

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

FIRST QUARTERLY PERFORMANCE REPORT OF THE OFFICE OF THE PREMIER FOR 2015/16 (VOTE 01)

1. INTRODUCTION

The **Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism** (the Committee) has a Constitutional mandate, in terms of Section 114(2)(b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 131 of the Mpumalanga Provincial Legislature to oversee the performance of the Office of the Premier and hold it accountable through various measures.

The consideration and scrutiny of the First Quarterly Performance Report for 2015/16 of the Office of the Premier is the tool used by the Committee to determine whether the Office of the Premier has proper plans and programmes to realise its strategic objectives and ultimately to deliver basic services to the citizens of Mpumalanga.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature as an account of its oversight work done for consideration and adoption in order to monitor the Office of the Premier's budget for the 2015/16 financial year.

2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the First Quarterly Performance Report for 2015/16 to the Committee for deliberations and report back to the House, in accordance with Rule 218 and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature.

The Committee was briefed by the Research Section on the overall performance of the Office of the Premier for the first quarter (April - June 2015) compared to the strategic objectives as reflected in the Annual Performance Plan (APP) for the 2015/16 financial year.

The Committee wanted to determine whether the Office of the Premier executed its mandate in terms of its APP and if there was value for money. The Committee met with the Office of the Premier on 29 October 2015 to deliberate on its First Quarterly Performance Report for 2015/16. The Committee considered the draft Committee Report on the First Quarterly Performance Report for 2015/16 Vote 01 on 18 November 2015.

3. STRATEGIC OBJECTIVES

The Office of the Premier has the following Strategic Outcome Oriented Goals for the 2015/16 financial year:

- To provide relevant and timeous administrative and operational support services to the Premier, Members of the Executive Council and the Director-General of the Mpumalanga Province.
- To coordinate macro planning, policy development and analysis across ten (10) Provincial Departments and the Office of the Premier.
- To monitor and evaluate the implementation of Provincial MTSF policies and programmes, as well as the 14 National Outcomes (Delivery Agreements) at the Provincial level.
- To utilise the skills and commitment of professional officials, the application of relevant technology and the rationalisation of operational systems and structures in order to optimise public service transformation reform and improve service delivery.

4. OBSERVATIONS AND COMMENTS

The Director-General (DG) made a presentation to the Committee on the First Quarterly Performance Report for 2015/16. The DG focussed mainly on the challenges as highlighted in the research document on the Office of the Premier's First Quarterly Performance Report for the 2015/16 financial year.

5. ANALYSIS OF THE FIRST QUARTERLY PERFORMANCE REPORT FOR 2015/16

5.1. SUMMARY OF THE FIRST QUARTERLY PERFORMANCE REPORT FOR 2015/16

The Office of the Premier's First Quarter Performance Report is aligned to the 2015/16 Annual Performance Plan (APP) as submitted to the Legislature.

The Office of the Premier had **102** planned targets for the first quarter and has achieved **81** targets; which translates to **79.4%**. In terms of the budget the Office of the Premier is allocated **R237 773 000.00** and the expenditure for the first quarter is **R55 263 000.00** which translates to **23.2%** which is slightly below the National Treasury benchmark of 25%.

5.1.1. ANALYSIS PER PROGRAMME

PROGRAMME 1: ADMINISTRATION

Programme purpose and budget expenditure

The Programme is responsible to perform proper and effective coordination and monitoring of administrative and strategic matters, both within the Office of the Premier and the Province.

The programme consists of the following sub-programmes:

a. Premier Support

This sub-programme had two planned targets and it achieved one. The Office of the Premier was supposed to facilitate and establish two Sector Fora but they have only established one.

b. Director- General Support

i. Director -General support:

This sub-programme had four planned targets and achieved three. The sub-programme was supposed to hold one Mancom meeting and the reason for deviation was the busy schedule of members and the meeting was then re-scheduled for July 2015.

ii. Planning and Programme Management:

This sub-programme had two planned targets and achieved both of them.

iii. **Security Management:**

This sub-programme had three planned targets and achieved all of them.

iv. **Internal audit:**

This sub-programme had two planned targets and achieved both of them.

v. **Forensic and integrity management:**

This sub-programme had eight planned targets and achieved only five. This sub-programme was supposed to have investigated **100%** of alleged fraud and corruption cases received within 90 days but nine cases were received and none were investigated; the reason for deviation is that the sub-programme was still busy with the investigation of backlogs.

This sub-programme was also supposed to have **100%** reduction of the backlog on the investigation of alleged fraud and corruption but only **54% (137 Of 250)** cases were investigated, 28 of which were closed. The reason for deviation is that 113 backlog cases are still to be allocated and investigated and more resources will be allocated to conduct investigations so as to achieve the target.

This sub-programme was supposed to resolve **100%** calls from the presidential Hotline but **84.13%** of **853** open calls were resolved. The reason for deviation is that the outstanding calls are complex cases that require more time to resolve; therefore, some of these cases will be assigned to service providers.

c. Executive council support

This sub-programme had one planned targets and it was achieved.

d. Financial management

This sub-programme had five (5) planned targets and it was achieved.

Expenditure analysis

Programme R'000	Main budget 2015/16	Expenditure	Over/Under expenditure %
Administration	90 554	26 020	28.7%

Economic Classification

Economic Classification R'000	Main Budget 2015/16	Expenditure	Over/Under expenditure %
Compensation of Employees	49 482	11 734	23.7%
Goods and Services	30 553	14 249	46.6%
Transfer and Subsidies	70	-	0%
Payments for Capital Assets	10 449	37	0.4%
Total Expenditure	90 554	26 020	28.7%

The programme is allocated **R90 554 000.00** and the expenditure in the first quarter is **R26 020 000.00** which is **28.7%**. The actual expenditure is above the **25%** benchmark by **3.7%** which is above the acceptable variance by National Treasury. The highest expenditure is on Goods and Services at **46.6%** and the lowest is on the Transfers and Subsidies at **0%**.

The Committee noted the following on Programme 1:

1. The facilitation and establishing of the second Sector Fora will be implemented in the third quarter of the 2015/16 financial year.
2. The MANCOM meeting that did not materialise in the first quarter due to the busy schedule of members will be held during the second quarter of the 2015/16 financial year.
3. Some of the alleged fraud and corruption cases date back as far from 2004. In the quarter under review investigations of 46 cases were finalised; and investigations in 88 cases were initiated and is still in progress. The progress at the end of the second quarter for the 2015/16 financial year was 52 (18.5%) cases finalised. It is envisaged that the panel of external service providers procured to render assistance for forensic and other specialised investigations will assist in this sub-programme achieving all its targets for the 2015/16 financial year; all depending on the nature of the cases investigated.

It is envisaged that the backlog will be completed by the end of the 2015/16 financial year; especially given the increased capacity with the procured external capacity complementing the internal personnel.

4. The success rate in solving the alleged fraud and corruption cases depends on the complexity of each case. Some cases can be investigated and closed within 30 days; whilst others go beyond 90 days because of the complexity of the cases.
5. 84.13% of 853 open calls received cases from the Presidential Hotline were resolved. The received calls are allocated to investigators on a quarterly basis and were assigned before the end of the second quarter of the 2015/15 financial year. The time-frames given to the service providers are, amongst other, that they must acknowledge receipt of a case within three days, report weekly on the progress made on the cases and finalisation of a case within 3 days; depending on the complexity of each case.
6. The budget expenditure for this programme is 28.7% thus 3.7% above the benchmark of 25%. The over-expenditure is as a result of the outbound missions undertaken to Italy and China by the Executive Council which were once-off expenditures. The Office of the Premier did all the logistical arrangements on behalf of the relevant departments and the expenditure is in the process to be transferred inter-departmentally from the relevant departments to the Office of the Premier. Provide list to indicate how much per department
7. The Office of the Premier confirmed that the low expenditure on Payment of Capital Assets (0.4%) has been corrected in the second quarter of the 2015/16 financial year. The bulk amount under this economic classification is earmarked for the establishment of the Case Management System which is currently paid from the Goods and Services economic classification.
8. On a question whether the terms of reference for the Mpumalanga Commission of Inquiry into the Socio-Economic conditions of farm dwellers in Mpumalanga has been developed yet it was indicated that it has already been developed as in terms of the quarterly target. A copy of the document (Premier's Notice No 1 of 2015) that reflects the terms of reference was circulated to the Committee at the meeting.

PROGRAMME 2: INSTITUTIONAL DEVELOPMENT

Programme purpose and budget expenditure

This Programme provides 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. Internal Human Resource Management

This sub-programme has three planned targets and achieved two. The sub-programme was supposed to have submitted signed Performance Agreements (PAs), Performance Understandings (PUs) and 2014/15 fourth quarter assessments; and **97.5%** submission of PAs and **92.8%** submission of Pus and **90%** fourth quarter assessments conducted. The reason for deviation is that the remaining officials who are on temporal incapacity sick leave, maternity leave, service termination and it could not be submitted.

b. Strategic Human Resource: Organisational Design and Job Evaluation

This sub-programme has four planned targets and all were achieved.

c. Strategic Human Resource: Labour Relations

This sub-programme has three planned targets and all were achieved.

d. Strategic Human Resource: Transversal human resource services

This sub-programme has four planned targets and all were achieved.

e. Strategic Human Resource: Public Service Transformation And Service Delivery Improvement

This sub-programme has six planned targets of which three targets were achieved. The sub-programme was supposed to coordinate workshops and monitor the Batho Pele Change Management Programme in three departments and three municipalities. However, it only coordinated in Victor Khanye Local Municipality and the Department of Social Development. The reason for deviation was that two departments and two municipalities were not ready to host the workshop.

This sub-programme was supposed to coordinate and review Service standards in three departments and three municipalities. However, it was only coordinated in the Office of the Premier and the Victor Khanye Local Municipality. The reason for deviation is that Bushbuckridge and Nkomazi local Municipalities and the Departments of Education, Social Development and Health confirmed the dates and later cancelled the arrangement.

This sub-programme was supposed to deploy one senior Manager to the coal face of service delivery but the deployment was not conducted due to non-alignment with the Mpumalanga Development Coordinating Model (MDCM) approach.

f. Legal Advisory Service

This sub-programme achieved all four planned targets.

g. Government Communication and Information Services

This sub-programme had one planned target which was not achieved. The sub-programme was supposed to facilitate the development of the marketing strategy but it was not done due to shortage of personnel.

h. Corporate Communication Services

This sub-programme had two planned targets of which one was achieved. The sub-programme was supposed to publish one 'Government to Public' and one internal electronic newsletter of the Office of the Premier. The reason for deviation on the 'Government to Public' is that the draft version has been finalised and is awaiting approval; and the internal newsletter is in the final phase of conclusion.

i. Community services and research

This sub-programme achieved one of its two planned targets. The sub-programme was supposed to coordinate public participation events for the Premier and no reason for deviation is provided.

j. Media, Departmental Liaison and Information Services

This sub-programme has achieved both of its planned targets.

k. Office of the Provincial Government Information Technology Office

This sub-programme achieved seven out of the eight planned targets. The sub-programme was supposed to roll out Core Objectives of Information and Relations and Cooperation (COBIT) in the Office of the Premier at a planning phase. However, the COBIT roll out was put on hold due to developments at National level and the fact that DPSA has halted the progress.

Expenditure analysis

Programme R'000	Main budget 2015/16	Expenditure	Over/Under expenditure %
Institutional Development	96 899	20 807	21.5%

Economic Classification

Economic Classification R'000	Main budget 2015/16	Expenditure	Over/Under expenditure %
Compensation of Employees	42 739	10 832	25.3%
Goods and Services	49 560	8 160	16.5%
Transfer and Subsidies	4 500	1 815	40.3%
Payments for Capital Assets	100	-	0%
Total Expenditure	96 899	20 807	21.5%

The programme is allocated **R96 899 000.00** and the expenditure in the first quarter is **R20 807 000.00** which is **21.5%**. This is below the National Treasury benchmark of 25%. The highest expenditure is on Transfers and Subsidies at **40.3%** and the lowest is on the Payments of Capital Assets at **0%**.

The Committee noted the following on Programme 2:

1. The Office of the Premier only managed to coordinate workshops and monitor the Batho Pele Change Management Programme (that is an intervention to support departments and municipalities) in the Victor Khanye Local Municipality and the Department of Health compared to the target of three local municipalities and three departments. The workshops were planned by the Office of the Premier, in consultation with the relevant local municipalities and departments, however, the workshops could not proceed due to the late unavailability of the departments and local municipalities. Since the conduct by these departments and local municipalities impact negatively on the targets set by the Office of the Premier, the matter has been addressed with the relevant departments and local municipalities and there will be an improvement in this target in future. The outstanding workshops in the respective departments and local municipalities were conducted in the second quarter.
2. The Office of the Premier confirmed that various successful Operation Vuka Sisebente workshops, which included the political leadership, were conducted.
3. The target to coordinate and review Service Standards in three departments and three local municipalities was also not achieved due to the unavailability of the stakeholders. However, this matter has also been addressed since and it will not occur in future quarters.
4. The challenges experienced in the Sub-Programme: Government Communication and Information Services to implement its set targets, and specifically the development of a marketing strategy, due to personnel shortages was as a result of the resignation of the General Manager: Communication in July 2014. In order to address the lack of capacity in this sub-programme the communication profile has been reorganized by concentrating resources into a Provincial Communication Forum that has since developed and processed the Provincial Communication Plan; and it was subsequently approved by the Executive Authority.

It was noted that the establishment of the Provincial Communications Forum has definitely assisted in advancing the communication agenda of the Province; and to achieve the set targets. It is envisaged that the marketing strategy, that flows out of the

Provincial Communication Plan, has been drafted and it is envisaged that significant progress will be reflected in the second quarter in this regard.

5. In terms of the non-achievement to publish one 'Government to Public' and one internal newsletter, it was noted that the 'Government to Public' was published in October 2015 and an undertaking was given that the frequency will be increased to meet the annual target. The editing of the internal newsletter has also been completed.
6. The target for events under 'Coordination of Executive Council Outreach' could not materialize since there was no EXCO Outreach in the quarter under review. It is envisaged that this target will be achieved in the third quarter.
7. The Sub-Programme: Provincial Government Information Technology Office was supposed to roll-out Core Objectives of Information and Relations and Cooperation (COBIT) in the Office of the Premier at a planning phase. However, the COBIT roll out was put on hold due to developments at National level and that DPSA has halted the progress. It was noted that the DPSA has not yet issued any timeframes and a directive is awaited in this regard. However, in the meantime the OPGITO has started with the International Standard Organisation based framework and implementation guide.
8. The low expenditure (21.5%) in this programme is mainly as a result of an ICT Indaba which was planned for the first quarter but had to be postponed and is to be held at a later stage.
9. The high expenditure in the Transfers and Subsidies economic classification is as a result of the number of intake for bursary holders of the Premier's Discretionary Fund, which was slightly higher than anticipated. Payment in this regard is made on a school term basis to the various institutions; and is usually made in the first quarter of the financial year. It was further noted that the Premier's Discretionary Funds mainly funds orphaned and vulnerable young people.
10. The 0% expenditure in the Payments of Capital Assets economic classification is directly linked to the moratorium on the filling of vacancies. The provision in the economic classification is for the procurement of furniture and related items for newly appointed officials who could not be appointed.

PROGRAMME 3: POLICY AND GOVERNANCE

Programme purpose and budget expenditure

The programme aims to provide effective macro-policy advice, coordination and monitoring in 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, Executive Council and MPAC; and coordinate key strategic interventions to improve departmental performance.

a. Special programmes

This sub-programme achieved four of the six planned targets. The sub-programme was supposed to establish Provincial Structures of Gender, Youth and Older Persons; however, the Provincial Gender Machinery was established and the reason for deviation is the shortage of personnel in the Unit.

This sub-programme was supposed to co-ordinate empowerment programmes for youth in mining; and the reason for deviation was cited as shortage of personnel.

b. International Relations

This sub-programme did not achieve any of its two targets. The sub-programme was supposed to have a Provincial International Relation Framework (PIRF) approved by the EXCO; and also to communicate PIRF to relevant provincial and local government stakeholders. The reason for deviation was that the PIRF is still at PMC stage and is not yet approved for presentation for the approval by EXCO.

c. Protocol Services

This sub-programme had one planned target and it was achieved.

d. Macro planning

This sub programme achieved all five planned targets.

e. Monitoring and evaluation

This sub-programme achieved all seven of its planned targets.

f. Research and Strategic information management systems

This sub-programme achieved four of the five planned targets. The sub-programme was supposed to establish research committees; and the reason for deviation is that the policy framework is still awaiting the approval of EXCO.

g. Cluster Management

This sub-programme achieved three of its four planned targets. The sub-programme was supposed to develop one EXCO Makgotla Resolution Monitoring Report. The reason for deviation is that there was no EXCO Lekgotla during the period under review.

h. Mpumalanga Provincial Aids Council Secretariat (MPAC)

This sub-programme achieved four of its six planned targets. The sub-programme was supposed to hold one MPAC meeting; however, it was not held due to the unavailability of key stakeholders.

This sub-programme was also supposed to conduct one ZAZI workshop/campaign; however, there were delays in the appointment of the service provider for the workshop.

Programme Expenditure

Programme R'000	Main budget 2015/16	Expenditure	Over/Under expenditure %
Policy and Governance	50 320	8 436	16.8%

Economic Classification

Economic Classification R'000	Main Budget 2015/16	Expenditure	Over / Under expenditure %
Compensation of Employees	29 320	7 309	24.9%
Goods and Services	17 850	1 101	6.2%
Transfer and Subsidies	70	-	0%
Payments for Capital Assets	3 080	26	0.8%
Total Expenditure	50 320	8 436	16.8%

The programme is allocated **R50 320 000.00** and the expenditure in the first quarter is **R8 436 000.00** which is **16.8%** and is below the Provincial Treasury benchmark of 25%. The highest expenditure is on Compensation of Employees at **24.9%** and the lowest is on the Transfers and Subsidies at **0%**.

The Committee noted the following on Programme 3:

1. The Office of the Premier is still in the process to increase capacity in the Special Programmes Unit through the rationalisation process. The process started at senior management level and is implemented in phases; thus, the rationalisation process has not been completed yet.
2. The Provincial International Relations Framework (PIRF) has not been approved by EXCO and communicated to relevant provincial and local government stakeholders as per the target. The reason for the delay is as a result of the national framework that was supposed to be work shopped by DIRCO; and which did not take place. However, the dates for the workshop have been finalised and it will be held in the third quarter, namely on 24 and 25 November 2015.

It was noted that the National Guideline called Measures and Guidelines for the Enhanced Coordination of South Africa's International Engagements are in the meantime being used by provincial departments and local municipalities.

3. The Sub-Programme: Research and Strategic Information Management Systems could not establish the research committees as per the target. The reason for deviation is that the policy framework has only served at PMC and Clusters and must still be presented

to EXCO in the third quarter. However, it was noted that this non-achievement has not impacted negatively on the Office of the Premier since the research work is being done by interim ad hoc-committees that consist of various experts in their specific work environment.

4. The Mpumalanga Provincial Aids Council (MPAC) did not conduct one meeting in the quarter as planned. However, there was an MPAC meeting held on 29 September 2015 whereby all relevant stakeholders were present.
5. The ZAZI workshop/campaign did not take place in the period under review due to delays in the appointment of the service provider. It is envisaged that the service provider will be appointed in the third quarter; where-after the relevant workshops will take place to ensure the achievement of the quarterly targets.

6. FINDINGS

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

- 6.1. The over-expenditure in Programme 1 is as a result of the outbound missions undertaken to Italy and China by the Executive Authority. The Office of the Premier made the logistical arrangements on behalf of the relevant departments and the expenditure is in the process of being transferred inter-departmentally from the departments to the Office of the Premier.
- 6.2. In order to address the huge backlog on cases from the National Anti-Corruption Hotline, including the PSC – and Presidential Anti-Corruption Hotlines, the Office of the Premier appointed service providers to ensure that the backlog can be concluded by the end of the 2015/16 financial year.
- 6.3. As per the SOPA announcement the Mpumalanga Commission of Inquiry into the Socio-Economic conditions of farm dwellers in Mpumalanga has been established and the terms of reference was developed. Furthermore, that the Premier's Notice 7 of 2015 has been issued in this regard.

7. RECOMMENDATIONS

The Committee made the following recommendations:

- 7.1. The Office of the Premier must provide a list to indicate the expenditure per department incurred relative to the outbound missions undertaken to Italy and China by the Executive Authority. Furthermore, a progress report must be submitted on the inter-departmentally transfers from departments to the Office of the Premier relative to the expenditure.
- 7.2. The Office of the Premier must submit progress reports on the progress relative to the backlog of cases from the National Anti-Corruption Hotline, including the PSC – and Presidential Anti-Corruption Hotline on a quarterly basis.
- 7.3. The relevant Portfolio Committee must play a supportive role in assisting the Mpumalanga Commission of Inquiry into the Socio-Economic conditions of farm dwellers in Mpumalanga to ensure that the set objectives can be achieved.

The Committee moves that the House adopts the report with the above recommendations.


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 First Quarter Performance Report for 2015/16.

In addition, the Chairperson extends a word of appreciation to the 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 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 29 January 2016, unless stated otherwise, and thereafter on a quarterly basis.



HON PS NGOMANA (MPL)

29. 11. 2015
DATE

CHAIRPERSON:

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