

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

2018/19 FIRST 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 requires the Member of the Executive Council responsible for a provincial department to table quarterly reports to 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 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 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 First Quarter Performance Report to the Legislature. Subsequently, the Speaker of the Legislature referred the 2018/19 First Quarter Performance Report to the Committee for deliberations and report back to the House, in accordance with Rule 190 (4) and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the rules).

On 28 August 2018, the Committee interacted with the Acting Director General and the Senior Management team of the office on the 2018/19 First Quarter Report. The Committee met again on 12 September 2018 to consider its draft report.

3. GENERAL OBSERVATION

- a) The 2018/19 First Quarter Report was correctly Tabled by the Honourable Premier within 30 days after the quarter as required by the Rules and Orders of the Mpumalanga Provincial Legislature;
- b) The Premier tendered an apology for non-attendance of the meeting due to a prior commitment.
- c) The office obtained 84% (42 of its 50) planned targets in the first quarter and spent 19% of the budget.

4. BUDGET ANALYSIS

The table below indicates the spending of the department for the quarter

Table 1: Spending for the quarter

R'000	Main budget	Actual expenditure	% expenditure
programmes			
Administration	135 872	29 705	21.9
Institutional development	76 414	13 634	17.8
Policy & Governance	69 492	10 254	14.8
TOTAL	281 778	53 593	19.0
Economic Classification			
Compensation of Employees	159 706	36 066	22.6
Goods & services	116 240	14 707	12.7
Transfers & Subsidies	2 720	687	25.3
Payments of capital assets	3 112	2 133	68.5
Total	281 778	53 593	19.0

The office reported that the deviation of 6% below the required benchmark of 25% for the first quarter of 2018 is due to priority targets that were not achieved in the first quarter listed as follows:

- ✓ Appointment of a transactional advisor
- ✓ Communication plan
- ✓ Youth development
- ✓ Appointment of the Mpumalanga Planning Commission
- ✓ Project Co-ordination

i. Audit Outcome

The Committee enquired on the audit opinion that the office received for the 2017/18 financial year and whether it was an improvement from the previous financial year. The office reported that it received an Unqualified Audit Opinion with findings. Furthermore, the office reported that this audit opinion was a regression from the previous financial year due accumulations in certain areas such as the irregular expenditure during the financial year.

ii. Accruals and Payables

The Committee noted that the office had accruals and payables amounting to **R35 000 000.00** as at the end of the 2017/18 financial year. The Committee requested the office to indicate how the accruals and payables have been dealt with during the first quarter of the 2018/19 financial year. The office reported that the accruals and payables were settled using the 2018/19 financial year's budget.

5. ANALYSIS PER PROGRAMME

5.1. PROGRAMME 1: ADMINISTRATION

The Committee noted the following on Programme 1:

a) Spending Pattern

Table 1: Spending for the programme

Programme	Planned Targets	Target Achieved	% Target Achieved	Budget '000	Actual Expenditure	% of Expenditure
Administration	12	10	83	135 872	29 706	21.9

The allocated budget for the programme is **R135 872 000.00**. The office spent (21%) **R29 706 000.00** of the budget during the first quarter of the financial year.

a) Programme Performance

This programme achieved 83% (10 of the 12) targets during the first quarter of the 2018/19 financial year.

i. Capacity to Perform Tasks

The Committee noted that the office failed to achieve a number of targets and reported that they were not achieved due to a lack of capacity to perform the task. The Committee requested the office to indicate when the organogram will be finalised. The office reported that it is anticipated that the organogram will be finalised internally before the end of September 2018. The revised organogram will then be submitted to the Department of Public Service and Administration (DPSA).

ii. National Anti-corruption Strategy

In responding to when the strategy will be finalised, the office reported that a manager has been appointed and has started with the consultation processes.

5.2. PROGRAMME 2: INSTITUTIONAL DEVELOPMENT

The Committee noted the following on Programme 2:

a) Spending Pattern

Table 2: Spending for the programme

Programme	Planned Targets	Target Achieved	% Target Achieved	Budget '000	Actual Expenditure	% of Expenditure
Institutional Development	22	18	81.8	76 414	13 633	17.8

Programme 2 has an appropriated budget of **R76 414 000.00** for the 2018/19 financial year and spent (17.8%) **R13 633 000.00** of the budget during the first quarter.

b) Programme Performance

This programme achieved 81.8% (18 of its 22) targets during the first quarter of the 2018/19 financial year.

5.3. PROGRAMME 3: POLICY AND GOVERNANCE

The Committee noted the following on Programme 3:

a) Spending Pattern

Table 3: Spending for the programme

Programme	Planned Targets	Target Achieved	% Target Achieved	Budget '000	Actual Expenditure	% of Expenditure
Policy and Governance	16	14	87.5	56 069	10 939	19.5

This programme has an appropriated budget of **R56 069 000.00** for the 2018/19 financial year and spent 19.5% (**R10 939 000.00**) of the budget in the first quarter of the 2018/19 financial year.

b) Programme Performance

This programme achieved 87.5% (14 of its 16) targets during the first quarter of the 2018/19 financial year.

i. Draft Integrated Provincial Communication Plan (IPCP)

The Committee noted with concern that the Draft Integrated Provincial Communication Plan was not finalised. The office reported that the plan was not finalised due to capacity constraints. The office reported that there was a seconded person to take care of this function, however that person has since gone back to his department. Furthermore, the office reported that processes of filling the position has commenced. In addition the office reported that the delay was also as a result of the gabs that were noted and needed to be attended to.

ii. Mpumalanga Planning Commission

The Committee requested the office to provide a progress on the establishment of the Mpumalanga Planning Commission. The office reported that the Draft Bill has been submitted to the Legislature for processing.

iii. Youth Development Strategy

Regarding the youth development strategy, the office reported that the youth development portal had an initial budget of **R6 000 000.00** and that the project implementation Plan has been developed. The project will now be implemented through Service SETA. This will assist the office to save funds from the initial allocated budget.

6. FINDINGS

After the deliberations, the Committee made the following findings:

- 6.1. The office settled accruals and payables amounting to **R35 000 000.00** using the 2018/19 budget.
- 6.2. The office spent 19% of the budget during the period under review.
- 6.3. The office has not yet finalised the Draft Integrated Provincial Communication Plan.

7. RECOMMENDATIONS

The Committee recommends that:

- 7.1. The office must lead by example and refrain from settling accruals using the current year's budget. Furthermore, the office must submit a list of all the programmes that will be negatively affected by the settling of accruals and payables using the current year's budget.
- 7.2. The Office must monitor its spending to ensure that spending is per the approved Annual Performance Plan in order to avoid incurring a March-Spike.
- 7.3. The Office must finalize the Draft Integrated Provincial Communication Plan before the end of the third quarter.

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 of the Premier's First Quarter Performance Report for the 2018/19 financial year. In addition, the

Chairperson extends a word of appreciation to the Acting 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 12 October 2018, unless stated otherwise, and thereafter on a quarterly basis.



27. 09. 2018

HON FV MLOMBO, (MPL)

DATE

**CHAIRPERSON: PORTFOLIO COMMITTEE ON
PREMIER'S OFFICE; FINANCE, ECONOMIC
DEVELOPMENT AND TOURISM**