

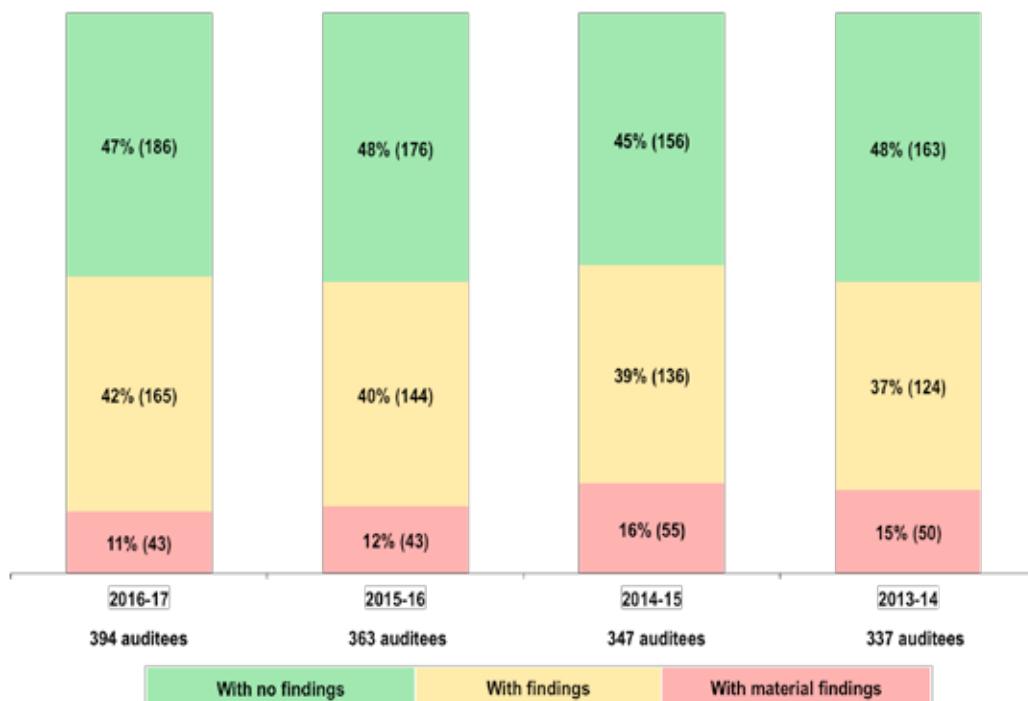
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## Human resource management

## 11. Human resource management

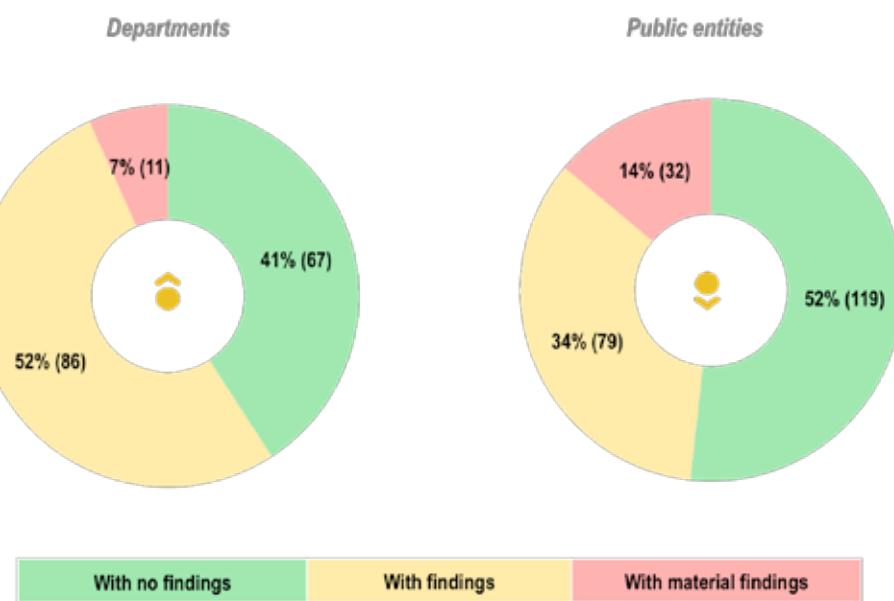
Figure 1 provides the status of HR management controls over the past four years. Figure 2 shows the status of these controls for departments and public entities, while table 1 lists the number of auditees with good HR controls in national and provincial government.

Figure 1: Status of human resource management controls



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Figure 2: Status of human resource management controls – departments and public entities



**Table 1: Status of human resource management controls in national and provincial government**

Portfolio	Auditees with good human resource management controls	Movement from 2015-16
National auditees	115 (53%)	
Eastern Cape	11 (52%)	
Free State	3 (19%)	
Gauteng	14 (61%)	
KwaZulu-Natal	10 (43%)	
Limpopo	5 (24%)	
Mpumalanga	4 (24%)	
Northern Cape	3 (23%)	
North West	2 (9%)	
Western Cape	19 (100%)	
<b>Total</b>	<b>186 (47%)</b>	

At an overall level, the number of auditees with good HR management controls had increased over the four years and from the previous year. As a result of the significant increase in the number of auditees at which we performed the assessment, percentages show a slight regression. The number of auditees requiring intervention remained the same as in the previous year, but was slightly lower than in 2013-14.

The HR controls at departments had slightly improved since the previous year, with only a slight regression at public entities. We assessed the HR management controls of one national department and 10 provincial departments as requiring intervention. Provincial public entities (45%) lagged behind national public entities (54%) in implementing and maintaining good HR controls.

Auditees in Gauteng, Limpopo and Mpumalanga showed improvement from the previous year, while the Free State and the Northern Cape regressed. It is commendable that all the auditees whose audits had been completed in the Western Cape maintained good HR controls.

## Vacancies and stability

One of the biggest challenges for national and provincial government is to attract and retain qualified and competent persons in all areas of administration. As discussed in the NDP, there is an unevenness in capacity that leads to uneven performance in the public service.

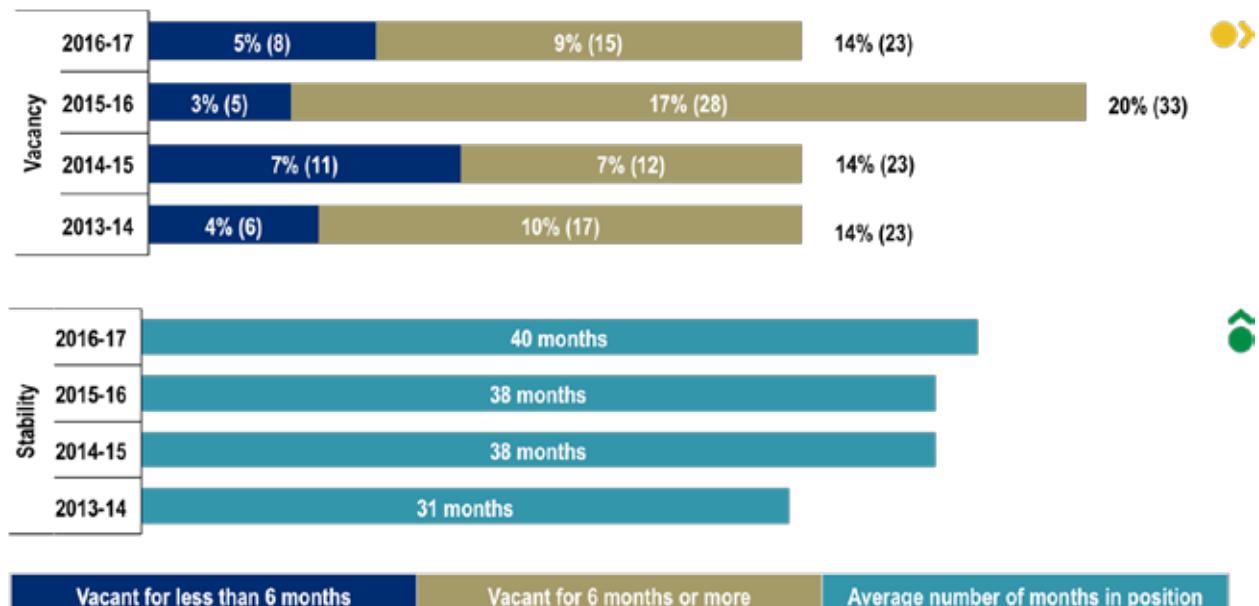
The MTSF includes various actions to address the lack of capacity and sets targets to be achieved. One of these targets is to have a vacancy rate of less than 10% in national and provincial departments by 2019. This target has not been achieved yet, but the decrease in the vacancy rate at national and provincial departments from 17% to 12% over the past four years is encouraging.

The overall vacancy rate had slightly improved from 14% to 12% since the previous year as well as from 15% since 2013-14. The vacancy rate at senior management level was 15% in 2016-17 – a slight improvement from the 17% in the previous year. The senior management vacancy rate was also 15% in 2013-14.

As part of our audits, we considered the vacancies and resourcing of finance units, as inadequate capacity in these units negatively affects the management, control and quality of financial reporting. The **average vacancy rate** in finance units at year-end was 11% – a slight improvement from the 14% in the previous year and the 12% in 2013-14. In our assessment (based on vacancies and the skills of finance staff), the capacity of the finance units of 108 auditees (27%) either was concerning or required intervention.

We also considered **vacancies in key positions** at year-end and **stability** in those positions. These key positions include heads of departments, chief executive officers, chief financial officers and heads of SCM units. Figures 3 to 6 provide a four-year overview of the number of auditees where these positions were vacant at year-end as well as the period that the positions had been vacant. They further show the average number of months the current incumbents had been in their positions.

**Figure 3: Heads of departments – vacancy and stability**

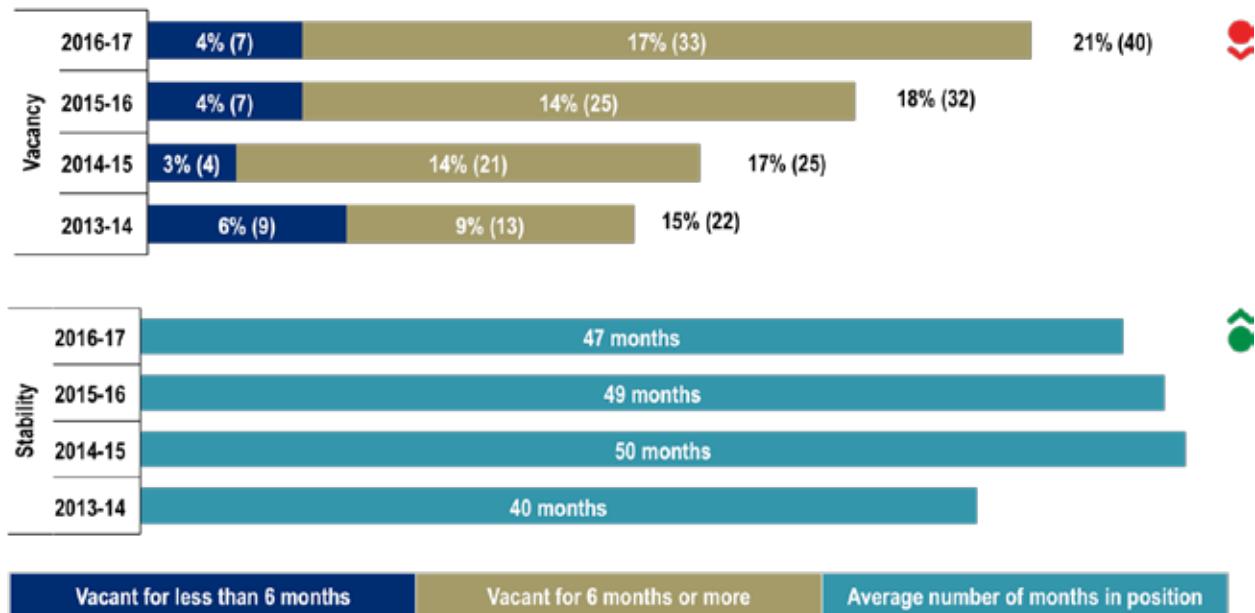


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Figure 3 shows that the vacancy rate of **heads of departments** had improved from the previous year but remained at the same level as in 2013-14. The departments in Limpopo (from 46% to 15%), North West (from 31% to 8%), Mpumalanga (from 8% to 0%), the Western Cape (from 8% to 0%) and the Northern Cape (from 38% to 31%) were the main contributors to the improvement since the previous year. There had also been a slight improvement at national departments since the previous year.

The MTSF includes targets to retain heads of departments for at least four years by 2019. This target has not been achieved yet, but the improvement from 31 months to 40 months since 2013-14 is encouraging. There had been a slight improvement in the average length of time heads of departments had been in their position since the previous year. By 2016-17, heads of departments at 64 departments (45%) had been in the position for three years or longer – an improvement from the 52 (39%) in 2013-14 and a slight improvement from the 57 (44%) in the previous year.

**Figure 4: Chief executive officers – vacancy and stability**



As reflected in figure 4, over a fifth of the public entities did not have a **chief executive officer** at year-end. The vacancy rate at this level increased every year in the past four years, creating instability in the management of these entities. Most of these 40 public entities were in the national sphere (31), and included 13 public entities in the higher education and training portfolio (mostly TVET colleges and sector education and training authorities), the Financial and Fiscal Commission, the Municipal Infrastructure Agency, and the Strategic Fuel Fund.

The average length of time that chief executive officers had been in their position was almost four years in 2016-17 – an improvement when compared to 2013-14 when it stood at 40 months. By 2016-17, chief executive officers at 57 public entities (36%) had been in the position for four years or longer – a slight regression from the 58 (41%) in the previous year but a slight improvement when compared to the 38 (31%) in 2013-14.

**Figure 5: Chief financial officers – vacancy and stability**

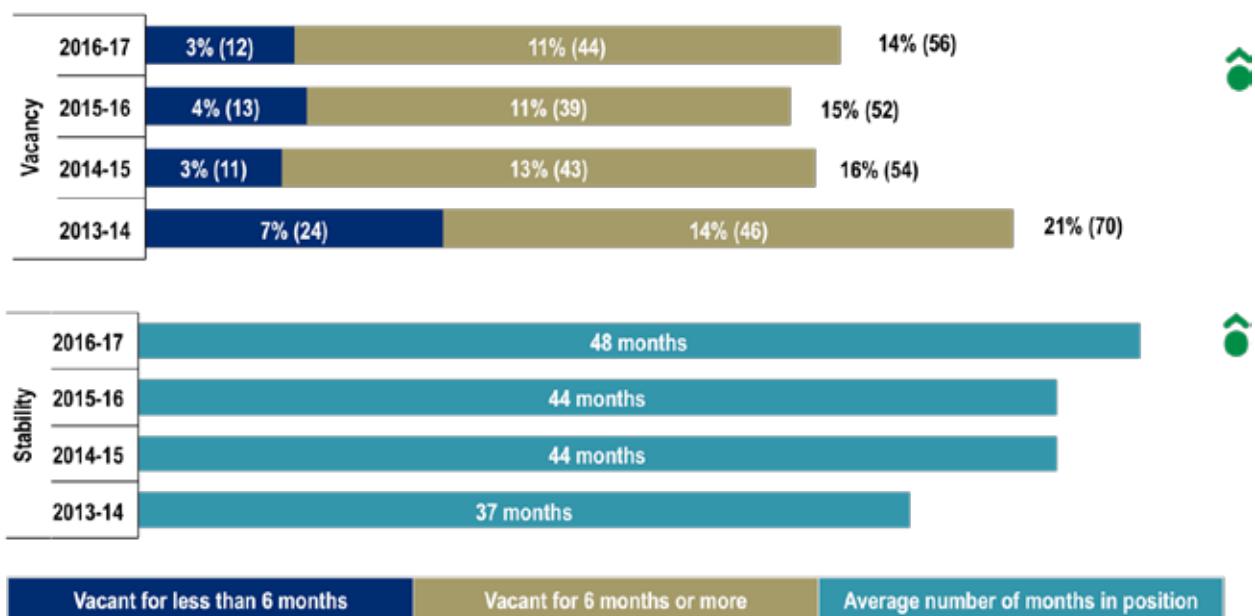
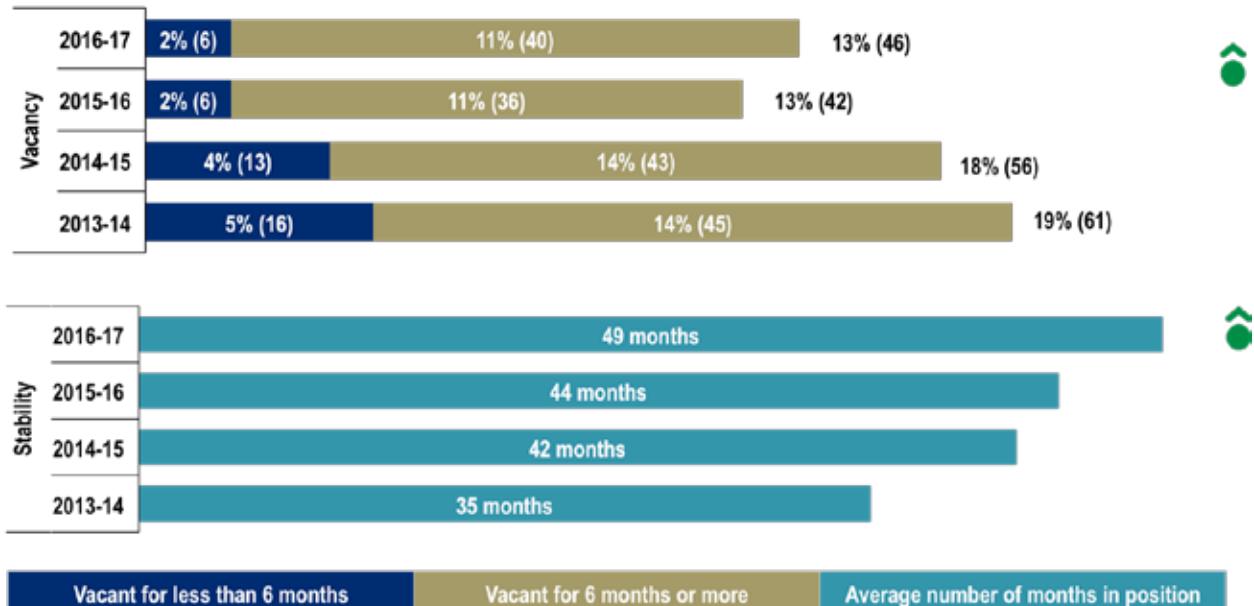


Figure 5 shows that the **chief financial officer** vacancy rate at auditees had improved since 2013-14, with a slight improvement from the previous year in the percentage (the number shows a regression, but it is as a result of a significant increase in the number of auditees being audited since 2015-16). Most of the auditees without chief financial officers in 2016-17 were in national government (29), KwaZulu-Natal (four) and Limpopo (four).

The average length of time that chief financial officers had been in their position had improved from the previous year, with a significant improvement from just over three years in 2013-14 to four years in the current year. By 2016-17, chief financial officers at 131 auditees (39%) had been in the position for four years or longer. This was a significant improvement compared to the 114 auditees (37%) in the previous year and the 84 auditees (32%) in 2013-14.

**Figure 6: Heads of supply chain management units – vacancy and stability**

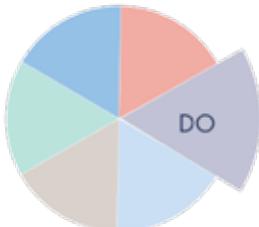


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Figure 6 shows that the vacancy rate for **heads of SCM units** had improved since 2013-14, with a slight regression from the previous year. In 2016-17, only 39 auditees (mostly public entities) did not have a dedicated position for this role, with the work being performed mostly by the chief financial officer.

The average number of months that the heads of SCM units had been in their position had improved since the previous year as well as since 2013-14. By 2016-17, heads of SCM units at 121 auditees (39%) had been in the position for four years or longer – an improvement from the 89 (31%) in the previous year and the 75 (29%) in 2013-14.

## Conclusion



Good HR management practices are a foundation for strong internal controls, as vacancies and inadequate skills affect the establishment, execution and monitoring of control activities. Our recommendations for improving HR management are included in section 15.

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Annexure 1 available on our website lists all auditees and the status of their HR management controls.