****

**Briefing Note for the 2019/20 Q2 and Responses from management of Parliament**

1. **Purpose**

The Purpose of this briefing is to highlight some anomalies emanating from the second quarter performance report for 2019/20 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. As such this brief is packaged as follows: Background and introduction, Brief overview and summary of first quarter performance report (non-financial and financial)

1. **Background and introduction**

Financial Management of Parliament and Provincial Legislatures Act (the Act) requires that the Accounting Officer, must within 30 days of the end of each quarter, report to the Executive Authority on Parliament’s performance in implementing the annual performance plan in that quarter. Following that, the Executive Authority must table it to Parliament for the referral to the oversight mechanism (Joint Standing Committee on Financial Management of Parliament).

In pursuance of the above, on the 1 November 2019, the Second Quarter Performance Report for 2019/20 was tabled to Parliament for the referral to the Joint Standing Committee on Financial Management of Parliament (the Committee). Thus, the Committee considers it.

1. **Overview and Summary of Second Quarter Performance Report**
   1. No-Financial Performance

Figure 1 shows the number of indicators which Parliament set to produce during the 2019/20 financial year. The key performance indicators are normally measured on a quarterly basis to track progress in the implementation of the Annual Performance Plan. For the Parliament, there are other key performance indicators, which are only measured on an annual basis, which makes it difficult to track progress in their implementation, thereby the implementation of Parliament’s Annual Performance Plan. Nonetheless, Figure 1 reveals that the Parliament has achieved 5 (five) performance targets out of 9(nine) performance targets it set to achieve. This means that it missed 4(four) performance targets. This performance can be translated into 55,56 percent recorded by Parliament at the end of Quarter 2. Importantly, this is a 10 percent reduction in performance, compared to 66,67 percent achieved during the Quarter 1 Performance Report.

In line from above, the four (4) performance targets, which were not met during the end of Quarter 2 Performance, include, the percentage of strategic, procedural, legal advice and support provided within stipulated timeframes, number of programmes implemented, and the average number of days to reimburse Members. It is worth noting that both the percentage of strategic, procedural, legal advice and support provided with stipulated timeframes and average number of days to reimburse Members were consistently not met throughout the first and second quarter, whilst the latter was not met during the 2018/19 financial year.

The Parliament planned to implement one (1) development programme for Members during Quarter 2, in fact, this is the only development programme is planned to be achieved during the 2019/20 financial year, which also happened to be set during the second quarter, but was not achieved and it was deferred to later in the financial year.

* 1. Financial Performance



Table 1 shows the performance for the second quarter and against the annual budget. It also reveals that for the Quarter 2, the Parliament has on overall spent (R633 088 million) *98 percent* against the Quarter 2 budget of R643 275 million. The actual expenditure (R633 088 million) can be translated into *24 percent* spending of annual budget for 2019/20 financial year, which is R2 608 878 billion. This further shows a fairly expenditure, when it is compared to the overall over-expenditure of (three) 3 percent recorded in Quarter 1 of the Performance Report.

Flowing from the above, the R633 088 million (98%) spending recorded in Quarter2, include an overspending of R5 035 million recorded under Programme 5: Associated services. This recorded overspending of R5 035 million was due to overspending in Transfers of political parties (R1 956 million) and Members’ facilities (R3 097 million)

1. **Issues/concerns raised by this brief**

It is important to note that there is an overlapping of issues between Quarter 2 Performance Report and the Mid-Term Budget and Assessment Report, as such most issues, which also relate to Quarter 2 are raised in a brief for the Mid-Term Budget and Assessment Report. Thus, there is only one issue, which is not addressed in the Mid-term Budget and Assessment Report, which explicitly direct to Quarter 2 Performance Assessment Report and is as follows:

* 1. Overspending of sub-programme Internal Audit

It is reported that the Sub-programme: Internal Audit, which falls under Programme 2: Administration, overspent its budget allocation of R5, 081 million by R659 000 or 13 percent during Quarter 2. This Sub-programme spent R5 740 million, which is more than the allocated budget of R5081million. **(see Slide 28: Quarter2: Performance Report).** No explanation was given for such overspending, despite that the spending explanation is given for other-programmes under this Programme. **So, the Committee should ask the Parliament to explain such overspending.**