



BRIEFING TO THE PORTFOLIO COMMITTEE ON  
WOMEN, CHILDREN AND PEOPLE WITH  
DISABILITIES

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9 October 2013

*For an Equitable Sharing of National Revenue*

# PRESENTATION OUTLINE

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- Role of the Financial and Fiscal Commission
- Background
- Financial performance/Spending trends of the Department of Women, Children and People with Disabilities
- Non-financial performance of the Department of Women, Children and People with Disabilities
- Auditor-General Findings
- Financial and Fiscal Commission Recommendations

# ROLE AND FUNCTION OF THE FFC

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- What?
  - Permanent statutory body established in terms of Section 220 of Constitution
  - Independent and subject only to Constitution and the law
  - Must function in terms of the National Legislation
- Mandate of the Financial and Fiscal Commission
  - Makes recommendations, envisaged in Chapter 13 of the Constitution or in national legislation to Parliament, Provincial Legislatures, and any other organs of state determined by national legislation
  - Legislative provisions or executive decisions that affect either provincial or local government from a financial and/or fiscal perspective
  - Includes regulations associated with legislation that may amend or extend such legislation
  - Commission must be consulted in terms of the FFC Act (Section 3)
  - Current research strategy focuses on developmental impacts of IGFR

# BACKGROUND (1)

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- **Women**

- Unemployment rate for women 5.4% higher than national unemployment rate for men
- Adults aged 25 years and above with no formal schooling highest among African women at 14.8%

- **Children**

- Six in every ten children live in homes with monthly incomes less than R575 per person
- More than half (65%) of young children that die in hospital, suffer from malnutrition

- **People with disabilities**

- Accounted for 0.8% of total workforce in 2011/12, down from 0.83 in 2010/11
- National government set target of 2% of workforce for 2005. Target extended to March 2015 due to slow progress being made

# BACKGROUND (2)

- The National Development Plan (NDP) calls for the protection and advancement of the rights of women, children and people with disabilities. Options proposed in the NDP include:
- **Women**
  - Access to labour market through secure tenure and public employment schemes
  - DWCPD and Gender Commission to set indicators and report annually on progress
  - Access to anti-retrovirals by women 16 years and older
- **Children**
  - Improve quality of education and 2 yrs compulsory pre-school education
  - Social protection and support for AIDS orphans
- **People with disabilities**
  - Enhanced access to quality education and employment; integrate into all planning

# BACKGROUND TO DWCPD

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- Previously under the Presidency in the Office of Special Projects
- DWCPD established in May 2009, although only started functioning as a sovereign dept in Nov. 2010 due to lack of capacity
- Purpose is to “*Advance, develop and protect the rights of women, children and people with disabilities through mainstreaming, lobbying, advocacy, awareness raising, empowerment & monitoring compliance in government and all relevant sectors*”
- **Four main programmes:** Administration, Women Empowerment, Children, People with Disabilities
- **Core functions are:** Advocacy and Awareness raising, Institutional Development & Capacity Building and Monitoring and Evaluation on empowerment of women, children & people who are disabled

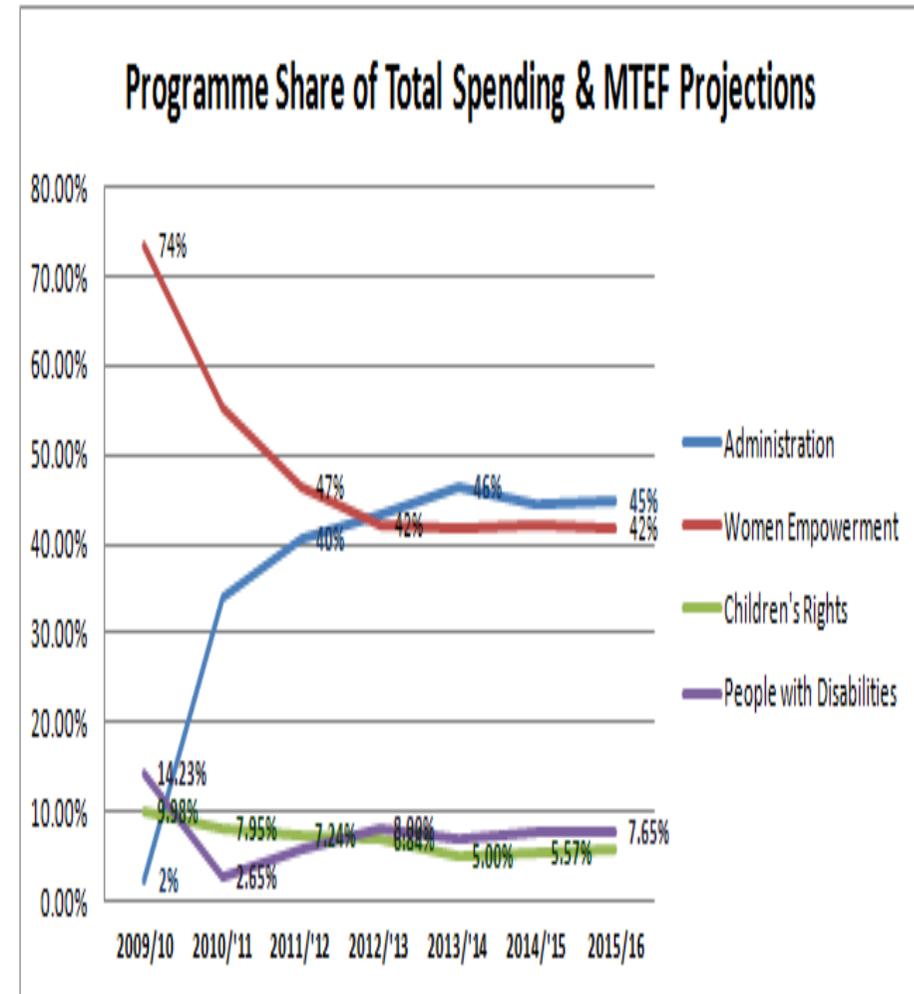
# PROGRESSION OF PROGRAMME SPENDING AND MTEF BUDGET

Programme expenditure & estimates (Rands)	2009/10	2010/'11	2011/'12	2012/'13	2013/'14	2014/'15	2015/16	2009/10 - 12/13	2013/14-15/16
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	Real Avge Growth P.A	Real Avge Growth PA
Administration	1 724	37 458	67 105	81 400	91 637	97 521	102 892	719.9%	3.1%
Women Empowerment & Gender Disability	57 038	60 816	77 196	79 300	82 869	91 731	96 265	7.6%	1.6%
Children's Rights and Responsibilities	7 742	8 735	12 006	12 900	9 915	12 173	13 472	14.7%	-1.7%
Rights of People with Disabilities	11 038	2 910	9 554	15 100	13 891	17 105	17 605	66.4%	0.9%
<b>DEPT. OF WCPD</b>	<b>77 542</b>	<b>109 919</b>	<b>165 861</b>	<b>188 700</b>	<b>198 312</b>	<b>218 530</b>	<b>230 234</b>	<b>30.96%</b>	<b>1.78%</b>

- Average departmental spending increased by 31% in real terms in 2012/13 (after taking account inflation), compared to 1.78% over the MTEF period.
- The major cost drivers for the department for the period 2009/10 – 2012/13 is *Administration* due to capacity building in the minister's Office and accommodation needs of the deputy minister. Administration was previously provided by the Presidency and therefore DWCPD had to build administration capacity from low base.
- *Administration* is also the major cost driver over the MTEF period with funds allocated to improve efficiency in supply chain and finance functions.

# PRIORITIZATION OF SPENDING & MTEF BUDGET

- *Administration* and *Women Empowerment* are prioritized over the MTEF period, while *children's Rights* and *People with Disabilities* declines marginally over the same period
- Despite relative fall in share, *Women Empowerment* largest service delivery program at 42%, over the MTEF period, due mainly from transfer payments to the Commission on Gender Equality which comprised 78% of the program expenditure in 2012/13.
- The DWCPD may want to re-examine whether the merits for keeping the *Children's Rights* and *Disabilities* as two separate programmes on its budget structure is still valid. Currently, the staff complement for each programme is relatively small (8 for Children and 10 for Disabilities) and the functional assignment within each programme is also the same.



# PROGRESSION OF LINE ITEM SPENDING & MTEF ESTIMATES (1)

Economic Disaggregation of Dept Budget (Rand)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10 - 12/13	2013/14 - 15/16
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	Real Ave Growth P.A	Real Ave Growth PA
CoE	9 800	22 700	47 000	65 900	80 300	84 600	89 300	88.5%	5.8%
Goods and Services	18 600	35 000	56 800	60 500	51 300	62 600	65 900	47.8%	-1.1%
Transfers and Subsidies	49 100	52 000	55 300	59 200	63 100	67 200	70 800	1.9%	1.0%
Payments for Capital Assets	-	200	6 000	3 100	3 600	4 000	4 200	947.1%	5.6%
<b>TOTAL DEPT EXP. &amp; ESTIMATES:</b>	<b>77 500</b>	<b>109 900</b>	<b>165 100</b>	<b>188 700</b>	<b>198 300</b>	<b>218 400</b>	<b>230 200</b>	<b>30.9%</b>	<b>1.8%</b>

- CoE increased by 34% in 2012/13 and will increase by 5.8% p.a in real terms over the MTEF period. The increases are to build capacity in finance and supply chain, improve conditions of services and to fill critical posts in line function programmes.
- Goods and services increased by 47.8% per annum in real terms between 2009/10 – 2012/13, but declines over the MTEF by -1.1% p.a. The major cost drivers are travel and subsistence, property payments and venues and facilities.

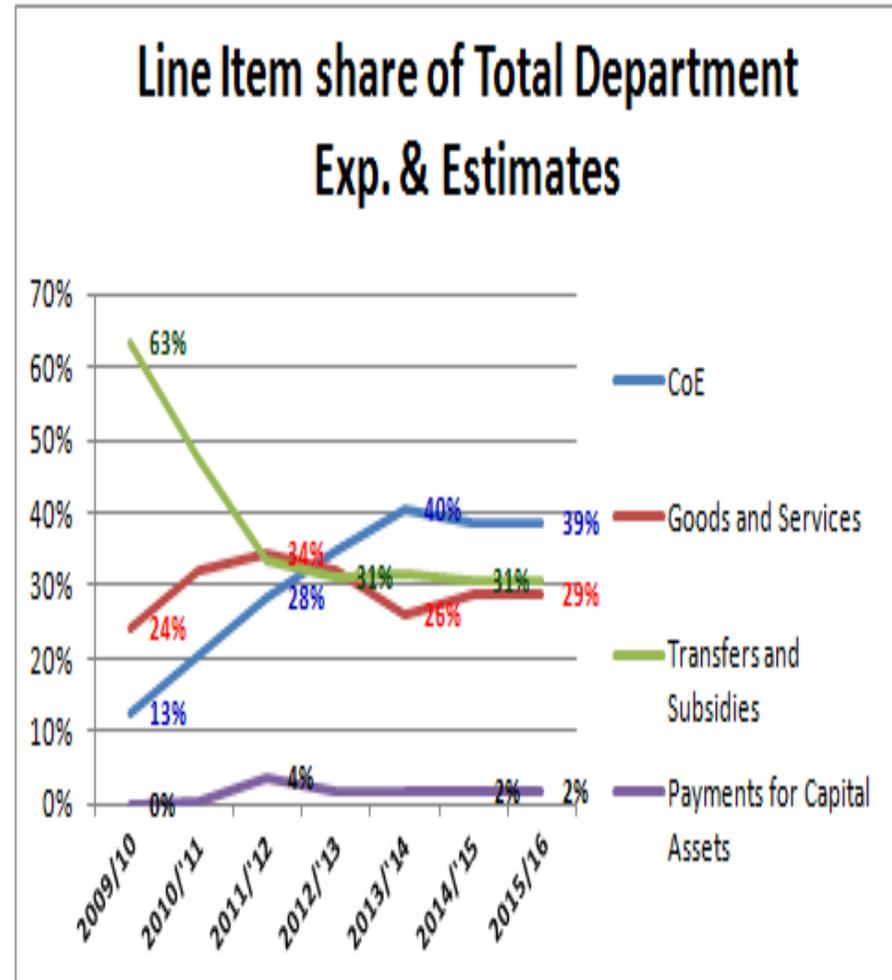
• The rise in travel and subsistence costs largely driven by foreign travel expenses which increased from R3.9 million in 2011/12 to R9.9 million in 2012/13

# PROGRESSION OF LINE ITEM SPENDING & MTEF ESTIMATES (2)

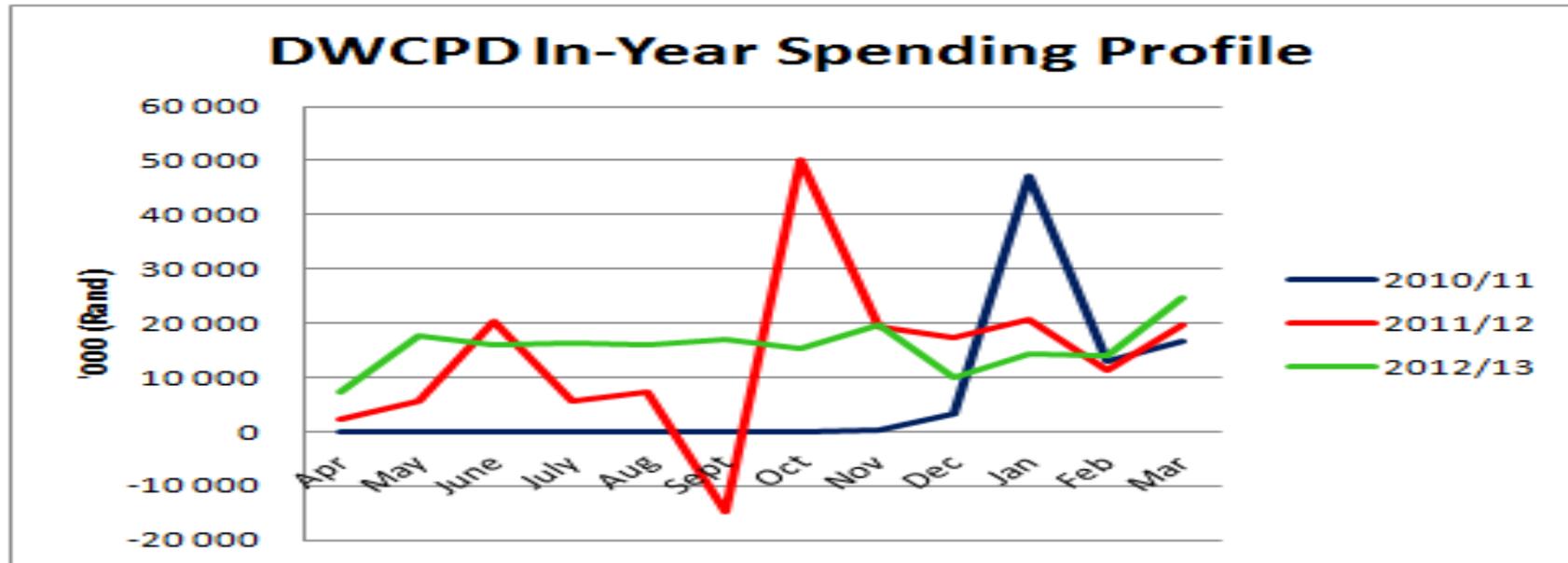
- Goods and Services...
  - The increase in property payments due to an increase in office accommodation for the deputy-minister's staff.
  - Even though *venues and facilities* represent third largest cost item (with *communication*) within goods and services, the financial statements of the Department, does not have an explanatory note with a breakdown of costs.
- Transfers to the Commission for Gender Equality increase in real terms by 1% over the MTEF period for improved conditions of service.
- The increase for capital assets from 2010/11 onwards directed towards establishing the DWCPD as a stand-alone department
- Some of the department's expenditure figures in the Estimates of National Expenditure (ENE) do not reconcile with recorded amounts in the Annual Financial Statements (AFS). For example, in 2012/13 an amount of R15 million for property rates is reported in the ENE but the amount recorded in the AFS is only R8.43 million.”

# LINE ITEM SHARE OF TOTAL EXPENDITURE & MTEF BUDGET

- The decline in the share of *transfers and subsidies* between 2009/10 – 2012/13 is offset by an increase in share of *COE* and *goods and services* as the department moved from being a unit within the Presidency to becoming a stand-alone department. Over the MTEF period, this trend evens out with *transfers and subsidies* the second largest line item at 31% over the MTEF period.
- Over the MTEF, the share of *goods and services* decline whilst the share of *COE* increases as the department reallocates resources away from non-core spending items (e.g. travel and subsistence) to building capacity within the department.



# IN-YEAR SPENDING PROFILE



- The in-year spending pattern for the department has improved considerably in 2012/13 compared to 2011/12 and 2010/11 where erratic spending disbursements most likely compromised the department's cash management processes.
- The more consistent pattern observed in 2012/13 could be as a result of better cash-flow planning; although small spike in spending is still observable in March 2012/13.

# HOW WELL DID THE DEPARTMENT DO IN 2012/13?

Programme	Total number of targets/outputs	Targets Achieved	Targets not achieved	% Target achieved by programme
Administration	73	50	23	68.5%
Woman empowerment and gender equality	17	14	3	82.4%
Children's rights and responsibilities	14	13	1	92.9%
Rights of people with disabilities	16	6	10	37.5%
<b>Total</b>	<b>120</b>	<b>83</b>	<b>37</b>	<b>69.2%</b>

# SPENDING PERFORMANCE (FISCAL DISCIPLINE)

- DWCPD spent 93.3% of its total budget (R192.9 m) in 2012/'13 which includes a transfer amount of R59.1 for Gender Commission.
- Under expenditure is mainly due to additional earmarked funding that was allocated to fill critical posts and rental payment for additional office space which could not be effected because the lease agreement had not been finalised.
- DWCPD under spent on all its programmes, especially on CRR programme (70.7%). No reasons were cited in the DWCPD's annual report for this programme's large underspending.

Programme R'000	Final Appropriation	Actual Expenditure	Expenditure as % to Vote
Administration	85203	80110	94.0%
Woman Empowerment & Gender Equality	79502	77572	97.6%
Children's Rights and Responsibilities	13025	9205	70.7%
Rights of People with Disabilities	15119	13002	86.0%
<b>TOTAL</b>	<b>192849</b>	<b>179889</b>	<b>93.3%</b>
<i>Source: DWCPD Annual report, 2012/13</i>			

# UNAUTHORIZED EXPENDITURE

Year	Opening balance	Amount for the year	Amounts condoned	Amounts written off/not condoned	Awaiting condonement
2011	3729	25139	0	0	28882
2012	28882	0	0	0	28882

- An amount of R25,1 m unauthorized expenditure in 2011/' 12. Amount not yet condoned
- DWCPD did not incur any unauthorized expenditure in 2012/13

# IRREGULAR EXPENDITURE

Year	Opening balance	Amount for the year	Amounts condoned	Amounts written off/not condoned	Awaiting condonement
2011	6,629	35,396	-6,629	-	35,396
2012	35,396	6,120	-	-	41,516

- An amount of R35,5 m irregular expenditure has been recorded in 2011/12, no reasons cited by DWCPD in AR
- Currently investigations are under way regarding the R6,1 m irregular expenditure incurred in the 2012/13 financial year
  - Part of it as a result of suppliers awarded contracts without valid original tax clearance certificates

# AUDITOR GENERAL'S REPORT

## 2012/'13

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- Unqualified audit report in both 2011/12 and 2012/13

*AG refers to the following matters for attention:*

- The internal audit function
  - No three year rolling strategic plan in place
  - No submission of reports detailing the performance
  - No evaluation of the: effectiveness and efficiency of controls, reliability and integrity of financial information, compliance with laws and regulations as required by Treasury Regulations
- Procurement and contract management
  - Goods and Services with a transaction value below R500 000 were procured without obtaining price quotations
  - Instances where quotations were awarded to suppliers whose tax matters had not been declared by SARS



# FFC RECOMMENDATIONS

*Briefing to the Portfolio Committee on WCPD*

# FFC RECOMMENDATIONS – 2013/14

## SUBMISSION FOR THE DOR

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### **Assessing Gender Responsive Budgeting in the Local Government Sphere in South Africa**

- National and Provincial Governments should:
  - Run a pilot on gender budgeting in a few municipalities
  - Ensure that gender planning is institutionalised in municipal IDPs by sector
  - Provide gender budgeting good practice guides and toolkits
  - Provide guidelines for collecting sex disaggregated data
- Local Government should:
  - Institutionalise gender responsive budgeting process linked to IDPs
  - Build capacity for gender mainstreaming and gender responsive budgeting at the local level
  - Ensure gender-responsive appropriations and budget allocations
  - Ensure gender-sensitive public participation and consultations at local level

# FFC RECOMMENDATIONS – 2014/15

## SUBMISSION FOR THE DOR

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### **Economic and Social Value of Social Grants**

- Government makes more resources available through the transfer system to enable progressive realisation of an ideal child-support system. An ideal child-support system is a system that relaxes the existing means test and moves towards faster universalisation of the Child Support Grant (CSG). This should happen even under fiscal consolidation because of the social and economic benefits
- Government puts in place a system to ensure coverage is extended to children currently excluded from accessing the CSG for administrative reasons

# FFC RECOMMENDATIONS – 2014/15

## SUBMISSION FOR THE DOR

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- Government moves faster towards consolidating the various social protection instruments (CSG, Foster Child Grant, UIF, social wage, etc.), as part of the longstanding reform of the social security system because of the significant effects on reducing child poverty
- National Treasury provides advice to departments and agencies working with children on developing major cross-portfolio initiatives aimed at eliminating child poverty. To date, a range of child poverty measures have been accommodated and scattered across many agencies, but these should be nested within a new unified outcomes framework of related agencies because of synergies with related programmes

# PROVISION AND FUNDING OF CHILD WELFARE SERVICES

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- Finalised and tabled report on the provision and funding of Child Welfare Services in South Africa
- The objectives of the report:
  - To provide an overview of government policy in the provision and funding of child welfare services in South Africa.
  - To provide an analysis of child welfare services budgets in South Africa.
  - To identify key issues to be addressed to improve the provision and funding of child welfare services in South Africa.

# RECOMMENDATIONS

Recommendations	Description
<p>1. The funding for non-governmental agencies providing child welfare services have declined markedly because international donor agencies are entering into bilateral agreements with government, government policy of partial funding of child welfare services, a decrease in lottery financing access, the donor community being less inclined to fund statutory services and lower private donations because of the economic slowdown.</p>	<p><b>Short-term</b></p> <ul style="list-style-type: none"> <li>i. National and provincial spheres of government and NPOs should reach an agreement on the funding principles to improve transparency in the grant system. This is a short-term recommendation.</li> <li>ii. Delays in the disbursement of financial awards which place pressure on non-profit organisations (NPO) cash flows should also be eliminated.</li> </ul> <p><b>Long-term</b></p> <ul style="list-style-type: none"> <li>iii. Other sources of funding for child welfare services should be identified to ease existing funding pressures.</li> </ul>
<p>2. Auditor-General (AG) findings for the 2010/2011 financial year for provincial Departments of Social Development point to maladministration, specifically in terms of management, monitoring and oversight of the work NPOs. Some NPOs have also not been able to account for the grants received as the AG requires and in some cases have used funds for inappropriate purposes.</p>	<p><b>Medium-term</b></p> <ul style="list-style-type: none"> <li>i. The entire value chain in the transfer system should be audited to identify bottlenecks and inefficiencies so that administrative systems can be streamlined, simplified and standardized across provinces.</li> <li>ii. Where best practises are implemented, this should also be shared with other provinces.</li> </ul>
<p>3. With limited funding for children services available, funding for non-statutory services like Early Childhood Development (ECD), may be diverted to fund statutory services which are justiciable.</p>	<p><b>Short-term</b></p> <ul style="list-style-type: none"> <li>i. The national and provincial spheres should carefully balance the funding allocated to statutory and non-statutory services such as ECD, through its prioritization framework that recognizes the importance of both services to children's wellbeing.</li> </ul>

# RECOMMENDATIONS

Recommendations	Description
<p>4. The results show significant service delivery disparities in child welfare services between various regions in the country due to historical reasons. This is exacerbated by a lack of adequate prioritization by some provinces.</p>	<p><b>Short-term</b></p> <p>i. Appropriate standardisation of funding per child that is in line with the minimum norms and standards across all provinces to reduce existing funding disparities.</p>
<p>5. The Policy on Financial Awards does not adequately address some of the important funding issues that the sector is struggling with. For example, the affordability of norms and standards, the funding mix between various service levels (E.g. Early intervention and protection vis-a-vis mandatory services) and the extent to which these services should be funded. There is also a lack of clarity and agreement on the definition on transformation implied by the Policy (E.g. The balance between urban and rural access, the staff composition of NPOs, the beneficiaries being targeted, etc.).</p>	<p><b>Short-term</b></p> <p>i. The Policy on Financial Awards should be reviewed to assess whether the following components have been adequately addressed: a prioritization framework for welfare services, a financing model based on agreed principles, minimum criteria to qualify for funding and a clear definition of transformation.</p>
<p>6. The Bill of Rights enshrines children's rights to access welfare services and also that the state should prioritize these rights through putting in place adequate policies, laws and budgets to give effect to these rights.</p>	<p><b>Short-term</b></p> <p>i. Provincial EXCOs need to ensure adequate prioritisation of child welfare funding.</p> <p><b>Long-term</b></p> <p>ii. Government should put in place a financing plan that moves towards full funding of minimum norms and standards for children services provided for in terms of the relevant Acts.</p> <p>iii. Monitoring and evaluation systems be developed across the entire delivery value chain to ensure that services delivered to children meet minimum standards of access and quality across all provinces.</p>

# RECOMMENDATIONS

Recommendations	Description
<p>7. Provinces have not been able to implement a needs analysis for children services as required by the Children's Act. This has led to a lack of information on backlogs and to a lesser extent, existing service provision needs, resulting in some children services not being adequately provided for. The FFC recommends:</p>	<p><b>Medium-term</b></p> <p>i. Provinces should conduct an updated needs analysis of child welfare services to inform short and long-term service planning, budgeting and monitoring and evaluation.</p>
<p>8. There is lack of coordination in planning, budgeting and target setting of CWS between all the relevant stakeholders. NPOs often are the delivery vehicle, but do not participate in these processes at all, undermining the cooperative delivery. The FFC recommends:</p>	<p><b>Medium-term</b></p> <p>i. A coordinated and integrated service delivery (planning, budgeting, consultation, communication) across national and provincial spheres and NPOs.</p> <p>ii. An agreed upon set of value principles should guide the relationship between government and NPOs.</p>
<p>9. Key programmatic child welfare indicators and targets not reported on by provinces in a consistent way. Some Indicators are also of poor quality and are not specific, measurable, appropriate, realistic or time-bound. It is therefore difficult to monitor the implementation of child welfare services and to hold departments and NPOs accountable. The FFC recommends:</p>	<p><b>Short-term</b></p> <p>i. The national sphere should standardize a limited number of indicators that the sector departments and NPOs must report on.</p> <p>ii. The national sphere should build capacity within provincial departments to monitor, support and enhance the delivery capacity of NPOs, especially emerging ones.</p> <p><b>Long-term</b></p> <p>iii. One system for reporting and monitoring these indicators should be introduced that is simple to use and can be applied in all the provinces.</p>



THANK YOU.

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Briefing to the Portfolio Committee on WCPD*