

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

## **2019/20 FIRST QUARTER PERFORMANCE REPORT OF THE OFFICE OF THE PREMIER (VOTE 01)**

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### **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 First Quarter Performance Report for 2019/20 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 First Quarter Performance Report to the Legislature. Subsequently, the Speaker of the Legislature referred the 2019/20 First Quarter Performance Report to the Committee for deliberations and report back to the House, in accordance with Rule 218 of the Rules and Orders of the Mpumalanga Provincial Legislature (the rules).

The Committee considered a detailed analysis of the 2019/20 First Quarter Report and raised key observations and questions that were sent to the Office for written responses. Thereafter, on 29 August 2019, the Committee interacted with the Acting Director General and the Senior Management team of the Office on the First Quarter Report. The Committee met again to consider its draft report.

### 3. UPDATED PROGRESS REPORT ON HOUSE RESOLUTIONS ON THE 2018/19 FOURTH QUARTELY PERFORMANCE REPORT AND THE 2019/20 ANNUAL PERFORMANCE PLAN

The Committee considered an updated progress report in relation to the implementation of the House Resolutions emanating from the Committee report for the Office 2018/19 Fourth Quarterly Performance Report and the 2019/20 Annual Performance Plan. The Committee had to ascertain the relevance of the progress responses submitted by the Office against the resolutions of the House (see Annexure A and B).

### 4. GENERAL OBSERVATION

- The Premier tendered an apology for non-attendance of the meeting due to a prior commitment.
- The 2019/20 First Quarterly Performance report was correctly tabled by the Honourable Premier as required by the rules and orders of the Mpumalanga Provincial Legislature.
- The Office achieved 29 of 31 planned targets which is translated to 85%.
- The first quarter expenditure of R57 320 000.00 translated to 19.3% is below the required benchmark of 25%.

### 5. ANALYSIS PER PROGRAMME

#### 5.1 PROGRAMME 1: ADMINISTRATION

The Committee noted the following on Programme 1:

Programme	Planned Targets	Target Achieved	% Target Achieved	Budget '000	Actual Expenditure	% of Expenditure
Administration	7	6	85.7	129 513	25 246	19.5

The Committee noted that the programme had seven (7) targets and achieved six (6) targets, which translates to 85.7%. Furthermore, the Committee noted that the total budget for the programme was R129 513 000.00 and the actual expenditure was at R25 246 000.00, translated to 19.5%, which is 5.5% below the required benchmark of 25%. The office achieved all targets under the following sub-programmes: Internal Audit, security management and financial management, worth noting is that the Office failed to achieve its target under the following sub-programme:

- I. Forensic and Integrity Management, which as at the end of the third quarter 2018/19 financial year had nine (9) pending cases and received seven (7) cases during the fourth quarter, which came to a total of sixteen (16) cases and of the sixteen, only four (4) were finalised by the end of the fourth quarter. Worth noting is that the sub-programme had received three (3) cases by the end of the first quarter of the 2019/20 financial year and managed to finalise two (2) cases. The Office reported that this sub-programme has thirteen (13) cases under investigation.

#### Economic Classification

	<b>Main Appropriation R'000</b>	<b>Actual Expenditure R'000</b>	<b>Actual Expenditure %</b>
Compensation of employees	72 360	16 922	23.4
Goods and Services	53 583	6 509	12.1
Transfers and Subsidies	496	1 342	270.6
Payments for capital assets	3 074	473	15.4
<b>Total</b>	<b>129 513</b>	<b>25 246</b>	<b>19.5</b>

- II. The Office reported that the draft Standard Operating Procedure is not yet approved, however; the Office will finalise and approve its Standard Operating Procedures by the end of October 2019. Furthermore, the Office reported that the 12.9% deviation, which is below the required benchmark of 25% for the period ending 30 June 2019, is as a result of cost drivers priority such as audit fees; investigations and other contractual obligations where invoices are yet to be received.

- III. The Committee noted the Office response of the over-expenditure of 270.6%, which is above the required benchmark of 25% and said to be informed by the payment of leave gratuities to former employees, whose services were terminated. Worth noting is the 9.6% deviation, which is below the required 25% benchmark on payment of capital assets, which is attributed to procurement of capital items and office equipment, which process have been delayed.

## 5.2 PROGRAMME 2: INSTITUTIONAL DEVELOPMENT

The Committee noted the following on Programme 2:

Programme	Planned Targets	Target Achieved	% Target Achieved	Budget '000	Actual Expenditure	% of Expenditure
Institutional Development	13	12	92.3%	90 820	19 821	21.8%

The Committee noted that the programme had eight (8) sub-programmes under programme 2 and it achieved 12 out of 13 planned targets, which translates to 92.3%. The programme was allocated a budget of R90 820 000.00 and the actual expenditure R19 821 000.00, translated to 21.8%. The Office attained all planned targets under the following sub-programmes: Internal Human Resource Management and Development, Legal Advisory Services; Labour Relations, Transversal Human Resource Services and information services as well as the Public Service Transformation and Delivery Improvement.

- I. The Committee noted that the Office achieved one (1) of the two (2) planned target under the sub-programme Organisational Design and Job Evaluation. The Office reported that the reason for deviation was due to the regional service delivery model, which is still awaiting EXCO approval.

### Economic Classification

	<b>Main Appropriation R'000</b>	<b>Actual Expenditure R'000</b>	<b>Actual Expenditure %</b>
Compensation of employees	59 654	12 969	21.7
Goods and Services	27 935	6 573	23.5
Transfers and Subsidies	3 231	279	8.6
Payments for capital assets	-	-	
<b>Total</b>	<b>90 820</b>	<b>19 821</b>	<b>21.8</b>

- II. The Committee noted that the reason for deviation of 16.4% on Transfers and Subsidies, which is below the 25% benchmark, is due to under-spending of budget allocated for student fees, which is utilised on a termly basis.

### 5.3 PROGRAMME 3: POLICY AND GOVERNANCE

The Committee noted the following on Programme 3:

<b>Programme</b>	<b>Planned Targets</b>	<b>Target Achieved</b>	<b>% Target Achieved</b>	<b>Budget '000</b>	<b>Actual Expenditure</b>	<b>% of Expenditure</b>
Policy and Governance	11	11	100	75 966	12 253	16.1

The Committee noted that Programme 3 achieved 100% of its targets for the first quarter of the 2019/20 financial year. This programme had eleven (11) planned targets and all of them were achieved as outlined on the office's first quarter performance report. The Committee commends the office for its good performance.

## Economic Classification

		<b>Main appropriation</b>	<b>Actual Expenditure</b>	<b>Actual Expenditure</b>
		<b>R'000</b>	<b>R'000</b>	<b>%</b>
Compensation of employees	of	47 666	9 261	19.4
Goods and Services		28 000	2 862	10.2
Transfers and Subsidies		300	130	43.3
Payments for capital assets		-	-	
<b>Total</b>		<b>75 966</b>	<b>12 253</b>	<b>16.1</b>

- I. The Committee noted that the deviation of 5.6%, which is below the required benchmark of 25% on the Compensation of Employees, which was as a result of outstanding salary adjustments for Senior Management Services (SMS) members, which were not effected during April 2019. Furthermore; the Committee noted that the deviation of 14.8% that is below the required benchmark of 25% on Good and Services was due to planned cost drivers priority targets, such as compilation of a performance review report on service delivery by Mpumalanga Provincial Government, facilitated and monitoring the implementation of the Provincial Evaluation Plan (2018 – 2020 PEP), the Roll-out of Institutionalization of PRIME Framework, ZAZI Girls campaign and Youth Development, which are to commence in the second quarter of the financial year.

## 6. FINDINGS

After the deliberations, the Committee made the following findings:

- 6.1 The Office is without approved Standard Operating Procedure for case management.
- 6.2 The Office has a total of 13 cases of fraud under investigation.

## 7. RECOMMENDATIONS

The Committee recommends that:

- 7.1 The office must ensure that the draft SOP is approved and finalised by the end of October 2019 and submit a copy of the approved SOP to the Committee.
- 7.2 The office must conclude the investigations of the 13 outstanding fraud cases by the end of the 2019/20 financial year and report the outcomes to the Committee.

## 8. 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 First Quarterly Performance Report for the 2019/20 financial year.

In addition, the Chairperson extends a word of gratitude to the Acting Director General, and Senior Management officials from the Office for availing themselves to deliberate on matters pertaining to the Office of the Premier. The Chairperson would also like to thank the 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 31 October 2019, unless stated otherwise, and thereafter on a quarterly basis.**



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

11.09.2019

**DATE**

**ANNEXURE A**

**UPDATED PROGRESS REPORT ON HOUSE RESOLUTIONS ON THE 2018/19 FOURTH QUARTER PERFORMANCE REPORT**

RESOLUTIONS	UPDATED PROGRESS REPORT	STATUS
<p>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.</p>	<p>To date, the Office has completed two backlog cases relating to COGTA concluded in April 2019 and Human Settlements concluded in July 2019. Please refer to the attached <b>annexure A</b> for details on the status of cases.</p>	On-going
<p>2. The Office of the Premier must ensure that the six (6) targets that were not achieved during the fourth quarter are rolled over for implementation in the 2019/20 financial year.</p>	<p>The targets that were not achieved in the fourth quarter were rolled over for implementation in the 2019/20 financial year and monitored through the remedial action plan.</p>	Closed



**ANNEXURE B**

**UPDATED PROGRESS REPORT ON HOUSE RESOLUTIONS ON THE 2019/20 ANNUAL PERORMANCE PLAN**

RESOLUTIONS	UPDATED PROGRESS REPORT	STATUS
<p>1. The Office of the Premier must ensure that the planned targets are achieved during the current financial year.</p>	<p>The Office of the Premier will ensure that the planned targets are achieved during the current financial year through the following:</p> <ul style="list-style-type: none"> <li>• Quarterly performance review sessions t track progress on the achievement of the planned targets in the Annual Performance Plan and the Operational Plan</li>   <li>• Monitor the implementation of monthly milestones towards achievement of quarterly targets and raise early warning (areas of concern) in Management Committee and the Executive Management Committee for intervention.</li> </ul>	<p>On-going</p>



**ANNEXURE A**  
**LIST OF IMU CASES UNDER INVESTIGATION**

Department	Allegation	Case number	Source of complaint	Summary of allegations	Status	AGE ANALYSIS
1. Culture and Sport	Procurement Irregularities	03/12/2007	Departmental referral	Department incurred services from the service provider without proper procedures	referred back for further investigation and confirmation of evidence	Backlog
2. Health	Irregular Procurement of Coal	05/12/2017	Departmental referral	Service provider overcharged the department for procured coal	Case relocated for further investigation (Investigator left the department)	Backlog
3. Public Works, Roads and Transport	Corruption, official stole cement	04/03/2018	Whistle-blower	Elukwatini Officials stole building material that belonged to the state	Report writing stage	Backlog
4. Social Development	Misconduct & Procurement Irregularities	01/08/2018	Departmental referral	Procurement irregularities by officials within Finance unit	Document Analysis stage	Backlog
5. Health	Unethical Behaviour	01/11/20018	PSC 9920181024152458	Fraudulent claims and absenteeism	Report writing stage	Backlog
6. Human Settlements	Irregular Appointment, Payment made to supplier for services not rendered	01/03/2018	Whistle-blower	Service provider claimed for services not rendered	Report writing stage	Backlog
7. Cogta	Procurement Irregularities (Msukaligwa Municipality)	01/01/2019	PSC 9920190108090627	Officials colludes with the service provider (her husband) to get tenders	Report writing Stage	Backlog



**ANNEXURE A  
LIST OF IMU CASES UNDER INVESTIGATION**

8. Health	Appointment Irregularities	03/01/2019	PSC 9920181204081755			Department requested the case to be allocated to the service provider,	Backlog
9. Office of the Premier	Fruitless and wasteful expenditure	01/02/2019	Departmental referral	Office of the premier incurred fruitless and wasteful expenditure for 2015/16 FY		Awaiting documents	Backlog
10. Health	Corruption (Performing remunerative work outside Public Service)	01/05/2019	PSC 9920190415090323	Dr performs remunerative work outside public service without approval		Awaiting documents	Current
11. Health	Nepotism, fraud and abuse of Power (Gert Sibande)	01/06/2019	Departmental Referral	CEO of the hospital appointed relatives		Allocated to service provider	Current
12. Safety, Security & Liaison	Fraud	05/03/2018	Whistle-blower	Officials fraudulently claimed for kilometres not travelled, abusing state owned vehicles.		Awaiting documents	Backlog
13. Human Settlements	Corruption	09/03/2018	Presidential Hotline	RDP house was fraudulently sold to the police officer		Report writing	Backlog (case was closed in August 2019)

