

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

## **THIRD 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 Third 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 ensure that basic services are delivered 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 Third 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 Research Section compiled a research analysis on the overall performance of the Office of the Premier for the third quarter (October - December 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 15 March 2016 to deliberate on its Third Quarterly Performance Report for 2015/16. The Committee considered the draft Committee Report on the Third Quarterly Performance Report for 2015/16 Vote 01 on 20 April 2016.

### **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 Committee congratulated Mr T Mdakane on his appointment as Director-General in the Office of the Premier.

The Director-General (DG) made a presentation to the Committee on the Third 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 Third Quarterly Performance Report for the 2015/16 financial year.

## **5. ANALYSIS OF THE THIRD QUARTERLY PERFORMANCE REPORT FOR 2015/16**

### **5.1. SUMMARY OF THE THIRD QUARTERLY PERFORMANCE REPORT FOR 2015/16**

The Office of the Premier achieved 89 (83.9%) of its 106 planned targets in the quarter under review. The Office of the Premier performed the best under Programme 2 with an achievement rate of 92.5%; compared to 71.4% achievement rate for Programme 1 and 84.2% achievement rate for Programme 3. The main appropriation to the Office of the Premier was R237 773 000.00; however, after the adjustment appropriation the budget increased to R267 649 000.00. The expenditure was at R199 256 000.00 as at December 2015, translating to 74.4% which is below the 75% benchmark set by National Treasury but still within the 2% acceptable variance.

#### **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.**

There are eight sub-programmes under Programme 1 with a total of 28 targets; out of the 28 planned targets 20 (71.4%) planned targets were achieved in the quarter under review. The Office of the Premier regressed when compared to the 80.8% that was obtained in the second quarter. All targets were achieved under the following sub-programmes: Planning and Programme Management; Security Management; Executive Council Support and Financial Management.

The sub-programme: Premier Support has achieved one of the two planned targets. The target to facilitate the establishment of the two sector Fora was not achieved in the first, second and third quarter. It was noted that the target was put in abeyance as the diary of the Executive Authority had to attend to other priority activities; and that there is a possibility that it will be rolled over to the 2016/17 financial year.

The sub programme: Director-General Support achieved four out of the five planned targets. The Office of the Premier was supposed to hold one PMC Lekgotla but it could not materialise because of the unavailability of key participants due to MINMEC meetings. It is indicated that key issues will be integrated in the agenda for the fourth quarter PMC Lekgotla.

The sub programme: Internal Audit achieved one out of two planned targets. The Office of the Premier failed to hold one Audit Committee meeting because the term of office for members of the Audit Committee has expired during the second quarter; and indicated that the appointment of the new members is currently being facilitated by Provincial Treasury.

The Office of the Premier failed to achieve six of the eight planned targets under sub programme: Forensic and Integrity Management. The targets not achieved relate to the investigation and finalising of fraud and corruption cases. The Office of the Premier failed to achieve these targets in the first and second quarter as well. Only 83.87% instead 100% (920) calls received on the presidential hotline were resolved which is the same percentage they achieved in the second quarter. Although it was indicated that the Provincial Anti-Corruption Strategy will be in place in the third quarter; this planned target was still not achieved in the third quarter.

### Programme expenditure

Programme	Adjusted appropriation R'000	Actual Expenditure R'000	Actual Expenditure %
Administration	115 240	94 850	82.3%

An annual budget of R90 554 000.00 was appropriated towards Programme 1. During the adjustment appropriation the annual budget was adjusted to R115 240 000.00. An amount of R94 854 000.00 (82.35%) was spent by the end of December 2015, translating to an over-expenditure of 7.35% which is above the 75% benchmark of National Treasury.

### Economic Classification

	Main budget R'000	Actual Expenditure R'000	Actual Expenditure %
Compensation of Employees	49 982	37 102	74.2
Goods and Services	63 169	56 154	88.9
Transfers and Subsidies	870	748	85.7
Payments for Capital Assets	1 219	848	69.6

<b>TOTAL</b>	<b>115 240</b>	<b>94 850</b>	<b>82.3</b>
--------------	----------------	---------------	-------------

Out of the appropriated amount of R49 982 000.00 for Compensation of Employees R37 102 000.00 (74.2%) was spent. R56 154 000.00 (88.9%) of the allocated budget of R63 169 000.00 on Goods and Services was spent which shows an over-expenditure of 13.9 %. The Office of the Premier over-spent by 10.7% on Transfers and Subsidies; and underspent by 5.4% on Payments for Capital assets.

**The Committee noted the following on Programme 1:**

- i. The target to facilitate the establishment of the two sector Fora was not achieved in the first, second and third quarter. It was reported that the target was put in abeyance as the diary of the Executive Authority had to attend to other priority activities. It was indicated that the sector Fora will now be established during the First and Second Quarter of 2016/17 the financial year.
- ii. The Office of the Premier failed to hold one Audit Committee meeting because the term of office for members of the Audit Committee has expired during the second quarter. It was reported that the process to appoint new Audit Committee members was finalized in February 2016 and members will attend an induction session in April 2016.
- iii. The Office of the Premier failed to achieve six of the eight planned targets under sub programme: Forensic and Integrity Management. The targets not achieved relate to the investigation and finalising of fraud and corruption cases. The Office of the Premier failed to achieve these targets in the first and second quarter as well. The Office of the Premier indicated that the nature of the cases received during this financial year were more complex and the Office of the Public Service Commission required more reasons for the closure of cases investigated which added to the workload. However, the committee was assured that there is value for money as the quality of reports received in this regard has improved.

The Office of the Premier indicated that the percentage of Presidential Hotline calls received and resolved as reflected in the Third Quarter Performance report for 2015/16 was incorrect; and that the actual percentage for the third quarter is 83.89% of 912 calls.

- iv. It was indicated that the Provincial Anti-corruption Strategy was not drafted and reviewed as promised in the second quarter because there was a need for further consultation with internal stakeholders. However, this process delayed the conclusion of the first Draft



Provincial Anti-Corruption Strategy (DPACS). It was confirmed that the DPACS was concluded in the third quarter.

- v. Departmental referral of cases for investigation is prioritized together with the backlog in cases to ensure that all investigations run concurrently. In order to augment the investigation capacity, a panel of experts was appointed and cases are allocated to them with clear timeframes. The Office of the Premier conceded that there are areas of weakness in this sphere and is committed to address these issues. In the review of the cases, and the fact that some took longer to finalise than anticipated, one of the issues identified was the projecting of the number of cases to be received in relation to the capacity available to deal with it. However, the Office of the Premier now has a sense of the baseline of what is needed to finalise the cases and they have since established a benchmark in this regard.

The Office of the Premier agreed that it has to merge the public commitments with the necessary capacity to process investigations faster. The committee was assured that where employees that deal with anti-corruption cases have been lost, the matter will be elevated to the Executive Authority so that relevant resources can be identified. It is not envisaged to experience challenges going forward and the situation will be closely monitored.

- vi. The 7.35% over-expenditure under Programme 1 is as a result of a once-off payment made under litigation for system development.
- vii. The over-expenditure on Goods and Services is as a result of the once-off payment made under litigation for system development; and the over-expenditure under Transfers and subsidies of 10.7%, is due to payments of leave gratuities made to officials who resigned or retired from the public service. It was indicated that where it was difficult to plan for exact dates for resignations and retirement in the past the Office of the Premier is now in a position to plan for all employees that will reach retirement at the age of 60 years; and know exactly when these officials will exit the system. Budgeting in this regard will thus improve.
- viii. The under-expenditure under Payments of Capital Assets is as a result of provision made for the procurement of office furniture and computer equipment which could not be procured as planned, because of the non-appointment of new officials as a result of the moratorium on the filling of posts. The Office of the Premier conceded that the dynamics of the budgeting process around the procurement of furniture for new officials should be re-looked; especially with the current moratorium on the filling of posts. The approach should be different when determining the need for this budget line item in future. It was indicated that

the replacement of old and non-functional computers is underway and the expenditure will improve in the last quarter of the financial year.

## **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.**

There are 11 sub-programmes under Programme 2 and it achieved 37 (92.5%) of the 40 planned targets which is an improvement compared to 84.2% of the second quarter. All planned targets under the following sub-programmes were achieved: Labour Relations; Transversal Human Resource Services; Legal Services; Government Communication Services: Chief Directorate; Media, Departmental Liaison and Information Services and Office of the Provincial Government Information Technology.

Sub programme: Internal Human Resource Management achieved one of its two planned targets. A submission of 91.9% units of the third quarter assessment reports was made instead of 100%; this target was also not achieved in the second quarter. The reason for deviation was due to officials on maternity and sick leave, late submission of assessment, service termination and transfer of officials due to secondment.

Sub-programme: Human Resource-Organisational Design and Job Evaluation achieved three out of its four planned targets. The Office of the Premier planned to monitor implementation of the standardised shared secretarial model; however, the reason for deviation is that the sub-programme is awaiting a slot from the managers meeting to present the generic job description for consensus.

### **Programme Expenditure**

<b>Programme</b>	<b>Main budget R'000</b>	<b>Actual Expenditure R'000</b>	<b>Actual Expenditure %</b>
Institutional Development	91 042	67 227	73.8%

The Office of the Premier appropriated an annual budget of R91 042 000.00 for this programme and spent R67 227 000.00 (73.7%) as at December 2015. This equates under-expenditure of 2.2% which is slightly above the acceptable variance benchmark of 2% by National Treasury.

### Economic Classification

	Main budget R'000	Actual Expenditure R'000	Actual Expenditure %
Compensation of Employees	43 439	32 865	75.7
Goods and Services	39 270	29 503	75.1
Transfers and Subsidies	8 143	4 824	59.2
Payments for Capital Assets	190	35	18.4
<b>TOTAL</b>	<b>91 042</b>	<b>67 227</b>	<b>73.8</b>

During the budget adjustments process an amount of R43 439 000.00 was appropriated towards the Compensation of Employees and R32 865 000.00 (75.7%) was spent as at December 2015. R39 270 000.00 was appropriated towards Goods and Services and R29 503 000.00 (75.1%) was spent. The Office of the Premier under-spent on Transfers and Subsidies by 15.8% hence R4 824 000.00 of the appropriated R8 143 000.00 was spent. The Office of the Premier also underspent in Payments of Capital Assets by 56.6% since only R35 000.00 (18.4%) was spent out of the appropriated R190 000.00.

### The Committee noted the following on Programme 2:

- i. The under-expenditure on Transfers and Subsidies in this programme is as a result of payment to bursary holders which is paid in the last quarter of the financial year for registration of students to the various institutions. These are regarded as semester payments.
- ii. The under-expenditure under Payments of Capital Assets is as a result of provision made for the procurement of office furniture and computer equipment, which could not be procured as planned due to the non-appointment of new officials as a result of the moratorium on the filling of posts. However, the replacement of old and non-functional computers is underway and the expenditure will improve in the last quarter of the financial year.



## **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.**

There are eight sub-programmes under Programme 3 and 32 (84.2%) of the 38 planned targets were achieved compared to the 83.8% that was achieved in the second quarter. All planned targets were achieved under the following sub-programmes: Protocol Services, Macro-Planning, Research and Strategic Information Management Systems and the Cluster Management.

Sub-programme: Policy and Governance had six planned targets of which two were not achieved. The Office of the Premier was supposed to consult on provincial gender, youth and older person's policy frameworks; however, only the Provincial Gender Policy Framework was finalised. The reason for deviation was insufficient funds that were not able to cater for activities in relation to the Youth and Older Policy Framework.

The planned target to conduct one awareness campaign for older persons was not achieved and the reason for deviation was insufficient funds for the exercise. It was noted that more funds were allocated during the budget adjustment process for this purpose.

The Office of the Premier failed to achieve any of its two planned targets under the sub programme: International Relations. The Office of the Premier planned to implement its Provincial International Relations Strategy and also finalise and present it in one workshop. The reason for deviation is that there are no personnel. Furthermore, the Office of the Premier failed to facilitate the approval of the Mpumalanga International Relations Framework and capacitate the Office of the Premier, provincial departments, public entities and municipalities on the implementation of the framework. It was reported that the implementation is awaiting approval of the framework by the Executive Authority.

Under the sub programme: Monitoring and Evaluation the Office of the Premier failed to achieve one of the seven planned targets. The Office of the Premier failed to hold two provincial evaluation technical working group support sessions due to delays in the appointment of a service provider and is consider to roll the planned target over to the next financial year.

Four out of the five planned targets were achieved under the sub programme: Provincial Aids Council Secretariat. The Office of the Premier also failed in the second quarter to conduct one ZAZI workshop/campaign. Failure to achieve was attributed to the finalisation of the ZAZI tender.

### Programme Expenditure

Programme	Main budget R'000	Actual Expenditure R'000	Actual Expenditure %
Policy and Governance	61 367	37 179	60.6

The Office of the Premier was appropriated an annual budget of R61 367 000.00 and has spent R37 179 000.00 (60.6%) as at December 2015 which is 14.4% below the 75% National Treasury benchmark.

### Economic Classification

	Main budget R'000	Actual Expenditure R'000	Actual Expenditure %
Compensation of Employees	30 367	22 896	75.4
Goods and Services	28 938	12 415	42.9
Transfers and Subsidies	1 795	1 723	96.0
Payments for Capital Assets	267	145	54.3
<b>TOTAL</b>	<b>61 367</b>	<b>37 179</b>	<b>60.6</b>

An amount of R30 367 000.00 was appropriated towards the Compensation of Employees and R22 896 000.00 (75.4%) was spent as at December 2015. The Office of the Premier was allocated R28 938 000.00 for Goods and Services and R12 415 000.00 (42.9%) was spent at the end of the third quarter. R1 723 000.00 (96.0%) out of the appropriated budget of R1 795 000.00 for transfers and subsidies was spent. The Office of the Premier underspent on Payments for Capital Assets by 20.7% from the appropriated R267 000.00.

**The Committee noted the following on Programme 3:**

- i. The Office of the Premier planned to consult on Provincial Gender, Youth and Older Person's Policy Frameworks; however, only the Provincial Gender Policy Framework was finalised. It was reported that the consultations on the Provincial Youth Policy framework and Provincial Older Persons Policy frameworks were put on hold in 2015 because there was a national initiative to review these policies. Since the national policy framework informs the provincial policy frameworks the province participated in the processes and subsequently both policies were approved and the target has since been achieved.
  - ii. During the interaction with the Office of the Premier in their first first quarter report it was reported that the presentation on the status of International Relations was included on the Executive Authority agenda; and that the target will be achieved in the third quarter. However, the Office of the Premier did not meet the target due to lack of personnel. It was indicated that the post of Senior Manager: International Relations was vacated and could not be filled due to the moratorium in the province; and the Office of the Premier could not find an appropriate person within the system to continue with the responsibilities.
- The Office of the Premier agreed that due to the vacant post of senior manager: International Relations the development of the International Relations Strategy Framework could not be finalized. The Office of the Premier agreed that the framework is a critical document that must guide the province in terms of approaching international engagements. However, this document is the localization of the national policy on international relations. Hence, there are existing national documents in existence guiding the province on this matter. Despite the non-approval of this framework there are engagements that are taking place to ensure that, at an implementation level, the national policy will guide and attempt to drive foreign direct investments to the province. It must also be noted that there is also work done through MEGA in terms of the trade investment division. The finalization of the framework is important and it is envisaged to make a submission to the Executive Authority for the filling of this critical post.
- iii. The Office of the Premier failed to hold two provincial evaluation technical working group support sessions due to delays in the appointment of a service provider. However, the service providers have since been appointed and a request for the budget to be rolled-over will be made to Provincial Treasury.
  - iv. It was indicated that, although the tender processes for the ZAZI tender was finalised in the third quarter, none of the bidders were found to be suitable. The tender process was re-

initiated to ensure that, once the tender is awarded, the service provider can deliver on terms of reference.

- v. The under-expenditure of 14,4% under this programme is as a result of planned activities which could not take place as planned, such as the World Aids day establishment of the command centre. However, the establishment of the Operation Vuka Sisebente command centre is currently underway. The Office of the Premier confirmed that R 10 000 000.00 was received during the budget adjustment phase for the development of the Operation Vuka Sisebente command centre. However, the process could not commence as anticipated; and it only commenced in the third quarter.
- vi. The under-expenditure of Goods and Services (32.1%) is also as a result of planned activities which could not take place; and on Payments of Capital Assets because of the non-appointment of new officials due to the moratorium on the filling of posts. However, the replacement of old and non-functional computers is underway and the expenditure will improve in the last quarter of the financial year.
- vii. The budget under Transfers and Subsidies was not overspent; however, the over-expenditure of 21% above the bench mark of 75% is as a result of once-off leave gratuities payments made for retired officials.

## 6. FINDINGS

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

- 6.1. Although the Office of the Premier appointed service providers to assist the Forensic and Integrity Management unit to investigate and finalise fraud and corruption cases it still experiences a challenge to improve on this matter. It was noted that the Office of the Premier undertook an evaluation process on the management of the investigation process; and has set a benchmark in this regard.
- 6.2. The Office of the Premier experiences a challenge in the budgeting process for capital assets, especially for the procurement of office equipment for the officials' line item. The Committee noted that office equipment is not always automatically transferred from one official to another when a post is vacated.



- 6.3. The vacancy of the senior manager: International Relations impact negatively on the implementation of activities in the International Relations unit. It was indicated that the filling of the post will be elevated to the Executive Authority.

## **7. RECOMMENDATIONS**

**The Committee made the following recommendations:**

- 7.1. The Office of the Premier must improve on its performance of its Forensic and Integrity Management unit; especially against the background of the pronouncement by the Premier in the State of the Province Address to continue to instil professionalism and eradicate corrupt and fraudulent activities in the administration.
- 7.2. The Office of the Premier must identify its weaknesses in its budget process for capital assets and ensure realistic budgeting in this regard in the 2016/17 financial year. Furthermore, it must ensure that office equipment is transferred from one official to another to prevent continuous procurement of office equipment.
- 7.3. The Office of the Premier must, as per their undertaking to the committee, elevate the filling of the critical post of senior manager: International Relations to the Executive Authority and report on progress on the filling of the post on a regular basis.

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

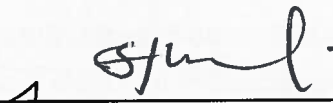
## **8. CONCLUSION**

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 Third 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 27 May 2016, unless stated otherwise, and thereafter on a quarterly basis.**

  
\_\_\_\_\_  
HON PS NGOMANA (MPL)

20.04.2016.  
DATE

**CHAIRPERSON:**

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