

Key Findings from a Review of ECD Centre Registration and Funding Systems in Kwazulu-Natal

This report provides an overview of the key findings of a 2013 systems and scoping exercise conducted by Ilifa in the Ugu district of KwaZulu-Natal. On the basis of this exercise, Ilifa puts forward a set of recommendations which will lead to the improvement of centre and programme registration and funding processes.

Summary of Challenges/Key Findings:

- There is little evidence of population level planning for ECD services.
- Access to and use of information on services that do exist is poor.
- Each service provider is subject to multiple application processes.
- Processes are poorly aligned and require unnecessary duplication of effort, documents and expense.
- Inefficiencies in the ECD registration and funding processes place heavy administrative demands on social workers.
- The onerous claims and requisitions processes are not designed to be supportive or facilitatory of quality ECD service delivery.
- Basic infrastructure, telecommunications, and transport challenges impact service delivery and staff morale at DSD service points.

Key Recommendations:

- Put in place a user friendly district information and work flow management system.
- Clarify and improve upon standard operating procedures for the identification and registration of all ECD services.
- Apply conditional registration provisions in order to facilitate the improvement of ECD access and quality.
- Simplify the processing of service level agreements and monthly claims and requisitions for funded ECD sites.
- Appoint specialist ECD teams at DSD service offices.





INTRODUCTION

This document forms part of Ilifa's modelling and testing strategy to strengthen capacity to deliver an Essential Package of Early Childhood Development (ECD) services at scale. It provides an overview of the key findings of a systems and scoping exercise conducted by Ilifa in the Ugu district of KwaZulu-Natal (KZN) between June and August 2013. The purpose of the exercise, which builds on 2011 research commissioned by Ilifa in the Eastern Cape, Western Cape and North West provinces, is to review current practices in ECD centre and programme registration and funding.

The following issues were examined:

- planning and forecasting for ECD service provision
- nonprofit organisation (NPO) registration
- partial care and programme registration processes
- the subsidy application process and service level agreements
- claims and requisitions
- monitoring and evaluation systems
- infrastructure and other capacity requirements
- roles and responsibilities.

A technical report was produced in which several recommendations for systems enhancements were put forward.

A key finding of the report is that the current system is complex and administratively burdensome for both applicants and Department of Social Development (DSD) officials. While applicant information is often collected in duplicate, basic filing systems and data management are poor, making it difficult to access this information for planning or reporting purposes. A more efficient information and work flow management system for ECD regulation and planning is clearly needed.

In partnership with the KZN social cluster, Ilifa aims to demonstrate a district-based information and work flow management system, to be tested in the Ugu district before exploring its viability in other provinces and districts.

The new system will accomplish the following:

1. Improve the efficiency and effectiveness of partial care and ECD programme registration and funding processes.
2. Record the registration status of every ECD service provider to enable DSD to monitor compliance with regulatory requirements.
3. Consolidate multiple data sources (including audit data, ECD administrative data and NGO data).
4. Provide an electronic backup for all ECD-related information.
5. Enable easy access to important information with quick search options aligned with Government reporting requirements.
6. Assist the Department to plan and budget for services based on need and service coverage within defined geographical areas.
7. Reduce the administrative burden on ECD practitioners and social workers to enable them to focus more on the delivery of services.

The Legislative Framework: ECD Regulation and Planning requirements

The Children's Act places an obligation on the DSD to regulate the provision of ECD services. The Act makes it illegal for anyone to run an unregistered ECD centre with more than six children. Two registration processes are applicable to ECD providers – partial care registration and ECD programme registration.³ The main objectives of the regulatory system, according to our reading of the Children's Act and related documents, are:

- to enable population and geographic planning of ECD services
- to guide budgeting, resource allocation and prioritization
- to ensure and monitor compliance with quality standards
- to protect children from risk within care settings.

³ Partial care is dealt with in Chapter 5 of the Children's Act, Chapter 4 of the Regulations pertaining to the Act, Part I of Annexure B of the regulations (Norms and standards) and prescribed Forms 11 to 15 and in section 6.5.3.1 of the DSD operational norms and standards for child abuse, neglect and exploitation. ECD Programmes are dealt with in Chapter 6 of the Children's Act, Chapter 5 of the Regulations pertaining to the Act, Part II of Annexure B of the regulations (Norms and standards) and prescribed Forms 16 to 21.



These objectives, and their legislative mandates, are spelt out in more detail in Table 1.

Table 1: Objectives of the ECD Regulatory System

Objective	Legislative mandate
1. To enable population and geographic planning of ECD services	<ul style="list-style-type: none"> • The national Minister must include in the departmental strategy a comprehensive national strategy aimed at securing a properly resourced, co-ordinated and managed early childhood development system, giving due consideration ... to children with disabilities or chronic illnesses. • Within the national strategy referred to above, the MEC must provide for a provincial strategy aimed at a properly resourced, co-ordinated and managed early childhood development system. • The MEC must maintain a record of all the registered partial care facilities in the province; and ... maintain a record of all the early childhood development programmes registered in the province.
2. To guide budgeting, resource allocation and prioritisation	<ul style="list-style-type: none"> • The MEC for social development may, from money appropriated by the relevant provincial legislature, provide and fund partial care facilities and ECD services for the province. • The funding of partial care facilities and ECD programmes must be prioritised- <ul style="list-style-type: none"> ✓ in communities where families lack the means of providing proper shelter, food and other basic necessities of life to their children; and ✓ to make facilities accessible to children with disabilities.
3. To ensure and monitor compliance with quality standards	<ul style="list-style-type: none"> • Any person or organisation may establish or operate a partial care facility or ECD programme provided that the facility / programme complies with the prescribed national norms and standards and with the structural safety, health and other requirements of the municipality of the area where the facility is situated. • All early childhood development programmes must be subjected to assessment and monitoring to determine compliance with the national norms and standards for early childhood development.
4. To protect children from risk within care settings	<ul style="list-style-type: none"> • Partial care providers must ensure the protection of the children in their care.

In addition to the partial care and programme registration requirements laid out in Chapters 5 and 6 of the Children’s Act, ECD service providers operating on a not-for-profit basis need to register with the National Nonprofit Organisations Directorate within DSD. The Directorate was established in terms of the Nonprofit Organisations Act 71 of 1997 to administer the Register of Nonprofit Organisations in South Africa. The Act requires DSD to encourage and support NPOs and create an enabling environment for their establishment. Once registered, NPOs must comply with the fiduciary and governance requirements of the Act.

ECD service providers with NPO status that are registered with DSD as a partial care facility and accommodate children who qualify for ECD funding in terms of a means test, may apply to DSD for funding. This involves another application process designed primarily to ensure that the organisation has the necessary capacity to receive and manage funds and the correct governance

structures in place to prevent fraud. ECD service providers who qualify for funding are required to sign a service level agreement with the Department. The number of service level agreements that are signed is determined by the available budget and not by the number of children who qualify for government support.

The regulation of ECD services in practice: Ugu case study

In order to understand how the regulatory framework has to date been applied at a local level, Ilifa undertook a scoping exercise in one district in Kwazulu-Natal, and the Ugu district was selected for this purpose. The scoping exercise uses a systems approach, collecting and processing information along the full service chain, from individual DSD service offices to provincial level.



The following components were included:

- a review of relevant policies and procedures governing ECD
- interviews with DSD officials at provincial, cluster and district level
- site visits and interviews with social workers, social auxiliary workers, ECD co-ordinators and service office managers at DSD service points
- interviews with the environmental health inspectorate responsible for ECD compliance reports
- interviews with local NGOs and ECD practitioners.

Within the current system, ECD sites are allocated to the social worker responsible for the ward in which the service is located. Each ward social worker may therefore only work with one or two centres at any given time. This approach effectively requires the social worker to be a “generalist”, able to understand and apply a complex set of procedures, but without sufficient opportunity to become efficient in them.

The complexity of the regulatory system requires ward social workers to maintain up to six separate files for each registered ECD centre. These files are available in hard copy only, with no back up, no standard filing system and no systematic aggregation of information for reporting and planning purposes.

To make matters more difficult, in some instances documents are duplicated across files. These documents include a file for minutes of ECD centre governing board meetings, another file for partial care registration applications, another for service level agreements, another for monitoring and evaluation, another for monthly claims, and another for monthly requisitions.

At the time of the scoping exercise, the department was not yet implementing ECD programme registration (even though this is a legal requirement in terms of the Children’s Act). Once implemented, programme registration will require a 7th file.

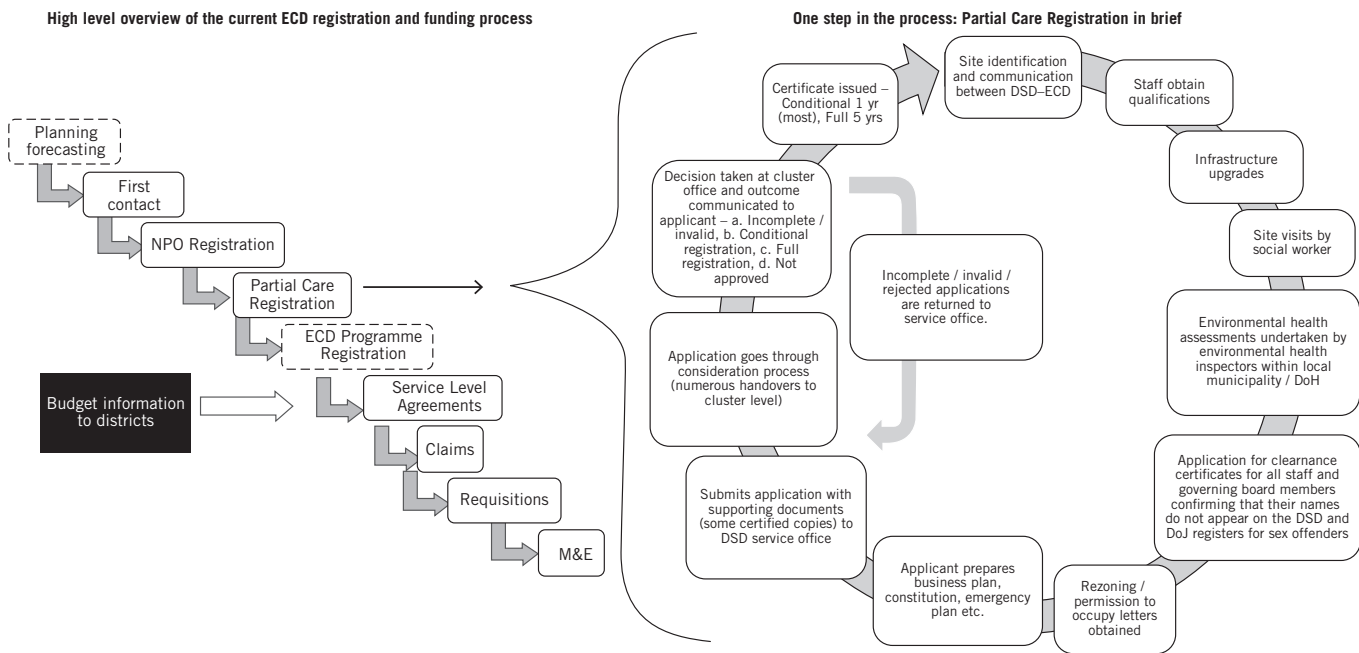
Figure 1 provides a high-level overview of the steps involved in the regulatory system. Several of these steps involve multiple processes of their own – the processes involved in one of these steps, partial care registration, are included by way of example. The various steps in the process also require the submission of multiple (and often duplicate) supporting documents.

Relatively low volumes of ECD registration applications currently place little pressure on the department to improve systems efficiency. The system is in effect self-limiting: by maintaining low volumes, the system is able to cope. The DSD is currently not actively identifying unregistered ECD sites, but rather waiting for them to make contact with it. Unfortunately, this leads to gross underreporting by the DSD on the number of ECD sites that actually exist.

Further to this, a population-based approach to ECD provisioning would suggest that the need for ECD is substantially greater than the current capacity to deliver. Active identification of all ECD service providers, plus a population-based approach to planning ECD services, will significantly increase application volumes through the registration system. This in turn will necessitate enhancements and greater efficiencies. Systems changes that are made now will need to be informed by a vision of progressive population-level coverage, essentially building a system that will be able to cope efficiently and effectively with future demand.



Figure 1: High-level overview of the current ECD registration and funding process



Another striking example of inefficiency within the current regulatory system is the management of monthly claims and requisitions.

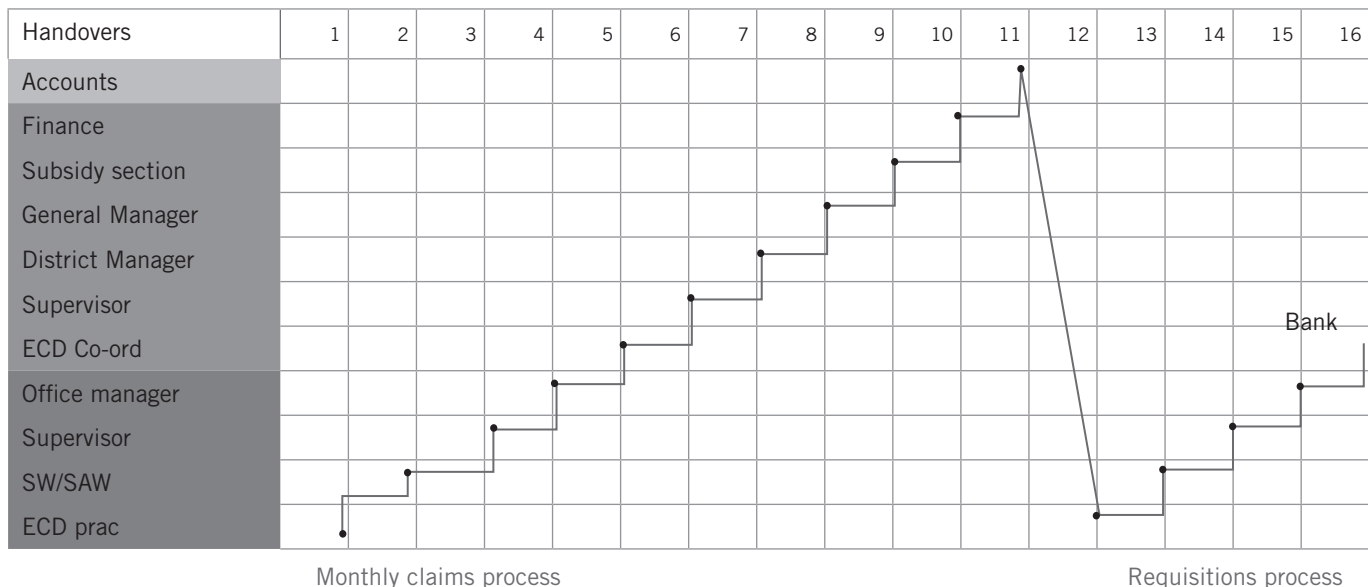
Any ECD centre that has been registered as a partial care facility and has signed a service level agreement (SLA) with the DSD is required to submit claims retrospectively on a monthly basis, in order to access the funds that have been allocated to it in terms of the SLA. Once expenditure for the previous month has been approved, funds are transferred into the bank account of the centre. However, centres are not allowed to withdraw

the money from the account without a requisition slip for new purchases from the DSD. In order to obtain a requisition slip, the centre must complete a requisition form for each item they wish to purchase and submit the forms to the social worker, along with three quotations.

Within the DSD, multiple individuals are involved in this process every month. The scoping exercise identified 16 handovers per month for claims and requisitions, involving service office and district staff, for each funded centre.

The handovers are summarised in Figure 2.

Figure 2: Monthly claims and requisition process





Ilifa's research suggests that the current systems are not fit for purpose. They are overly complicated and grossly inefficient, and they do not achieve the objectives for which they were established.

Many of the constraints to effective ECD service delivery and opportunities for systems enhancement within DSD (e.g. procurement and maintenance of IT equipment and vehicles, infrastructure, legal services, NPO registration processes and the register of sex offenders) lie outside of the ECD sub-directorate. In particular, infrastructure and related constraints make it extremely difficult for social workers to do the work required of them, including ECD registration and the monitoring of services. For social

welfare service providers to be able to function effectively, certain basic infrastructure and equipment are critical.⁴

A checklist was designed to assess whether basic working conditions are being met within service points and district offices, to enable social service professionals to effectively render services. The checklist was based on welfare service norms and standards determined by the DSD.⁵ Table 2 provides information on four service offices, highlighting the difficult conditions within which social workers are operating.

4 DSD (2011) Framework for Social Welfare Services

5 DSD (2012) Operational Norms and Standards for child abuse, neglect and exploitation; DSD (2007) Norms and standards for developmental social welfare services

Table 2. Information for four service offices

Service Office	Meet vehicle norms	Computer access (SW:computer)	Internet	Subsidised mobile
1	No	24:3	No (manager only)	No (limited landline)
2	No	14:3	Erratic	No
3	No	18:4	No (admin only)	No (limited landline)
4	No	22:6	No (use service at library)	No

Summary of challenges within the current system

Challenges within the current regulatory system for ECD services in KZN can be clustered into five key themes. These are:

- Planning and forecasting
- Processes
- Capacity
- Service quality
- Funding issues.

Planning and forecasting

1. There is little evidence of population level planning for ECD services - targets within the Department's business plan are unrelated to need and budget processes are not linked to forecasting of demand.
2. There is poor information management and use – information is initially collected in duplicate but is not maintained, information is stored in a way which makes it inaccessible, and the summary information that is available lacks sufficient detail to make it meaningful.

3. Current reporting measures are insensitive to systems inefficiencies eg. service offices are required to report on numbers of centres registered but there is no requirement to report on unregistered services, pending or unsuccessful applications, or on time taken to register a site.

Processes

1. Each service provider is subject to multiple application processes which are poorly aligned and which require unnecessary duplication of effort, documents and expense.
2. There is little or no support for ECD applicants to enable them to meet the requirements of the norms and standards, and the provision in the Act for conditional registration is not being appropriately utilised for these purposes.⁶

6 While the Children's Act makes provision for two types of registration (conditional and full), it does not spell out the circumstances under which conditional registration may be granted. The lack of clarity with regards the above has resulted in varied application of this provision across provinces.





3. Many of the sub-processes involved in ECD registration cause substantial delays and yet are ineffective in achieving their objectives eg. social workers may wait for months to receive an environmental health inspection report, and accept it even when the contents are clearly not in line with the requirements of the norms and standards.

Capacity

1. Within the system, there is no clear approach to task shifting and inadequate delegation of authority for efficiency. This is reflected in the number of handovers, 'checks' and signatures required for each sub-process.
2. Social workers and social auxiliary workers who are required to assist with ECD applications are generalists and have insufficient ECD understanding or knowledge to enable them to assess the quality of ECD programmes.
3. Basic infrastructure, telecommunications, and transport challenges impact on service delivery and staff morale.

Service quality

1. The monitoring and evaluation systems that are in place focus primarily on funded centres, with an emphasis on monitoring governance and administration and fund usage, as opposed to ECD quality or child outcomes.
2. DSD staff performance is measured by quantity and not quality, creating perverse incentives for social workers to approve registrations even when centres are non-compliant, and not encouraging the closure of sites that pose a risk to children.
3. ECD programme registration has not been rolled out – this process is essential in ensuring that the daily activities within an early childhood development service provide learning and support appropriate to the child's developmental age and stage.

Funding issues

1. The service level agreements are signed for a 3 year period subject to annual renewal. They do not take into account the long term nature of the funding relationship between DSD and ECD providers.

2. There is no joint planning between the Department of Social Development and the Department of Education with regards the ECD services that they fund.
3. The onerous claims and requisitions processes (described above) were put in place by DSD primarily to curb perceived fraud and misuse of funding amongst ECD practitioners and are not designed to be supportive or facilitatory of quality ECD service delivery.

Recommendations

Ilifa is working in collaboration with the KZN DSD to address the challenges outlined in this report. This is undertaken through the development and modelling of an efficient and effective information and work flow management system in Ugu, as the first "demonstration district" for systems enhancements. This intervention will include an overhaul of the current paper-based system as well as the testing of an electronic system for ECD information management.

By March 2015, the project will achieve the following systems outcomes:

1. **A district-based information and work flow management system** that is user friendly and will assist ECD centres and ECD programmes (centre- and non-centre-based) to plan, budget and monitor
2. **Identification and registration** of all qualifying ECD centres and ECD programmes in Ugu
3. **Improvements in the registration systems** for partial care and ECD programmes
4. **Recommendations for changes at national level** of the ECD registration and funding systems
5. Recommendations for the use of the Ilifa Information and Work Flow management system as a **"district exit strategy" for the national audit.**

In addition to these process recommendations, there are several key areas where policy reform may be necessary. This is being addressed through engagement with DSD stakeholders at both national and provincial levels.

Key recommendations that will be tested include the following:





Work flow

- **Develop an ECD Services Map to be displayed at all ECD service points, upon which every ECD service can be “pinned”.**

At present, ECD services are only really “in the system” once they are successfully registered with DSD. Our proposal is that all existing ECD services should immediately be included in the system as soon as their existence becomes known to DSD. This can be done effectively through a simple mapping process, where basic information on every known service provider is pinned on an ECD Services Map displayed on the wall at ECD service points.

The system would initially be paper-based, using colour-coded indexing cards similar to those used to manage production lines, but it is envisaged that an electronic system would eventually be implemented.

Making basic information available in this form for all ECD services within a particular geographic area will assist enormously with planning and systems enhancements. In addition to registration data, the DSD will be able to tell what proportion of their 3-5 year population is accommodated in centres, which wards are without services, and in which wards registration delays are most evident.

Anyone entering a DSD service point will be able to look at the ECD Services Map and immediately see the extent to which ECD services are being provided. Service office and district office managers will also be able to visualise clear and measureable targets for service delivery improvements, both in terms of numbers of registered sites as well as time taken to register.

- **Generate an automatic response system that will trigger a site visit to gather “single source information” that can be fed into multiple administrative processes.**

Once the ECD service provider is pinned onto the ECD Services Map, a “start the clock” response will automatically be triggered. While a paper-based system using colour coded indexing cards would initially be used, an electronic system capable of generating an automatic alert directed to the relevant party within DSD, should follow.

In the case of unregistered ECD services, the system should trigger the deployment of a dedicated ECD social auxiliary worker or community development practitioner to collect basic administrative data on the service within an agreed timeframe (e.g. maximum of two weeks).

A single form would be needed, for use by one or more dedicated ECD social auxiliary workers within each service office, for the collection of basic information on the service. In addition, a single set of generic supporting documents would need to be obtained in hard copy form, to be scanned into the electronic information management system. This “single source information” would then be fed into multiple administrative processes which would run simultaneously.

Additional information required for specific processes should be clustered according to the responsible party. This would maximise the use of limited resources, eliminate the duplication of effort and ensure that the most relevant and best qualified person undertakes the job. Each responsible party will receive a pre-populated form generated electronically to include all of the information collected by the social auxiliary worker. In this way they would only need to focus on collecting information specifically relevant to their area of expertise.

- **Generate standard forms, templates, indexing and filing systems and delegate responsibility to improve processing of applications.**

One of the key constraints within the current system is the lack of effective delegation of authority. Ironically, with so many people involved in the registration chain, no one person can effectively be held responsible for errors or oversights. Delegation of authority, so that fewer handovers are required, should improve both efficiency and accountability.

Applications for registration should be accepted at any time of the year and the processing of new or renewal applications should be managed within an appropriate timeframe (e.g. a maximum of 3 months from the time that the service is pinned on the ECD Services Map).

The processing of applications should be developmental, with each process building on previous processes and involving as little duplication as possible.



Social auxiliary workers can be trained to prepare most of the documents in the registration application.

The use of standard forms, templates, indexing and filing systems across service offices within any one district will ease the processing of applications and enable more efficient access to information from the paper based system.

- **Improve and simplify measures for the registration of small NPOs, including ECD services.**

At present, ECD service providers in KZN (and possibly other provinces) are unable to proceed with their partial care registration until they have completed the NPO registration process. This is a legal issue that requires urgent attention.

The NPO registration process is not a requirement for partial care registration and the two processes, where applicable, can be handled simultaneously.

Furthermore, all NPOs, regardless of size, are required to fulfill the same fiduciary and governance procedures. Simpler and more effective measures need to be put in place for small NPOs, including ECD services.

- **Generate simpler service level agreements, claims, requisitions and payment procedures.**

The current processes related to the funding of ECD services are unnecessarily complicated and restrictive. Recommendations for simplifying this include the following:

1. Service level agreements should be signed for more extended periods in cases where the funding of service providers is likely to be ongoing.
2. Amounts due to each ECD centre should be calculated at the beginning of each year, based on child enrolment data, with equal monthly tranches paid to the centre. (Centres should not be paid on the basis of child attendance because the centre needs to operate even if some children are absent on any particular day.)
3. ECD service providers should be required to submit quarterly reports, including a copy of their bank statements, expenditure summaries and attendance records.

4. Payment of funds could be made automatically into the centre's account on a quarterly basis (unless legitimate concerns are registered by DSD).

Emphasis should be on ensuring quality ECD and not just administrative rigour. Proxies for monitoring quality in relation to expenditure can be developed to provide DSD with assurances that funds are being appropriately used without every cent having to be authorised.

5.2. Information management

- **Develop and test an improved information management system including hard copy and electronic components, including the proposed "ECD Services Map".**

Basic improvements to the information management system will go a long way towards improving the efficiency and effectiveness of ECD regulation and planning. Ilifa is developing and piloting an electronic information management system for Ugu. This will have immediate benefits. For example, all incoming documents would immediately be scanned, thus eliminating the need for multiple copies in different files and providing a backup when paper files are mislaid.

In addition, the ECD Services Map and tracking system described above, with services pinned into a physical map and with index cards for each ECD service, would improve efficiency, especially if supported by a well-organised and generic filing system which provides easy visual reference to the registration status of each service provider.

5.3. Conditional registration

- **Generate standard operating procedures to guide the application of conditional registration provisions, including standards, supporting documentation, renewals, funding, support, while prioritising vulnerable families and disabled children.**

Many ECD centres do not meet the required norms and standards to achieve full partial care and programme



registration. In such cases, the Children's Act allows for centres to obtain conditional registration. The Act does not, however, spell out the circumstances under which conditional registration may be granted. This lack of clarity in the Act has resulted in variations in the application of this provision across the provinces.

In order to facilitate the improvement of ECD access and quality, standard operating procedures need to be developed to guide the application of conditional registration provisions.

The standard operating procedures should address the following questions:

- What are the standards that have to be met for conditional and full registration for each of the areas that are regulated in terms of the norms and standards?
- What supporting documents are required for conditional registration and full registration applications?
- Can conditional registration be renewed for a subsequent year (or more)?
- Can conditionally registered centres apply for funding?
- What support should be provided to conditionally registered centres to enable them to achieve full registration?
- How can conditional registration be used to prioritise the provision of ECD services in communities where families lack the means of providing proper shelter, food and other basic necessities of life to their children?
- How can conditional registration make ECD programmes available to children with disabilities (as per the requirements of the Children's Act)?

5.4. Staffing

- **Review staffing norms and funding provisions to ensure at least one dedicated ECD social worker and social auxiliary worker in every DSD service office, improve inter- and intra-departmental co-ordination, and increase practitioner remuneration.**

The scoping exercise highlighted several areas where it may be necessary to review current staffing norms and funding provisions.

The following measures are recommended:

- There should be at least one dedicated ECD social worker and social auxiliary worker in every DSD service office to manage ECD regulation and planning and to provide the necessary support and quality assurance. This would be more efficient than the current system in which every ward social worker is responsible for registering and monitoring ECD services within their ward(s).
- Better co-ordination is required across and within departments to ensure optimal use of government funding for ECD practitioner remuneration, and to avoid 'double dipping'.
- There is a need to review the formula for the use of the per child subsidy. At present only 30% of the R16 per day subsidy is officially allocated to ECD practitioner remuneration. If one applies the norms and standards for staff: child ratio, required for programme registration, the amount available for practitioner remuneration is too low. Given the importance of early stimulation as a predictor of later success in a child's life, it is imperative that a cadre of ECD practitioners who are appropriately remunerated, is built and retained.

Over the next few months, Ilifa will be modelling the implementation of some of these recommendations in KZN. Successes and challenges will be shared in later editions of Lessons from the Field.



NOTES

A series of horizontal lines for writing notes, starting from the top of the page and extending downwards.

Ilifa Labantwana is a national programme which supports integrated early childhood development (ECD) in South Africa, initiated and supported by a multi-donor partnership. The donor partners include the ELMA Foundation, the DG Murray Trust, the FNB Fund and the UBS Optimus Foundation.

The aim of Ilifa Labantwana is to provide the implementation evidence, build national capacity and galvanise informed political support to provide quality ECD services at scale, with particular focus on the poorest 40 per cent of the population under six years of age.



Tel: (direct) +27 (0)21 670 9840 Fax: +27 (0)21 670 9850
www.ilifalabantwana.co.za