expenditure of 16% (R92.8 million) from the adjusted budget of R588.4 million, with a total expenditure of 84.2% (R495.7 million) in the 2017/18 financial year. The 2017/18 annual report of the ECDoE reported that the underspending in programme 5 was “due to amounts unspent under Compensation of Employees of R22.2 million, Goods and Services<sup>34</sup> amounting to R59 million and Transfers and Subsidies<sup>35</sup> amounting to R11.4 million”.<sup>36</sup> The underspending for this programme in the 2017/18 financial year was due to delays in the signing of the Memorandum of Understanding (MoU) by the contracted institutions to offer NQF qualification training for ECD practitioners.

In 2016/17, programme 5 had an under-expenditure of 23% (R130.5 million) from the adjusted budget of R580.4 million. The reason for the underspending for this financial year related “to Learner Teacher Support Material (LTSM) and Training a result of the bid for educational toys not awarded at the time of reporting”.<sup>37</sup> It is surprising that underspending would still be reported in the 2017/18 financial year, as was reported in the 2016/17 financial year. This is unfavourable given the importance of the prioritisation of ECD. It is important to note that quality ECD education to all learners will improve their performance.<sup>38</sup> The prioritisation of the ECD is important as “a supportive living environment and enabling social and political context to ensure children’s sound development”.<sup>39</sup>

Table 4 below shows the compensation of employees by programme for the period between 1 April 2017 and 31 March 2018.

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<sup>33</sup> Eastern Cape Department of Education 2017/18 Annual Report, p. 15.

<sup>34</sup> This is meant to cater for the following: bursaries: employees and catering: departmental activities - Eastern Cape Department of Education 2017/18 Annual Report, p. 188.

<sup>35</sup> This caters for Non-profit institutions

<sup>36</sup> Eastern Cape Department of Education 2017/18 Annual Report, p. 201.

<sup>37</sup> Eastern Cape Department of Education 2016/17 Annual Report, p. 14.

<sup>38</sup>

[https://open.uct.ac.za/bitstream/item/3924/CI\\_chapters\\_sachildgauge13\\_essentialpackage\\_2013.pdf?sequence=1](https://open.uct.ac.za/bitstream/item/3924/CI_chapters_sachildgauge13_essentialpackage_2013.pdf?sequence=1)

<sup>39</sup> *Ibid*

**Table 4: Compensation of Employees by Programme, 2017/18<sup>40</sup>**

Programme Name	2017/18			
	Total Voted Expenditure	Compensation of Employees Expenditure	Training Expenditure	Compensation of Employees as percent of Total Expenditure
	R'000	R'000	R'000	%
Administration	2,715,720	2,031,731	26,993	75%
Public Ordinary Schools Education	26,596,281	22,622,613	43,167	85%
Independent Schools Subsidies	122,899	41	-	0%
Public Special Schools Subsidies	682,834	583,796	2,169	85%
<b>Early Childhood Development</b>	495,651	381,704	5,416	77%
Infrastructure Development	1,659,618	13,841	-	0.83%
Examinations & Education related services	532,639	197,812	2,378	37%
<b>TOTAL BUDGET</b>	<b>32,805,642</b>	<b>25,831,497</b>	<b>80,123</b>	<b>79%</b>

In relation to Programme 5 (ECD), from the total voted expenditure of R495.7 million, the department spent 77% (R381.7 million) on the Compensation of Employees (CoE). Therefore, the department spent 77% on the CoE for the ECD, because of the prioritisation of the training for ECD practitioners in the 2017/18 financial year. Worth noting is that programme 2 and programme 4 spent more than 80%, both at 85% for the CoE. This is a lot of money going to the CoE for these programmes. The total expenditure for training development in all programmes was R80.1 million, with programme 5 (ECD) at R5.4 million. In particular, in relation to the sub-programme<sup>42</sup> of Pre-Grade R Training, of programme 5, Table 5 below shows that the department underspent by 75%, which is R19.4 million of the final appropriation of R25.9 million in the 2017/18 financial year. This is huge underspending by the department on the training of Pre-Grade R practitioners and must be addressed to improve the spending on this sub-programme. The training of these practitioners is important to ensuring that children are taught by qualified educators.

<sup>40</sup> Eastern Cape Department of Education 2016/17 Annual Report, p. 121.

<sup>41</sup> The Eastern Cape Department of Education 2017/18 Annual Report had no figures here, p. 121.

<sup>42</sup> The purpose of the discussed sub-programmes is as follows: Grade R in Public Schools: "To provide specific public ordinary schools with resources required for Grade R. Pre-Grade R Training: To provide training and payment of stipends of Pre-Grade R Practitioners/Educators. Human Resource Development: To provide Departmental services for the development of practitioners and non-educator and public schools and ECD Centres" – Eastern Cape Department of Education, 2018/19 Operational Plan, p. 108.

**Table 5: Programme 5 Sub-programme Expenditure, 2017/18**

<b>Programme 5: Early Childhood Development</b>					
<b>Sub-programme</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Over/Under-Expenditure</b>
	R'000	R'000	R'000	%	%
1. Grade R in Public Schools	560,361	487,566	-72,795	87%	-13%
2. Pre-Grade R Training	25,782	6,358	-19,424	25%	-75%
3. Human Resource Development	2,317	1,727	-590	75%	-25%
<b>TOTAL BUDGET</b>	<b>588,460</b>	<b>495,651</b>	<b>-92,809</b>	<b>84%</b>	<b>-16%</b>

Worth noting, in Table 5 above, is that the department underspent by 16% (R92.8 million) out of the final appropriation of R588.4 million for the three sub-programmes of programme 5. The underspending was due to the appointment of professionally qualified ECD practitioners into mainstream school, leaving vacancies in Grade R. The department must make plans to fill the vacancies in Grade R. It is concerning that only 25% was spent for Pre-Grade R training. The poor spending in this sub-programme should be addressed in order to ensure that children are taught by qualified teachers. While noting that the training of practitioners started late in the 2017/18 year and as a result payments for bursaries could not be made, this should be addressed as a matter of urgency.

On improving access of children to quality ECD through the appointment of Grade R practitioners with NQF level 6 and above qualification each year, the department underperformed by 1.6% (81) of the planned target of 959 (19.4%) Grade R practitioners. Meaning, 878<sup>43</sup> (19.4%) practitioners with NQF level 6 and above qualification were appointed. There should be plans to address the challenges where Grade R practitioners fail to complete all the modules for teaching.

At the year-end of 2017/18, the department implemented movement of funds from different programmes. These are shown as virements in Table 6 below.

<sup>43</sup> "The variance is due to Grade R practitioners who did not successfully complete all the modules for a Diploma in Grade R teaching as well as a few students who dropped out of the course" - Eastern Cape Department of Education 2017/18 Annual Report, p. 68.

**Table 6: Virements, 2017/18<sup>44</sup>**

Programme Name	2017/18		
	Adjusted Appropriation	Virements	Final Appropriation
	R'000	R'000	%
Administration	3,037,443	(238,402)	2,799,041
Public Ordinary Schools Education	26,289,869	330,287	26,620,156
Independent Schools Subsidies	123,042	-	123,042
Public Special Schools Subsidies	745,942	(50,188)	695,754
<b>Early Childhood Development</b>	639,630	(51,170)	588,460
Infrastructure Development	1,658,750	868	1,659,618
Examinations & Education related services	524,389	8,605	532,994
<b>TOTAL BUDGET</b>	<b>33,019,065</b>	<b>-</b>	<b>33,019,065</b>

Table 6 above shows the movement of funds from programme 1; programme 4; and programme 5. These funds “were utilised to defray excess expenditure under programme 2 (Public Ordinary School) of R330.2 million, programme 6 (Infrastructure Development) R868 thousand and programme 7 (Examination and Education Related Services) to the value of R8.6 million”.<sup>45</sup> It is concerning that money has been moved from programme 5 to programme 2, especially considering the importance of the ECD for the development of children. The department should provide justification for taking money from programme 5 to programme 2. Therefore, PSAM does not support the movement of R51.1 million from programme 5 to programme 2. While noting that the training of practitioners started late in the year and payments for bursaries were not made by the end of the year resulting in underspending for programme 2, the department should be supported by the internal Chief Financial Officer (CFO) and strategic planning of the department in order to improve performance on the ECD programme.

The DBE continues to work with the DSD in expanding access of children to ECD. The DBE aims to increase access to ECD services for all children, including those with special needs. It also has a target of improving the quality of services offered at the ECD centres. The 2017/18 annual report of the DBE, reported that “approximately one (1) million children are accommodated at various ECD centres in all provinces”<sup>46</sup> and more than 21 000 teachers have been trained.<sup>47</sup> While this is the case, rural provinces continue facing challenges with ensuring the maintenance of ECD centres – as explained further below considering their failure to meet targets. The DBE should continue working with the DSD in establishing the number of poor children that need to access ECD centres.

<sup>44</sup> Eastern Cape Department of Education 2017/18 Annual Report, p. 16.

<sup>45</sup> Eastern Cape Department of Education 2017/18 Annual Report, p. 16.

<sup>46</sup> Department of Basic Education, 2017/18 Annual Report, p. 9.

<sup>47</sup> Also, “in an effort to ensure that Grade R classes are well resourced and to support the Early Childhood Development Programme, 4 968 ECD practitioners were trained at National Qualification Framework (NQF) level 4” - Department of Basic Education, 2017/18 Annual Report, p. 41.



## 5. DEPARTMENT OF SOCIAL DEVELOPMENT: EARLY CHILDHOOD DEVELOPMENT

The ECDSO has five (5) programmes, listed below with their final appropriations for the 2017/18 financial year. This ETR focuses primarily on programme 3: Children and Families, specifically in relation to its sub-programme of Early Childhood Development and Partial Care.

- Programme 1: Administration – R470, 286 million
- Programme 2: Social Welfare Services – R705, 606 million
- **Programme 3: Children and Families – R767, 119 million**
- Programme 4: Restorative Services – R400, 070 million
- Programme 5: Development and Research – R296, 395 million

In relation to programme 3, the ECDSO spent 95.3%, which is R731.1 million, of the final appropriation of R767.1 million. The recorded understanding for this programme was R36.8 million. The sub-programmes of programme 3 are listed below with their final appropriations for the 2017/18 financial year.<sup>48</sup>

- Sub-programme 1: Management and Support – R40, 645 million
- Sub-programme 2: Care and Services to Families – R76, 432 million
- Sub-programme 3: Child Care and Protection – R53, 050 million
- **Sub-programme 4: Early Childhood Development and Partial Care – R313, 676 million**
- Sub-programme 5: Child and Youth Care Centres – R252, 219 million
- Sub-programme 6: Community-based Care Services for Children – R31, 097 million

As can be seen above, the ECDSO allocated more of its budget for programme 3 to the sub-programme of early childhood development and partial care. The department spent 91.9%, which is R288.3 million, of the final appropriation of R313.8 million for the early childhood development and partial care. The declared underspending for this sub-programme was R25.3 million. The sub-programme of the ECD and partial care is in line with Outcome 1: quality basic education and National Outcome 13: social protection.<sup>49</sup> The ECDSO, in its 2017/18 annual report, reported that “four hundred and fifty-seven (457) ECD Centres were registered in compliance with Norms and Standards”.<sup>5051</sup>

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<sup>48</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report

<sup>49</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report

<sup>50</sup> *Ibid*, p. 93.

<sup>51</sup> In addition, “twenty-five thousand five hundred and thirty-six (25 536) Children accessed three hundred and eighty-four (384) registered ECD programmes. These children accessed their rights to care, protection towards their growth and development cognitively, spiritually, socially to mention but a few. Three ECD Centres in

For the compensation of employees in programme 3, the department had the following final appropriations in the 2017/18 financial year<sup>52</sup>:

- Salaries and wages: R355.094 million
- Social contributions: R57.912 million

Specifically in relation to salaries and wages, the department spent 99.7%, which is R343.399 million of the final appropriation of R355.094 million.

In order to increase the number of poor children accessing subsidised ECD services through partial care facilities, the ECD grant was implemented as part of the DSD. This grant is in its second year in 2018 and plays an important role in government's prioritisation of ECD, as anticipated in the NDP. It has two different objectives: to improve poor children's access to early childhood programmes and to ensure that childhood centres have adequate infrastructure.

The grant baseline<sup>53</sup> totals R1.6 billion over the Medium-Term Expenditure Framework (MTEF) period and include a maintenance and subsidy component.<sup>54</sup> Registered centres that are not funded or conditionally registered care facilities are assisted through the subsidy grant. The subsidy is targeted for qualifying children from birth to five years, or until they entered Grade R.

#### **a. ECD GRANT: BUDGET ALLOCATION**

R1.3 billion was allocated to provinces, over the next three years (2018/19; 2019/20; and 2020/21), "to subsidise early childhood development for an additional 113 000 poor children. In addition to this, R250.6 million is allocated to enable about 1 165 early childhood development centres to meet minimum norms and standards of the Children's Act (2005)."<sup>55</sup>

Table 7 below shows the allocations of the ECD grant of the DSD to provinces. These allocations are for the purposes of enhancing the implementation of the ECD policy. In nominal terms, a total of R317 million was allocated to the ECD grant, in the 2017/18 financial year. This increased to R490 million in the 2018/19 financial year, while this increased to R476 million, in real terms.<sup>56</sup>

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Sarah Baartman and Chris Hani received stimulation material for support towards holistic development of children" - Eastern Cape Department of Social Development, 2017/18 Annual Report, p.93.

<sup>52</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report.

<sup>53</sup> "The initial allocations used during the budget process, derived from the previous year's forward estimates." - <https://vulekamali.gov.za/glossary>

<sup>54</sup> Eastern Cape Department of Education 2017/18 Annual Report, p. 16.

<sup>55</sup> Budget Review 2018, p. 62

<sup>56</sup> Division of Revenue Bill 2018, p. 49.

**Table 7: Department of Social Development ECD Grant Allocations to Provinces, 2017/18-2020/21<sup>57</sup>**

Province	Nominal Allocations R'000				Real Allocations R'000		
	2017/18	2018/19	Forward Estimates		2018/19	2019/20	2020/21
			2019/20	2020/21			
Eastern Cape	56,365	78,715	83,115	88,685	76,343	77,016	84,062
Free State	18,398	21,656	22,865	24,397	21,003	21,187	23,125
Gauteng	38,489	62,777	66,287	70,728	60,885	58,170	67,041
KwaZulu-Natal	71,879	107,543	113,556	121,163	104,303	105,223	114,847
Limpopo	41,085	68,561	72,389	77,240	66,495	67,077	73,214
Mpumalanga	25,799	41,998	44,344	47,315	40,733	41,090	44,849
Northern Cape	13,761	18,472	19,503	20,809	17,915	18,072	19,724
North West	32,686	52,185	55,102	58,794	50,613	51,059	55,729
Western Cape	19,150	38,893	41,067	43,818	37,721	38,054	41,534
<b>TOTAL</b>	<b>317,612</b>	<b>490,800</b>	<b>518,228</b>	<b>552,949</b>	<b>476,011</b>	<b>476,948</b>	<b>524,125</b>

Allocations to all provinces have had significant increases from 2017/18 to 2018/19, in both nominal and real terms. For example, the Eastern Cape allocation increased from R56.3 million in 2017/18 to R78.7 million in nominal terms in 2018/19. While noting this nominal increase, it is not an increase per se when considering the underspending in Table 8 below. This becomes R49.7 million when comparing the allocation for 2018/19 with the underspending for 2017/18. If the spending for all provinces in 2017/18 was 100%, the actual total allocation to all provinces would have been R431.6 million. PSAM recommends that the National Treasury prioritises ECD in its resource allocation.

#### **b. ECD GRANT SPENDING AND PERFORMANCE 2017/18**

Table 8 below shows spending of the ECD grant, by provinces. A total of R258.4 million was spent out of R317.6 million. A total of R59.1 million of unspent funds were declared.<sup>58</sup>

<sup>57</sup> Division of Revenue Bill 2018

<sup>58</sup> Department of Social Development, Annual Report 2017/18

**Table 8: ECD Grant Spending<sup>59</sup>**

Province	2017/18 Spending R'000			
	Amount received by the department	Amount spent by the department	Unspent funds	% of available funds spent by department
Eastern Cape	56,365	27,238	29,127	48%
Free State	18,398	12,937	5,461	70%
Gauteng	38,489	35,938	2,551	93%
KwaZulu-Natal	71,879	71,870	9	99.9%
Limpopo	41,085	36,034	5,051	88%
Mpumalanga	25,799	23,645	2,154	92%
Northern Cape	13,761	11,710	2,051	85%
North West	32,686	20,304	12,382	62%
Western Cape	19,150	18,770	380	98%
<b>TOTAL</b>	<b>317,612</b>	<b>258,446</b>	<b>59,166</b>	<b>81%</b>

Looking at Table 8 above, out of R56.4 million allocated to the Eastern Cape Province for the ECD grant, only R27.2 million (48.6 %) was spent. The province managed to subsidise a total of 12 651 poor children who benefited from ECD services in the 2017/18 financial year. However, while this number was reported as having benefited in the 2017/18 financial year, R29.1 million of unspent funds was reported for the province – as a result, “no ECD centres were upgraded from the maintenance component (Table 9 below). This calls for urgent intervention by the Eastern Cape Treasury and National Department of Social Development. The Free State Province was allocated R18.4 million, and only spent R12.9 million (70 %).<sup>60</sup>

KwaZulu-Natal was allocated R71.879 million and spent R71.870 (100 %). Mpumalanga was allocated R25.8 million and spent R23.6 million (92 %). The Western Cape spent 98 % (R18.8 million) of its allocation of R19.1 million. The Eastern Cape has the most concerning spending of its allocated budget for the ECD grant (at 48%, followed by the North West at 62%). The reason provided for the underspending is due to the late appointments of officials. This meant that “service providers were either not appointed on time and/or late payments were made to service providers”.<sup>61</sup> There is a need for more financial management support to avoid under-expenditure or poor expenditure and improve expenditure within the ECD

<sup>59</sup> *Ibid*

<sup>60</sup> Report of the select committee on appropriations on the early childhood development grant expenditure as at fourth quarter 2017/18 financial year, dated 22 august 2018, at page 2. Accessed from <https://pmg.org.za/committee-meeting/26396/>

<sup>61</sup> *Ibid*

grant. The ECD grant was spent on its two components: subsidy component and maintenance component.

#### **a. Subsidy Component**

The value of the subsidy paid is at a rate of R15 per child for a maximum period of 264 days. The R15 subsidy be reviewed – especially, considering the challenges that poor children face. The positive achievement under the subsidy grant component will be measured through the number of poor children that benefit from ECD services that are subsidised, the number of days subsidised and the number of children attending ECD services in registered centres. In the 2018/19 financial year, the subsidy component aims to cover 104,000 children. Within the Eastern Cape, “a total of 12 651 poor children benefited from ECD services” in the 2017/18 financial year.<sup>62</sup>

Through the children subsidy component of the ECD grant, the Eastern Cape province targeted 11 047 children, but only managed to subsidise 8 420 beneficiaries for 209 days and not 264 days. It is concerning that the Eastern Cape subsidised fewer than the number of children targeted and not for the required 264 days. The department should account for why it failed to meet targets. The Free State province had a target of 2 085 children to subsidise, and reportedly reached 2 084 beneficiaries for 264 days. Gauteng targeted 8 818 and reached 9 079 beneficiaries for 264 days.<sup>63</sup> The urban provinces seem to have performed well in the first year of the ECD grant. More support should be provided to the rural provinces to ensure that they improve their performance in the current financial year.

#### **ii. Maintenance Component**

Through a maintenance component, the ECD grant assists existing conditionally registered partial care facilities<sup>64</sup> providing an ECD programme to meet basic requirements to attain full registration<sup>65</sup>. The maintenance component had a R100 000 maximum value per ECD centre. It should be noted that some centres require more money for repairs and maintenance. As such, an allocation for maintenance in each ECD centre was increased each from R100 000 to R180 000 to assist departments experiencing challenges on quotations for repairs and renovations. The success of the maintenance component is measured through the number of ECD centres conditionally registered as per the registration framework; the number of ECD centres assessed for the maintenance component and the

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<sup>62</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 148.

<sup>63</sup> Report of the select committee on appropriations on the early childhood development grant expenditure as at fourth quarter 2017/18 financial year, dated 22 august 2018, at page 2. Accessed from <https://pmg.org.za/committee-meeting/26396/>

<sup>64</sup> “Partial care facility means any place, building or premises, including a private residence, maintained or used partly or exclusively, whether for profit or otherwise, for the reception, protection and temporary or partial care of more than six children apart from their parents, but does not include –

- any boarding school, school hostel or any establishment which is maintained or used mainly for the tuition or training of children and which is controlled by or which has been registered or approved by the State, including a provincial administration;
- ECD services”- [http://www.ci.uct.ac.za/sites/default/files/image\\_tool/images/367/publication/2002/pr110chapter15.pdf](http://www.ci.uct.ac.za/sites/default/files/image_tool/images/367/publication/2002/pr110chapter15.pdf)

<sup>65</sup> Fully-registered ECD centres operate legally

number of centres that moved from conditional registration to full registration because of the maintenance component.

Table 8 below shows the number of ECD centres that were planned to benefit from the maintenance grant of the ECD grant per province in 2017. For the Eastern Cape, the maintenance component of the ECD grant received an allocation of R10.2 million in the 2017/18 financial year.

**Table 9: ECD Maintenance Budget Allocation and Spending vs. ECD Maintenance Performance by province, 2017/18<sup>66</sup>**

Province	ECD Maintenance Budget Allocation and Spending			ECD Maintenance Performance	
	2017/18 Budget Allocation for ECD Maintenance R'000	Amount spent by the department for ECD Maintenance R'000	Unspent funds for ECD Maintenance R'000	Target	Achieved
Eastern Cape	10,264	0	10,264	96	0
Free State	9,039 <sup>67</sup>	7,989	1,050	79	79
Gauteng	3,567	2,418	1,149	16	16
KwaZulu Natal	14,005	14,005	0	117	117
Limpopo	10,667	9,890 <sup>68</sup>	777	96	96
Mpumalanga	6,893	6,893 <sup>69</sup>	0	62	62
Northern Cape	8,056	6,385	1,671	65	65
North West	4,751	N/A <sup>70</sup>	N/A	46	10
Western Cape	572 <sup>71</sup>	N/A <sup>72</sup>	N/A	13	13
<b>Total</b>	<b>67,814</b>	<b>47,580</b>	<b>14,911</b>	<b>590</b>	<b>458</b>

<sup>66</sup> <https://pmg.org.za/taled-committee-report/3441/>

<sup>67</sup> Revised estimate figures used, from the Estimates of Provincial Expenditure 2018/19, <http://www.treasury.gov.za/documents/provincial%20budget/2018/3.%20Estimates%20of%20Prov%20Rev%20and%20Exp/FS/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/FS%20-%20Vote%2007%20-%20Social%20Development.pdf>. This was because of unavailable 2017/18 Annual Report on the website of the department. Emails were sent requesting the annual report from the Free State province, but there was no response.

<sup>68</sup> Maintenance and repairs for infrastructure projects – Limpopo Department of Social Development, 201/18 Annual Report.

<sup>69</sup> Maintenance and repairs for infrastructure projects – Mpumalanga Department of Social Development, 201/18 Annual Report.

<sup>70</sup> 2017/18 Annual Report not available on the website of the department.

<sup>71</sup> Revised estimate figures used, from the Estimates of Provincial Expenditure 2018/19, <http://www.treasury.gov.za/documents/provincial%20budget/2018/3.%20Estimates%20of%20Prov%20Rev%20and%20Exp/FS/2.%20Estimates%20of%20Prov%20Rev%20and%20Exp/FS%20-%20Vote%2007%20-%20Social%20Development.pdf>. This was because of unavailable 2017/18 Annual Report of the Western Cape does not provide a clear budget for the maintenance component of the ECD grant. What is listed under infrastructure projects is an actual spending of R32, 429 604 billion for maintenance and repairs. It is not clear whether ECD maintenance component/grant forms part of this.

<sup>72</sup> Unclear. 2017/18 Annual Report of the Western Cape Department of Social Development provides an actual expenditure of R32, 429 604 billion.



As it can be seen in Table 9 above, the Eastern Cape failed to meet all its targets for maintenance. For example, through the maintenance component, the Eastern Cape Department of Social Development targeted 96 ECD centres to upgrade or maintain, of which none benefited.<sup>73</sup> While the ECDSD allocated was R10.2 million for the maintenance of targeted 96 ECD centres, it failed to spend this money. As a result, no ECD centre benefited from the maintenance component. The ECDSD faced challenges related to delays internally because of the capacity constraints for administering the maintenance grant.<sup>74</sup> This underachievement is “due to the department strengthening its capacity within SCM and infrastructure components as it was the first year of implementation and that resulted in late finalisation of processes and agreements”.<sup>75</sup> Currently, the projects are implemented through NPO’s. In contrast to this, the Free State managed to upgrade all the 79 targeted ECD centres, spending R9 million from its allocated budget of R9.039 for maintenance component.

Similar to the Free State, Gauteng upgraded all the 16 ECD centres that were targeted, spending 2.4 million of the allocated R3.7 million.<sup>76</sup> While Gauteng upgraded all targeted ECD centres, it underspent its budget allocation for ECD maintenance by R1.1 million.<sup>77</sup> Also, KwaZulu Natal met the target of upgrading 117 ECD centres and spent all its money allocated for ECD maintenance. In addition, Limpopo spent R9.9 million of R10.8 million allocated for ECD maintenance and met its target of 96 ECD centres to upgrade. Mpumalanga spent all of its budget allocation, R7.3 million, for ECD maintenance and achieved its targets of 62 ECD centres to upgrade. Moreover, Northern Cape spent R6.3 million of R8.05 million for ECD maintenance and met its target of upgrading 65 ECD centres.

The province of the Western Cape upgraded all the 13 ECD centres that were targeted, as detailed by the report of the Select Committee on Appropriations on the Early Childhood Development Grant Expenditure as at Fourth Quarter 2017/18 Financial year on 22 August 2018.<sup>78</sup> However, while this province achieved its target for ECD maintenance, it is not clear how much was spent for this of the revised estimate of R572 million for ECD maintenance. The 2017/18 annual report of the Western Cape Department of Social Development only provides actual expenditure for maintenance and repairs. As such, it is not clear whether ECD maintenance falls under the category of maintenance and repairs. The PSAM recommends that the DSD in the Western Cape provides clarity on the spending for ECD maintenance in its annual reports, as per the regulations for reporting contained in the Government Gazette for ECD grant.<sup>79</sup>

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<sup>73</sup> <https://pmg.org.za/taled-committee-report/3441/>

<sup>74</sup> “The Tender processing was not finalised during the financial year under review” - Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 259.

<sup>75</sup> KwaZulu Natal Department of Social Development, 2017/18 Annual Report, p. 54.

<sup>76</sup> <https://pmg.org.za/taled-committee-report/3441/>

<sup>77</sup> “The under-expenditure is due to delays experienced with the appointment of officials responsible to monitor the grant and the service provider to conduct assessments at identified Early Childhood Development Centres was appointed late in the financial year” - Gauteng Department of Social Development, 2017/18 Annual Report, p. 215.

<sup>78</sup> *Ibid*

<sup>79</sup> Government Gazette, 15 June 2018,

The North West province only managed to upgrade 10 of the 46 ECD centres that were targeted. While it appears that the North West underperformed, it not clear how much the province spent of the revised estimate of R4.8 million contained in the estimates of provincial expenditure 2018/19. This is because the 2017/18 annual report was not accessible on the department's website at the time of the writing of this report. The PSAM recommends that the North West DSD ensures that the 2017/18 annual reports are accessible to the public as per the requirements of the Promotion of Access to Information Act (PAIA).

The annual report of the Department of Social Development, for the 2017/18 financial year, reported that "a total of 458 ECD centres benefited from the ECD infrastructure maintenance grant".<sup>80</sup> It appears that only the Eastern Cape and North West failed to meet their targets, due to late appointments in the recruitment process. There was also "late conclusion of the Service Level Agreements (SLAs) between provincial departments of Social Development and ECD centres".<sup>81</sup> Therefore, there should be improved support and monitoring at these provinces by the national DSD to ensure that the implementation of the ECD grant, by providing training where necessary.

## **6. PROVINCIAL AUDIT OUTCOMES**

According to the 2017/18 annual report of the ECDoE, "the department recorded an amount of R3.3 million as fruitless and wasteful expenditure".<sup>82</sup> This is concerning – it is important that the department reduces cases of fruitless and wasteful expenditure. In the 2016/17 financial year, an amount of R174 570 million was declared as unauthorised expenditure and R9.1 million was recorded as fruitless and wasteful expenditure. On expenditure management, the 2018 report of the Auditor-General to the Eastern Cape Provincial Legislature on the Department of Basic Education, reported that "effective and appropriate steps were not taken to prevent unauthorised expenditure amounting to R57.6 million as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1".<sup>83</sup> Also, money owed by the department was not settled within 30 days, as per the requirement of section 38(1) of the PFMA and treasury regulation 8.2.3. On strategic planning, "specific information systems were not established to enable the monitoring of progress made towards achieving targets, core objectives and service delivery as required by public service regulation 25(1)(e)(i) and (iii). The PSAM, in its Strategic Plan Evaluation (SPE) has previously commented that it is difficult to assess how some of the targets of the ECDoE will be attained within the 2018/19 financial year".<sup>84</sup> It is important that the ECDoE provides detailed information to enable the monitoring of targets.

The report of the Auditor-General to the Eastern Cape Provincial Legislature to the DSD reported that "the department materially underspent the budget by R125, 56 million".<sup>85</sup> Also, in addition to the underspend of R29 million on the ECD grant discussed above, the Auditor-General reported that the department incurred irregular expenditure of R85.6 million as it did

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<sup>80</sup> Department of Social Development, Annual Report 2017/18

<sup>81</sup> Report of the select committee on appropriations on the early childhood development grant expenditure as at fourth quarter 2017/18 financial year, dated 22 august 2018, p. 2. Accessed from <https://pmg.org.za/committee-meeting/26396/>

<sup>82</sup> *Ibid*

<sup>83</sup> Eastern cape Department of Education, 2017/18 Annual Report, p. 156.

<sup>84</sup> [http://psam.org.za/wp-content/uploads/2018/09/Education-SPE-2018\\_Final.pdf](http://psam.org.za/wp-content/uploads/2018/09/Education-SPE-2018_Final.pdf)

<sup>85</sup> Eastern Cape Department of Social Development, 2017/18 Annual Report, p. 211.

not follow proper procurement processes. This was in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

The irregular, fruitless and wasteful expenditure have negative impact on the realisation of the right to quality basic education. It is important that the resources allocated to a department (ECDoE and ECDS) be used effectively and efficiently. Also, the departments must follow planning and monitoring processes to ensure that the set targets are realised.

## **7. CONCLUSION**

This Expenditure Tracking Report has tracked expenditure of the Eastern Cape Department of Education in relation to programme 5 (Early Childhood Development) alongside ECD grant allocations in the Department of Social Development. Funding for early childhood development interventions in South Africa is divided between multiple spheres of government as well as across various departments. The focus of this report was limited to two small programmes in two of the implementing departments; Education and Social Development. It does not, however, take into account ECD funding transferred to NPOs, childcare and protection centres or equitable share allocations addressing other elements of ECD.

It was noted that the ECDOE's programme 5 recorded underspending of 16%, which is R92.8 million in the 2017/18 financial year. This programme had under-expenditure of R130.5 million in the 2016/17 financial year. In 2017/18, the under-spending was reportedly due to delays in signing of an MOU by the contracted training institutions to offer National Qualification Framework (NQF) qualification training for early childhood development practitioners.

The Early Childhood Development grant of the Department of Social Development also had under-expenditure in the first year (2017/18) of the grant. A comparison across all provincial departments illustrates varied spending and performance trends. The Eastern Cape had poor spending in relation to the implementation of the grant. There needs to be improved spending for early childhood development and ensuring quality education from Grade R onwards. Improving the quality of basic education will, in particular, have the potential to address several socio-economic problems. Poor provinces should be supported by the provincial treasuries on the management of allocated funds. Also, support should be provided on the better implementation of the early childhood development grant in the 2018/19 financial year.

## OUR ORGANISATION

The PSAM was founded in 1999 as a research project in the Rhodes University Department of Sociology. Its initial aim was to monitor incidents of corruption within the Eastern Cape government. From 2005, recognising the systemic nature of poor governance and corruption in the province, the PSAM began a concerted advocacy effort to systematically strengthen public resource management by key Eastern Cape government departments.

In 2007, PSAM introduced a training and academic component. The training component has developed to be what is known as the Regional Learning Programme and the academic component has changed to become what is known as the Advocacy Impact Programme. The various activities and interventions by PSAM over the years have emphasised the on-going need for greater and improved accountability interventions by civil society organisations across the region. Through our work we seek to achieve improved networking and advocacy to leverage impact and enhanced learning so that achievements are shared, evaluated and used to bolster social accountability interventions in sub-Saharan Africa.

Visit [psam.org.za](http://psam.org.za) or follow us on [@PSAM\\_AFRICA](https://twitter.com/PSAM_AFRICA)

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