

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

2017/18 ANNUAL REPORT OF THE OFFICE OF THE PREMIER

1. INTRODUCTION

The Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism (the Committee) has a mandate as per Section 114(2) (b) of the Constitution of the Republic of South Africa, 1996 read with rule 131 (b) (c) (d) of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules), to oversee the performance of the Office of the Premier (the office).

Section 133(b) of the Constitution requires the Member of the Executive Council to provide the Legislature with full and regular reports concerning matters under their control. Thus the tabling of the 2017/18 Annual Report of the office was in compliance with section 65(a) of the Public Finance Management Act (Act 1 of 1999) (PFMA).

The consideration and scrutiny of the 2017/18 Annual Report of the office was for the Committee to satisfy itself that the office's performance was in line with its approved 2017/18 Annual Performance Plan (APP); and the budget that was appropriated for the financial year under review. The Annual Report oversight exercise is a mechanism of the Committee to ensure that public funds allocated to the Office of the Premier in the year under review, are used economically, efficiently, equitably and effectively. There should ultimately be value for money in any activity undertaken by the Office of the Premier. Thus, the Executive Authority was held to account for the Office of the Premier's performance in the 2017/18 financial year.

2. METHOD OF WORK

The Honourable Premier tabled the 2017/18 Annual Report in accordance with Section 65(a) of the PFMA and the Hon Speaker subsequently applied rule 219(3) of the Rules and Orders of the Mpumalanga Provincial Legislature by referring the report to the Committee for consideration and report back to the House.

On 12 October 2018, the Committee considered a detailed analysis of the 2017/18 Annual Report and raised key observations and questions that were sent to the office for written responses.

Thereafter, on 16 October 2018, the Committee interacted with the Acting Director-General and the Senior Management team of the Office of the Premier on the 2017/18 Annual Report. The Committee met again on 31 October 2018 to consider its draft report.

3. BRIEF OUTLINE OF THE OFFICE OF THE PREMIER'S PRIORITIES AND GOALS IN THE PERIOD UNDER REVIEW

3.1. Outcome Oriented Goals

As part of the oversight exercise, the Committee sought to evaluate the extent to which the office's planned activities during the year under review were guided by its strategic objective and key policy priorities, as well as the national and provincial government policy priorities.

Strategic Outcome Oriented Goals of the office

Outcomes	Sub-outcomes	Key Activities
Outcome 11: creating a better South Africa and contributing to a better and safer Africa in a better world	A sustainable ,developed and economically integrated Africa	<ul style="list-style-type: none"> ✓ International partnership monitored in line with Provincial priorities
Outcome 12: efficient, effective and development oriented public service and an empowered fair and inclusive citizenship	A stable political-administrative interface	<ul style="list-style-type: none"> ✓ Finalize all disciplinary processes within 90 days ✓ Co-ordinate the recruitment process for vacant HOD positions in all Departments ✓ Mainstream target groups into Government programme and projects
	Increased responsiveness of public servants and accountability to citizens	<ul style="list-style-type: none"> ✓ Co-ordinate the development and review of Service standards in all departments and municipalities ✓ Monitor the implementation of site improvement plans at 16 frontline delivery sites

		<ul style="list-style-type: none"> ✓ Visit and asses 12 frontline service delivery sites and facilitate the development of improvement plans ✓ Roll- out MPAT cycle 1.4 with 10 Provincial Departments and the Office of the Premier and facilitate the development of improvement plans
	Improved inter-departmental co-ordination	<ul style="list-style-type: none"> ✓ Provide technical support and advice on macro policies to cluster committees
	Improved mechanisms to promote ethical behavior in the public service	<ul style="list-style-type: none"> ✓ 100% financial disclosures for HODs and SMS electronically submitted within the prescribed period ✓ Anti – corruption Awareness Campaigns on Anti- Corruption Strategy and National whistleblowing Policy conducted in 4 Department and to citizens in 3 District Municipalities ✓ 100% of all received and reported cases of alleged fraud and corruption concluded ✓ Vetting of officials in prioritized offices

The office is directly responsible for the implementation of outcomes 11 and 12 and the table above indicates how the office is addressing the two outcomes within the programmes.

3.2. OTP performance against policy statements

SOPA	OTP's commitments	OTP achievements
Develop integrated Security plan	Integrated Security master plan developed	Target not achieved
(190) Establish a provincial planning commission that will take the work forward using human settlement, the ebbs and flows of economic activity, migration patterns, the performance of our productive sectors, transport logistics as basis for long term planning	Establish a provincial planning commission.	Target not achieved

As per the table above, the office did not achieve all its commitments as per the budget speech and SOPA pronouncement.

4. GENERAL OBSERVATIONS

- a. The Premier tendered an apology for non-attendance of the meeting due to a prior commitment.
- b. The office achieved 75.4% (43 out of 57) planned targets in the 2017/18 financial year and spent 99.8% of the budget.
- c. The Acting Director-General (DG) and his management team made a presentation to the Committee on the office's 2017/18 Annual Report.
- d. 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

5. PART A: GENERAL INFORMATION

5.1. Compliance to the National Treasury Guide on the Preparation of the Annual Report

The Office of the Premier's Annual Report adhered to the National Treasury guide for the preparation of the annual report for the year ended 31 March 2018.

5.2. Service Delivery Environment

The core deliverables of the Office of the Premier include executing the following programmes:

- Integrated Planning
- Monitoring and Evaluation
- Institutional Transformation
- Strengthening the Coordination of prioritised provincial programmes

6. PART B: OVERVIEW OF THE OFFICE'S PERFORMANCE

6.1. FINANCIAL PERFORMANCE

The overall budget performance for the two financial years is as follows:

Table 1: Budget performance for the office

Financial year	2016/2017	2017/18
final Appropriation	263 071	311 235
Actual Amount Spent	261 901	310 711
(Over) / Under Expenditure	1 170	524
Percentage Expenditure	99.6	99.8

Table 2: Spending per Economic Classification

2015/16 financial year	Final appropriation R' 000	Actual expenditure R' 000	Variance R'000	%
Compensation of employees	143 578	143 507	71	100
Goods and service	133 115	132 982	133	99.9
Transfers and subsidies	4 696	4 381	315	93.3
Payments of capital assets	29 776	29 771	5	99.7
Total	311 165	310 641	524	99.6

The office spent 99.6% of its allocated budget during the 2017/18 financial year, which indicates a variance of 0, 4% or **R524 000 000.00**.

a. Irregular Expenditure

The office has prior years irregular expenditure of **R147 390 000.00** due to an irregular appointment of a multi-year contract that was appointment in the 2015/16 financial year. The office reported that a decision was taken to terminate it upon realisation that the contract was irregularly appointed. The contract was for the Case Management System. The office will go out on tender and procure the system as it has assisted some departments and municipalities.

6.2. AUDIT OPINION

The Audit Opinion of the office for the two financial years is as follows:

Audit Opinion for the two financial years

2016/17	2017/18
Unqualified audit opinion with matters	Unqualified audit opinion with matters

The Committee noted that the office has been stagnant in the same audit outcome for the past 4 years and enquired whether the office has a strategy to improve its audit outcome. The office reported that an audit action plan has been developed to deal with all the issues raised by the Auditor General. Furthermore, the office reported that an interim audit will be conducted to enable the office to make follow up on the audit action plan.

6.3. SUMMARY OF KEY ACHIEVEMENTS

The Office reported that the following were key achievements in the 2017/18 financial year:

- a. Payment of invoices within 30 days;
- b. Concluded vetting for 41 employees;
- c. In an effort to improve service delivery, Batho Pele projects were implemented namely Khaedu, Service Delivery Improvement Plan and Africa Public Service Day;
- d. Satislele App successfully developed and introduced in the province;
- e. Finalisation of Planning Research, Information, Monitoring and Evaluation (PRIME) Framework;
- f. Development of the Mpumalanga Planning Commission Bill and
- g. Produced high level reports on international engagements and resulting partnerships for trade, investment and technical skills.

6.4. SUMMARY OF NON ACHIEVEMENTS

The following indicators were not achieved by the office in the financial year under review:

- a. Integrated Security Master Plan not developed;
- b. 95.17% out of 100% calls from the Presidential Hotline were resolved;
- c. Three (3) out of four (4) quarterly reports on signing of Performance Undertakings / Agreements and assessment of staff;
- d. Service Delivery Models not developed for four departments;
- e. MOUs not finalized;
- f. No assessment reports on 2018/19 IDPs for 20 municipalities produced by September 2018;
- g. Mpumalanga Planning Commission not established;
- h. Provincial Programme of action (PPOA) for 2018/19 not approved;
- i. Project Management Unit not established;
- j. The 2017-19 Provincial Evaluation Plan and two monitoring reports were not developed and produced;
- k. The sixteen (16) research reports were not disseminated to departments;
- l. The 2018/19 POA on the 2017/18 Gender Equality and Women (GEWE) was not developed;
- m. Quarterly reports on the implementation of the Provincial Youth Development 2017/18 – 2019/20 Programme of Action (POA) was produced and
- n. Seven (7) municipalities were not capacitated on war room based youth development.

6.5. PROGRAMME 1: ADMINISTRATION

The Programme is responsible to perform proper and effective coordinating and monitoring functions in respect of administrative and strategic matters, both within the Office of the Premier and the Provincial Government.

a) Programme Expenditure

Spending for Programme 4:

Sub-programme	Financial Appropriation R' 000	Actual Expenditure R' 000	(Over) / Under Expenditure R' 000	% Outcome
Premier Support	21 182	21 174	8	100

Executive Council Secretariat	6 168	6 156	12	99.8
Director-General Support	114 545	114 491	54	100
Financial Management	34 550	34 532	18	99.9
Total	176 445	176 353	92	99.9

The programme spent **R176 353 000** which is **99.9%** of the total budget.

b) Programme Performance

The Programme achieved 80% (12 out of 15) planned targets during the period under review.

6.6. PROGRAMME 2: INSTITUTIONAL DEVELOPMENT

This programme is responsible to provide institutional development services, advice, strategic support, coordination and development of policies to ensure operational efficiency, alignment and corporate compliance with a view to improve the capacity of the Mpumalanga Provincial Government to deliver effective and efficient services.

a) Programme Expenditure

Table 5: Programme Expenditure

Sub-programme	Financial Appropriation R' 000	Actual Expenditure R' 000	(Over) / Under Expenditure R' 000	% Outcome
Strategic Human Resource	37 580	37 241	339	99.1
Information Communication Technology	10 162	10 162	-	100
Legal Services	3 852	3 852	4	99.9
Communication Services	20 603	20 594	9	100
Programme Support	2 399	2 394	5	99.8
Total	74 600	74 243	357	99.5

b) Programme Performance

The Programme achieved 89% (17 out of 19) planned targets.

6.5. PROGRAMME 3: POLICY AND GOVERNANCE

This programme is responsible to provide effective macro policy advice, coordination and monitoring on the following key focus areas: Provincial planning; Implementation of Provincial Programmes; Mainstreaming of gender, youth and older persons issues; Regional and international cooperation; Research and information management; Advisory services to the Premier, EXCO committees, EXCO and MPAC; Monitoring and evaluation.

a) Programme Expenditure

Programme Expenditure

Sub-programme	Financial Appropriation R' 000	Actual Expenditure R' 000	(Over) / Under Expenditure R' 000	% Outcome
Special Programmes	10 376	10 342	34	99.7
Inter-governmental Relations	8 421	8 416	5	99.9
Provincial Policy Management	39 446	39 414	32	99.9
Programme Support	1 947	1 943	4	99.8
Total	60 190	60 115	75	99.9

b) Programme Performance

The Programme achieved 57% (12 out of 21) planned targets.

7. PART C: GOVERNANCE

The Annual Report for 2017/18 financial year reported on Risk Management; Fraud and Corruption; Minimising Conflict of Interest; Code of Conduct; as well as Health Safety and Environmental Issues as required by the National Treasury guide.

On **fraud and corruption**, the office reported that, a Fraud Prevention Plan to implement the Fraud Prevention Policy has been approved. Management recognises that it cannot totally eliminate the risk of fraud and corruption, and it therefore realises the need to focus on fraud prevention initiatives to limit its overall exposure. Members from the public can report any corruption through the established Anti-corruption Hotline, write an anonymous note to the Integrity Management Unit or request a private, confidential meeting with them from the Integrity Management Unit where their identity will be kept secret.

8. PART D: HUMAN RESOURCE MANAGEMENT (HRM)

The information provided in the Human Resource Management section is compliant with the National Treasury guide. The Office of the Premier indicated that it has an HR Plan which it adheres to. The high level organisational structure has been provided as per the National Treasury Guide.

9. FINDINGS

The following are the findings of the deliberations with the Office of the Premier:

- 9.1. The office did not achieve the target of developing an Integrated Security Master Plan and establishing of a Provincial Planning Commission, as per the budget speech and SOPA pronouncement.
- 9.2. The office has been stagnant in the same audit outcome (Unqualified Audit Opinion with matters of emphasis) for the past 5 years.
- 9.3. The office achieved 75.4% (43 out of 57) planned targets in the 2017/18 financial year and spent 99.8% of the budget.
- 9.4. The office has prior year's irregular expenditure due to an irregular appointment of a multi-year contract that was appointment in the 2015/16 financial year.
- 9.5. The office appointed a consultant to develop and co-implement the Mpumalanga Provincial Youth Development programme. 87% actual expenditure on the sub-programme's budget was used for the service rendered.

10. RECOMMENDATIONS

After the deliberations, the Committee recommends that:

- 10.1. The Office of the Premier must comply with commitments made during the State of the Province address by the Premier. Furthermore, the office must ensure that the two pronouncements are achieved before the end of the 2018/19 financial year.
- 10.2. The Office of the Premier must develop and ensure strict implementation of the Audit Action Plan in order to address all the findings raised by the Auditor General. Furthermore, the office must submit the audit action plan to the Committee.
- 10.3. The office must ensure that there is correlation between the budget spent and the number of achieved targets.
- 10.4. The office must submit a report the Committee whether the Accounting Officer did take effective and appropriate disciplinary steps against official(s) who made or permitted the

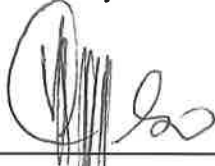
irregular expenditure as required by sections 38(1)(h)(iii) and 51(1)(e)(iii) of the PFMA. This report must be submitted on or before 16 November 2018.

- 10.5. The office must submit a report to the Committee on whether there was value for money on the appointment of the consultant. The report must indicate the amount paid to the consultant and the scope of work by the consultant. The report must be submitted on or before 16 November 2018.

11. CONCLUSION

In conclusion, the Chairperson would like to thank the Honourable Members of the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism, the Acting Director-General and his management team and the support staff of the Legislature for their availability, dedication and commitment shown during the deliberations.

This Committee report on the 2017/18 Annual Report of the Office of the Premier is hereby tabled to the House with a request to adopt the report with its recommendations for implementation by the office and report back by the Honourable Premier to the Honourable Speaker of the Legislature by no later than **28 February 2019** and thereafter, on a quarterly basis.



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

01. 11. 2018

DATE

