

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

FOURTH QUARTERLY PERFORMANCE REPORT OF THE OFFICE OF THE PREMIER FOR 2014/15 (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 Fourth Quarterly Performance Report for 2014/15 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 2014/15 financial year.

2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the Fourth Quarterly Performance Report for 2014/15 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 fourth quarter (January - March 2015) compared to the strategic objectives as reflected in the Annual Performance Plan (APP) for the 2014/15 financial year. The Committee wanted to determine whether the Office of the Premier executed its mandate in terms of the APP and if there was value for money. The Research Section briefed the Committee on the Fourth Quarterly Performance Report for the 2014/15 financial year on 31 July 2015. The Committee met with the Office of the Premier on 31 July 2015 to deliberate on the Office of the Premier's Fourth Quarterly Performance Report for 2014/15. The Committee considered the draft Committee Report on the Fourth Quarterly Performance Report for 2014/15 Vote 01 on 12 August 2015.

3. STRATEGIC OBJECTIVES

The Office of the Premier listed the following Strategic Objectives for the 2014/15 financial year:

- Provide strategic direction and leadership to 10 Mpumalanga Provincial Departments, 21 Municipalities as well as the Office of the Premier by 2015.
- Ensure compliance to the planning and reporting framework by the Office of the Premier Programmes by 2015.
- Create a safe environment for service delivery through a centralised security management system in the 10 Provincial Departments as well as the Office of the Premier by 2015.
- Improve the coordination and implementation of Executive Council decisions within the 12 Provincial Departments sand 21 Municipalities as well as the Office of the Premier by 2015.
- Strengthen cooperative governance within the 10 Provincial Departments.
- Strengthen the organisational performance in terms of business processes.
- Coordinate the implementation of human resource programmes in the 10 Provincial Departments as well as the Office of the Premier.
- Coordinate the implementation of legal advisory service in the 10 Provincial Departments as well as the Office of the Premier.
- Strengthen integrated planning and policy development in the 10 Provincial Departments, three District Municipalities as well as the Office of the Premier.

- Monitor and evaluate the effectiveness and impact of Government programmes within the 10 Provincial Departments as well as the Office of the Premier.
- Coordinate strategic ICT programmes and projects within the 10 Provincial Departments as well as the Office of the Premier.
- Strengthen protocol, regional and international cooperation by 2015.

4. OBSERVATIONS AND COMMENTS

The Director-General (DG) made a presentation to the Committee on the Fourth Quarterly Performance Report. The DG focussed mainly on the challenges as highlighted in the research document on the Office of the Premier's Fourth Quarterly Performance Report for the 2014/15 financial year.

5. ANALYSIS OF THE FOURTH QUARTERLY PERFORMANCE REPORT FOR 2014/15

5.1. SUMMARY OF THE FOURTH QUARTERLY PERFORMANCE REPORT FOR 2014/15

The Office of the Premier achieved **83** (or 84.7%) of its **98** planned targets in the fourth quarter of the 2014/15 financial year.

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 function of administrative and strategic matters, both within the Office of the Premier and the Province.

Programme 1: Programme Expenditure

Annual Budget R'000	Expenditure as at the end of the Fourth Quarter 2014/15	Expenditure % as at the end of Fourth Quarter 2014/15
99 580	98 391	98.80%

Programme 1: Economic Classification

R'000	Annual Budget	Expenditure as at the end of the Fourth Quarter 2014/15	Expenditure % as at the end of the Fourth Quarter 2014/15
Compensation of Employees	52 538	51 905	98.7%
Goods and Services	45 682	45 296	99%
Transfers and Subsidies	531	528	99.4%
Payment for Capital Assets	1 159	662	57%
TOTAL EXPENDITURE	99 580	98 391	98.6%

The programme was allocated **R99 580 000.00** and the expenditure in the fourth quarter was at **R98 391 000.00 (98.8%)**. The highest expenditure is on Compensation of Employees at **98.7%** and the lowest expenditure is on the Payment of Capital Assets at **57%**.

The Office of the Premier achieved **24 (or 88.9%)** of its **27** planned targets in the fourth quarter of the 2014/15 financial year for Programme 1. The Office of the Premier achieved all the planned targets under the Sub-Programme: Office of the Director-General, Sub-Programme: Planning and Programme Management, Sub-Programme: Security Management, Sub-Programme: Internal Audit, Sub-Programme: Executive Council Support and Sub-Programme: Financial Management.

The programme failed to achieve one (01) of its five (05) planned targets under Sub-Programme: Premier Support. The programme also failed to achieve this target in the third quarter for 2014/15. The Office of the Premier managed to conduct only two (02) EXCO meetings Instead of the planned three (03) EXCO meetings.

The Office of the Premier failed to achieve two (02) of the three (03) planned targets under Sub-Programme: Forensic and Integrity Management in both the third and fourth quarters of the 2014/15 financial year. The Office of the Premier was supposed to investigate and resolve 55% of the reported cases; however, only 13 (8.4%) cases were resolved. The Office of the Premier also failed to resolve 85% of the matters that were registered through the Presidential Hotline. The failure to achieve both targets was attributed to shortage of staff as the Office of the

Premier does not have a dedicated section to carry-out these functions. The Office of the Premier planned to appoint service providers to carry out the functions.

The Committee noted the following on Programme 1:

- a. The challenges experienced in the Forensic and Integrity Management Unit were due to the resignation of officials and officials who were on special leave. Although there are officials in the Forensic and Integrity Management Unit to carry out the function, they are not sufficient; given the volume of cases to be investigated. In order to alleviate the challenges experienced in this unit, the Office of the Premier appointed service providers to augment the capacity.
- b. The Committee noted the low expenditure (57%) on payment of Capital Assets. Since the Office of the Premier could not appoint the relevant number of officials for this programme due to the moratorium on the filling of vacant funded posts, the furniture that was meant for these positions were also not purchased. This resulted in the underspending on payment of capital assets.

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.

Programme 2: Programme Expenditure

Annual Budget R'000	Expenditure as at the end of the Fourth Quarter 2014/15	Expenditure % as at the end of Fourth Quarter 2014/15
74 688	74 263	99.4%

Programme 2: Economic Classification

R'000	Annual Budget	Expenditure as at the end of the Fourth Quarter 2014/15	Expenditure % as at the end of Fourth Quarter 2014/15
Compensation of Employees	37 613	37 562	99.8%
Goods and Services	29 716	29 461	99%
Transfers and Subsidies	7 179	7 164	99.7%
Payment for Capital Assets	180	76	42.2%
TOTAL EXPENDITURE	74 688	74 263	99.4%

The programme was allocated **R74 688 000.00** and the expenditure in the fourth was **R74 263 000.00 (99.4%)**. The highest expenditure is on Compensation of Employees at **99.8%** and the lowest expenditure is on the Payment of Capital Assets at **42.2%**.

Programme 2 achieved **33 (89.2%)** of its **37** planned targets for the fourth quarter of the 2014/15 financial year. Programme 2 achieved all planned targets under the following sub-programmes:

- Organisational design and job evaluation
- Labour relations
- Transversal Human Resource services
- Talent management
- Public service transformation and service delivery improvement
- Legal advisory services
- Corporate communication
- Media liaison and information
- Office of the provincial government information technology.

The Office of the Premier achieved four (04) of the five (05) planned targets under Sub-Programme: Internal Human Resource Management for the fourth quarter of the 2014/15 financial year. The Office of the Premier reported that 100% of the funded vacant posts were filled; yet it failed to appoint females to fill senior posts;

The Committee noted the following on Programme 2:

- a. The process of filling Senior Management funded vacant positions that were advertised in the fourth quarter of the 2014/15 financial year could not be finalised due to the moratorium on the filling of funded vacant posts as pronounced by EXCO. The posts that were filled refer to those posts that were advertised in the previous quarters.
- b. It was noted that the first phase of the skills assessment in all departments has been concluded in which all critical finance related posts were filled. The second critical phase will be to ensure proper planning capacity in all departments. However, the skills assessment in departments is an ongoing process with the main objective to utilise the human resource capacity as efficiently as possible within the provincial government. Furthermore, it remains a priority to optimise the skills available in provincial government before soliciting skills from outside in order to keep the provincial wage bill as low as possible.
- c. The Office of the Premier conceded that they need to lead by example when it comes to adhering to the employment equity target. However, given the current situation with the moratorium on the filling of funded vacant posts the Office of the Premier is dependent on the natural accession to achieve this target. It was noted that the Chief Director deployed to the Office of the Premier through the rationalisation process is a female.
- d. In order to achieve the planned targets under the Sub-Programme: Communication and Information the Office of the Premier will attain staff from the Governance and Administrative Clusters for those vacant funded posts that were not filled. It was noted that the six (06) senior management posts were advertised after EXCO approved the Office of the Premier's motivation in this regard. However, the process was stopped due to wage negotiations and the impact it would have on the available budget. In the meantime; the Programme Head will monitor the functioning of the Chief Directorate very closely, and delegate some of the key functions to available personnel within the programme until the rationalisation process is finalised.

- e. The Office of the Premier failed to achieve two (02) planned targets under the Sub-Programmes: Community Services and Research. It also failed to coordinate one Executive Council Outreach meeting and to coordinate two public participation events for the Premier during the third and fourth quarters of the 2014/15 financial year. It was reported that the reason why the meeting was not coordinated was due to the indefinite postponement of the programme.

The decision to postpone the programme indefinitely was informed by the busy schedule of the Premier. However, some activities did take place; in some instances; the Premier delegated MECs to attend on his behalf and in that instance; the department concerned prepares the activity, therefore the Office of the Premier cannot report such as an event attended by the Premier. The Committee was assured that the Premier undertakes regular activities that fall in the 'public participation' category; and that the Premier engages on a regular basis, with communities on matters relating to service delivery.

- f. The low expenditure on Payment of Capital Assets (99.4%) is attributed to the allocated budget for office equipment for the newly appointed officials that were not spent due to the moratorium on the filling of funded vacant posts.

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 areas: provincial planning; implementation of provincial programmes; mainstreaming of gender, disability and children; regional and international cooperation; research and information management; advisory services to the Premier, EXCO committees and Executive Council; and coordinate key strategic interventions to improve departmental performance.

Programme 3: Programme Expenditure

Annual Budget R'000	Expenditure as at the end of the Fourth Quarter 2014/15	Expenditure % as at the end of Fourth Quarter 2014/15
42 552	38 240	89.8%

Programme 3: Economic Classification

R'000	Annual Budget	Expenditure as at the end of the Fourth Quarter 2014/15	Expenditure % as at the end of the Fourth Quarter 2014/15
Compensation of Employees	28 806	28 769	99.8%
Goods and Services	13 310	9 247	69.4%
Transfers and Subsidies	165	133	80.6%
Payment for Capital Assets	271	91	33.5%
TOTAL EXPENDITURE	42 552	38 240	89.8%

The programme was allocated **R42 552 000.00** and the expenditure in the fourth quarter was **R38 240 000.00** which is **89.8%**. The expenditure for this programme is below the 2% benchmark of the acceptable variance by National Treasury. The highest expenditure is on Compensation of Employees at **99.8%** and the lowest is on the Payment of Capital Assets at **33.5%**.

The Office of the Premier achieved **26 (76.5%)** of its planned **34** targets of the fourth quarter targets in the 2014/15 financial year. The Office of the Premier achieved all planned targets under the following Sub-Programmes:

- a. Special programmes
- b. Policy and planning,
- c. Research and Strategic Information Management Systems (SIMS),
- d. Cluster management
- e. Mpumalanga AIDS Council Secretariat.

The Committee noted the following on Programme 3:

- a. Under the Sub-Programme: Protocol Services, the Office of the Premier failed to achieve the one (01) planned target in the third and fourth quarters of the 2014/15 financial year; namely to conduct a workshop on protocol and a workshop on the use and management of national symbols for provincial departments. The failure was attributed to delays by the Department of International Relations and Cooperation (DIRCO) to approve the

protocol manual. However, it was reported that DIRCO has since confirmed that they will conduct the workshops in the province before 30 November 2015.

The Provincial Protocol Manual will conform to the national framework from DIRCO that is based on the South African Foreign Policy. Once the workshop by DIRCO has been conducted the draft manual will be taken to the EXCO, Mayors, HODs and DDGs to ensure that proper capacity has been built in this regard; where-after the manual will be adopted.

- b. The Office of the Premier failed to achieve one (01) of the seven (07) planned targets under the Sub-Programme: Monitoring and Evaluation in the fourth quarter of the 2014/15 financial year. It was noted that the Office of the Premier also failed in the third quarter to achieve this planned target. The Office of the Premier presented and submitted two (02) provincial evaluations to EXCO, instead of submitting and presenting three (03) provincial evaluations. The deviation from the planned target was attributed to human resource constraints. The Office of the Premier reported that the evaluation has been rolled over to the 2015/16 financial year.

It was reported that evaluation in line with the National Evaluation Policy Framework is an emerging discipline and that there is a scarcity in these skills. Following the development of the evaluation terms of reference for the third evaluation, the Senior Manager of the Monitoring and Evaluation Unit was on three months sick leave due to surgery. This impacted on the capacity of the unit to manage the roll out of the planned evaluations in line with the Department of Performance Monitoring and Evaluation peer review and quality assurance guidelines.

The Office of the Premier has since combined the two units of Research and Monitoring and Evaluation to augment capacity that was lacking in this area.

In order to address the human resource constraints challenge training on evaluations was facilitated with the support of the Department of Planning, Monitoring and Evaluation. The Provincial Evaluation Plan is being revised and the approach to supporting evaluation reconfigured in line with the capacity available. Focus is on technical support to sector departments so that they are able to conclude their planned

evaluations. The Office of the Premier undertook to focus on its transversal role on this function.

- c. Under Sub-Programme: Information Management the Office of the Premier failed to achieve one (01) of its five (05) planned targets in the fourth quarter of the 2014/15 financial year; namely to monitor interventions for 15 municipalities instead of 18 local municipalities. It was incorrectly reflected in the Fourth Quarterly Performance report that the planned target was achieved; and the Office of the Premier undertook to correct this error in its Annual Report.

It was noted that the Office of the Premier monitors the Integrated Municipal Support Plan that is implemented by COGTA and Provincial Treasury; and that these reports are presented to the Premier's Coordinating Forum.

The challenge that led to the fact that only 15 municipalities could be monitored was due to lack of capacity, since there is only one official in the Research Unit who is responsible for monitoring interventions by departments in municipalities.

- d. The Office of the Premier plans to minimise the challenge in human resource capacity in this Programme through the rationalisation process. It was noted that the human resource capacity has already been augmented by the appointment of a Chief Director from Health through the rationalisation process. This unit will report to the Chief Director directly and this appointment will assist in achieving the planned targets.
- e. It was noted that all posts in the Directorate: Strategic Partnership Management had to be abolished in terms of the moratorium on the filling of funded vacant posts; and that there is no stand-alone directorate since the 2015/16 financial year. However, personnel will be allocated to projects as and when the need arises.
- f. The overall expenditure for this programme is way below the acceptable variance of 2%. It was noted that the under-expenditure of 11% is as a result of a new unit that was to be established within the Policy and Governance programme that could not be established as planned.

6. FINDINGS

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

- 6.1. Under Sub-Programme: Information Management the Office of the Premier failed to achieve one (01) of its five (05) planned targets in the fourth quarter of the 2014/15 financial year; namely to monitor interventions for 15 municipalities instead of 18 local municipalities.
- 6.2. The Office of the Premier failed to achieve two out of its three planned targets under Sub-Programme: Forensic and Integrity Management in both the third and fourth quarters of the 2014/15 financial year.
- 6.3. The moratorium on the filling of funded vacant posts has a negative impact on the achievement of the employment equity target. Personnel can only be placed through the rationalisation process; which determines that personnel can only be sourced from the pool of skilled staff available across the provincial departments.

7. RECOMMENDATIONS

The Committee made the following recommendations:

- 7.1. The Office of the Premier must intensify its monitoring of interventions for 18 local municipalities and ensure that the planned targets are achieved.
- 7.2. The Office of the Premier must ensure that the investigation of all forensic cases under the Sub-Programme: Forensic and Integrity Management remains a priority; and that the planned targets are achieved.
- 7.3. Although the moratorium on the filling of funded vacant posts impacts on the accomplishment of the employment equity target; the adherence to the employment equity must remain a priority.

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 Fourth Quarter Performance Report for 2014/15.

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 30 November 2015, unless stated otherwise, and thereafter on a quarterly basis.



HON PS NGOMANA (MPL)

12.08.2015

DATE

CHAIRPERSON:

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