



**Report 11 of 2018**  
**SELECT COMMITTEE ON PUBLIC ACCOUNTS OF THE 5<sup>TH</sup> MPUMALANGA PROVINCIAL LEGISLATURE:**  
**OFFICE OF THE PREMIER (2017/18)**

## **1. INTRODUCTION**

The Select Committee on Public Accounts (SCOPA) hereinafter referred to as a Committee, examined the annual report of the Office of the Premier; hereinafter referred to as the Office of the Premier, which includes the financial statements, report of the Auditor-General, report of the Accounting Officer and performance information.

The Committee sent preliminary questions to the Department and received responses which were subsequently presented during a hearing. This transparent process of engagement was aimed at assisting and guiding the Department on areas that require improvement and monitoring.

The Committee discharged its mandate of ensuring prudent financial management over the report of the Department.

## **2. COMMITTEE PROCEDURES**

The Committee met on 05 February 2019 to deliberate on the above reports on the House Resolutions of SCOPA deliberate on the above report and considered the report on 26 March 2019. Meetings of the Committee are open sessions for the public including the media as required by Standing Rule 123 and section 118 (1) (b) of the Constitution of the Republic of South Africa, Act No. 108 of 1996.

### 3. PROGRESS REPORT ON SCOPA RESOLUTION 2016/17 FINANCIAL YEAR

The Committee considered the progress made by the department in implementing previous House Resolutions relating to the 2016/17 financial year. The progress as per the House Resolutions is contained in the table below:

	HOUSE RESOLUTION	PROGRESS REPORTED	STATUS
1.	The Accounting Officer must take disciplinary action against all officials who caused irregular expenditure amounting to R147 390 000, fruitless and wasteful expenditure in 2015/16 as required by section 38(1) (h) (iii) of the PFMA and TR 9.1.1.	The Accounting Officer has not taken any disciplinary action against any officials as the Office of the Premier is still awaiting a response from the National Treasury on the condonation of irregular expenditure and implementation of relevant corrective measures.	<b>ONGOING</b> The Committee asked for clarity on why Office of the Premier had to wait for the National Treasury. The Committee further requested Office of the Premier to have an engagement with AG to clarify the process.
2.	The Accounting Officer must submit and ensure that Integrity Management Unit timely finalize investigations and report on quarterly basis on progress made per referred case to user departments.	The Accounting Officer is currently looking into evaluating the available capacity within the Integrity Management Unit to ensure that it is adequately resourced to undertake investigations and have it finalised timeously.	<b>ONGOING</b>
3.	The Accounting Officer must take disciplinary action against officials who caused the department to incur fruitless and wasteful expenditure amounting R5 083 000.	The Office of the Premier has not commenced with the investigation of fruitless and wasteful expenditure as was previously reported. They prioritised and fast tracked the investigated and clearing of the backlog of irregular expenditure dating back from 2013/14 financial year, caused by participation in the transversal contract initiated by the OTP as well as the irregular.	<b>On-Going</b> The Committee requested a timeline for the completion of the investigations.
	The Accounting Officer must recover fruitless and wasteful expenditure amounting to R5 0830 000 from liable officials	The Accounting Officer will implement the relevant corrective measures once the investigations have been completed.	<b>On-Going</b> The Committee requested a timeline for the completion of the investigations.
	The Accounting Officer must take disciplinary action against employees who contravened section 38(1) (h) (ii) of the PFMA	The Accounting Officer will implement the relevant corrective measures once the	<b>On-Going</b> The Committee requested a timeline for

	and the Treasury Regulations 9.1.2.	investigations have been done.	
4.	The Accounting Officer must submit a report on progress made in clearing all accruals of the multi-year contracts.	The accruals and payables to the value of R16 721 000 have subsequently been cleared in the 2017/18 financial year.	<b>On -Going</b>
	The Executive Authority must take disciplinary actions against the Accounting Officer at the time and or who approved the deviations wherein it was not impractical to invite competitive bids and permitted contravention of Treasury Regulation 16A6.4.	The Executive Authority will implement the relevant corrective measures in line with the directive from National Treasury once condonation has been considered as any condonation of a contravention of the PFMA and Treasury Regulations are dealt with by National Treasury through Provincial Treasury.	
	The Executive Officer must recoup the irregular expenditure from the Accounting Officer wherein he/she is found liable in law for contravening Treasury Regulation 16A6.4 in 2015/16 financial year.	The Executive Authority will implement the relevant corrective measures in line with the directive from National Treasury once condonation has been considered as any condonation of a contravention of the PFMA and Treasury Regulations are dealt with by National Treasury through Provincial Treasury.	<b>On-Going</b>
5.	The Accounting Officer must take disciplinary actions against officials who caused the Office of the Premier to contravene Preferential Procurement Regulations 9(1).	The Executive Authority will implement the relevant corrective measures in line with the directive from National Treasury once condonation has been considered as any condonation of a contravention of the PFMA and Treasury Regulations are dealt with by National Treasury.	<b>On-Going</b>

The Committee raised concerns about non-compliance of departments by failing to implement the house resolution and further requested the legal services to advise on measures to be taken. The Honourable Speaker must call in the Executive Authority to account on the non-adherence of the house resolutions.

### **3.1. IMPLEMENTATION OF THE 2017/18 AUDIT ACTION PLAN**

The Committee asked the Accounting Officer to provide the progress report on the implementation of 2017/18 financial year. The Committee indicated that both what the Auditor General raised and the Committee was not new and that becomes a concern as the Office of the Premier is expected to be taking a lead.

The Accounting Officer indicated that the Office of the Premier has obtained an unqualified audit opinion during the 2017/18 financial year and that there were fifty eight (58) findings raised by the Auditor-General and below is the summary of the progress made thus far:

- Thirty four (34) findings, which translates to 59%, have since been addressed satisfactorily and are considered resolved. Management would continue to monitor the progress to ensure that the Office of the Premier does not regress and incur similar findings in the next year.
- Fourteen (14) findings are still in progress. Management is still committed to resolving these findings by December 2018.
- No significant progress has been made in respect of ten (10) findings.

The Accounting Officer further indicated that monthly progress reports are submitted to the Provincial Treasury in line with the reporting requirements.

The Committee raised concerns in relation to the slow or none progress on numerous outstanding cases referred to the Integrity Management Unit by various departments. The Committee enquired about the functionality of the unit; whether it is understaffed, or capacitated to deal with the backlog. The Accounting Officer indicated that the unit is understaffed; furthermore there is need for the reconfiguration of resources. The Accounting Officer further indicated that numerous steps have been taken to check the lack of performance and it instituted regular meetings with the office of the Public Service Commission in an effort to deal with the backlog.

#### **3.1.1 RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must provide a progress report on all outstanding cases referred to the Integrity Management Unit by various departments' and the urgent need to review the decision of departments to refer cases to the IMU.
- (ii) The Accounting Officer must ensure that the Integrity Management Unit is fully equipped to deal with all the backlogs and the.
- (iii) The Accounting Officer must ensure that all findings raised by the AG are addressed.

#### 4. AUDIT OPINION

The Committee noted according to the Auditor General report that the basis for the unqualified audit opinion emphasized the following matters of concerns:

##### 4.1 ACCRUALS AND PAYABLES

The Committee noted that according to page 171 of the AG's report, in note 29 to the financial statements, payables exceeding the payment term of 30 days as required in Treasury Regulation 8.2.3 amounted to **R9 609 000**. This amount in turn, exceeded the voted funds of **R524 000** to be surrendered as per the statement of the financial performance, by **R9 085 000**. The amount of **R9 085 000** would therefore have constituted unauthorized expenditure had the amounts due been paid timeously.

The Committee asked what impact would the **R9 085 000** have on activities of the Office of the Premier should it be paid using the 2018/19 voted funds.

The Accounting Officer indicated that **R9 085 000** would not have any impact on the activities of Office of the Premier. The **R9 609 000** is part of the **R16 232 000** disclosed as accruals for the 2017/18 financial year. The payments of these accruals and payables have a minimal impact on the 2018/19 voted funds because they are provided for in the main appropriation as part of the multi –year contracts. The Accounting Officer further indicated that an amount of **R3 500 000** for intervention in municipalities was not cash backed and funds will be shifted from under spending programmes or projects during the budget adjustment process.

The Committee asked the Accounting Officer to clarify as to why the Office of the Premier's committed more than its surrendered funds.

The Accounting Officer indicated that the payables are part of the multi –year contracts and are provided for in the 2018/19 financial year; therefore the amount surrendered cannot be equal to the commitments

The Committee asked why the Accounting Officer failed to take effective steps to prevent unauthorized, irregular and fruitless and wasteful expenditure as required by Section 38 (1) (c) (ii) of the PFMA and Treasury Regulation 9.1.1.

The Accounting Officer indicated that for the 2017/18 financial year, the Office did not incur any unauthorised, fruitless and wasteful expenditure. Furthermore, the Office did not have findings relating to unauthorised, fruitless and wasteful expenditure. The Accounting Officer indicated that the irregular expenditure incurred in the 2017/18 financial year was a result of multi-year contracts. The investigation into irregular expenditure for the previous years has since been completed and the Office is awaiting feedback and the outcome of the condonation request from National Treasury through Provincial Treasury.

The Committee enquired from the Accounting Officer on the failure to settle all contractual obligation and money owed by Office of the Premier within 30 days or agreed period as required by the section 38 91) (f) of the PFMA and Treasury Regulations 8.2.3.

The Accounting Officer indicated that the Office of the Premier normally processes all payments within 30 days in line with the requirement of section 38(1) (f) of the PFMA and Treasury Regulation 8.2.3. In this instance, all the invoices received in March could not be processed by end of April 2018 because of the limited cash available on the Paymaster- General Account.

#### **4.1.1 RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must take disciplinary actions against official(s) who caused the department to incur unauthorised, irregular, fruitless and wasteful expenditure.
- (ii) The Accounting Officer must take disciplinary actions against official(s) who contravened Section 38 (1) (f) of the PFMA and the Treasury Regulations 8.2.3.

#### **4.2 IRREGULAR EXPENDITURE (R98 032 000)**

The Committee noted that Auditor General's report disclosed in note 22 to the financial statements, irregular expenditure of **R98 032 000** was incurred in the current financial year relates to multi-year contracts awarded in previous years as per page 171 of the AG's.

The Committee asked why the Accounting Officer contravened section 38(1) (c) (ii) of the PFMA and Treasury Regulation (TR) 9.1.1.

The Accounting Officer stated that he did not intentionally contravene section 38 (1) (c) (ii) of the PFMA and Treasury Regulation (TR) 9.1.1 in the procurement of goods and services that resulted into irregular expenditure of **R98 032 000**. The Accounting Officer indicated that the majority of the irregular expenditure within **R98 032 000** is expenditure relating to the multi-year contracts awarded in the 2015/16 financial year. The Committee noted that the Office of the Premier indicated in their report that the multi-year contracts that will come to an end in 2017/18 financial year.

The Committee asked the Accounting Officer to provide a detailed breakdown of each contract and how much was spent on each.

The Accounting Officer indicated that an irregular expenditure register was attached and reflected as Annexure B. The Committee indicated that the reflected Annexure B indicated that no investigations were done. The Committee further enquired on the timeframes of those investigations to be done and concluded.

The Committee enquired about effective and appropriate plan to be implemented to collect and recover the irregular expenditure in line with section 38 (1) (c) (i) and 51 (1) (b) (1).

The Accounting Officer indicated that the relevant corrective measures in line with the directive from National Treasury will be implemented once the condonation has been considered. The Accounting Officer further stated that it should be noted that any condonation of a contravention of the PFMA and Treasury regulations are dealt with by the National Treasury through Provincial Treasury. The Committee asked the Office of the Premier to engage with the office of the Auditor General to clarify the process of condonation as there were conflicting views from the Accounting Officer.

The Committee asked whether they were instances of fraud resulting to irregular expenditure and further indicated if there were any such details should be provided and corrective steps taken against those involved.

The Accounting Officer indicated that there were no instances of fraud during the reporting period which they were aware of.

The Committee asked the Accounting Officer to submit proof that the irregular expenditure was reported to Provincial Treasury and the register was kept.

The Accounting Officer indicated that the irregular expenditure was reported to Provincial Treasury and a letter was attached as Annexure C for the Committee's attention and a register was kept.

The Committee asked the Accounting Officer to outline challenges that led to irregular expenditure as it has been a recurring matter although systems have been reported to be put in place to prevent such recurrences.

The Accounting Officer indicated that challenges faced was due to the fact that majority of the irregular expenditure within R98 032 000 is as a result of the multi-year contracts awarded during the 2015/16 financial year for a period of three (3) years. The Accounting Officer further indicated that the multi-year contracts have been brought to a halt and contracts are on a month to month basis.

#### **4.2.1 RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must take disciplinary action against all official(s) who caused irregular expenditure which occurred in 2015/16 as required by section 38 (1) (g) (iii); Section 38 (1) (h) of the PFMA and TR 9.1.1.
- (ii) The Accounting Officer must submit a detailed report of the service provider conducting this investigation in relation to the **R98 032 000** and progress report addressing the matters.
- (iii) The Accounting Officer must conduct investigations into the 2017/18 irregular expenditure and take necessary disciplinary actions.
- (iv) The Accounting Officer must develop a contract management plan/strategy.



### **4.3 FRUITLESS AND WASTEFUL EXPENDITURE**

The Committee noted on the (Annual Report, Page 244 note 23) that the Office of the Premier reported a total amount of R5 083 as fruitless and wasteful expenditure that incurred in the prior year was not investigated in the current year.

The Committee enquired about the failure by the Accounting Officer to finalize the investigation fruitless and wasteful expenditure for disciplinary actions to be taken against officials as required by section 38 (1) (h) (iii) of the PFMA. Furthermore the Committee enquired about the current status of the investigation to date given that the investigation started in 2016/17 financial year.

The Accounting Officer indicated that the investigation of the fruitless and wasteful expenditure has not commenced as previously reported. This was as a result of the Office of the Premier prioritizing and fast tracking the investigation and clearing the 2013/14 financial year, caused by participation in the transversal contract initiated by the Office of the Premier as well as the investigation cases were quite complex and took longer than anticipated and consumed most of the available resources. The investigation for the fruitless and wasteful expenditure will be conducted in the current financial year.

The Committee asked when will Section 38 (1) (h) (iii) be invoked given the delays in the investigation. The Accounting Officer indicated that Section 38 (1) (h) (iii) of the PFMA will be invoked upon completion of the investigation and in line with the outcome and recommendations of the investigation.

The Committee enquired about the failure of the Accounting Officer to put in place measures to address and prevent fruitless and wasteful expenditure as this is a recurring finding. The Accounting Officer indicated that measures were put in place to prevent the recurring fruitless and wasteful expenditure as a result during these current year the Auditor General did not raise any findings.

#### **4.3.1 RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must take disciplinary actions against official(s) who caused the department to incur fruitless and wasteful expenditure.
- (ii) The Accounting Officer must take disciplinary actions against official(s) who contravened Section 38 (1) (h) (iii) of the PFMA and the Treasury Regulations 9.1.2.

## **5. COMPLIANCE WITH LEGISLATION**

### **5.1. PROCUREMENT AND CONTRACT MANAGEMENT**

The Committee noted that some contracts were extended or modified without approval of a properly delegated official as required by Section 44 of the PFMA and Treasury Regulation 8.1 and 8.2.

The Committee asked why the Accounting Officer extend or modify contracts without the approval of a properly delegated official as required by Section 44 of the PFMA and TR8.1 and 8.2.

The Accounting Officer indicated that Section 44 of the PFMA and Treasury regulations 8.1 and 8.2 was not intentionally contravened. The extension were considered after consideration of the operational challenges which the Office would have been exposed to after the expiration of the contract however there was an oversight as the Office failed to ensure that it obtained the necessary approval from the Provincial Treasury. This practice is viewed in a serious light and the Accounting Officer has since put measures in place to have the matter attended to by the delegated authority.

The Committee asked what measures has the Accounting Officer put in place to avoid the matter from recurring.

The Accounting Officer is capacitated the established and existing Bid Committees within the Office which adjudicate all procurement of goods and services above a threshold value of **R500 000**, to thoroughly review the extension or amendment of contracts and ensure compliance with existing legislative prescripts. The developed SCM compliance checklist has been reviewed and updated to strengthen internal controls related to contract management and extension of contracts.

The Committee noted on page 176, the AG reported that goods and services with a transaction value above **R500 000** were procured without inviting competitive bids. The deviation was approved by the Accounting Officer even though it was practical to invite competitive bids, contrary to Treasury Regulation 16A6.1.

The Committee asked why did the Accounting Officer contravene TR 16A6.1 and TR 16A6.4 when goods and services with a transactional value above **R500 000** were procured.

The Accounting Officer indicated that he did not intentionally contravene TR 16A6.1 when goods and services with a transactional value above **R500 000** were procured. All procurement processes were followed, and the relevant Bid Committees established in the Office went through the submission and was satisfied with the request for deviation. However, the internal control weaknesses were picked up during the audit process upon scrutiny of the related deviations documentations.

The committee asked why the Accounting Officer approve such contracts even though it was practical to invite competitive bids as required by Treasury Regulation 16A6.4.

The Accounting Officer approved such contracts because in this instance all procurement processes were followed. The Accounting Officer further indicated that he was convinced that all internal control measures were adhered to.

The Committee asked the Accounting Officer to list the contracts that were awarded to bidders in contravention of Treasury Regulation 16A6.4.

The Accounting Officer indicated the following contracts which were affected:

No	Supplier Name	Description	Amount Audited
1.	Rise FM	Broadcasting services	R 855 637.00
2.	Cyclenet (PTY) LTD	BRICS Research projects (Russia)	R490 000.00
3.	K2015425733 (South Africa) (Pty) LTD	BRICS Research project (China)	R485 000.00

The Committee asked what action has the Accounting Officer taken against the officials who failed to adhere to the requirements of Treasury Regulation 16A6.4. The Accounting Officer indicated that no disciplinary action has been taken against any officials at this stage because the investigation has been conducted for irregular expenditure incurred during the 2017/18 financial year. The investigations will be conducted during the course of the financial year.

The Committee asked what measures has the Accounting Officer taken to ensure that requirements of Treasury Regulation 16A6.4 in terms of awarded contracts are always adhered to as the matter is recurring.

The Accounting Officer has since established a Compliance Unit as well as a Finance Committee that verifies all procurement of goods and services. The Accounting Officer has appointed all Bid Committees in line with the departmental supply chain management policy and the members were subjected to the SCM training.

The Committee noted that Bid documentation for the procurement of commodities designated for local content and production did not meet the stipulated minimum threshold for local production and content, as required by preferential procurement regulation 9(1). Some contracts were awarded to suppliers whose tax matters had not been declared by SARS to be in order, as required by TR 16A9.1 (d) and similar non-compliance was also reported in prior years.

The Committee enquired from the Accounting Officer about the contravention of the Preferential Procurement Regulation 9(1) by not stipulating the minimum threshold for local production on bid documentation.

The Accounting Officer did not intentionally contravene Preferential Procurement Regulation 9(1) by not stipulating the minimum threshold for local production on bid documentation. The Concept of minimum threshold for local production is still fairly new and is proving a challenge across the Provincial Administration. Following the audit outcomes Provincial Treasury has since arranged training session around this area of work.

The Committee asked why the Accounting Officer award contracts to suppliers whose tax matters had not been declared by SARS to be in order as required by Treasury Regulations 16A9.1 (d).

The Accounting officer indicated that the Office of the Premier acknowledges the internal control deficiency with the verification of the tax status of the suppliers in question. Services were previously procured from the two suppliers, and their tax matters were in order, except in this instance. The Office is currently verifying the tax status of all suppliers through the Central Supply Database (CSD) system before an order is issued.

The Committee asked why the Accounting Officer fail to make sure everything was done by the book as matter is recurring.

The Accounting Officer did not intentionally fail to ensure compliance with the applicable legislation. Every effort is being taken to engage with Provincial Treasury and arrange for training of SCM officials in respect of new legislative developments in this area. The Accounting Officer further indicated that as for the failure to ensure that the tax matters of the suppliers were in order. The Accounting Officer has directed that the SCM compliance checklist be reviewed and updated to include this as one of the areas to be checked prior to making the awards and to incorporate the name of the responsible official for the purposes of accountability and identification as well as ensuring that necessary consequence management is taken against the relevant official.

#### **5.1.1 RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must take disciplinary actions against official(s) who contravened Treasury Regulation 16A6.1, Treasury Regulation 16A6.4.
- (ii) The Executive Authority must take disciplinary action against the Accounting Officer at the time and or who approved deviations wherein it was not impractical to invite competitive bids and permitted contravention of Treasury Regulation 16A6.4.
- (iii) The Accounting Officer must take disciplinary actions against official(s) who contravened Preferential Procurement Regulation 9 (1).

## **5.2 EXPENDITURE MANAGEMENT**

The Committee noted on page 176 that the Auditor General as reported that effective steps were not taken to prevent irregular expenditure, amounting to **R98 032 000** as disclosed in note 22 of the Annual Financial Statement, as required by Section 38 (i) (c) (ii) of the PFMA and TR 9.1.1. The Majority of the irregular expenditure resulted from the use of deviations that were not justifiable and awards to suppliers who were not tax compliant.

The Committee asked why the Accounting Officer allowed the use of deviations that were not justifiable and awarded to suppliers who were not tax compliant.

The Accounting Officer indicated that the circumstances that led to approval of these deviations were justifiable based on the motivations submitted at the time. However the Auditor General came to a different conclusion and the suppliers who were not tax compliant were those suppliers that the Office normally uses on a regular basis and unfortunately when these specific transactions were processed, the two supplier's tax status was non-compliant.

The Committee enquired from the Accounting Officer on what systems has been put in place to ensure that the reported finding does not recur in the 2018/19 financial year. The Accounting Officer indicated that is not approving any deviations unless it meets the requirement of a deviation in line with Treasury Instruction 3 of 2016/17. The Accounting Officer indicated that the office has established a Provincial Compliance Monitoring Committee, jointly championed by the OTP and the Provincial Treasury and is mandated to play an oversight role in monitoring across the Provincial Administration.

The Accounting Officer has established a finance committee that verifies all procurement of goods and services. The Supply Chain Management policy has been reviewed to accommodate new legislations and guidelines on best practices.

### **5.2.1 RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must put in place systems to ensure effective internal controls.
- (ii) The Accounting Officer must take disciplinary actions against official(s) who failed to verify the tax status of suppliers' prior awarding contracts.
- (iii) The Accounting Officer must take disciplinary actions against implicated official(s).

### **5.3 CONSEQUENCE MANAGEMENT**

The Committee noted that some instances of irregular expenditure; fruitless and wasteful expenditure had not been investigated to determine if disciplinary steps need to be taken against the liable officials who had incurred the irregular expenditure, as required by section 38 91) (h)(iii) of the PFMA.

The Committee asked the Accounting Officer to explain the failure to investigate irregular expenditure and fruitless and wasteful expenditure to determine if disciplinary steps need to be taken against the liable officials who had incurred the irregular expenditure, as required by Section 38 (1) (h)(iii) of the PFMA.

The Accounting Officer indicated that irregular expenditure is cumulative figure dating back from 2013/14 to 2016/17. The investigation for this period has been concluded and submitted to National Treasury for condonation. Investigation for the irregular expenditure for the previous financial year was finalized. The investigation for the fruitless and wasteful expenditure will be concluded in the current financial year.

#### **5.3.1 RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must investigate instances of irregular expenditure; fruitless and wasteful expenditure and take disciplinary actions against official(s) liable.
- (ii) The Accounting Officer must take disciplinary actions against official(s) who contravened Section 38(1) (h) (iii) of the PFMA.
- (iii) The Accounting Officer must ensure that consequence management is implemented.

## **6. INTERNAL CONTROL**

### **6.1 LEADERSHIP**

The Committee noted on the Auditor General report indicates that there was insufficient oversight and monitoring of the implementation of internal controls during the year, result in material statements in financial statements and annual performance report as well as instances of irregular expenditure.

The Committee asked about the failure of the Accounting Officer to make sure that the management has and maintains effective, efficient and transparent systems of financial, risk management and internal control as required by section 38 (a) (l) of the PFMA.

The Accounting Officer indicated that although the Office of the Premier maintains a comprehensive effective and efficient and transparent systems of financial, risk management as well as having a comprehensive risk management policy plan and register etc. The failure of the Executive Management Committee and Senior/ Top Management committee to meet regularly contributed to the failure of ensuring on-going monitoring and supervision of the effectiveness of these internal controls. The Accounting Officer further indicated that to resuscitate the sitting of the above mentioned Management structures the terms of reference have been reviewed and updated.

The Committee noted that the department did not develop and implement proper performance planning and management practices to provide for the development of performance indicators and targets as come did not meet the SMART criteria as defined in the Framework for Managing Programme Performance Information.

The Committee asked what has the Accounting Officer planned to address these finding as it has been recurring. The Accounting Officer agrees that this is a recurring finding, which was as a result of inward looking plans. Management opted for targets that will indicate achievement without considering the impact on the citizen/ service delivery. In trying to address the AG findings of 2015/16, management focused on reducing the number of targets in the 2017/18 Annual Performance Plan.

#### **6.1.1. RECOMMENDATIONS**

The Committee recommended that the House resolve that:

- (i) The Accounting Officer must exercise oversight responsibility and put in place systems to ensure effective internal controls.
- (ii) The Accounting Officer must ensure that all targets are developed according to the SMART principle.
- (iii) The Accounting Officer must ensure that oversight is effectively exercised regarding matters against officials who fail to develop and implement proper performance planning and management practices.



## 7. CONCLUSION

The Committee has satisfied the requirements of the Mpumalanga Provincial Legislature Rules and Orders of conducting oversight over the financial statements of the Office of the Premier.

The Committee has satisfied the requirements of the Mpumalanga Provincial Legislature Rules and Orders of conducting oversight over the financial statements of the Office of the Premier. The Chairperson would like to express his heartfelt gratitude to Honourable Members of the Committee, Premier, Director General and Senior Management for availing themselves to deliberate on matters pertaining to the Department.

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 made in the implementation of all recommendations in this report should be forwarded to the Legislature by 26 June 2019 and thereafter on quarterly basis.**

## 8. ADOPTION OF THE REPORT

The Select Committee on Public Accounts recommends that the House adopt this report.

  
HON. VV WINDVOËL  
CHAIRPERSON

SELECT COMMITTEE ON PUBLIC ACCOUNTS

02/04/2019  
DATE