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**Briefing Note for the 2017/18 Mid-Term Report of Parliament of Republic of South Africa**

**Purpose**

The Purpose of this briefing is to highlight some anomalies emanating from the Mid Term Report for 2017/18 financial year. The rationale is to get a clarity or an explanation from the management of Parliament with regard to the identified anomalies or concerns. Since these afore-said anomalies or concerns are emanating from both non-Financial Performance and Financial Performance per each programme where relevant, therefore, this brief has identified key issues considering non-financial and financial performance in the relevant programmes and they are as follows:

**Overview Mid-Term performance of Parliament**



Table 1 shows that for the Mid-Term, ending 30 September 2018, the Parliament spent R1,157 billion against the Budget of R1,189 billion. This spending represents 47 percent of the annual budget of R2,466 billion, against the budget of 48 percent of the annual budget for the 2018/19 financial year. Importantly, the R1, 157 billion (47 percent of the annual budget) is due to the 22 percent (R587 million) spending, which, recorded in quarter 1 (one) and 25 percent (R610 million) recorded in quarter 2.

As shown in the table above, the low spending programmes are Programme 1 (Strategic Leadership &Governance) and Programme 2: Adminstration. Programme 1 underspent by 4 percent, while Programme 2 underspent by 6 percent at the of quarter 2 (Mid-term). For Programme 1, no explanation given to such variance, other than noting that this programme has achieved more than its set targets for this period- ***Thus, the committee will need to ask the reasons for such underspending in Programme 1. Further, how come that this Programme over-achieved its targets while it has underspent (non-alignment of spending and achieved targets).***

For Programme 2: the under-expenditure is due to the changes in training for the Legislative sector, which has led to lower spending for the budgeted amount for such training.

**Financial and non-financial issues per programme**

**Programme 1 Strategic Leadership and Governance**

**Non-financial issues**

1. This Programme has achieved 100 percent of its only set target. It is reported that this Programme has over-achieved its set target: 12 number of analytical reports per year. For this period, 15 Analytical reports have been recorded. It should be noted that this over-achievement has been persistent since previous years, despite that, the Parliament Budget Office has been reported that it is under-capacity. This brief suggests that the reason for this over-achievement can be ascribed to either that PBO is not adequately nor wholly measured. Further, targets are set below and easy to be achieved. For example, for all quarters, the set targets are to produce 6 (six) analytical reports for each quarter. This indeed an easy target which is set far below the par. There is no way that it is expected that the PBO produces similar quantities of analytical reports throughout quarters, while the demand for quarters differs significantly. The magnitude of the demand for analytical reports for quarter 3 (three) and 4(four) is different from quarter 2 (two), in particular.

Further, due to the absence of performance indicator description in the APP of Parliament, this has led to inconsistency in reporting and recording performance indicators (outputs) for some programmes. For example, the list of analytical reports recorded under this Programme, include Power Point Presentations.

**Programme 2: Administration**

**Financial issues**

Flowing from the previous paragraphs, it is reported that Programme 2 is one of the lowest spending programme for the period under review. Even though this programme has underspent, most of its sub-programmes have overspent their budget during the second quarter (Q2) as shown in Table 2 below.



The Secretary’s Office has overspent by 8 percent during the second quarter, while Internal audit recorded an over-expenditure of 111 percent. For Strategic Management & Governance, and Registrar of Members Interest, an over-spending of 105 percent and 114 percent were recorded at the end of quarter 2 (two). Only Secretary’s Office and Internal Audit, the reasons for such over-expenditure were given. For Secretary’s Office, the over-expenditure was due to the payment of legal fees for the ongoing disciplinary hearings. While, the over-expenditure recorded under Internal Audit Sub-programme is said to be due to audit software licences that were budgeted for during the first quarter but paid in the second quarter**. Therefore, in this regard, the Committee should ask the reasons for over-expenditure in other sub-programmes- (Strategic Management & Governance) and Registrar of Members Interest), whereby an explanations are not given**

**Non-Financial issue**

No serious concerns other than the updates on the progress of the work done so far. For example, it has been reported that Financial Management of Parliament and Legislation Amendment Bill has been tabled to the Standing Committee on Finance. Lastly, an ad hoc committee of Parliament has considered the Legislative Sector Bill and will advise on a mechanism for processing.

**Programme 4: Support Services**

**Non-Financial Information**

All the performance indicators which are set to be achieved by Programme 4, are measured on an annual basis as opposed to quarterly basis. Thus, this makes it difficult to track and monitor progress for the achievement of these targets. However, the following issues are highlighted under this Programme:

**Performance management contracts with employees.**

It is reported that at the end of 31 September 2018, 84.9 percent of employees submitted performance agreements, of which 53, 8 percent have submitted Performance Development Plans (PDPs). Thus, 50.7 percent submitted both performance agreements and PDPs).

Non-submission of Performance agreements by *all employees* on the due date, it’s a contravention of Policy on Performance Management, which requires *all employees* to sign performance contract and evaluated for their performance. Then, it will be important for the Committee to get clarity on the reasons led to some employees not signing and submitting performance agreements**. Further, how will these employees be evaluated to ensure that they deliver according to their job description?**

**Labour relations**

Under the period reviewed, the number of disputes internally and externally has shown a steady decline. For this period, there were four (4) disciplinary cases initiated in respect of negligence, mismanagement, unauthorized absence and irregular expenditure. On the other hand, there were six grievances were lodged during this period, namely, abuse of power, verbal abuse and defamation of character, unfair treatment, discrimination and abuse of power, recruitment process and bullying. **How far with processing the grievances mentioned above, which include, unfair treatment, discrimination and abuse of power?**

**Review of organizational effectiveness**

It has reported that a Macro structure was workshopped with the Management Team to engage on the operationalization of the macro structure and for further information. In this regard, a presentation was also made to the labour union, NEHAWU, during this period.

**Programme 5: Associated Services**

Financial issues

This Programme has spent R349,385m or 52 percent of the annual budget of R675,792m for the first half of the financial year. Spending on Members’ Facilities, which relates to Members’ entitlements in terms of the Members Handbook and medical aid contributions for former Members of Parliament and Provincial legislatures is at 54 percent of the annual budget. Transfers to political parties represented in Parliament is R220,195m or 50 percent of the annual budget of R438,743m. According to the Parliament Midterm report, Indications are that there will be an overspending of R4, 079m on transfers to political parties at the end of the financial year. The projected overspending is due to the fact that there has always been a shortfall in the budget for transfers over the years, which was always funded from unspent funds of previous financial years, which has been exhausted.

In order to defray such projected overspending, the Parliament reported that a budget reprioritisation will be done during the Medium Term Budget Policy Statement in line with section 18(2) (a) of the FMPLA from programmes where there are indications of possible underspending. **What were the outcomes of the process, are these transfers to political parties adequately funded now?**

**Common issues**

**Critical Divisions / Subprogramme not measured**

Lastly, it is concerning the fact that Sub-programmes/Divisions such Office the Speaker and Office of the Chairperson, Secretary’s Office, National Assembly, National Council of Provinces do not have specific performance measures or indicators set to be produced by these Divisions. This trend has continued despite the fact that the Committee has raised concerns and recommendations in this regard. **The crux of the concern is, what justifies for the money spent to these Divisions, a financial mantra says, funds follow function.**

In line with the above, this brief acknowledges the fact that, the institution cannot put the list of all performance indicators in APP, however, at least, core and critical performance indicators for each sub-programme/division is expected, hence the sub-programme/division exists to contribute to the achievement of certain strategic oriented goal/s of the organization as set in the Strategic Plan.

**Targets which are only measured on an annual basis (Annual Targets)**

The inability of Parliament to measure some of its performance indicators and targets on a quarterly basis limits the achievement of the primary purpose of these performance indicators and targets, which is to track on-going performance progress for the implementation of Annual Performance Plans and thereby the Strategic Plan of Parliament. Therefore, reporting on performance indicators and targets on a quarterly basis provides progress on the implementation of the institution’s plan with particular reference to monitoring delivery against specific quarterly targets set. Further, quarterly performance reporting serves as an important management tool for Accounting Officers and Executive Authority and as an oversight instrument used by oversight bodies.

Flowing from the above, this brief suggests that all these performance targets, which are on annual basis be broken down into quarterly basis according to their key milestones, so that they can be measured on a quarterly basis. For example, if a performance target is a final report, there are key milestones to complete a final report, such as, determining the structure of the report, collating of data, analysis and interpretation of data, compiling a report, draft report and eventually to a final report.