



FROM THE ACCOUNTING OFFICER'S DESK

27 October 2016

A. READINESS FOR THE GRADES 10 - 12 FINAL NSC EXAMINATIONS 2016 AND GRADES 3, 6 AND 9 PROVINCIAL EXAMINATIONS

The Department of Education in the Eastern Cape (ECDOE) is combat ready to manage and administer the third largest Grade 12 National Senior Certificate Examinations and Provincial Grade 3, 6 9 and 11 Examinations with integrity and credibility.

The registration of candidates and centers have been completed. Close to 94 928 full time and 20 526 part-time candidates have been registered for the Grade 12 NSC examinations in 2016.

Over 1 600 invigilators are deployed in all the 928 full time and 135 part-time examination centres. All examination centres are closely monitored in order ensure that any unethical behavior performed is immediately detected and eliminated.

A trouble-shooting team led by the DDG- IOM and key Senior Managers has been set up at Head Office to speedily respond to any examination related queries and deploy technical support staff to all "hotspots" identified.

Examinations started on 26 October and will continue up to 24 November 2016. Marking will start on 28 November and continue till 13 December 2016 in 19 provincial centres.

The security of examinations process has been heightened, especially in high risk areas. It is planned to release the results on 5 January 2017.

The Department calls upon security agencies, all parents, religious communities, youth formations and other key stakeholders to support our teachers and learners during this tense time of the examinations. The Department wishes all learners the best of luck during the 2016 end of the year examinations. Candidates must remain focused and shall be rewarded accordingly.

B. READINESS FOR 2017 SCHOOL YEAR

2017 – PPN Implementation

Following MEC Makupula's consultative sessions with stakeholders, he declared a total of 54 747 of the 2017 PPN basket on 22 September 2016. The department issued the 2017-PPN allocation to all public schools on 6 October 2016. A detailed Management Plan is in place and the first sets of appeals have been attended to and all affected schools will be informed of the outcome on 31 October 2016.

The distribution of PPN-2017 is in some aspects significantly different from previous years' distribution. It is a distribution with **principles that takes meaningful steps towards transforming and building a pro-poor education system** in the Eastern Cape. It addresses the professionalization of early childhood development, the use of African languages as languages of teaching and learning, and the provisioning of remedial educators to all viable size schools regardless of whether the school has assessed its learners or not.

After the HOD's consultation with the social partners on **these distribution principles** and the PPN 2017 Management Plan, post establishment letters were sent to districts for distribution to all schools in the first week of the fourth school term. These letters included an invitation to all schools to submit an **appeal for additional posts** if they were dissatisfied with their post allocations. Over 1 000 appeals were received. The appointed Appeals Committee met twice to consider these appeals. The recommendations of the

Appeals Committee are expected in my office on Friday 28 October 2016 and schools will receive the results of their appeals immediately thereafter.

The second opportunity to appeal will be granted early in 2017. This appeal process will mainly address changes in actual learner numbers as at the start of the new school year.

Speedy filling of educator posts has been a great challenge. The department has a strong resolve to immediately address all hindrances in this process. Our success is closely linked to quality of support provided by all social partners and a dedicated work force. All are invited to join hands and ensure that **all our children** have appropriately qualified educators throughout the school year.

Readiness 2017 – LTSM

LTSM from Grade 1 – Grade 12

Distribution of LTSM, specifically text books, have been of great challenge in our department. There are schools that exploited weaknesses in the system and continuously ordered more books than what is required. There are schools that deliberately failed to submit or to submit requisitions on time, in an attempt to force the Department to decentralize the procurement of LTSM conveniently ignoring that centralized LTSM procurement is a national directive.

This year after spending a considerable amount of time analyzing what happened in the past 5 years, the Department has a comprehensive Textbook Plan consisting of 10 milestones with key activities, time frames and responsibilities. On 14 September all LTSM Co-ordinators were provided with the following requisition packs:

- Printed catalogue, with requisitions attached at the end of the catalogue
- Electronic Catalogue
- Guideline Learner Numbers for LTSM Textbook Requisition” sheet¹

¹ This is a demand assessment sheet, which provides suggested order quantities per school. If the school orders more or less than the suggested order quantities, the school must explain the reasons for the discrepancies (variances) in each requisition sheet

The LTSM Co-ordinations were required to distribute the packs to all schools by the last day of the third term, namely 30 September 2016.

Schools were requested to submit requisitions for textbooks by 14 October 2016. On this date less than 75% of schools had submitted their requisitions and more than 1 100 schools had submitted requisitions with numbers that are much higher than their enrolment numbers.

We have, despite still receiving requisitions, finalised the capturing of data from the requisition forms on 25 October 2016 and are now collating all captured requisition information and will place the orders with publishers on 28 October 2016. Schools that failed to submit their requisitions on time, will receive orders place on their behalf by Head Office based on their enrolment as per EMIS data and other historical information.

The SLA signed with publishers requires delivery of textbooks on or before the 28 February 2017.

LTSM for Grade R top-up orders

For Grade R only one series per language was approved and the series' makes no provision for teachers' choice. We have already bought grade R material for implementation in 2016. The Department of Basic Education (DBE) also provided some of the Grade R requirements to the province for free. Since grade R is not based on a Teacher's choice principle we will use norms to estimate top-up orders.

LTSM Workbooks

By 19 October 84% of schools in Eastern Cape received their workbooks for the first two terms of 2017. Workbook delivery is expected to be completed by mid-November 2016.

Grade 12 Literature and technical books

FET Literature (specifically Grade 12) and technical books were ordered at the beginning of October 2016. The orders will be delivered by 30 November 2016. If DBE decides to delay the implementation of Grade 12 literature, the deliveries will be made to school by 28 February 2017 as part of the correction order.

Stationery Packs

The orders for stationery has been placed with five (5) service providers. The orders will be delivered to the schools commencing 01 November 2016 through 30 November 2016.

Previous quality issues have been addressed and district provided with sample stationery packs that should be expected by schools. Packs that do not meet the set standard should not be accepted by schools.

Readiness for 2017 – Furniture

The Department conducted a School Furniture Audit as required by a Court Order. This audit has been completed and the detailed results (number of desks, chairs, cupboards etc.) have been captured on a database. The results of the audit will be used in two ways:

- ✓ To fulfil the requirements of the Court Order
- ✓ To determine the additional school furniture requirements for 2017

In order to prevent wasteful expenditure and accurately determine the school furniture requirements for 2017, it is necessary to establish what furniture has already been ordered and delivered. The DBE has provided detailed information on the furniture ordered and furniture delivered and the Department has thus started a process to reconcile all information to generate the purchase order for 2017.

Delivery on most orders placed to-date are late by up to 8 months. Some suppliers have reported shortage of materials in the country. Where deliveries are made I am disturbed by the poor quality of the craftsmanship. Principals must check the quality of all delivered goods and refrain from accepting poor quality goods.

Another factor which will influence furniture procurement, is the existing surplus at some schools as well as damaged but repairable furniture. Arrangement are underway to collect, repair and redistribute surplus and damaged school furniture.

The Department is doing everything possible to ensure that the required school furniture is delivered to schools in the first quarter of 2107.

C. AUDIT OUTCOMES

2015/16 Audit outcomes

The Department received a qualified audit opinion for 2015/16, with a reduced number of qualifications. A word of gratitude goes out to all hard working officials who contributed to this improved audit outcome.

This is, given the past audit outcomes, regarded as a major accomplishment to put the Department on a path towards an unqualified audit opinion. Further improvements are planned by a tightly managed audit improvement plan for the next audit cycle. The table below indicates the areas of qualification and the work done in 2015/16 to clear 2014/15 qualification (marked in green) and ensure no qualifications in those areas in 2015/16 causes (marked in blue). There are qualifications that were not cleared in prior year and/or are still qualifications in current year (marked in red).

AFS qualification area	15/16	14/15
Movable tangible assets	NQ	A
Accruals	NQ	A
Commitments	R	A
Employee benefits	R	R
Irregular expenditure	R	R
Fruitless and wasteful expenditure	N	NQ
Immaterial misstatements aggregated	NQ	A

The new qualification (marked in yellow) of fruitless and wasteful expenditure is related to inflated learner numbers and expenditure incurred as a result. Schools are requested to refrain from this fraudulent behavior of inflating learner numbers.

2016/17 Audit Preparation

The Audit Improvement Plan (AIP), with individual action plans and reporting framework has been prepared and presented during DEXCO information sharing sessions as well as with Branches and Chief Directorates with the view of addressing all audit qualifications this year. Internal audit process monitoring measures have been bolstered by the appointment of “Chief Directorate Champions” to follow up and ensure responses on AGSA information requests.

I have signed off on the AIP and a copy was forwarded to the Provincial Treasury. Subsequent monthly progress reports will also be submitted to Provincial Treasury. A project team being an outside resource working in conjunction internal departmental staff members has been established to address the audit shortcomings as observed by AGSA for the different work streams as highlighted in the 2015/16 Audit Report and Management Letter.

Most importantly, we are doing everything in our power to speedily fill positions that will strengthen our control environment.

D. EMPLOYEE RELATED ISSUES

Processing of Appointments of Educators

Following the establishment of the Central Processing Centre in September 2015, we have succeeded to process 4 260 appointments, reduced the transaction rejection rate from Provincial Treasury from 63% to 0,07% and the lead time between assumption of duty and salary payment from an average of 65 days to 37 days for the 1 665 initiative. This is all in an effort to secure the PERSAL authorisation function back from the Provincial Treasury. We are currently piloting a document and case management tracking system at the CPC for roll-out to all our District Offices. This system will enable us to pinpoint the desk dealing with a specific matter and the duration of the matter being on a specific desk.

Outstanding HROPT Matters

The ECDOE had undertaken to continue and finalize the HROPT claims that were initially processed and paid up to 2010. The project was completed with all calculations being made. A communique was issued to the Provincial Treasury and Office of the Premier (OTP) to obtain their concurrence with the determinations and proposed payments. A request for the release of the appropriate code for processing payments were also made. At this stage the OTP questioned the validity of the claims based on the qualifying criterion applicable to the claimants as well as the rationale for the ECDOE to effect payments outside the provincial framework/not meeting the EXCO terms and conditions relating to assessments. The OTP has thus stated that it will not support any payments that do not comply with EXCO resolutions. Further, OTP has instructed that HROPT payments made during the 2014/15 financial year be recouped from the beneficiaries not meeting the set criterion. In short, in the absence of assessments, employees do not qualify for HROPT - If paid already, they will be required to pay back the money. A separate correspondence will be sent to all affected parties in the next few weeks.

PILLIR

Following a series of negative reporting on the ability of the Department to manage incapacity leave and ill health retirement measures, a Project was established last year to resolve all existing backlogs, to “operate” all current applications and develop the requisite internal capacity to administer this system from 2018.

Following a comprehensive analysis of the PERSAL database it was, as a baseline, found that 2,768 employees submitted, after the exhaustion of their normal sick leave benefits, 9,049 applications for incapacity leave for the **2010 to 2012** and **2013 to 2015** leave cycles which needed to be cleared on the PERSAL system.

Subsequent to the baseline study, it was further found that 1,796 applications for temporary incapacity leave transactions are also pending on the PERSAL System **prior to the scope period** of the PILIR Project. A further analysis of these cases revealed that 206 transactions from 1 January 2003 to 31 August 2006 was incorrectly captured under PERSAL Code 521 as the PILIR system was not even in operation during this period. In

order to rectify this matter a submission has being developed to obtain the concurrence of the Director General to clear these cases from the System in an appropriate manner.

As at the end of September 2016 a total of 4 075 backlog incapacity leave applications has been cleared from the System. The Project received a total of 343 reports from the Health Risk Managers on the identified 474 stockpile cases. These have been printed, checked against each employee's PERSAL record, processed, captured on the database and submitted to District Offices for updating. There are still 104 applications that must still be assessed by Metropolitan Health. No reports were received from Metropolitan Health during the month of September 2016.

The Project last week reached another important milestone by processing the 100th backlog Ill Health Retirement Application. What is disturbing is the fact that the average period of absence off duty is **17 months** (in some instances employees did not reported for work for a period of 10 years). If salaries for Substitutes are included this initiative realized an annual savings of R45 million for the Department. With the support of the Project, 19 cases were finalized by means of the shortened process and 33 cases (after extensive analysis of specialist reports) 33 cases were finalized by means of a deviation from the recommendations made by the Health Risk Managers. A deviation inventory will be utilize to engage the Office of the Premier and the Department of Public Service and Administration on systemic problems experienced by the Department in finalization of such applications in good time.

In an effort to build internal capacity, 23 District Coordinators were appointed and through work assignments and bi-monthly engagement workshops the upskilling of employees is done. I send a note of gratitude to these Coordinators, none of the current improvements will be achieved without their dedication and diligence.

The Department also assigned 20 suspicions cases of prolonged incapacity leave to a team of Investigators to clear the relevant backlogs. The tendency of employees and educators to pretend to be sick while studying locally and oversees or running other businesses has been noted and will be dealt with harshly by the Department. Any person who is aware of such case(s) should log a call to **072 362 8597**.

Notch Progression (PMDS) Level 1-12

A key outcome of the Department's Education Transformation Plan is improved audit outcomes. Apart from strictly abiding by the regulatory framework, collective agreements and guidelines issued by the Department of Public Service and Administration it is important that all transactions for notch increases and the payment of performance bonuses must be able to withstand external audit processes for the Department not to regress on its audit outcome. During a review of the PMDS nominations for the 2015/16 cycle it was found that 657 Public Service Act employees possibly do not meet the qualifying requirements. The reason being that this cohort of employees is remunerated at a higher grade than the grade of the posts that they currently occupy. In line of the principle of equal pay for equal value of work this had the effect that such employees are already being remunerated at a higher levels and that such awards then constitute "double dipping" and payment of such benefits can be seen as prejudicial against colleagues performing similar work. The DPSA was approached to provide guidance on this matter and an indication was received that **only employees employed at lower level posts who have grade progressed** to such levels may be awarded notch progression and performance benefits. The Directorate: Human Resource Development was tasked in the beginning of the year to review all outstanding cases in line with the DPSA directive and to facilitate retrospective payment for qualifying employees. Given the limited progress made in this regard I have given instruction that these cases be finalized as a matter of the utmost urgency with the assistance of the Technical Support Team. It is expected that this task will be finalized on 31 January 2017 and payments will be made on or before the end of February 2017

The moderation process for the 2015/16 cycle could not proceed due to the insistence of some labour unions that the outstanding cases referred to above must first be finalised. This is delaying the implementation of pay progression benefits with effect from 1 July 2016 and the awarding of performance bonuses for qualifying office based educators and Public Service Act employees. As this insistence is prejudicing the majority of our employees, stakeholders are requested to allow the moderation process to immediately proceed so that implementation can be done before year end.

Salary Progression: Senior Managers

Salary Progression were not implemented for the Senior Managers of the Department for the 2014/15 and 2015/2016 cycles. Instruction was recently given to the Directorate: Human Resource Development to secure the source documents (Performance Contracts and Review Reports) for qualifying Members and to submit proposals for the retrospective implementation of these measures.

IQMS Payments to School Based Educators

With the support of the Technical Team a submission was generated in August 2016 for the approval of awards for the 2016 school year. I have been informed that PERSAL payment for all qualifying school based Educators occurred on 24 October 2016. The run identified 183 exception cases that will now be cleared with the assistance of the Technical Team.

Payment of Service Termination Benefits

After a number of challenges experienced and delays in file retrievals, a file retrieval protocol has now been refined and published for District Offices to timely retrieval of files from the Central Records Management Processing Centre. It has been reported that the first cohort of files has been released after an unacceptable long delays.

The payment of service termination benefits is also negatively affected by inaccuracies in the capped leave profiles of employees. Through a central audit line it is endeavored to streamline processes.

Of importance is to note that a diagnostic review during 2015 revealed that the number of capped leave credits captured on the PERSAL System since the 2001 audit exercise increased from 269,340 to 2,983,668 days by 1 April 2015 with an estimated financial liability of R2,764bn at current salary levels. This is despite the expectation that the numbers should decrease due to employees utilizing the provision for leave taken in excess of annual allocations and employees exiting the service. As an interim control measure, the PERSAL function to amend capped leave credits was centralized with effect from 15 November 2017. A Project to audit all capped leave allocations will start in

November 2016, stakeholders will be extensively consulted on the process to be followed in this regard. Not only will this initiative enable the Department to move towards a clean audit report, but it will also ensure that service termination benefits can as a standard be processed and finalized within 30 days after service termination.

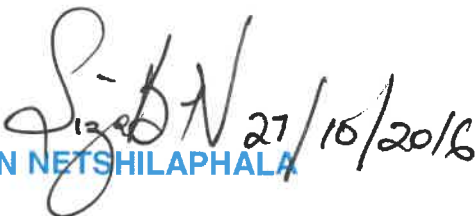
E. INFRASTRUCTURE

The infrastructure unit has recently been elevated to a Chief Directorate, and is being capacitated with technical senior managers, built environment professionals, education planning specialists and a capable work inspectorate. Most of the inspectors have already been placed in Districts to supplement the current workforce, and this has had a positive impact on the interactions with all stakeholders. The highlight of the infrastructure programme has been re-institution of the governance structures, including the Regional Coordinating Committee (RCC) meetings where all infrastructure projects are discussed with full participation of district personnel and project implementers.

The rollout of infrastructure projects, which also includes swift responses to disasters and emergencies, has been enhanced and long term planning capacity is steadily being established.

F. CLOSING REMARKS

Offering all the children of this province access to quality basic education is our mandate and our mission. We cannot continue to fail on this regard. Success require all of us to work together to the point where at times we deny ourselves, for this is a true mark of a public servant.


MS SN NETSHILAPHALA 27/10/2016

ACCOUNTING OFFICER