

REPORT OF THE SELECT COMMITTEE ON LEGISLATURE OVERSIGHT

FOURTH QUARTERLY PERFORMANCE REPORT OF THE MPUMALANGA PROVINCIAL LEGISLATURE FOR 2016/17 (JANUARY - MARCH 2017) (VOTE 02)

1. INTRODUCTION

The **Select Committee on Legislature Oversight** (the Committee) has a mandate, in terms of 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. This mandate entails ensuring 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. The scrutiny of the budget, Annual Performance Plan and Strategic Plan constitutes a tool for performing oversight on the Legislature programmes and the corresponding budget allocations.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature, as an account of the work done regarding the 2016/17 fourth 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:

- Fourth Quarterly Performance Report for 2016/17
- Fourth Quarterly Expenditure Report for 2016/17

The Committee met with the Legislature on 10 May 2017 to deliberate on the above matters. The Committee met again on 17 May 2017 to consider and adopt its report on the 2016/17 Fourth Quarterly Performance and the corresponding Fourth Quarterly Expenditure Report.

3. BRIEF OUTLINE ON STRATEGIC POLICY PRIORITIES

The Legislature has seven (07) strategic outcomes outlined in its Strategic Plan and Annual Performance Plan respectively. These outcomes have been identified to ensure that the six (06) governing party's priorities remain at the centre of the Legislature's intense oversight over the provincial government departments and provincial public entities in order to foster service delivery and to deepen democracy in the Province.

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

- 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 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 National-Building and social cohesion in the next five (05) years; and
- Strengthened participation in inter-parliamentary bodies for improving participatory democracy and co-operation.

4. PROGRESS REPORT ON THE IMPLEMENTATION OF HOUSE RESOLUTIONS

4.1. Progress Report on the implementation of House Resolutions emanating from the 2016/17 Second Quarterly Performance Report

The Committee considered an updated report on the progress made by the Legislature in implementing previous House Resolutions as contained in the Committee Report on the Legislature's 2016/17 Second Quarterly Performance Report. A comprehensive update on the extent to which the Legislature has implemented the House Resolutions is reflected below.

RESOLUTION	PROGRESS REPORT	STATUS (Way forward)
1. The Legislature must continue to prioritise the appointment of women at senior management level.	The Legislature administration has prioritised the appointment of women at senior management level. Progress on appointments will continuously be presented to the committee. It was noted that the process to fill the two posts earmarked for appointment of women, namely the Senior Manager: Finance and Senior Manager: SCM, has commenced.	The Resolution remains PENDING
2. It is vital that everyone in the Legislature must make the most with the funds available to ensure the successful implementation of Legislature's core mandate; and the Legislature must ensure that there is consequence management for those violating the cost curtailment measures.	Legislature's funds, through cost curtailment measures, were made available in the 2016/17 financial year to fulfil its core mandate.	The Resolution is CLOSED
3. The Legislature must ensure that it stays within the allocated budget for the 2016/17 financial year.	The preliminary expenditure outcome for the 2016/17 financial year indicates that the Legislature has spent 94.6% of its adjusted budget; therefore it has spent within its allocated budget. This is a result of the implementation of the cost curtailment measures. These savings will be used to fund the budget pressures which were not funded in the 2017/18 budget.	The Resolution remains PENDING
4. The Legislature must ensure performance of all programmes and ensure achievement of all planned targets in the 2016/17 financial year.	The performance of the 2016/17 financial year is still to be audited. However, preliminary indications are that institutional performance will be above 90% which is a slight improvement as compared to the 2015/16 financial year. Once the performance information, which is now being compiled, is submitted and audited by the Auditor-General,	The Resolution remains PENDING

	additional progress will be provided to the Committee. In the meantime management will continue to monitor performance through monthly plans and reports and quarterly management reviews to ensure achievement of planned targets.	
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4.2. Progress Report on the implementation of House Resolutions emanating from the 2016/17 Third Quarterly Performance Report

The Committee also considered an updated report on the progress made by the Legislature in implementing previous House Resolutions as contained in the Committee Report on the Legislature's 2016/17 Third Quarterly Performance Report. A comprehensive update on the extent to which the Legislature has implemented the House Resolutions is reflected below.

RESOLUTION	PROGRESS REPORT	STATUS (Way forward)
1. The Legislature must continue with its cost curtailment measures to ensure successful implementation of its core mandate.	The Legislature has continued with the cost curtailment measures in the fourth quarter which resulted in savings in the 2016/17 financial year	The Resolution is CLOSED

5. OBSERVATIONS AND COMMENTS

The Committee welcomed the presentation on the Legislature's performance relating to the 2016/17 Fourth Quarterly Performance and appreciated the work of the Legislature in ensuring, and strengthening, the fulfilment of its constitutional mandate and the achievement of the vision of a "people-centred African world class Legislature"

6. ANALYSIS OF THE FOURTH QUARTERLY PERFORMANCE REPORT FOR 2016/17

6.1. SUMMARY OF THE FOURTH QUARTERLY PERFORMANCE REPORT FOR 2016/17

The Legislature has achieved 110 (95%) out of the 116 planned targets for the fourth quarter of the 2016/17 financial year. The accumilative expenditure for the twelve (12) months was R310 838 000.00 (96.4%) against the allocated adjusted budget of R322 479 000.00.

6.1.1. BUDGET AND EXPENDITURE OUTCOME FOR THE PERIOD ENDING MARCH 2017

Actual Expenditure versus Allocated Budget

Budget Allocation	Main Appropriation	Adjustment as per AEPRE	Adjusted Appropriation	Actual Expenditure as at end March 2017	% Actual vs Allocation
R'000	2016/17		2016/17		2016/17
Administration	143 602	11 519	155 121	146 011	94.1%
Parliamentary Business	154 758	12 600	167 358	164 827	98.5%
TOTAL	298 360	24 119	322 479	310 838	96.4%

The Legislature has spent R310 838 000.00 which translate to an outcome of 96.4% (92.3% in 2015/16). Spending includes the 2015/16 accruals for an amount of R5 325 000.00. It was noted that the Legislature did not experience cash flow challenges for the period under review.

The underspending of 3.6% was as a result of the reprioritisation of the Legislature programmes and the savings accruing from the containment measures that are still being implemented to fund budget pressures.

An amount of R24 119 000.00 was allocated to the Legislature during the adjustment appropriation process. This amount consists of R11 519 000.00 roll-over from the 2016/17 financial year and R12 600 000.00 for Enhancement of Democracy Fund for Political Parties.

Allocated Budget versus Expenditure per Economic Classification

Budget Allocation	Main Appropriation	Adjustment as per AEPRE	Adjusted Appropriation	Actual Expenditure as at end of March 2017	% Actual vs Allocation
R'000	2016/17		2016/17		2016/17
Compensation of Employees	157 181	(6 680)	150 501	142 068	94.4%
Goods and Services	97 273	4 147	101 420	93 420	92.1%
Transfers and Subsidies	40 954	12 600	53 554	53 554	100%
Payments for Capital Assets	2 952	14 052	17 004	21 796	128.2%
TOTAL	298 360	24 119	322 479	310 838	96.4%

The underspending of 5.6% on Compensation of Employees is as a result of unfilled budgeted posts.

The Legislature has spent R93 420 000.00 (92.1%) out of the budget allocation of R101 420 000.00 for Goods and Services. The underspending of 7.9% is as a result of the reprioritisation of the Legislature programmes and the savings accruing from the cost containment measures that were implemented to fund budget pressures.

The Payment for Capital Assets line item indicates a high outcome because of the spending on the Chamber Revamping project and the acquisition of transport equipment. An amount of R8 600 000.00 was paid by 31 March 2017 and the Chamber Revamping project has been completed.

The outcome of the Transfers and Subsidies line item is dependent on the periodic transfers to political parties, where transfers are made in accordance to the transfer schedule. Transfers for the fourth quarter were done in January 2017.

In order to ensure that all planned targets are achieved, the following mitigating measures are still implemented:

- Management continues to consistently review quarterly performance at institutional level (an annual schedule is in place)
- Review of quarterly performance at divisional level is encouraged
- Preparation and validation of MOV files for reported performance information
- Verification and validation checklists have been developed and implemented
- Regular engagement with the Oversight Committee, Audit Committee and Internal Audit
- Development, implementation and monitoring of action plan on audit findings (Auditer-General and Internal Audit)
- Regular engagements with Sections and Divisions are conducted to address planning, monitoring and evaluation matters

The Committee noted the following on the budget and expenditure outcome for the period ending March 2017:

The Legislature has achieved 110 (95%) out of the 116 planned targets for the fourth quarter of the 2016/17 financial year. The accumilative expenditure for the first twelve (12) months was R310 838 000.00 (96.4%) against the allocated adjusted budget of R322 479 000.00.

6.1.2. ANALYSIS PER PROGRAMME

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

Programme Expenditure

Budget Allocation	Main Appropriation	Adjustment as per AEPRE	Adjusted Appropriation	Actual Expenditure as at end of March 2017	% Actual vs Allocation
R'000	2016/17		2016/17		2016/17
Office of the Speaker	16 315	617	16 932	14 482	85.5%
Office of the Secretary	17 458	(709)	16 749	14 752	88.1%
Corporate Services	87 101	12 307	99 408	94 953	95.5%
Financial Management	22 728	(696)	22 032	21 824	99.1%
TOTAL	143 602	11 519	155 121	146 011	94.1%

This programme has spent R146 011 000.00 (94.1%) out of the total adjusted budget of R155 121 000.00. The underspending of 5.9% was as a result of the reprioritisation of the Legislature programmes and the savings accruing from the cost containment measures that are still being implemented to fund budget pressures.

Economic Classification

Budget Allocation	Main Appropriation	Adjustment as per AEPRE	Adjusted Appropriation	Actual Expenditure as at end of March 2017	% Actual vs Allocation
R'000	2016/17		2016/17		2016/17
Compensation of Employees	77 090	(5 831)	71 259	65 723	92.2%
Goods and Services	63 560	3 298	66 858	58 492	87.5%
Transfers and Subsidies	0	0	0	0	0
Payments for Capital Assets	2 952	14 052	17 004	21 796	128.2%
TOTAL	143 602	11 519	155 121	146 011	94.1%

The Committee noted the following on Programme 1:

The Committee expressed its satisfaction with the improved performance of the Institutional Support and Risk Management Sections when compared to the previous quarter. Institutional Support increased its performance from 63% to 88% and Risk Management increased its performance from 40% to 84% in the period under review.

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

Programme Expenditure

Budget Allocation	Main Appropriation	Adjustment as per AEPRE	Adjusted Appropriation	Actual Expenditure as at end of March 2017	% Actual vs Allocation
R'000	2016/17		2016/17		2016/17
Law Making	22 389	2 068	24 457	25 594	104.6%
Oversight	44 177	(2 743)	41 434	37 827	91.3%
Public Participation and Petitions	11 837	500	12 337	13 370	108.4%
Members Affairs and Political Parties	71 484	12 600	84 084	83 358	99.1%
Parliamentary Advisory Services	4 871	175	5 046	4 678	92.7%
TOTAL	154 758	12 600	167 358	164 827	98.5%

This programme has spent R164 827 000.00 (98.5%) out of the total adjusted budget of R167 358 000.00. The underspending of 1.5% was, among others, as a result of the funded vacant positions.

Economic Classification

Budget Allocation	Main Appropriation	Adjustment as per AEPRE	Adjusted Appropriation	Actual Expenditure as at end of March 2017	% Actual vs Allocation
R'000	2016/17		2016/17		2016/17
Compensation of Employees	80 091	(849)	79 242	76 345	96.3%
Goods and Services	33 713	849	34 562	34 928	101.1%
Transfers and Subsidies	40 954	12 600	53 554	53 554	100%
Payments for Capital Assets	0	0	0	0	0
TOTAL	154 758	12 600	167 358	164 827	98.5%

The Committee made no findings on Programme 2.

7. FINDINGS

- 7.1. The Legislature has gained savings from implementing its cost curtailment measures in the 2016/17 financial year; and these savings will be rolled over to the 2017/18 financial year.
- 7.2. The Legislature improved on its implementation of planned targets when compared to the previous quarter. It achieved 95% of its planned targets in the period under review as compared to 93% of the previous quarter.

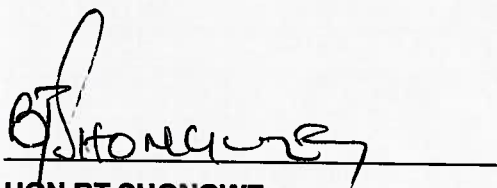
8. RECOMMENDATIONS

- 8.1. The Legislature must continue with the implementation of its cost curtailment measures; and to continue with it in the 2017/18 financial year.
- 8.2. The Legislature must continue to improve its achievement of planned targets to ensure that 100% of all planned targets are achieved in the next financial year.

9. CONCLUSION

The Chairperson expressed her gratitude towards the Members of the Select Committee from different political parties for their participation and attendance. She also appreciated their contributions during the deliberations on the Mpumalanga Provincial Legislature 2016/17 Fourth Quarterly Performance report. She further recorded her appreciation to the Secretary to the Legislature and his senior management team for availing themselves to report on matters pertaining to the Legislature's quarterly performance.

This Committee report on the 2016/17 Fourth 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; a progress report must be tabled to the Committee by no later than **30 June 2017** and thereafter, on a quarterly basis.



HON BT SHONGWE

CHAIRPERSON:

SELECT COMMITTEE ON LEGISLATURE OVERSIGHT

22/05/2017
DATE