

**BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON THE 2018/19 ANNUAL REPORT OF THE DEPARTMENT OF MILITARY VETERANS (DMV), DATED 23 OCTOBER 2019.**

The Portfolio Committee on Defence and Military Veterans, having considered the financial and service delivery performance of the Department of Military Veterans (DMV) for the 2018/19 financial year, reports as follows:

**1. INTRODUCTION**

**1.1. Description of core functions of the Department**

The Department of Military Veterans derives its mandate from the Military Veterans Act (No 18 of 2011), which requires it to provide national policy and standards for socio-economic support to military veterans and to their dependents, including benefits and entitlements to help realise a dignified, unified, empowered and self-sufficient military veterans' community.

**1.2 Mandate of Committee**

The Portfolio Committee on Defence and Military Veterans (PCODMV) is mandated to oversee the Department of Military Veterans (DMV) to ensure that the Department fulfils its mandate through the monitoring of the implementation of legislation and adherence to policies, such as the Military Veterans Act and the Military Veterans Benefits Regulations and other related legislation. It must scrutinise legislation which supports the mission statement of Government; the budget and functioning of DMV.

**1.3 Purpose of the BRR Report**

Section 5 (2) of the Money Bills Procedures and Related Matters Amendment Act (No. 9 of 2009) allows for each Committee to compile a budgetary review and recommendation report (BRRR) which must be tabled in the National Assembly. Section 5(3) provides for a budgetary review and recommendation report to contain the following:

- an assessment of the department's service delivery performance given available resources;

- an assessment on the effectiveness and efficiency of departments use and forward allocation of available resource; and
- recommendations on the forward use of resources.

The above is done in October of each year, and the BRRR is also a source document for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process.

#### **1.4 Methodology in compiling the report**

The Report is compiled from the various activities of the Committee. It is inclusive of the Committee's meetings, oversight visits, reports on budget votes, strategic plans, annual performance plans and annual reports, as well as previously published Committee reports.

#### **1.5 Dates of oversight visits**

The PCODMV did not conduct an oversight visit to facilities of the Department of Military Veterans in 2018/19.

#### **1.6 Information used to compile the Report**

Besides the information on the Oversight visits, other information used in the assessment of the service delivery and financial performance included the:

- The National Development Plan 2030;
- The 2018 Estimates of National Expenditure;
- The 2018 State of the Nation Address;
- Committee reports on the 2017/18 Budget Hearings, Strategic Plans and Annual Performance Plans reports;
- DMV Annual Report 2018/19; and
- The Auditor-General Report on the DMV for 2018/19.

#### **1.7 Structure of the Report**

This Report comprises the following sections:

- Section 1: An Introduction which sets out the mandate of the Committee, the purpose of this report (BRRR) and the process to develop this report.
- Section 2: Provides an overview of the key relevant policy focus areas.
- Section 3: Provides an overview and summary of previous key financial and performance recommendations of Committee (2018/19).
- Section 4: Provides a broad overview and assessment of financial performance of the Department for 2018/19.
- Section 5: Overview of service delivery and performance
- Section 6: Key Committee findings.
- Section 7: Key recommendations.

## 2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

### 2.1 State of the Nation Address 2018

The following excerpts from the SONA 2018 delivered by President Ramaphosa on 16 February 2018 to a Joint Sitting of Parliament. These excerpts are deemed relevant to the DMV.

- **Ethical behaviour and ethical leadership.** The President encouraged South Africans to be guided by Mandela's example, to use 2018 as the year to reinforce our commitment to ethical behaviour and ethical leadership. *The DMV has on several occasions indicated its seriousness with fighting fraud and corruption, and this was given further urgency by the President.*
- **Job creation and youth unemployment.** For several years the economy has not grown at the pace needed to create enough jobs to lift our people out of poverty. At the centre of our national agenda in 2018 is the creation of jobs, especially for the young people in our country. *Although not an employment creating Department, much emphasis has been put on assisting and supporting the youth with employment opportunities in the DMV.*
- **Education and training.** On 16 December 2017, the former President Jacob Zuma announced that government would be phasing in fully subsidised free higher education and training for poor and working class South Africans over a five-year period. He stated that Government will

continue to invest in expanding access to quality basic education and improving the outcomes of our public schools. *Given that one of the 11 benefits captured in Section 11 of the Military Veterans Act (18 of 2011) deals with education and training, and that there is a huge demand – indeed and oversubscription – to this benefit, the DMV contributes to addressing this benefit.*

- **Transformation: Black professionals and disabled persons.** The President stated that the capacity to support black professionals will be improved and that Government will deal decisively with companies that resist transformation. Government is also working to expand economic opportunities for people with disabilities in our country. *The DMV annually reports on this issue and has reached their 2% of representation of persons with disability for the last two years. The Committee has encouraged the Department to improve the representation of especially Indian Males and Coloured females.*
- **Technology: Inter-operability and role of SITA.** Reference was made to the fact that the country's prosperity as a nation depends on our ability to take full advantage of rapid technological change. This means that we urgently need to develop our capabilities in the areas of science, technology and innovation. *Inter-operability between the various IT systems in the Department has been a headache for years and needs to be addressed as soon as possible, given its importance and value that it can add and the role that SITA can play in assisting the DMV with, for instance, its Database.*
- **Health: HIV/AIDS, NHI and Life style diseases.** The President stated that in 2018 government will take the next critical steps towards eliminating HIV from our midst. Government will also need to confront lifestyle diseases, such as high blood pressure, diabetes, cancer and cardiovascular disease. He further stated that the time has now arrived to finally implement universal health coverage through the National Health Insurance. *The role of the DMV in providing health benefits to military veterans, with the assistance of the SAMHS can assist to address HIV/AIDS and should be enhanced.*
- **Batho Pele.** The fact that the state employs 1 million public servants and that the majority serve our people and our nation with diligence and commitment, should be commended. They need to be applauded for that service they give. However, the challenges that our people face when they interact and interface with the state. In too many cases, they often get poor service or no service at all. We want our public servants to adhere to the principle of Batho Pele, of putting our people

first. One of the constant issue raised by Members in relation to the DMV is the lack or poor service given to military veterans when they want to access benefits. The emphasis on Batho Pele is therefore a timely and appropriate reminder that “our people should be put first.”

## 2.2. DMV contributions towards the National Development Plan (NDP) and Medium-Term Strategic Framework (MTSF) (Outcomes)

The Annual Report gives a tabular outline of the Department’s contributions to both the National Development Plan and the Medium Term Strategic Framework Outcomes 2014-2019. It is especially the progress versus the annual targets as at 31 March 2019 which should be noted:

### DMV Contributions to NDP and MTSF

Outcome No	MTSF Outcomes	Chapter	NDP	Progress as at 31 March 2018	Progress as at 31 March 2019
1	Improved quality basic education	Chapter 9	Improving Education, Training and Innovation.	7 702 military veterans and their dependants were provided with education support. This included 4 958 at basic education and 2 744 in tertiary education.	Actual achievement is the number of approved military veterans and dependants for 2018 Academic year (8 086) and 2019 Academic year (3 240) as at 31 March 2019.
2	A long and healthy life for all South Africans	Chapter 10	Promoting Health	A total of 16 673 military veterans accessed the healthcare services	Because of high demand on Healthcare services, 17 197 military veterans had

					access which saw a significant rise from the planned target of 17 000
3	Decent employment through inclusive economic growth	Chapter 3	Economy and Employment	154 military veterans were provided with business access to empowerment opportunities	Almost 308 military veterans were provided with businesses access to empowerment opportunities
5	A skilled and capable workforce to support an inclusive growth path	Chapter 9	Improving Education, Training and Innovation	952 military veterans and their dependants were provided with funding for skills development programmes.	197 deserving military veterans and their dependants were provided with approved funding for skills development programmes
7	Vibrant, equitable, sustainable rural communities contributing towards food security for all	Chapter 6	An integrated and inclusive economy, human capital, social security, food security and basic services.	2 832 military veterans and their dependants were provided with Social Relief of Distress to mitigate their suffering.	To date the department has assisted more than 3 478 military veterans and their dependants with Social Relief of Distress (SRD) to mitigate their suffering
8	Sustainable human	Chapter 8	Transforming human	270 houses were provided to	417 (WC: 102; EC: 54; GP: 207;

	settlements and improved quality of household life		settlement.	deserving military veterans as follows: <ul style="list-style-type: none"> <li>• Eastern Cape – 41 houses;</li> <li>• Western Cape – 43 houses;</li> <li>• Gauteng Province – 83 houses;</li> <li>• Northern Cape – 7 houses;</li> <li>• Mpumalanga - 85 houses; and</li> <li>• Limpopo – 11 houses.</li> <li>• Assisted 101 military veterans whose mortgage loans were in distress.</li> </ul>	NW: 33; LP: 21) houses against target of 1 000. Reasons under achievement: <ul style="list-style-type: none"> <li>• Unavailability of service sites in KZN;</li> <li>• Delays with the procurement of contractors at the Provincial Department of Human Settlement (PDHS).</li> <li>• Lack of project management skills at PDHS;</li> <li>• Unavailability of Military Veterans who meet the qualifying criteria.</li> <li>• Lack of coordination between DMV &amp; NDHS</li> </ul>
12	An efficient, effective and development-oriented	Chapter 13	Building a capable and developmental state.	<ul style="list-style-type: none"> <li>• During the year under review, all statutory planning and evaluation</li> </ul>	- All the statutory planning, monitoring and

	public service and an empowered, fair and inclusive citizenship			<p>documents were developed and submitted to external stakeholders</p> <ul style="list-style-type: none"> <li>• The BAS and Payroll systems fully functional.</li> <li>• Financial Reporting is in place.</li> <li>• LOGIS is not yet in use. DMV is in the processes of implementing this system with a target date of 01 June 2018.</li> <li>• Assets management challenges are being addressed.</li> </ul>	<p>evaluation documents were developed and submitted to external stakeholders.</p> <ul style="list-style-type: none"> <li>• An invoice tracking system has been introduced to strength the payment of invoices within stipulated timeframes.</li> <li>• Consultation with NT &amp; SITA underway to implement LOGIS.</li> </ul>
14	Nation building and social cohesion	Chapter 15	<p>Transforming society and uniting the country:</p> <p>Promoting social cohesion across society and righting the wrongs of the past</p>	<p>There have been no new developments with the Tomb of the Unknown Soldier Project during the 2017/18 financial year.</p> <ul style="list-style-type: none"> <li>• 20 tombstones have been erected at the graves of</li> </ul>	<p>325 families were provided with burial support.</p> <ul style="list-style-type: none"> <li>• 41 tombstones were erected to the graves of deceased military veterans</li> </ul>

				<p>deceased military veterans.</p> <ul style="list-style-type: none"> <li>• A committee was formed to oversee the project for the repatriation and the handover of the remains of 17 Pan African Congress (Poqo) members who were arrested in Paarl in 1962 and hanged at the gallows in Pretoria between 1962 and 1968.</li> <li>• Their remains were handed over to families on 23 March 2018, with reburials scheduled to take place during 2018/19 financial year.</li> <li>• 272 families were provided with burial support.</li> </ul>	
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**2.3 Strategic Outcome-Oriented Goals and Objectives**

The Department's Annual Performance Plan and Strategic Plan include strategic outcome-oriented goals that are the drivers of change towards the achievement of the desirable affairs of military veterans. In order to execute its mandate, the Department has identified three strategic outcome-oriented goals that define its direct service delivery responsibilities. These goals and objectives are as follows:

PROGRAMME	STRATEGIC GOAL	STRATEGIC OBJECTIVE
<b>Administration</b>	Provide Efficient, Effective and Excellent Administrative Support	<p><b>Strategic objective 1.1</b></p> <p>Provide strategic direction to the Department</p>
<b>Socio-Economic Support</b>	Improved and sustainable socioeconomic status of military veterans	<p><b>Strategic objective 2.1:</b> Ensure establishment of a secured national military veteran's database and smooth transition of military service men/ women to civilian life.</p> <p><b>Strategic objective 2.2:</b> Provide a comprehensive delivery system of benefits and services of military veterans</p>
<b>Empowerment and Stakeholder Management</b>	Empowered and Self-sufficient military veterans	<p><b>Strategic objective 3.1:</b> Contribute toward reconciliation and nation building.</p> <p><b>Strategic objective 3.2:</b> Improve the quality of life for military veterans and that of their dependants.</p> <p><b>Strategic objective 3.3:</b> Recognise and honour military veterans in life and memorialise them in death for their sacrifices on behalf of the nation.</p>

## 2.4. Overview of DMV Strategic Plan and Annual Performance Plan

The DMV 2018/19 Annual Performance Plan and the Strategic Plan (2015 - 2019) give effect to the mandate of the DMV.

### **Strategic Plan 2015 - 2019**

The Department's Strategic Plan (2015 - 2020) outlines its **Vision** namely "*A dignified, empowered and self-sufficient Military Veteran's community,*" while its **Mission** is "*to facilitate delivery and coordinate all activities that recognise and entrench the restoration of dignity and appreciation of the contribution of Military Veterans to our freedom and nation building.*" It further outlines the **Service Charter** that underpins the delivery of service to military veterans, which emphasises *inter alia* service standards, teamwork, discipline, excellence, ethics, openness and transparency. It lists the Legislative and other mandates with the primary source being the Military Veterans Act (No. 18 of 2011). The various planned policy initiatives are also recorded which are in the process of being finalised and/or approved.

### **Annual Performance Plan (APP)**

The 2018 APP lists the contributions that it will make to the NDP in the FY 2018/19 as:

**Chapter 3: Economy and Employment:** The Department plans to contribute through various benefits to the NDP through comprehensive support services to Military Veterans and where applicable, to their dependants through:

- Education, training and
- skills development
- Facilitation of
- employment placement
- Facilitation of or
- advice on business opportunities.

**Chapter 8: Transforming Human settlement:** Through partnerships with Department of Human Settlement (DHS), the DMV will facilitate building of around 1 000 houses. Furthermore, the

Department has planned to refurbish houses that are in need of renovations and also support military veterans whose houses are in the process of being repossessed by the banks.

**Chapter 9: Improving Education, Training and innovation:** The Department plans to contribute to the NDP objective by providing quality basic education through the provision of comprehensive support services to Military Veterans and where applicable, to their dependants through Education, training and skills development.

**Chapter 10: Promoting Health:** It links this NDP objective to the MTEF Outcome 2 entitled Long and healthy life for all South Africans, in that it wants to provide comprehensive support services to Military Veterans and where applicable, to their dependants through 1) Acquiring a Healthcare and Wellness Centre (HWC) and 2) Access to health support.

**Chapter 13: Building a Capable State:** The Department is working towards being an employer for both military veterans and their dependants by ensuring that recruitment is based on experience and expertise that will ensure efficient delivery on the Department's mandate.

**Chapter 14: Promoting Accountability and Fighting Corruption:** This NDP objective is linked to the MTEF Outcome 12 namely an efficient, effective and development oriented public service. The Executive Authority priority is listed as ensuring a fully functional DMV with an independent vote, systems and processes.

**Chapter 15: Transformative society and uniting the country:** The DMV will contribute through various benefits to the NDP Objective. This includes contributions in promoting social cohesion and righting the wrongs of the past; promoting decent employment through inclusive growth; as well as promoting empowerment programmes for and of military veterans. Further, the DMV will contribute through its activities to an effective and efficient developmental oriented public service.

### **3. SUMMARY OF PREVIOUS RECOMMENDATIONS OF THE COMMITTEE**

#### **3.1. 2018 BRRR Recommendations**

In 2018, the Portfolio Committee made the following recommendations in its BRR Report on the performance of the DMV for the 2017/18 financial year.

- a. The Committee recommended that the DMV should prepare to brief the Committee on its mitigation plans for the identified internal weaknesses, as well as those identified in its SWOT analysis.
- b. The Department plans to address the Human resources challenges *inter alia* through the Skills Audit process as well as ensuring that Consequence Management is applied properly and consistently and to prioritise the filling of senior posts. The Committee recommends that the Department should prioritise these actions, submit the Skills Audit Report when completed and report back to Committee on these interventions on a regular basis. This was also recommended in the previous BRRR of the Committee.
- c. The Department informed the Committee that it is engaging the Department of Public Service and Administration as well as updating and soliciting the assistance and support of the Minister regarding the new structure. It was recommended that the Committee be kept abreast of developments in this regard and that the Department can approach the Committee if it needs further assistance from its side.
- d. The Committee noted that one of the main problems resort around middle level management where employees fail to set a proper example for their subordinates as well as failing to implement Consequence Management. The Department indicated that it is ensuring that Consequence Management is being implementing, that middle managers are taken to task, which encouraged the Committee that this problem is being addressed. The Committee recommends that regular feedback on progress be given in this regard.
- e. The Department responded to the huge shifts in education by referring to this benefit as one where actual “value for money” can be derived from if military veterans and their dependants can be educated and made less reliant in the Department. The Committee recommended that the Department should seriously engage with this benefit to ensure that other benefits are not compromised and that the DMV should ensure that such shifts to “long term” benefits, are in line with National Treasury regulations.
- f. The Department did not have a list of the educational institutions at hand and were requested to provide the Committee with it as soon as possible. Regarding the success rate, the Department admitted that they are not following up on this issue as well as to what happens if “failed” students apply for bursaries again. The Committee recommended that the Department should, as a matter of urgency, track students and especially whether those that failed, apply again for bursaries. It should also determine whether those that have qualified has subsequently been employed and became independent from the Department.

- g. The Department agreed that the Database is the “center of gravity” to ensure that “real” military veterans and their dependants receive the benefits and that it should be able to get people who are not entitled to the benefits, out of the system. It is working with the Department of Home Affairs with issues such as birth certificates. The Committee recommends that the Department enhance its efforts to address the challenges besetting the Database and to further improve its cooperation with the DHA and other law enforcement agencies to clean up the Database. The Database challenges are recurring.
- h. It was indicated that no real progress has been made with the public transport benefit, except that the Department has engaged the Department of Transport on how to approach it and that it was engaging municipalities regarding transport subsidies. The Committee recommends that the Department should enhance its efforts in this regard and give feedback to the Committee on this benefit on a regular basis.
- i. The Department explained the rationale for the SRD, but stated that once people received it, it becomes a sort of entitlement on which people become dependent which makes it difficult to manage. The DMV has social workers to assist with assessments and has also engaged the Department of Social Development to assist its members. The Committee recommends that the Department should set a budget aside for this assistance and that it should communicate – with the assistance of SANMVA and related organisations - the intentions and operation of the SRD to assist to prevent misunderstandings.
- j. While noting challenges such as the illegal occupations of houses, the Department indicated that it is enhancing its efforts with the national Department of Human Settlement as well as the South African Local Government Association (SALGA), to address some of the obstacles with the delivery of houses. The Committee recommends that the Department keeps it abreast of developments on a regular basis to ensure that the poor delivery of houses is being improved upon, as well as ensuring that Section 6 of the Military Veterans Act are abided with and that of the Intergovernmental Relations Framework.
- k. The Department noted that there were only two people in the Internal Audit function and that the director post is vacant but that it is planning to address this as soon as possible. The Committee recommends that the Department should prioritise the filling of these posts and give feedback to the Committee on developments in this regard on a regular basis.
- l. It was indicated that the investigations into officials who had incurred irregular and fruitless and wasteful expenditure has been outsourced, and that the Department has received a draft report and returned it to allow the service provider to improve its quality. The Committee request the Department to present the report to it the next time it appears.

m. The Department responded to the delay in paying invoices within 30 days by referring – again – to the historical debt mainly related to travel, cell phones and computer services invoices, as well as indicating that the situation should now improve. The non-compliance relates mostly to the volumes of invoices that are mostly travel-related and concerns other parties such as military veterans and SANMVA. In addition, it does not have an automated system but it is busy fast tracking the LOGIS system to track invoices electronically as well as being able to link with the BAS system which can run exception reports. Given this positive news, the Committee recommended that the Department should on a regular basis inform the Committee on developments in this regard.

n. The Committee impressed on the Department that Skills Development interventions should be aimed at making military veterans less dependent on the Department or that they should become part of the duly employed in the country. The Committee recommended, similarly to the education support, that the Department should track those who have been skilled to ensure that they utilise the skills acquired to become less dependent on the Department and that the related policies should be aligned to require this.

o. The Department indicated that various efforts are being implemented to address the dire situation, such as monthly meetings with the Minister and regular meetings with the Deputy Minister, the filling vacancies, the implementation of the recommendations of the TSI, the conduct and implementation of the recommendations from the Skills Audit, and especially addressing the structural issues of the Department. The Committee agree that these interventions are crucial and encouraged the Department to further enhance these efforts and give feedback to the Department on a regular basis.

### **3.2. Committee 2018/19 Budget Report**

The Portfolio Committee made the following recommendations regarding the 2018/19 Annual Performance Plan and 2018/19 Budget allocation to the DMV:

- The Committee recommends that the Department should enhance its spending patterns in especially the service delivery programmes not only to avoid requests for roll overs, but also to proof its ability to spend funds effectively and efficiently.
- While the Housing policy is being finalised, the Committee request the speedy finalisation of other policies to enhance the delivery of benefits to military veterans especially the pension and public transport policies.

- The Committee acknowledges the progress being made with finalising the new Macro-structure of the Department, but recommended that the Department should enhance its efforts in order to speed up the delivery of benefits and appointment of personnel in especially critical managerial posts.
- Related to the new Macro structure, the Committee recommends that the Department should strive to stabilise the staff establishment and that it should prioritise the filling of vacancies especially the strategic posts.
- The Committee recommends that the Department should prioritise its efforts to have an independent vote and systems, as this will assist in the effective and efficient delivery of benefits.
- The Department should set realistic targets especially if it did not meet those targets in the past. A point in case is the “Percentage of Communication Strategy activities” target which was increased from 75% to 100% although the Department failed to meet the previous target.
- The Committee recommends that the Department should prioritise the weaknesses identified in the MPAT processes in order to improve its performance on this management tool.
- The Committee wants the Department to provide both the percentages and the actual numbers when reporting on the achievement of their targets in order to give the Committee a clear understanding of the kind of impact and the number of people that have been assisted.
- The Committee recommends that the Department should ensure that overspending on Education support does not come at the cost of benefits such as housing and Skills Development. It should prioritise the revised maximum limits for basic and higher education and implement these as determined.
- The Committee recommends that the DMV should focus in particular on the performance of Administration and Empowerment and Stakeholder Management Programmes in order to ensure that its overall performance is improved.
- The Committee recommends that the poor performance in the Stakeholder Management Programmes such as state organs having agreements with the DMV, the number of beneficiaries for skills development, and memorial sites erected, should be targeted for enhanced focus.
- The Committee recommends that the Department fill the vacancies in the Internal Audit section as soon as possible as well as ensuring that this section is supported with the necessary resources without delay.
- The Department should prioritise the completion of the Skills Audit and a report to this effect should be presented to the Committee as soon as it is completed.

#### 4. OVERVIEW AND ASSESSMENT OF FINANCIAL PERFORMANCE

##### 4.1 Budget Allocation and Expenditure for 2018/19

The allocation for Vote 19 for the DMV in the Estimates of National Expenditure (ENE) for 2018/19 financial year, was R627 087 000. The actual expenditure was R541 977 000 which led to an underspending of R85 110 000 or 14% of the total budget, as depicted in below.

##### Overview of Budget Allocation and Expenditure for 2018/19

Programme R'000	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	Percentage Spent
<b>Administration</b>	<b>133 565</b>	<b>7 020</b>	<b>140 585</b>	<b>138 071</b>	<b>2 514</b>	<b>98.2%</b>
	(149 818)	(1 176)	(148 642)	(140 520)	(8 122)	(94.5%)
<b>Socio-Economic Support</b>	<b>336 772</b>	<b>0</b>	<b>336 772</b>	<b>334 660</b>	<b>2 112</b>	<b>99.4%</b>
	(307 381)	(50 121)	(357 502)	(356 437)	(1 065)	(99.7%)
<b>Empowerment and Stakeholder Management</b>	<b>156 750</b>	<b>(7 020)</b>	<b>149 730</b>	<b>69 246</b>	<b>80 484</b>	<b>46.2</b>
	(164 912)	(48 945)	(115 967)	(104 543)	(11 424)	(90.1%)
<b>Total</b>	<b>627 087</b>	<b>-</b>	<b>627 087</b>	<b>541 977</b>	<b>85 110</b>	<b>86.4%</b> <b>(96.7%)</b>

The Table outlines that the Department spend less of its budget in the FY2018/19 namely 86.4% vs 96.7% in the previous financial year. The main contributor to the underspending is Programme 3: Empowerment and Stakeholder Management where only 46.2% or R69 246 was spent against an allocation of R149 730. While the spending of 99.4% in Programme 2: Socio-economic support should be commended since this is the biggest programme dealing with health care and bursaries, it is concerning that the other service delivery programme namely Programme 3: Empowerment and Stakeholder Management, has performed so poorly.

##### 4.1.1 Underspending

In terms of programme expenditure, all programmes recorded underspending with the highest being Empowerment and Stakeholder Management at 53.8 percent, Administration at 0.8% and Socio- Economic Support at 0.6%. The Department explained that the underperformance in the Programme was due to a “less than expected spend on the Empowerment and Stakeholder Management Branch by R80.5 million (46%) was mainly driven by less than expected performance in the provisioning of Skills and Development to military veterans and their dependants.”

#### 4.2 Programmes: Budget Allocation and Expenditure for 2018/19

##### Programme 1: Administration

Programme 1: Administration							
SUB PROGRAMME	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation	Actual expenditure	Variance	% of final appropriation
Management	12 852	(383)		12 469	12 469	-	100
Corporate Service	54 613	10 394	7 202	72 027	71 419	608	99.2
Financial Administration	16 676	5 535		22 211	22 211	-	100
Internal Audit	10 055	(1 400)		8 655	8 061	594	93.1
Strategic Planning, Policy development and M&E	19 367	(7 707)		11 660	10 349	1 311	88.8
Office Accommodation	20 002	(6 439)		13 563	13 562	1	100
<b>Total: Sub-programmes</b>	<b>133 565</b>	<b>-</b>	<b>7 020</b>	<b>140 585</b>	<b>138 071</b>	<b>2 514</b>	<b>98.2%</b>

It is concerning that the subprogramme Strategic Planning, Policy Development and Monitoring and Evaluation has underspent, against the background that the Department has been struggling with

issues of Monitoring and Evaluation and especially Policy Development. The Audit Committee for instance refers to “*Lack of sufficient documented and approved internal policies and procedures*” while the Auditor-General refers to “*Certain policies and procedures were not documented and approved for implementation.*” The Internal Audit saw R1.4 million shifted from its budget and it still underspent by R594 000. This is disquieting given that the DMV has challenges with Internal Audit as evidenced by the Audit Committee which stated that “*Continuous delays to adequately resource the internal audit function*” is one of the reasons for non-compliance.” The shift of R6 439 000 (R10 million in FY2017/18) from the sub-programme *Office Accommodation* in Programme 1 is alarming both as an amount as a recurring matter.

**Programme 2: Socio- Economic Support**

<b>Programme 2: Socio- Economic Support</b>							
<b>SUB PROGRAMME</b>	<b>Adjusted Appropriation</b>	<b>Shifting of funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>	<b>Variance</b>	<b>% of final appropriation</b>
<b>Database and Benefits Management</b>	15 577	(6 899)		8 678	6 361	2 317	<b>73.3</b>
<b>Health care and wellness support</b>	80 858	43 847		124 705	124 702	3	<b>100</b>
<b>Socio economic support management</b>	240 337	(36 948)		203 389	203 597	(208)	<b>100</b>
<b>Total For Subprogrammes</b>	<b>336 772</b>	<b>-</b>		<b>336 772</b>	<b>334 660</b>	<b>2 112</b>	<b>99.4%</b>

The following are noteworthy:

- R6 899 000 (R5.4 million in FY2017/18) has been shifted from the sub-programme *Database and Benefits Management*. Given the recurring challenges with the Database and its management, the Committee plans to interrogate this further.

- R36 948 000 has been shifted from the sub-programme Socio-economic support which is responsible for housing and bursaries. The reasons for this shift should be enquired into given that this is the main service delivery programme.
- The Committee will also look into whether the funds for the Social Relief of Distress (SRD) was from Sub programme 2: Health Care and Wellness support; what the exact amount spent on SRD was; and to what extent it impacted on the ability of the DMV to deliver healthcare services to veterans in need.

**Programme 3: Empowerment and Stakeholder Management**

<b>Programme 3: Empowerment and Stakeholder Management</b>							
<b>SUB PROGRAM ME</b>	<b>Adjusted Appropriation</b>	<b>Shifting of funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>	<b>Variance</b>	<b>% of final appropriation</b>
Provincial Office and Stakeholders Relation	59 595	-	(3 627)	55 968	36 002	19 966	<b>64.3</b>
Empowerment and Skills Development	77 659	(4 200 )	(253)	73 206	18 659	54 547	<b>25.5</b>
Heritage, Memorial, Burial and Honours	19 496	4 200	(3 140)	20 556	14 585	5 971	<b>71</b>
<b>Total:Subprogrammes</b>	<b>156 750</b>	<b>-</b>	<b>(7 020)</b>	<b>149 730</b>	<b>69 246</b>	<b>80 484</b>	<b>46.2%</b>

This is the worst performing programme which underspent by 53.6% and saw shifts of funds as well as a virement from the Programme to the amount of R7 020 to Programme 1 and in particular to the subprogramme Corporate Service. Questions raised revolved around *when* this shift was done and *what* exactly have these funds been used for by this subprogramme as this amount was for Goods and services in Programme.

The underperformance of the Subprogramme Provincial Offices and Stakeholder Relations is particularly concerning as the Department has been struggling to establish provincial offices in especially provinces with huge rural areas. The virement from sub programme 3: Heritage, Memorial, Burial and Honours to the amount of R3 140 000 was also viewed as worrying given the Department underperformance in this sub-programme which focuses on burial support, heritage and memorial aspects. More alarming to the Committee was the shift of R4.2 million from the sub- programme *Empowerment and Skills Development*, especially against the background of the importance of this benefit to skill military veterans and make them less reliant on the Department.

### 4.3 Financial statements

**Unauthorised expenditure:** Similar to the FY2017/18, the Department did not incur unauthorised expenditure during the year under review. The Department should be commended in this regard.

**Fruitless and wasteful expenditure and the amounts:** An amount of R172 000 (R3 million in FY2017/18) was incurred as fruitless and wasteful expenditure of which the majority was as a result of payments for services not utilised.

Concerning was that the Auditor-General states that *“I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken the amount of against officials who had incurred irregular as well as fruitless and wasteful expenditure.”* The Committee will enquire about the progress made with the disciplinary steps.

**Irregular expenditure:** An amount of R10 886 000 (R21.3 million in FY 2017/18) was incurred as irregular expenditure. This relates to five (5) cases on contracts entered into in prior years where SCM processes were not adhered to by the department (R9 355 000), and overspending on Compensation of Employees (R 1 531 000). The Department indicated that they are in the process of rectifying these contracts.

**Contingent liabilities:** The Department has incurred Contingent Liabilities of R804 000 for the year under review. This is composed of R559 000 for Ramatshila-Mugeru Attorneys and R245 000 for E&S Russel Funeral Directors. This brings the total amount for Contingent Liabilities to R243 041 000.

As in the previous financial year, the Auditor-General has expressed its concern in this regard as the Department is the defendant in contract cancellation lawsuits. It stresses that the *“ultimate outcome*

*of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.”*

#### **4.4 Findings of the Auditor General of South Africa**

The Auditor-General of South Africa (AGSA) audited the financial statements of the Department for the FY2018/19, and the DMV received an unqualified audit outcome for 2018/19, similar to that of FY2017/18. This is the third consecutive unqualified audit outcome for the Department.

The following ***Emphasis of Matters*** were identified:

**Material uncertainty relating to the future outcome of exceptional litigation.** As indicated above the AGSA has concerns regarding the lawsuits and the impact thereof, should the litigants be successful.

#### **Report on the audit of the annual performance report**

The AGSA evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, for the following selected programmes presented in the annual performance report for the year ended 31 March 2019:

- ***Programme 2: Socio-Economic Support.***

*Number of bursaries provided to military veterans and their dependants per year.* The evidence and the method of calculation for achieving the planned indicator were not clearly defined. In addition, the achievement for the number of bursaries provided to military veterans and their dependants reported in the annual performance report was 11 326. However, the supporting evidence provided did not agree to the reported achievement.

- ***Programme 3: Empowerment and Stakeholder Management.***

*Number of military veterans and their dependants provided with approved funding for skills development programmes.* The achievement for the number of deserving military veterans and their dependants provided with approved funding for skills development programmes reported in the annual performance report was 197. However, the supporting evidence provided did not agree to the reported achievement.

*Percentage of approved burial claims paid within 30 days of receipt.* The reported achievement of 100% for the percentage of approved burial claims paid within 30 days of receipt was not reliable,

as the department did not have an adequate performance management system to maintain records to enable reliable reporting on the achievement of targets.

*Number of military veterans' businesses provided with access to empowerment opportunities.* The achievement for the number of military veterans' businesses provided with access to empowerment opportunities reported in the annual performance report was 308. However, the supporting evidence provided did not agree to the reported achievement.

*Achievement of planned targets.* The AGSA refers to the annual performance report for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information.

### **Compliance with legislation:**

#### *Expenditure management*

Effective steps were not taken to prevent **fruitless and wasteful expenditure** amounting to R172 000 as the majority of fruitless and wasteful expenditure. The majority of the fruitless and wasteful expenditure resulted from payments for services not utilised. Some payments were not made within 30 days or an agreed period after receipt of an invoice, as required by Treasury regulations.

#### *Strategic planning and performance management*

Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery, as required.

#### *Consequence management*

The AGSA was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular as well as fruitless and wasteful expenditure, as required by the PFMA. This was as a result of significant delays in performing investigations relating to these matters.

#### *Leadership:*

Leadership did not exercise adequate oversight over performance reporting, compliance with applicable legislation and related internal controls. Certain policies and procedures were not documented and approved for implementation. Additionally, action plans to address prior year audit

matters were not timeously and properly documented and monitored. Management did not implement effective controls to ensure that information contained in performance reports was reliable before submission for auditing. Management did also not review and monitor compliance with legislation, resulting in the non-compliance findings reported.

## 5. OVERVIEW AND ASSESSMENT OF PROGRAMME PERFORMANCE

The Department planned to achieve 16 performance areas during the 2018/19 financial year. Of the 16 targeted performance areas, nine (9) targets were achieved which constituted to 56% overall achievement. The spending of 86% of the budget versus an achievement of 56% of the set targets for the year, and the Committee found this performance unacceptable. It means that 86% of the budget has been spent to achieve slightly more than half of the targets set. While this should be measured against a very high spending of 96.7% and a success rate of only 22% in the previous financial year, the average success rate of 56% was questioned. The Department will be requested to indicate what kind of measures it has put in place to improve both the overall spending and especially the success rate in meeting its targets.

### 5.1 Administration Programme

Total targets set:	7	(9 targets in 2017/18)
Targets achieved:	5/7 [3/7]	(2/9 targets in 2017/18)
Targets not achieved:	2/7 [3/7]	(7/9 targets in 2017/18)
Success rate:	71% [57%]	(22.22 in 2017/18)
Total Budget Spent (%):	98%	(94.5% in 2017/18)

As shown above, Administration had a total of 7 (9 in FY2017/18) targets of which 5 have been achieved leading to a success rate of 71% (22.22 percent in FY2017/18). However, if one has regard for the 4<sup>th</sup> Performance indicator 104 “Fully integrated military veterans’ benefits management system” that had as a planned target for 2018/19 “System developed” and compare it with the Actual Achievement 2018/19, it states clearly that the Planning, System analysis and System design have been achieved while the Deviation clearly states “The following phases were not achieved Development, Integration & Testing Implementation Operation and Maintenance.” This target has thus not been achieved bringing the targets achieved to 3/7 and the success rate to 57% for Programme 1 Administration.

## Selected Performance Indicators for Programme 1: Administration

Performance Indicator	Planned Target	Actual Achievement	Deviation	Comment
Percentage of representation of women SMS level	50%	50%	N/A	N/A
Percentage of Communication Strategy activities implemented	75%	75%	N/A	N/A
Percentage cases from Presidential Hotline resolved	100%	95.86%	-4,14%	No proper communication between provinces and municipalities, etc
Fully integrated military veterans' benefits management (SYSTEM?)	<i>System developed</i>	<i>The following systems phases were achieved: - Planning, -System analysis and System design</i>	<i>The following phases were not achieved Development, Integration &amp; Testing Implementation Operation and Maintenance.</i>	<i>The System Developer (SITA) did not have adequate resources to provide the technical and non-technical support.</i>
Percentage of legitimate invoices	90%	79.5 %	-10.5%	Mainly attributable to payments related to travel, invoices

paid within 30 days of receipt				where tracking is not yet effective.
Number of liberation struggle history research outputs	5	9	+4	Commitment to produce quality liberation struggle materials through effective partnerships, improved trusting relations with MV and increased liberation struggle outputs.
Percentage representation of persons with disability	2%	2%	N/A	N/A

The following Performance indicators have been removed: (1) Percentage of targets achieved against those planned in APP (2) Percentage of targets achieved against those on approved MPAT improvement Plan.

The omission of the latter Performance indicator is understandable as DPME has ceased managing the MPAT system. However, the removal of the 1<sup>st</sup> Performance indicator is regrettable as it used to give a clear indication of the overall performance of the Department in a nutshell. A question raised in this regard is their rationale for viewing the Performance indicator "*Fully integrated military veterans' benefits management*" (system) as having been met against the background of the Deviation.

In terms of budget, this programme has spent R138.071 000 of the allocated R140 585 000. This means Programme 1 recorded an underspending of R2 514 000 or 1.8% of the total allocated budget. No overspending was recorded for this Programme. Underspending was recorded for 3 of the 6 sub-

programmes with the worst being sub-programme *Strategic Planning, Policy Development, Monitoring and Evaluation*, followed by *Corporate Services*, and *Internal Audit*.

### Expenditure for Administration Programme

Sub programme R'000	Final Appropriation	Actual Expenditure	Variance	Percentage Spent
Management	12 469	12 469	-	100
Corporate Services	72 027	71 419	608	99.2
Financial Administration	22 211	22 211	-	100
Internal Audit	8 655	8 061	594	93.1
Strategic Planning, Policy Development, Monitoring and Evaluation	11 660	10 349	1 311	88.8
Office Accommodation	13 563	13 562	1	100
<b>Total</b>	<b>140 585</b>	<b>138 071</b>	<b>2 514</b>	<b>98.2%</b>

The Administration Programme is the heartbeat of the Department and its average target achievement (57%) should be questioned especially as it relates to crucial functions such as Internal Audit, Office Accommodation and Financial Management. As stated above, the fact that the *Strategic Planning, Policy Development, Monitoring and Evaluation subprogramme* did not spend R1.3 million of its budget is especially worrisome as this it hosts Policy development and M&E, which has been poorly managed over the years.

## 5.2 Socio-Economic Support Programme

	FY2018/19	FY 2017/18
Total targets set	4	4
Targets achieved	2	1/4
Targets not achieved	2	3/4
Success rate	50%	25%

<b>Total Budget Spent (%)</b>	<b>99.4%</b>	<b>99.7%</b>
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As shown above, Socio-Economic Support had a total of 4 targets (5 in FY 2016/17 and 4 in FY2017/18) of which 2 has been achieved leading to a success rate of 50 (25% in FY2017/18). Given the average performance of 50%, against a spending of 99.4%, attention should be paid to improve on reaching the set targets.

#### Selected Performance Indicators for Programme 2: Socio-Economic Support

Performance Indicator	Planned Target	Actual Achievement	Deviation	Comment
Total number of military veterans with access to health care services	17 000 (1000)	17 197 (993)	197 (-7)	Health care is on high demand
Number of deserving military veterans with decent housing per year	1 000 (1000)	417 (270)	(-730)- 583	4 Provincial government failed to deliver houses (Kwazulu-Natal (KZN), Mpumalanga (MP), Northern Cape (NC) & Free State (FS) as planned.
Percentage of military veterans who are verified and captured on the National Military Veterans' Database	95% (90%)	43% (40%)	- 52%	- Dependency on the manual system for authorisation of applications.  - Unreliable verifiable information e.g. service certificate
Number of bursaries provided for military veterans and their dependants per year	10 700 (8 700)	11 326 (7 702 )	626	The actual achievement is the number of approved military veterans and dependants for

				<p>2018 Academic year (8 086) and 2019 Academic year (3 240) as at 31 March 2019.</p> <ul style="list-style-type: none"> <li>• The benefit has a high demand which is resulting in cost pressures for the DMV</li> </ul>
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As indicated during the Quarterly Report briefing by the DMV, housing and the database are two of the biggest challenges for the Department. The Committee undertook to monitor progress on these two issues closely and whether the challenges they are experiencing, require the intervention of the Committee. Given that only 45% of military veterans have been captured and verified on the Database by end March 2019, and that the Department has undertaken to finalise the Database by end December 2019, the Committee will request an update of progress in this regard (*Meeting of 11 September 2019 with the DMV*).

In terms of budget, this programme has spent R334 660 000 of the allocated R336 722 000. This means that Programme 2 recorded an underspending of R2.1 million or 0.6 percent of the total allocated budget for the programme. It is concerning that only two targets have been achieved while 99.4 percent of the budget was spent. In terms of sub-programmes, underspending was recorded for one sub-programme (Database and Benefits Management), while the other two sub-programmes had a 100% spending.

#### Expenditure for Socio-Economic Support Programme

Sub programme R'000	Final Appropriation	Actual Expenditure	Variance	Percentage Spent
Database and Benefits Management	8 678	6 361	2 317	<b>73.3</b>
Healthcare and well-being support	124 705	124 702	3	<b>100</b>
Socio-Economic Services Support	203 389	203 597	(208)	<b>100</b>

<b>Total</b>	<b>336 772</b>	<b>334 660</b>	<b>2 112</b>	<b>99.4%</b>
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Given that this can be viewed as *the* core programme regarding benefits, it is disappointing that although close to the total budget was spent, only two of the targets have been achieved. Serious attention should be paid to the improvement of achieving the set targets for the year. The underperformance regarding the target for '*Number of deserving military veterans with decent housing per year*' set at 1 000, is a recurring issue as it was also underachieved in the previous financial years. The DMV has always performed badly on this target since its inception, and it needs to come up with viable solutions to address this serious recurring under-performance.

### 5.3 Empowerment and Stakeholder Management Programme

	<b>FY2018/19</b>	<b>FY 2017/18</b>
Total targets set	5	5
Targets achieved	2	1/5
Targets not achieved	3	4/5
Success rate	40%	20%
<b>Total Budget Spent (%)</b>	<b>46.2%</b>	<b>90.1%</b>

The Empowerment and Stakeholder Management Programme had a total of 5 targets of which only 2 have been achieved leading to a below average success rate of 40%. It however, also expended poorly namely 46.2% The targets are below.

#### **Selected Performance Indicators for Programme 3: Empowerment and Stakeholder Management**

<b>Performance Indicator</b>	<b>Planned Target</b>	<b>Actual Achievement</b>	<b>Deviation</b>	<b>Comment</b>
Number of private sector companies and organs of state in partnership with the Department of Military veterans per year	4 (4)	0 (0)	4	Delays in engagements with service partners due to their unavailability to finalize the agreements

				which are in a draft state.
Number of deserving Military Veterans to access relevant training and skills development per year	5 000 (4 000)	197 (952)	-4 803	Incapacity and delays in the approval of applications coupled with the present mode of service which is reactive than proactive.
Number of military veterans' businesses provided with access to empowerment opportunities	110 (110)	308 (154)	198	Proactive approach to interventions and support of programmes by principles.(sic)
Percentage of approval burial claims paid within 30 days of receipt	100% (100%)	100% (64%)	N/A	N/A
Number of military veterans' memorial sites erected per year	3 (2)	0 (0)	-3	Earmarked project could not be completed by year end due to logistical challenges encountered by the department.  • Plans are in place to complete within the current financial year

This is the worst performing Programme given that its success rate is 40% and that it only expended 46.2% of its budget. But given that it is one of the two service delivery programmes, this is disappointing especially as it relates to Skills Development and memorials sites erected per annum.

Regarding the number of private companies in partnership with the DMV, the reason for the underperformance is that there were delays with partners who were unavailable. As this report is for the entire duration of a financial year, this is unacceptable and the Department needs to pay urgent attention to this issue. The Skills Development initiatives can assist military veterans to be less reliant on the Department, and the reasons for the underperformance, especially the “*present mode of service which is reactive rather than proactive*” was questioned by the Committee. The Department should be commended for assisting 308 military veterans’ businesses with access to empowerment opportunities and be encouraged to further enhance this benefit.

For the second year running, the Department has made no movement on its target “*Number of military veterans’ memorial sites erected per year.*” The reason provided namely that the project could not be completed due to logistical challenges, is unacceptable especially given that this is the second year that there is no movement on this target.

In terms of budget, this programme has spent R69 246 000 of the allocated R149 730 000. This means that the Programme recorded an underspending of R80 484 000 or 53.8% of their allocated budget.

#### **Expenditure for Empowerment and Stakeholder Management Programme**

<b>Sub programme R'000</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Percentage Spent</b>
Provincial offices and stakeholder relations	55 968	36 002	19 966	<b>64.3</b>
Empowerment and Skills development	73 206	18 659	54 547	<b>25.5</b>
Heritage, memorials, Burials and Honours	20 556	14 585	5 971	<b>71</b>
<b>Total</b>	<b>149 730</b>	<b>69 246</b>	<b>80 484</b>	<b>46.2%</b>

This poor performing programme is responsible among other things, for provincial offices, which have been a problematic area for the Department for years. This need to be addressed as these offices are crucial especially for military veterans who reside far from urban areas. The Committee will also

enquire about the exact reasons for the delays in the approval of applications for Skills Development interventions; what is being done about it; and what the current situation regarding the Skills Development training, is. The Department is commended on the 100% achievement on the “*Percentage of approval burial claims paid within 30 days of receipt*” target, given the importance of this benefit to bury military veterans with dignity.

## **6. GOVERNANCE**

### **6.1 Effectiveness of Internal Control**

Similar to the previous financial year, the Audit Committee Report noted that the system of internal control improved during the year under review. In particular, they noted the strides made by the Department with the asset register, as well as some improvement in leadership and appointment of key personnel. However, a lot more still needs to be done to stabilise the control environment at DMV. There were instances of non-compliance and internal control deficiencies, such as the following:

- Discrepancies with regards the implementation of the prescribed framework for managing programme performance information for selected programmes;
- Lack of sufficient documented and approved internal policies and procedures;
- Irregular expenditure, fruitless and wasteful expenditure;
- Lack of Consequence management;
- Continuous delays to adequately resource the internal audit function; and
- Control weaknesses within the IT environment.

### **6.2 Internal Audit**

While note is taken of the fact that the Director Internal Audit and Risk Management was appointed during the financial year, it is concerning that the DMV reports that “*Internal audit findings were communicated timely and management implemented measures to mitigate the risks. Significant matters identified during the audit were reported to the Audit Committee.*” This seems to imply that while the Top management of the Department has been informed of the instances of non-compliance and internal control deficiencies, little to nothing was done about it, given the findings of the Auditor- General. The Audit Committee further stresses that it is of the view that “*The Internal Audit Function has partly discharged its mandate, as the approved plan was not implemented in full.*”

### **6.3 In-Year Management and Monthly/ Quarterly Report**

The Department has submitted monthly and quarterly management/financial reports to National Treasury as per the PFMA requirements. Although there was some improvement in the content and quality of these reports, greater improvement of performance reports is required in relation to the objectives to strictly adhere to the SMART principle.

## **7. HUMAN RESOURCES**

### **7.1 Overview and vacancies**

As at 31 March 2019, the Department had filled a total of 138 (82% of total funded posts) permanent posts. The approved DMV staff establishment is 169 posts. The Department has 31 funded vacant posts to date, which translate to 18% of the total funded posts. This indicates a slight improved position against the previous financial year, where the vacancy rate was 25% or 42 vacant posts. It is important to note that during the year under review, the Department embarked on a project to review its organisational structure, as the Department has complained that the organisation structure is not properly aligned to its mandate and responsibilities.

The **vacancy rate for Programme 1: Administration** was at 16% during 2018/19 financial year (23% in FY 2017/18). The programme comprise of 103 permanent posts on the approved structure, 87 filled, due to lack of operational posts on the Departmental structure, which creates service delivery challenges, the department continued with the mechanism to appoint contract workers to alleviate service delivery challenges.

The **vacancy rate for Programme 2: Socio-Economic Support** was at 10% during 2018/19 financial year (20% in FY 2017/18). The programme comprise of 20 permanent posts on the approved structure, 18 filled, it must be noted that one of the most critical post of the Deputy Director-General was vacated during 2016/17 financial year, and the post was advertised however it is still vacant.

The **vacancy rate for Programme 3: Empowerment and Stakeholder Management** was at 28% during 2018/19 financial year (30% in FY 2017/18). The programme comprise of 46 permanent posts on the approved structure, and 33 filled. Previously it was reported that the programme couldn't fill all provincial posts due to the undergoing process of procuring provincial office.

### **7.2 Skills Audit**

The Department reported in the previous financial year that due to the challenges it is experiencing in attracting and retaining critical and scarce skills, a programme for the implementation for Skills Audit is in place and will be conducted during the 2018/19 financial year. It has also appointed consultants to conduct the Skills Audit to the amount of R478 800. The Skills Audit is an issue that

the Committee has continuously raised with the Department, given the challenges with capacity and the effectiveness with which benefits and services are being delivered.

### **7.3 Misconduct, Disciplinary hearings and Grievances**

In terms of misconduct and disciplinary hearings, a total of 6 (4 in FY2017/18) cases were recorded and were addressed by written warning (2), final written warning (1) and suspension without pay (3). Thirty grievances (20 in FY 2018/17/18) are recorded for the year under review, with 22 (12 in FY 2017/18) having been resolved and 8 not resolved. The thirty grievances – up with 10 from the previous financial year - are concerning and the Committee enquired about the main issues raised during these grievances.

## **8. COMMITTEE OBSERVATIONS: DEPARTMENT OF MILITARY VETERANS**

The Portfolio Committee made the following Observations regarding the 2018/19 Annual Report of the DMV:

- a. The DMV's audit opinion remained unqualified with findings which were mainly due to compliance with laws and regulations not being monitored as well as adequate controls and systems not being implemented over performance reporting. The Committee expressed its concern in this regard as it relates to challenges with leadership, and a lack of proper controls and systems.
- b. The Committee found the leadership instability in the Department alarming as there are several vacant Top and Senior Management positions which are being occupied by persons in acting capacities. The position of the Director-General is occupied by a retired general and there does not seem to be the necessary urgency and priority to find a permanent director-general.
- c. The Department struggled with Skills Development initiatives as only 197 military veterans took part against an annual target of 5 000. The Committee voiced its concern especially taking into account that these initiatives address the empowerment and capacitating of military veterans to assist them to be less dependent on the Department.
- d. The fact that the organisational structure is not aligned to the Department's mandate and that there is a lack of progress with the new structure concerned the Committee. This is a recurring issue.
- e. Concern was expressed around the number of virements and shifts of funds between and in programmes, and the reasons for these movements.
- f. Questions were raised around the lack of Consequence management as highlighted by the AGSA and the Committee wanted to know what the reasons for the lack of action were.

- g. Concern was raised about the lack of any substantive progress to address the National Database, given its centrality to the operations of the Department. It concerned the Committee that only 43 percent of the database was verified and captured against a target of 95% as at 31 March 2019.
- h. The Committee raised its concerns around the fact that the Department did not clearly indicate how much funds were allocated to the SRD benefit and especially when some of the SRD functions will be migrated from the Department of Social Development to the DMV. The concerns around the SRD concerns is a recurring issue.
- i. A breakdown of the various educational institutions that military veterans and their dependents attend, was requested as well as information around the success rate of funded students; the policy regulating what should happen when a student who failed, applies again for a bursary; or change course, etc.
- j. The late payment of bursaries and fees to educational institutions by the DMV was raised as a concern given that this can lead to students being expelled.
- k. Concern was raised with the lack of progress regarding the access to subsidised public transport for military veterans, given the high costs of travelling for military veterans and their dependants.

## **9. COMMITTEE RECOMMENDATIONS**

The Portfolio Committee, after considering the 2018/19 Annual Report of the DMV, makes the following recommendations:

- a. The continuing unqualified opinion of the DMV relates mostly to leadership and proper control measures and the Committee recommended that these should be improved upon and that it will monitor the Department in this regard. In order to improve its annual performance, the Department should also ensure that Consequence Management is applied properly and consistently.
- b. The Committee recommended that the DMV should prioritise the filling of especially vacancies at top management level to address the leadership instability and the numerous acting positions.
- c. The Committee recommended that enhanced focus should be put on Skills development to facilitate military veterans being less reliant on the Department and undertook to monitor the Department continuously in this regard.
- d. Although taking cognisance of the efforts of the Department to facilitate a new structure, the Committee stressed the importance of this process and recommended that the Committee be kept abreast of developments in this regard on a continuous basis.

- e. The Department indicated that the movements and shifts of funds were to cost pressure areas such as education. The Committee recommended that these should be limited in future and attention should rather be concentrated on improving the under-performing programmes, as these continuing movements may attest to poor planning.
- f. The Department's responses indicated that part of the reasons for a lack of Consequence Management was the leadership instability and that they have established structure to assist in this regard. The Committee recommended that this structure, the Financial Mismanagement Committee, should enhance its efforts to deal with financial transgressions and that in future it should give the Committee the assurances that it is indeed serving its intended purpose to address the lack of Consequence Management.
- g. The Department agreed that the Database is the "center of gravity" to ensure that military veterans and their dependants receive their rightful benefits. It has challenges with SITA and approached the Department of Communications to assist in this regard. The Committee therefore recommended that the Department continue with its undertaking to finalise the database by end 2019 and to keep the Committee informed in this regard.
- h. While the Department explained the developments around the SRD, the development of a SRD policy and the migration of certain of these activities to the DMV from Department of Social Development, the Committee recommended that this should be sped up given the relief it is providing to destitute military veterans. The Committee also committed to follow up on this issue on a regular basis.
- i. The Department could only partly explain the various educational institutions frequented by beneficiaries. The Committee therefore recommended that a proper breakdown of the various educational institutions should be provided to it as well as the policy detailing what should happen when a student who failed, applies again for a bursary, or change courses, etc.
- j. The Committee recommended that the DMV should explore means to ensure that payments to educational institutions are made timeously or that the Department reassure these institutions of these payments.
- k. It was indicated that no real progress has been made with the public transport benefit, except that the Department has engaged the Department of Transport on how to approach it and that it was engaging municipalities regarding transport subsidies. The Committee recommends that the Department should enhance its efforts in this regard and give feedback to the Committee on this benefit on a regular basis.

**Report to be considered.**