No.201 - 2022: Fourth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Monday, 20 June 2022

**ANNOUNCEMENTS**

none

**TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Finance Portfolio Committee, Hon. J Mpisi, tabled the Committee’s Oversight Report on the Fourth Quarterly Performance Report of the Gauteng Provincial Government (GPG-Wide) for the 2021/2022 financial year, as attached:**

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**Finance Portfolio Committee**

**Draft Oversight Report on the 4th Quarter Financial Performance Report of the Gauteng Provincial Government (GPG-Wide) for the 2021/22 FY**

| **Committee Details** | | **Department Details** | | |
| --- | --- | --- | --- | --- |
| **Name of Committee** | **Finance Portfolio Committee** | **Name of Department** | **Gauteng Provincial Treasury** | |
| **Which Financial Year** | **2021/22** | **Dept. Budget Vote Nr.** | **N/A** | |
| **Which Quarter** | **4th** | **Hon. MEC** | **Nomantu Nkomo Ralehoko** | |
| **Committee Approvals** | | | | |
|  | **Name** | **Signed** | | **Date** |
| **Hon. Chairperson** | **Joe Mpisi** |  | |  |
| **Adoption and Tabling** | | | | |
| **Date of Final Adoption by Committee** | | **Scheduled date of House Tabling** | | |
| **11 June 2022** | | **21 June 2022** | | |

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**Acronyms**

CoGTA Department of Cooperative Governance and Traditional Affairs

COVID Coronavirus Disease

DED Department of Economic Development

DID Department of Infrastructure Development

FY Financial Year

GDARD Gauteng Department of Agriculture and Rural Development

GPG Gauteng Provincial Government

GPL Gauteng Provincial Legislature

GPT Gauteng Provincial Treasury

MEC Member of Executive Council

OoP Office of the Premier

PFMA Public Finance Management Act

PPE Personal Protective Equipment

SACR Sports, Arts, Culture and Recreation

SOM Sector Oversight Model

# EXECUTIVE SUMMARY

The Gauteng Provincial Government (GPG) quarterly financial performance report as tabled by the Gauteng Provincial Treasury (GPT), affords the Finance Portfolio Committee an opportunity to interrogate the financial position and monitor the financial performance of GPG Departments for the quarter under review. Furthermore, the tabling of the GPG quarterly financial performance report ensures that the GPG departments are accountable to the Gauteng Provincial Legislature (GPL) through the Finance Portfolio Committee.

The total provincial receipts amounted to R149.4 billion or 99.95% of the total budget. Of this amount, equitable share amounted to R115.6 billion, conditional grants R25.7 billion, own revenue R6.7 billion and provincial financing R1.4 billion. During the budget adjustment process, the provincial allocation was increased by R7 billion from R149.4 billion to R149.6 billion. The lion’s share of the increase was directed to the departments of Health and Education.As at the end of the 4th quarter, GPG departments requisitioned R149.6 billion or 99.99% of the adjusted appropriation. It is worth noting that revenue collection as per the adjusted appropriation for the 2021/22 FY was projected at R7 billion. However, as at the end of the 4th quarter R6.7 billion or 96% was collected, thus missing the set revenue target by 4%.

Like the same reporting period in the 2020/21 FY, the overall GPG expenditure amounted to R141.1 billion or 96% of the adjusted appropriation of R149.6 billion. All GPG Departments spent above 90%, apart from Sports, Arts, Culture and Recreation (SACR) at 71%, Office of the Premier at 79%, and Gauteng Provincial Legislature (GPL) at 86%. Of importance to note, in terms of economic classification personnel cost accounts for 56% of the overall GPG adjusted budget. Most Departments spent above 90%, while slow spending was recorded under the department of SACR at 90%, GPT at 92%, both the departments of Community Safety and e-Government at 93%, GPL at 95%, and Departments of Economic Development, Cooperative Governance and Traditional Affairs and Human Settlements at 96% individually.

On the other hand, total expenditure for the goods and services amounts to R32 billion or 91.6% of the adjusted budget. Over expenditure was recorded under medical supplies at 123.7%, operating leases at 109.2%, property payments at 104.8%, learner and teacher support material at 103.4% and transport for departmental activities at 101%.

Of the adjusted infrastructure budget of R11.07 billion, expenditure of R9.99 billion or 90% was realized at the end of the 4th quarter. Most departments recorded expenditure equal and above 80% with pockets of over expenditure in one department, and the least performing departments were Departments of Economic Development at 6%, SACR at 33% and Infrastructure Development at 65%. Reasons advanced for the under expenditure of R1.08 billion ranged from Procurement delays, sluggish performance by the contractors and poor planning. On the other hand, the Departments of Social Development and expended 101% and 100% correspondingly.

Regarding conditional grants, most departments spent below 90% of their allocated funds. The Department of SACR receives conditional grants amounting to R275.2 million and expenditure stood at 76%, Department of Social Development utilized 77% of the adjusted budget of R274 million in conditional grants, Department of Roads and Transport expended 81% of the adjusted R3.561 billion in conditional grants, the Department of Agriculture and Rural Development expended 83% of the adjusted R145.3 million in conditional grants, while the Department of Health spent 88% of the final appropriation of R13.745 billion in conditional grants. Despite the low levels of expenditure, department of Education, CoGTA and Infrastructure Development realized 100% of their conditional grants’ allocations followed by Health at 88%. The overall expenditure of GPG departments on conditional grants amounts to R22.974 billion or 89% of the adjusted budget of R25.697 billion.

The financial performance of some GPG departments is still lagging behind and will be observed through in-year-monitoring.

# INTRODUCTION

The GPL, in its role to exercise oversight over departments, continuously monitors financial performance through quarterly report assessment. This is done to assess departmental financial performance against set objectives.

Furthermore, the Constitution of the Republic of South Africa enjoins the Provincial Legislatures through "Powers of Provincial Legislature", Chapter 6 section 114(2) to provide mechanisms-

1. *to ensure that all provincial executive organs of state in the province are accountable to it; and*
2. *to maintain oversight of -*
3. *the exercise of provincial executive authority in the province, including the implementation of legislation; and*
4. *any provincial organ of state.*

It is against this backdrop that the financial performance of GPG departments in the fourth quarter is being assessed through this oversight report. This report therefore provides an overview of the financial performance of all GPG departments in the fourth quarter of the 2021/22FY and seeks to measure progress in the implementation of projects by GPG departments and efficiency in the utilisation of departments allocated budgets.

# PROCESS FOLLOWED

The Speaker formally referred the 4th Quarter Financial Performance Report of the Gauteng Provincial Government for the 2021/22 FY year to the Portfolio Committee for consideration and reporting. On 26 May 2022, GPT, led by MEC N. Nkomo Ralehoko, presented the 4th GPG State of Finances Report to the Portfolio Committee.

Due to time constraints*,* the Portfolio Committee could not invite stakeholders to their meetings to observe Committee proceedings and later make verbal or written submissions in line with the GPL public participation mandate and the Constitution of the Republic of South Africa.

On Friday, 10 June 2022, the Portfolio Committee deliberated and adopted the oversight report on the 4th quarter financial performance of the provincial departments. Subsequently, the report was submitted to the Proceedings Unit for tabling and consideration by the House.

# COMPLIANCE AND QUALITY

Contrary to the provisions of the GPL Standing Rules, the Gauteng Provincial Treasury did not submit the 4th Quarter GPG State of Finances Report for the 2021/22 FY on time, that is, 30 days after the quarter had ended. **The Portfolio Committee is concerned about the resurgent non-compliance by GPT with the submission timelines of the quarterly performance report as contemplated in GPL Standing Rule 46 (1).**

# OVERSIGHT ON STRATEGIC PRIORITIES

## *Priorities*

In response to the global and domestic challenges that confront the province, the government has committed to a plan of Growing Gauteng Together 2030, henceforth referred to as GGT 2030. The plan reflects a collective vision for the Gauteng City Region (GCR) in a decade’s time, and beyond, it also highlights priority actions and measures of success. Therefore the 2022 Medium Term Expenditure Framework (MTEF) budget outlines the extent to which the GGT 2030 has been resourced, with a view to grow the ideals and the vision contained in the GGT 2030.

The GGT 2030 does not constitute a departure from the foregoing policy priorities, its plan of action, sets out the vision for the Gauteng of 2030, guided by the principles and priorities contained in the Freedom Charter, the National Development Plan, the Manifesto, and work carried out to date as part of Gauteng’s Transformation, Modernization and Reindustrialization (TMR) programme. It is also guided by the following overarching policy, strategies, commitments, and policy directives. The Sustainable Development Goals, the New Urban Agenda (NUA), the Paris climate agreement (COP 21), and the African Union’s Agenda 2063 at international level. At a provincial level, the strategy is undergirded by Gauteng Spatial Development Framework (GSDF) 2030 and Gauteng City Region Integrated Infrastructure Master Plan (GIIMP). The Medium-Term Strategic Framework (MTSF), the Integrated Urban Development Framework (IUDF) and the National Spatial Development Framework (NSDF) at a national level. While at a local level the strategy is supported by Municipal Growth and Development Strategies, Integrated Development Plans (IDPs), and Spatial Development Frameworks (SDFs)

The GGT 2030 reflects how the GCR intends to address the fundamental challenges facing the residents of Gauteng. That is, unemployment, poverty and hunger, crime and substance abuse, climate change, unsustainable growth and economic crises, migration, flight and displacement, health, inequality, social exclusion, lack of decent work and social protection, political instability, insecurity, and violent conflicts. In an endeavour to solve these social maladies, GGT 2030 is predicated on the following priorities. That is, Economy, Jobs, and Infrastructure; Education, Skills and Healthcare; Sustainable Human Settlements, New Cities and the Land Release; Safety, Social Cohesion and Food Security; Sustainable Future for All, Building a Capable, Ethical and Developmental State; Building a Better Africa and Better World; and Sustainable Development for Future Generations. Each of these priorities have its key projects and programmes to create a seamlessly integrated, socially cohesive, sustainable, and economically inclusive Gauteng City Region (GCR).

GPT contributes directly to the Medium-Term Strategic Framework’s priority 1 and 6, Economic Transformation and Job Creation; and a Capable Ethical and Developmental State. Provincially, GPT aligns with all 6 policy priorities of GGT 2030. However, GPT’s priorities are, Increased compliance with legislated prescripts; Enhanced sound finances in the province; Sustainable local government finances; Reduced youth unemployment; and Alternative sources of funding. The Portfolio Committee would utilize oversight mechanisms and tools at its disposal to monitor the performance of GPT with regards to the policy priorities it aligns with.

1. **OVERSIGHT ON BUDGET EXPENDITURE**

**6.1 Cash Management**

As at the end of the 4th quarter, the province received an amount of R149.4 billion or 99.95% of the total budgeted provincial receipts. The amount is made up of R115.5 billion in equitable share, R25.7 billion in conditional grants, R1.4 billion in provincial financing and R6.7 billion in own revenue. To fund various programmes of the Departments, an amount of R149.6 billion was requisitioned from the adjusted appropriation. Of this amount, R149.5 billion and R79.6 million was for departmental cash requisitions and direct charges respectively. **The Portfolio Committee noted that direct charges were paid against the Provincial Revenue Fund for political office bearers.**

**6.2 Revenue Collection**

Revenue collected during the quarter under review amounts to R6.7 billion of the adjusted appropriation of R7 billion. **The Portfolio Committee noted that the overall collection stood at 96%, which represents under-collection of R3.4.2 million or 4%.** The province main contributors to revenue generation are Departments of Roads and Transport from vehicle license fees and Economic Development from casino taxes and liquor licenses. To this effect, the Department of Road and Transport collected R4.4 billion or 97.72% and DED collected R893.7 million or 76.56%. Thereby under collecting on their appropriated targets by 2.28% and 23.44% respective. **The Portfolio Committee is concerned that despite the relaxed Covid-19 regulations and its associated lockdowns, the departments Roads and Transport and Economic Development were still under collecting on their appropriated revenue.** On the contrary, the Gauteng Provincial Treasury which generates its major revenue from interest earned on cash balances, amassed R635.4 million in revenue generation, thereby over-collecting by 9%. **The Portfolio Committee noted with appreciation that Department of Health collected 98.19% of the appropriated target of R510.6 million.** While other departments collected an average of R143.2 million or 132.8% against their combined appropriated target of R108 million.

* 1. **Overall Expenditure for GPG Departments**

During the budget adjustment process, the GPG budget increased from R142.5 billion to R1469.4 billion. Total expenditure for the 4th quarter amounts to R137.8 billion which represent 96% of the adjusted allocation. Although most departments performed equal and greater than 90%, the average expenditure of all Departments is 85%, and significant under expenditure was recorded in the OoP (79%), GPL (86%), and SCAR (71%).

To cater for the 2021/22 public sector wage agreement and statutory posts in Health and Presidential Youth Employment Initiative, compensation of employees’ budget was adjusted upward by R3.7 billion during adjustment budget to R84.4 billion. As at the end of the 4th quarter, expenditure for compensation of employees stood at R83.7 billion, or 99%. Most departments spend 96% and above of their compensation of employees’ budget, except SACR, GPT, e-Government, Community Safety and GPL at 90%, 92%, 93%, 93%, and 95% individually. Under expenditure was ascribed to unfilled funded vacant posts. **The Portfolio Committee noted with concern that the Departments of SACR, e-Government, Community Safety, GPT and GPL underspent on the compensation of employees’ allocations despite the soaring unemployment figures.**

Under goods and services, GPG Departments spent R30.8 billion or 92.9% of the adjusted allocation of R33.1 billion. The expenditure for most items under goods and services is equal to 80% and more, while expenditure for transport for departmental activity, medical supplies, operating leases, and property payments, stood at 119.5%, 117.2%, 113.5% and 105.7% correspondingly. As predicted in the 3rd quarter, some goods and services overspend, that is, property payments at 104.8%, medical supplies at 123.7% transport for departmental activities at 101%, operating leases at 109.2% and learner and teacher support material at 103.4%. Under medical supplies, the over expenditure of 17.2% was attributed to procurement of blood product, surgical consumables, surgical/implant prosthesis, surgical/medical consumables, medical gas and on gloves and disposable sundries. Although over expenditure on operating leases was accredited to accruals on the leasing of buildings and transport equipment, particularly in the Department of Health. The under expenditure reported under medicines and laboratory services was ascribed to late payments towards ART medicine and to the Medicine Medi Depot and to delays in the processing of the NHLS bill because claims are received late correspondingly. **The Portfolio Committee urges GPT to request GPG departments to account for any financial performance that is under and/or overspend by 2% as per the treasury guidelines.**

## *EXPENDITURE PER VOTE*

**Vote 1:** Office of the Premier spend 79% of the total adjusted budget of R867 million, as at the end of the 4th quarter. The underspending is evident under the transfers and subsidies and goods and services. The underspending on the former is due to prolonged process of finalising transfers to the appointed curators/administrators of the Life Esidimeni claims in the current fiscal year. While under goods and services is due to delays in the finalisation investigations by the Special Investigating Unit (SIU) which resulted in delayed payments. **The Portfolio Committee noted that the effect of Covid-19 on items such as venues and facilities, travel and subsistence and communication also contributed to the underspending. Similarly, Covid-19 contributed to the cancellation of various projects that were scheduled to be implemented and finalised in 4th quarter.**

**Vote 2:** Of the unchanged allocation of R796 million for the Gauteng Provincial Legislature, R683 million or 86% was spent. **The Portfolio Committee noted with concern that there is a variance between what GPL projected to spend and the actual expenditure.**

**Vote 3:** The Department of Economic Development spent 98% of its adjusted budget allocation of R1.783 billion. Despite the forecast that DED will break even at the end of the financial year, it underspent by R49 million.

**Vote 4:** As at the end of the 4th quarter, Department of Health spent 96% of the adjusted allocation of R59.625 billion.

Although the department underspent by 4%, the remaining budget is R2.6 billion due to its sheer budget allocation. **The Portfolio Committee is concerned that the department continues to underspend, regardless of its ever-growing accruals.**

**Vote 5:** The Department of Education spent 99% of the total adjusted budget of R56.210 billion. **The Portfolio Committee commended the department for recording the highest expenditure of all departments, at 99% of its allocated budget.**

**Vote 6:** The Department of Social Development spent 98% of the adjusted budget allocation of R6.148 billion.

**Vote 7:** During the budget adjustment process the budget allocation for the CoGTA was increased to R592 million and 97% was expended.

**Vote 8:** Out of the adjusted budget totalling R5.966 billion, Department of Human Settlements managed to spend 95% thereof.

**Vote 9:** The adjusted budget for the Department of Roads and Transport amounted to R8.515 billion and 91% was spent.

**Vote 10:** The Department of Community Safety’s budget was adjusted to R981 million and 94% was spent.

**Vote 11:** Department of Agriculture & Rural Development spent 90% of the adjusted allocation of R1.044 billion.

**Vote 12:** The adjusted allocation of the SACR amounts to R1.025 billion and 71% of the allocation was spent. Marking the least performance of all GPG departments.

The underspending is a manifestation of the across-the board challenges with the high vacancy rate in critical posts hampering processes like SCM and other critical areas. **The Portfolio Committee noted that the department will continue struggling to spend its budget and meet its performance targets, until the highlighted challenges are resolved.**

**Vote 13:** The Gauteng Department of e-Government’s budget was adjusted to R1.538 billion and 91% was expended.

The rationale for under expenditure was attributed to delays in finalisation of procurement processes for several projects such as office equipment, GBN, Security Operations Centre (SOC), Enhancement to Common Platform, E-services Applications Mobility and SAP support, Enterprise Content Management (ECM), the 7th floor refurbishment project, and property payments. **The Portfolio Committee noted that spending on some projects has been affected by the delays in the finalisation of procurement processes, resulting in spending commencing in the final quarter of the financial year.**

**Vote 14:** Of the adjusted allocation of the Gauteng Provincial Treasury of R676 million, 91% was spent. Underspending is attributable to compensation of employees, goods and services and machinery and equipment. The compensation of employees under expenditure is due to unfilled posts, whilst the negative effect of Covid-19 on items such as venue and facilities, travel and subsistence had a bearing on the goods and services expenditure. Furthermore, the automation of Annual Financial Statements and Suppliers Development projects did not materialize as planned in the current financial year. Finally, the underspending on machinery and equipment is ascribed to delays in the delivery of office equipment (laptops) ordered during the financial year. **The Portfolio Committee noted that the delivery is expected in the first quarter of 2022/23.**

**Vote 15:** The DID’s budget was adjusted to R3.249 billion and 98% thereof was spent.

* 1. **Infrastructure Expenditure**

Of the adjusted total allocation of R10.067 billion, 90% or R9.990 billion was spent at the end of the 4th quarter. **The Portfolio Committee noted that the expenditure is slightly lower when compared with the 94% recorded during the same period in the previous financial year.** The rationale for the recorded R1.08 billion under expenditure was due to procurement delays, sluggish performance by the contractors and poor planning. **The Portfolio Committee noted with appreciation that Departments of Education and Social Development spent their allocations in full, while Department of Human Settlements recorded an expenditure of** **95%.**

The Department of Economic Development was allocated R114 million during the 2021 Mid-Year Budget Adjustment for the three internal bulk infrastructure projects located in the Tshwane SEZ. Of this amount, a negligible 6% was expended. **The Portfolio Committee is concerned that GPT allocated R7.4 million to department’s infrastructure programme without prior ascertaining that business and procurement plans were in place, hence the reported under expenditure.**

The Department of SACR infrastructure programme only managed to spend R11.9m (33%) at the end of the quarter. The reason underspending on this programme is because of the delays experienced in demolition the HM Pitjie stadium. While the infrastructure programme for Department of Infrastructure Development only spent R85.8m or 65% of the allocated budget. The department attributed this underspending to poor performance by the contractors which was aggravated by the termination of contracts with contractors due to limited access to site. **The Portfolio Committee noted that limited access to site mainly refers to OHS refurbishment projects where the contractors were not able make progress as planned due to buildings/offices being occupied.**

Other departments that realized under expenditure refers to Agriculture and Rural Development Roads at R24 million, though insignificant by virtue of the size of its allocations. The poor expenditure performance is because of delays that were experienced by projects at the procurement stage. Furthermore, the department reported that the two projects at construction stage, that is, Abe Bailey and Diepkloof Farm at Suikerborsrand Nature Reserve) did not perform as planned due to community disruptions.

The 12% under expenditure recorded under the Department of Roads and Transport % is because of the delays experienced in the appointment of service providers for two major maintenance projects, RISFSA Class 3 and RISFSA Class 5&6 that the Department planned to appoint in the third quarter. At the same time, the Department of Health reported underspending of 20% because of the Health Technology which was reported to have been delivered at Anglo Gold Ashanti, Chris Hani, Kopanong, Dr George Mukhari and Jubilee hospitals. The department was also not able to make any progress on the implementation of the OHS programme of which a budget was made available during the mid-year budget adjustment for the refurbishment of four hospitals (Leratong, Sebokeng, Weskopies, and Jubilee. **The Portfolio Committee is concerned about the criteria utilized by GPT to allocate infrastructure grants to the Department of Health during mid-year budget adjustment without satisfying itself that these projects will be implemented during the remainder of the financial year.**

* 1. **Conditional Grant Expenditure**

There was a downward revision of two grants, that is, the Provincial Road Maintenance Grant and Informal Settlements Upgrading Grant by R51.8 million and R20 million individually. For the period under review, conditional grant expenditure is R23 billion, which represents 89% of the total adjusted allocation of R25.697 billion. Most departments recorded an expenditure equal and lesser than 90% apart from GDE (at 100%), CoGTA (at 100%), Human Settlements (at 95%) and Infrastructure Development (at 100%). **The Portfolio Committee commended the foregoing departments for spending most of their conditional grant’s allocations.**

The underperforming departments relates to SACR (at 76 %), Social Development (at 77%), Roads and Transport (at 81%), Agriculture and Rural Development (at 83%), and Health at (at 88%). Underspending of R24 million for SACR pertains to high vacancy rate in critical posts hampering processes like SCM. Whilst for the Department of Social Development, underspending of R64 million was recorded under the Presidential Early Childhood Development (ECD) Employment Stimulus portion due to the challenges experienced in processing payments to all the eligible and approved childcare centres. **The Portfolio Committee noted under expenditure on conditional grants and will monitor progress in future.**

The outcome of 81% underspending on Public Transport Operations Grant (PTOG) resulting in R530 million under expenditure is due to low travel usage by commuters. Moreover, under expenditure was also attributed to the delays in the issuing out of bus tenders. **The Portfolio Committee is concerned about the protracted process of issuing the bus tenders and whether it will ever be concluded.**

The department of Transport spent 83 per cent of its allocated grant budget, with Ilima and Expanded Public Works Programme (EPWP) grants utilising all their allocated resources. The Comprehensive Agriculture Support Programme (CASP) and Land Care grants spent only 79% and 45%, respectively. The lack-lustre performance of CASP and Land Care poor spending performance has been attributed to delays in the finalization of their respective business plans, which saw the CASP grant business plans being approved in June 2021 and Land Care only in August 2021. **The Portfolio Committee is concerned about the delayed approval of the conditional grants business plans, which calls into question the departmental officials responsible for same.**

The overall under expenditure for the Department of Health conditional grants stood at a staggering R1.656 billion due to challenges which relates to filling of posts under COE, claims not submitted on time and unpaid invoices and the procurement of equipment. **The Portfolio Committee is concerned about administrative inertia that leads to poor financial performance in the department.**

# OVERSIGHT ON PUBLIC INVOLVEMENT

Due to time constraints*,* the Portfolio Committee was unable to invite stakeholders to their meetings mainly to observe Committee proceedings and later make verbal or written submissions, as required by the Standing Rules of the Gauteng Provincial Legislature.

1. **OVERSIGHT ON RESOLUTION MANAGEMENT**

The Portfolio Committee, in its endeavour to enhance oversight and comply with the prescripts of SOM, periodically assesses the responses on resolutions passed by the House. This exercise is aimed at ensuring that House resolutions are implemented to impact positively on service delivery targets as a way of improving the lives of the people of Gauteng.

| **RESOLUTIONS MANAGEMENT** | | |
| --- | --- | --- |
| **RESOLUTIONS PASSED DURING THE PREVIOUS QUARTER** | **RESOLUTIONS / ACTION DUE DURING THE QUARTER UNDER REVIEW** | **RESOLUTIONS CLOSED** |
| ***Number of Resolutions passed during the Quarter under review*** | ***Number of Resolution Responses / Action due in the Quarter under review*** | ***From those due in the Quarter under review, how many Resolutions are now closed*** |
| 16 | 16 | 0 |
| ***Nature of Resolutions*** | ***How many new and how many outstanding*** | ***Reasons for Resolutions not yet closed*** |
| 5 Service Delivery  3 Governance  8 Internal Arrangements | 16 outstanding | Responses not received by Department |
| ***With respect to the Resolutions / Action due during the Quarter under review but still Open, what measures has the Committee taken to ensure speedy Closure of these Resolutions*** | | |
| Responses not received by the Department | | |

# CONCERNS AND RECOMMENDATIONS

**Committee is concerned about the following:**

**Gauteng Provincial Treasury**

1. **The resurgent non-compliance by GPT with the submission timelines of the quarterly performance report as contemplated in GPL Standing Rule 46 (1);**
2. **That GPT underspent on the compensation of employees’ allocations despite the soaring unemployment figures;**
3. **That GPT allocated R7.4 million to department’s infrastructure programme without prior ascertaining that business and procurement plans were in place, hence the reported under expenditure;**
4. **The criteria utilized by GPT to allocate infrastructure grants to the Department of Health during mid-year budget adjustment without satisfying itself that these projects will be implemented during the remainder of the financial year;**

**Department of Roads and Transport**

1. **That despite the relaxed Covid-19 regulations and its associated lockdowns, the Department is still under collecting on its appropriated revenue;**
2. **The protracted process of issuing the bus tenders and whether it will ever be concluded; and**

**Department of Economic Development**

1. **That despite the relaxed Covid-19 regulations and its associated lockdowns, the Department is still under collecting on its appropriated revenue;**

**GPL**

1. **That GPL underspent on the compensation of employees’ allocations despite the soaring unemployment figures;**
2. **That there is a variance between what GPL projected to spend and the actual expenditure;**

**Department of SACR**

1. **That the Department underspent on the compensation of employees’ allocations despite the soaring unemployment figures;**

**Department of e-Government**

1. **That the Department underspent on the compensation of employees’ allocations despite the soaring unemployment figures.**

**Department of Community Safety**

1. **That the Department underspent on the compensation of employees’ allocations despite the soaring unemployment figures.**

**Department of Health**

1. **That the department continues to underspend, regardless of its ever-growing accruals;**
2. **The administrative inertia that leads to poor financial performance in the department.**

**Department of Agriculture and Rural Development**

1. **The delayed approval of the conditional grants business plans, which calls into question the departmental officials responsible for same.**

**Committee Recommendations**

After assessing the GPG State of finances, the Portfolio Committee recommends the following and requests for responses by **29 July 2022**.

**Gauteng Provincial Treasury**

1. **The GPT should consult with GPL and find a suitable timeframe for the submission of the GPG State of Finances report to prevent the continuous late submission;**

1. **That GPT should provide proof that it was assured that the Department of Economic Development would be able to spend infrastructure funds allocated towards the end of the financial year; and**
2. **That GPT should explain the criteria used for the allocation of infrastructure funds to the Department of Health and ascertaining that such funds would be spent by the end of the financial year;**
3. **That the department should provide cogent reasons for not filling vacant funded post in the face of soaring unemployment;**

**Department of Roads and Transport**

1. **That the department should account for revenue collection that is below the appropriated amount despite the relaxed Covid-19 regulations and its associated lockdowns; and**
2. **That the Department should submit a detailed plan outlining the process followed and/or to be followed in the issuing of bus tenders with performance milestones.**

**Department of Economic Development**

1. **That the department should account for revenue collection that is below the appropriated amount despite the relaxed Covid-19 regulations and its associated lockdowns; and**

**GPL**

1. **That GPL should submit a report highlighting reasons for underspending by R18 million on compensation of employees;**
2. **That GPL should provide a report explaining the reasons for under expenditure and the extent to which it is indicative of misalignment between its annual performance plans and budget;**

**Department of SACR**

1. **That the Department should provide cogent reasons for not filling vacant funded post in the face of soaring unemployment;**

**Department of e-Government**

1. **That the department should provide cogent reasons for not filling vacant funded post in the face of soaring unemployment;**

**Department of Community Safety**

1. **That the department should provide cogent reasons for not filling vacant funded post in the face of soaring unemployment;**

**Department of Health**

1. **That the department should submit a foolproof plan outlining how it intends mitigating against under expenditure, which further worsens its accruals;**
2. **That the Department should provide a detailed plan on how it intends circumventing challenges leading to poor financial management, which are symptomatic of administrative incompetence.**

**Department of Agriculture and Rural Development**

1. **That the Department should appraise the Committee of its officials’ capacity to draft impeccable business plans to prevent delayed approval process.**

# ACKNOWLEGDEMENTS

The Portfolio Committee extends gratitude to the Honourable MEC N. Nkomo Ralehoko, the Head of Department Ms. N. Mnyani and officials of the Gauteng Provincial Treasury for their cooperation during the consideration of the report.

Appreciation for diligence, dedication and commitment shown during deliberations on the 4th Quarter Financial Performance Report process goes to all Members of the Finance Portfolio Committee Mr. D. Malema; Dr. M.R. Phaladi-Digamela; Mr. W. Matsheke; Mr. P. Atkinson; Ms. A. Randall; Dr. B. Masuku, Mr. K. Mazwi and Mr. I. Mukwevho.

The Committee’s gratitude is extended to the following support staff: Group Committee Coordinator Mr. T. Bodibe, Senior Committee Coordinators Mr. J. Ntsane and Ms. C. De Beer (Acting), Researchers Mr. M. Tshehla and Ms. L. Chiloane; Senior Information Officer Mr. W. Nsibande; Media Officer Mr. A. Dikola; Committee Administrator Mr. Z. Mabuza, Service Officer Ms. R. Msimanga, Catering Assistant Ms. E. Nthene and Hansard Recorder Ms. R. Singh.

# ADOPTION

After due consideration, the Finance Portfolio Committee adopted the 4th Quarter Financial Performance Report on the Gauteng Provincial Government for the 2021/22 FY.

In terms of Rule 117 (2)(c) read with Rule 164, the Finance Portfolio Committee presents to this House and recommends the adoption of the Committee’s Oversight Report on the 4th Quarter Financial Performance Report of the Gauteng Provincial Government for the 2021/22 FY.