

REPORT OF THE SELECT COMMITTEE ON LEGISLATURE OVERSIGHT

THIRD QUARTERLY PERFORMANCE REPORT OF THE MPUMALANGA PROVINCIAL LEGISLATURE HELD ON 07 MARCH FOR 2018 (VOTE 02)

1. INTRODUCTION

The **Select Committee on Legislature Oversight** (the Committee) has a mandate to ensure fiscal discipline, accountability, efficient co-ordination and good governance by holding the Mpumalanga Provincial Legislature (the Legislature) accountable through various measures, which the Committee may undertake during the course of a financial year. This mandate is in line with section 4 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009) read with Rule 135(h) of the Rules and Orders of the Mpumalanga Provincial Legislature. Therefore, the Committee has powers to interrogate the budget, Annual Performance Plan, Strategic Plan and quarterly performance reports of the Legislature to ensure compliance to policies and legislative requirements for the achievement of its vision of a people-centred African world class Legislature.

The Committee tables this report, in accordance with rule 218 of the Rules and Orders as an account of the work done regarding the 2017/18 third quarterly performance and budget outcomes.

2. METHOD OF WORK

The Speaker referred the following documents to the Committee for deliberations and report back to the House, in accordance with section 17(2) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009) read with Rule 190(4) of the Rules and Orders of the Mpumalanga Provincial Legislature:

- Third Quarterly Performance Report for 2017/18
- Third Quarterly Expenditure Report for 2017/18

The Committee met with the Legislature on 07 March 2018 to deliberate on the above matters.

3. BRIEF OUTLINE ON STRATEGIC POLICY PRIORITIES

The Legislature has seven (07) strategic outcome-oriented goals (SOOGs) outlined in its Strategic Plan and Annual Performance Plan respectively for the five year period. These outcomes have been identified to ensure that the fourteen (14) National Government Priority Outcomes as indicated below remain at the centre of the Legislature's intense oversight over the provincial government departments and provincial public entities. These outcomes emanate from the six (6) priorities of the ruling party's manifesto to foster service delivery and to deepen democracy in the Province.

Table 1: National Priority Outcomes (Departments & Entities)

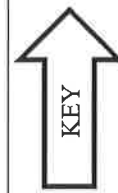
1. Education	6. Infrastructure	11. International
2. Health	7. Rural	12. Public Service
3. Safety	8. Human Settlements	13. Social Protection
4. Economy	9. Local Government	14. Social Cohesion
5. Skills	10. Environment	

The seven (07) identified strategic outcome-oriented goals of the Legislature for the period 2015 – 2020 are as follows:

- Strengthened oversight over the Executive and State organs in respect of delivery against the six (06) priorities of government in the next five (05) years;
- Improved involvement of all the people of the Province in the Legislature's processes in the next five (05) years;
- Improved law-making and the effectiveness of the legislation for the benefit of the people of the Province in the next five (05) years;
- Improved capacity of the Legislature to conduct its oversight, public participation and law-making functions in the next five (05) years;
- Improved strategic management, corporate and financial governance in the next five (05) years;
- Increased promotion of nation-building and social cohesion in the next five (05) years; and
- Strengthened participation in inter-parliamentary bodies for enhancing institutional integrity and improving participatory democracy in the next five (5) years.

4. FEEDBACK ON THE IMPLEMENTATION OF PREVIOUS HOUSE RESOLUTIONS

Table2: HOUSE RESOLUTION		PROGRESS
1.Attendane of the Speaker & Presiding Officers		Addressed, attendance was good
2.Political overview		Done by the Deputy Speaker
3.Attendance of senior management		Addressed, attendance was good
4.Employment of women in Senior Management positions		Concluded: Snr Manager: Finance Snr Manager: SCM appointed as planned
5.Cost curtailment		Ongoing
6.Feedback on cases for suspended officials		Verbal report provided, updates required in next meeting with the Legislature.
7.Khuluma Mhlali		Ongoing (1 st one done on 01/11/2017-Bushbuckridge)
Distribution of document on time to Members		Ongoing, teething problems with the electronic method
Committee support staff		Not yet achieved, still work in progress
Good working relations with the AG		Progressing well, new team assigned to the Legislature
100% Achievement of planned targets		Ongoing, 98% achievement for the third quarter
Implementation of the audit action plan on all findings		Ongoing, senior manager assigned to monitor progress
Revamp of committee rooms		Not yet achieved
Detailed report on vacant funded posts		Partly achieved, progress report on planariness & unframes required in the next meeting



not achieved

work in progress

ongoing

achieved

5. ANALYSIS OF THE THIRD QUARTERLY PERFORMANCE REPORT FOR 2017/18

5.1. Summary Of The Third Quarterly Performance Report For 2017/18

The Legislature achieved **124** of the planned targets which translates to **98%**, out of the **127** planned targets for the third quarter of the 2017/18 financial year. The performance indicates steadiness from the first quarter to the current quarter, that is; **96%, 98% and 98%** consecutively.

The budget expenditure for the third quarter was **R236 352 000.00, which is 70.9%** against the allocated adjusted budget of **R333 593 000.00**. There is therefore correlation between expenditure and targets performance as only **2%** of the targets were not achieved and the budget expenditure was below the **75%** benchmark and the **74%** projection for the third quarter. Therefore, the Legislature generally performed well or displayed an excellent performance as per the Likert Scale for measuring performance.

5.2. Third Quarter Key Divisional Performance

- I. Office of the Speaker : 100% achievement on planned targets
- II. Office of the Secretary : 100% achievement on planned targets
- III. Corporate Services : 97% achievement on planned targets
- IV. Financial Management : 100% achievement on planned targets
- V. Parliamentary Operations : 93% achievement on planned targets

5.3. Areas of under-performance

- I. Centralised Registry due to limited physical space, as a result management resolved to decentralised registry. (Institutional support)
- II. Compilation of Hansard Records (House Proceedings & Hansard)
- III. Coordination of Sittings and publishing of the Annual Digest of Minutes of the House (House Proceedings & Hansard)

Both II. And III. Were not achieved due to the reprioritisation of the Legislature Programme regarding Sittings.

5.4. Mitigation Factors to address challenges

The Legislature has managed to put measures in place to address areas of non- achievement as follows:

- Management continues to consistently review quarterly performance at institutional level.
- Review of quarterly performance at divisional level is monitored and evaluated.
- Preparation and validation of MOV files for reported performance information.
- Verification and validation checklist have been developed and implemented
- Regular engagement with the Legislature Oversight Committee, Audit Committee, Legislature Service Board, Risk Management Committee, ICT Governance Committee and Internal Audit Committee.
- Development, implementation and monitoring of action plan for addressing the audit findings (AG and Internal Audit)
- Regular engagements with Sections and Divisions are undertaken to address planning, monitoring and evaluation matters

6. BUDGET AND EXPENDITURE OUTCOME FOR THE PERIOD ENDING JUNE 2017

Table 3: Legislature Expenditure as at 31 December 2017

R Thousands	Main Budget 2017/18	Final Adjusted Budget	Actual up to end of Dec: 2017	Outcome as % Budget
Programme				
Administration	151 036	158 836	102 910	64.8%
Parliamentary Business	166 255	174 757	133 442	76.4%
TOTAL	317 291	333 593	236 352	70.9%
Economic Classification				
Compensation of employees	170 947	165 447	118 430	71.6%
Goods and Services	101 451	116 253	72 543	62.4%
Total transfers and subsidies	42 948	42 948	42 240	98.4%
Payment for capital assets	1 945	8 945	3 139	35.1%
TOTAL	317 291	333 593	236 352	70.9%

(The expenditure amount is inclusive of the amount of R4 017 000.00 for accruals emanating from the previous financial year.)

6.1. Overall expenditure for the quarter

The table above indicates the total expenditure for the quarter at **70.9%**, showing 4.1% under-expenditure from the 75% norm for the third quarter and 2.8% from the average spending of 73.7%. However, the projection flow was estimated at 74% still indicating a slight under-expenditure, reasons of which are satisfactory and in line with the cost curtailment measures. Therefore, the Legislature did not experience any cash flow challenges for the period under review.

6.2. Economic Classification: Compensation of employees

The expenditure was at **71.6% i.e. R118 430 000.00** from the total adjusted budget of **R165 447 000.00**. This expenditure shows a slight under-expenditure of **3.4%** from the benchmark norm of 75% for the quarter and reasons provided are:

- Budgeted posts that are not yet filled.
- Outstanding cost of living adjustments for Honourable Members and Management.

Therefore, there is correlation between the expenditure and performance on compensation of employees for the quarter under review.

6.3. Goods and Services

There was an expenditure of 62.4% in the third quarter, indicating an under- expenditure that amounts to **12.6%** below the benchmark of 75% for the quarter under review. The reason for this is attributed to savings as a result of cost containment measures that were put in place to fund budget pressures.

6.4. Capital Assets

Capital assets expenditure was at **35.1%** which is **39.9%** below the 75% benchmark. The low spending is attributed to the procurement processes partitioning of offices and the revamping of the committee rooms.

6.5. Transfers and subsidies

The expenditure on transfers and subsidies was impressive at **98.4%** meaning the Legislature managed to spend accordingly for the quarter, meaning the spending was in line with the transfer schedule.

7. PROGRAMME PER PROGRAMME EXPENDITURE

7.1. Programme 1: Administration

Programme purpose and budget expenditure

The purpose of this programme is to provide strategic leadership, management and administrative support to ensure institutional effectiveness and the achievement of the core business of the Legislature.

This Programme has four (04) sub-programmes, namely:

- Office of the Speaker
- Office of the Secretary
- Corporate Services
- Financial Management

Table 4: Programme 1: Administration Expenditure

R Thousands	Final Budget 2017/18	Actual to the end of Jun 2017	Outcome as % Budget
Sub-Programmes			
Office of the Speaker	17 878	12 046	67.4%
Office of the Secretary	19 509	12 884	66.0%
Corporate Services	97 895	61 548	62.9%
Financial Management	23 554	16 432	69.8%
Total	158 836	102 910	64.8%
Economic Classification			
Compensation of employees	79 420	55 943	70.4%
Goods and services	70 471	43 828	62.2%

Payments for capital assets	8 945	3 139	35.1%
Total	158 836	102 910	64.8%

The expenditure for Administration was **R102 910 000.00** out of the allocated budget of **R158 836 000.00**, after the adjustment. This expenditure indicates a **64.8%** which is **10.2%** lower than the benchmark norm of **75%** for the quarter under discussion. All sub-programmes contributed to the low expenditure as indicated in the table above; all four sub-programmes were below the 75% benchmark for the third quarter. Though low, the expenditure as indicated above is in line with the cost-curtailment efforts of saving to cover budget pressures and measures have been put in place to address problem areas as indicated in 5.4., and this was commended by the Committee.

7.2. Programme 2: Parliamentary Business

Programme purpose and budget expenditure

The purpose of this programme is to provide strategic management and support in relation to parliamentary services to ensure institutional effectiveness in the fulfilment of the constitutional mandate of the Legislature.

This Programme has the following sub-programmes, namely:

- Law making
- Oversight
- Public participation
- Members' Affairs and Political Parties
- Parliamentary Advisory Services

Table 5: Programme 2: Parliamentary Business Expenditure

PARLIAMENTARY BUSINESS			
R Thousands		Actual to the end of Jun 2017	Outcome as % Budget
Sub-programme			
Law Making	31 892	18 590	58.3%
Oversight	46 740	32 551	69.6%
Public Participation	14 798	10 508	71.0%
Members Facilities	75 600	67 727	89.6%
Corporate Governance	5 727	4 066	71.0%

Total	174 757	133 442	76.4%
Economic classification			
Compensation of employees	86 027	62 487	72.6%
Goods and services	45 782	28 715	62.7%
Total transfers and subsidies	42 948	42 948	98.4%
Total	174 757	133 442	76.4%

The table above indicates some fluctuations with regard to expenditure of sub-programmes from the 75% benchmark for the quarter. There is over- expenditure on Members Affairs at 89.6% and as well as Total transfers and subsidies at 98.4% and in line with the Legislature's transfer schedule. Law Making was the least spender at 58.3% compared to the other sub-programmes.

8. FINDINGS

- I. The House Proceedings and Hansard sub-programme achieved 67% on planned targets and this was attributed to the change of the Legislature program.
- II. The Institutional Support did not achieve its target on Centralized Registry.
- III. The Legislature must continue with cost curtailment measures to fund budget pressures.

9. RECOMMENDATIONS

- I. Review targets of House Proceedings and Hansard in the next planning session in order to avoid under-achievement.
- II. The decentralised registry will be implemented due to lack space for centralization.
- III. Cost curtailment should be an ongoing process to ensure the successful implementation of the Legislature's core mandate.

10. CONCLUSION

The Chairperson thanked Members of the Select Committee for their participation and attendance. The Secretary to the Legislature and his team were commended for the

performance in the Third Quarter, that is, 98% achievement and for putting in place mitigation measures to address areas of under-performance.

This Committee report on the 2017/18 Third Quarterly Performance Report of the Legislature is hereby tabled to the House with a request to adopt it with its recommendations for implementation by the Legislature.



HON AM GAMEDE

ACTING CHAIRPERSON:

SELECT COMMITTEE ON LEGISLATURE OVERSIGHT

02/05/2018

DATE