

REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM

2018/19 THIRD QUARTER PERFORMANCE REPORT OF THE OFFICE OF THE PREMIER (VOTE 01)

1. INTRODUCTION

Rule 218 (1)(2) and (3) of the Rules and Orders of the Mpumalanga Provincial Legislature (the rules) requires the Member of the Executive Council responsible for a provincial department to table quarterly reports to the Speaker of the Mpumalanga Provincial Legislature (the Speaker), within thirty (30) calendar days after the end of the quarter.

The Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism (the Committee) has a mandate in terms of Section 114 (2)(b) of the Constitution of South Africa, 1996 to oversee the performance of the Office of the Premier (the office) and hold it accountable.

The consideration and scrutiny of the Third Quarter Performance Report for 2018/19 of the office is the tool the Committee uses to determine whether the office has proper plans and programmes to realise its strategic objectives.

2. METHOD OF WORK

The Premier Tabled the Third Quarter Performance Report to the Legislature. Subsequently, the Speaker referred the 2018/19 Third Quarter Performance Report to the Committee for deliberations and report back to the House, in accordance with rules 131 and 190 (4).

On 20 February 2019, the Committee interacted with the Deputy Director General and the Senior Management team of the office on the 2018/19 Third Quarter Report. The Committee met again on 26 March 2019 to consider its draft report.

3. GENERAL OBSERVATION

- a) The 2018/19 Third Quarter Report was correctly tabled by the Honourable Premier within 30 days after the quarter as required by the rules.
- a) The Premier and the Acting Director General tendered an apology for non-attendance of the meeting due to a prior commitment.
- b) The office obtained 82% (46 of its 56) planned targets during the third quarter of the 2018/19 financial year.

4. ANALYSIS PER PROGRAMME

4.1. PROGRAMME 1: ADMINISTRATION

The Committee noted the following on Programme 1:

a) Spending Pattern

Table 1: Spending per Economic Classification

	Adjusted budget R'000	Actual Expenditure R'000	Actual Expenditure %
Compensation of employees	67 983	45 833	67.4
Goods and Services	108 039	77 227	71.5
Transfers and Subsidies	211	2 539	1 203.3
Payments for capital assets	3 962	3 026	76.4
Total	180 195	128 625	71.4

The adjusted budget for the programme is **R180 195 000.00**. The office spent (71.4%) **R128 625 000.00** of the budget during the third quarter of the financial year.

i. Expenditure on Transfers and Subsidies

The Committee noted that the expenditure on Transfers and Subsidies was at 1203.3%. The over expenditure amounts to **R2 328 000.00**. The Committee enquired on the reasons that led to the over expenditure. The office reported that it was subjected to an audit on leave gratuities by SARS. After completion of the audit, it was discovered that the office under-collected the tax due to the use of an incorrect code. SARS debited the bank account of the office to recover the outstanding tax liability resulting in the over expenditure. Furthermore, the office reported that that the over expenditure will be cleared by shifting funds from anticipated savings within Compensation of Employees as a result of the non-filling of vacant positions.

a) Programme Performance

This programme achieved 88.9% (16 of the 18) targets during the third quarter of the 2018/19 financial year.

i. Calls received on the Presidential Hotline

The Committee noted that the office failed to resolve 95% calls from the Presidential Hotline and reported that the report was not yet available due to unavailability of the network on the Information Technology Management System. The Committee requested the office to report on the progress made in resolving the challenge. The office reported that the Presidency could not generate Presidential Hotline reports for all the provinces because there was a problem with SITA system. The problem was resolved on 23 January 2019. Furthermore, the office reported that the province has resolved the cases and achieved 96.56% for the third quarter.

ii. Integrity Management Unit

The Committee requested the office to provide a progress report on cases reported to the Integrity Management Unit for investigation. The office in response provided the following table:

Department	Q3			Cases brought forward	Year – to - date		
	Received	Finalised	Pending		Received	Finalised	Pending
Education	1	1	0	1	2	3	0
Health	1	0	1	2	2	0	4

Human Settlements	1	0	1	1	2	1	2
Social Development	0	1	0	2	2	1	3
CSSR	-	-	-	1	0	0	1
PWRT	-	-	-	2	0	1	1
CSSL	-	-	-	3	0	1	2
COGTA	-	-	-	3	0	1	2
TOTAL	3	2	2	13	8	7	14

The unit had 13 cases that were brought forward from previous financial years and 4 of them were finalised within the nine month period under review. Out of the 13 cases brought forward, 9 cases are pending to date.

4.2. PROGRAMME 2: INSTITUTIONAL DEVELOPMENT

The Committee noted the following on Programme 2:

a) Spending Pattern

Table 2: Spending for the programme

	Adjusted budget R'000	Actual Expenditure R'000	Actual Expenditure %
Compensation of employees	53 634	39 465	73.6
Goods and Services	12 961	7 170	55.3
Transfers and Subsidies	3 424	3 181	92.9
Payments for capital assets	274	274	100.
Total	70 293	50 090	71.3

Programme 2 has an adjusted budget of **R70 293 000.00** for the 2018/19 financial year and spent (71.3%) **R50 090 000.00** of the budget during the third quarter.

b) Programme Performance

This programme achieved 80.9% (17 of its 21) targets during the third quarter of the 2018/19 financial year.

i. Filling of Vacant Funded Positions

The Committee noted that the programme failed to fill 100% approved critical and vacant funded posts and reported that the Executive Council did not grant them permission to advertise critical posts. The Committee enquired on the number of vacant positions and the reasons for the Executive Council for not granting permission to fill the vacant positions. The office reported that the office has forty-six (46) vacant positions. Furthermore, the office reported that the Executive Council considered the request to fill the identified critical posts and resolved that there is a need to find a balance between Provincial Compensation of Employees and the prioritised approved Service Delivery Projects / Programme. The Executive resolved that Provincial Treasury must provide a consolidated report on the Provincial Compensation of Employees against the Service Delivery Projects.

ii. Effective Regional Service Delivery Model

The Committee enquired on the due date when the monitoring report on the implementation of the Effective Regional Service Delivery Model will be finalised. The office reported that after the matter had been presented to EXCO, which resolved that it required more time to consider the implications of the recommendations, taking into account the timing for implementing the recommendations. EXCO noted that it may be more strategic to defer decisions on the implementation to the new Government. Therefore, the matter is still pending and is on the agenda for EXCO.

iii. Rollout of Broadband in 794 sites across the Gert Sibande District

The Committee noted that the office was supposed to produce one monitoring report on the rollout of Broadband in 794 sites across the Gert Sibande District Municipality and reported that the Department of Telecommunications and Postal Services reduced the number of sites to be monitored. The Committee enquired on the number of sites that have been monitored. The office

reported that 121 sites were monitored following the reduction of 673 sites by the National Department of Telecommunication and Postal Services.

4.3. PROGRAMME 3: POLICY AND GOVERNANCE

The Committee noted the following on Programme 3:

a) Spending Pattern

Table 3: Spending for the programme

	Adjusted budget R'000	Actual Expenditure R'000	Actual Expenditure %
Compensation of employees	39 738	28 68	72.2
Goods and Services	32 563	16 478	50.6
Transfers and Subsidies	3	90	3000
Payments for capital assets			
Total	72 304	45 248	62.6

This programme has an adjusted budget of **R72 304 000.00** for the 2018/19 financial year and spent 62.6% (**R45 248 000.00**) of the budget in the third quarter of the 2018/19 financial year.

i. Expenditure on Transfers and Subsidies

The Committee requested the office to provide reasons for the high expenditure on the Transfers and Subsidies line item. The office reported that the over expenditure on the transfers and subsidies was as a results of payment of unforeseen leave gratuity to a Senior Manager who resigned during December 2018. Furthermore, the office reported that this was not anticipated during the budget process. The over expenditure will be cleared by shifting funds from anticipated savings within Compensation of Employees as a result of the non-filling of vacant funded posts.

b) Programme Performance

This programme achieved 88.2% (15 of its 17) targets during the third quarter of the 2018/19 financial year.

5. FINDINGS

After the deliberations, the Committee made the following findings:

- 5.1. The Office of the Premier has fourteen (14) cases under investigation by the Forensic and Integrity Management Unit.
- 5.2. The Office of the Premier achieved 82.1% (46 of its 56) planned targets during the quarter under review.

6. RECOMMENDATIONS

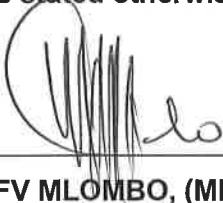
The Committee recommends that:

- 6.1. The Office of the Premier must on a quarterly basis, report to the Committee progress on the finalisation of these cases. Furthermore, the office must ensure that where recommendations are to be implemented, they are implemented by departments.
- 6.2. The Office of the Premier must ensure that the 10 targets that were not achieved during the third quarter are achieved during the fourth quarter.

7. CONCLUSION

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and constructive contributions during the deliberations on the Office of the Premier's Third Quarter Performance Report for the 2018/19 financial year. In addition, the Chairperson extends a word of appreciation to the Deputy Director-General and senior management officials for availing themselves to deliberate on matters pertaining to the Office of the Premier. The Chairperson would also like to thank the Committee support staff for contributing to the production of this report.

Unless otherwise stated a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by 30 April 2019, unless stated otherwise, and thereafter on a quarterly basis.



HON FV MLOMBO, (MPL)
CHAIRPERSON: PORTFOLIO COMMITTEE ON
PREMIER'S OFFICE; FINANCE, ECONOMIC
DEVELOPMENT AND TOURISM

26.03.2019

DATE