

**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



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## **1. INTRODUCTION**

Public entities are required to report on a quarterly basis to their Executive Authority. Treasury Regulations 5.3.1, 29.3.1 and 30.2.1 require *the accounting officer of an institution and accounting authority of a public entity to establish procedures for quarterly reporting to the executive authority in order to facilitate effective performance monitoring, evaluation and corrective action.*

These guidelines are aimed at improving transparency and enhancing oversight over the financial and non-financial performance of constitutional institutions and public entities. This requires public entities to provide quarterly reports not only to their Executive Authorities but also to other government stakeholders. The guidelines provide details on the nature and timing for submission of quarterly reports by constitutional institutions and public entities listed in Schedules 2, 3A and 3B of the Public Finance Management Act (PFMA), 1999. National Treasury Instruction note No.2 of 2014/15 introduced a consistent approach to quarterly reporting issued in terms of section 76 (4) (g) of the PFMA. All National Treasury guidelines can be found at: <http://www.treasury.gov.za/publications/guidelines/>.

A uniform system of collecting, storing, consolidating and analysing in-year financial and non-financial information is essential for efficient public financial management. The quarterly reporting system is meant to reduce the reporting burden on public entities and constitutional institutions by providing a single reporting template that can cater for the information requirements of the National Treasury, the South African Reserve Bank, Statistics South Africa and the Department of Planning, Monitoring and Evaluation.

Section 38(1)(b) of the PFMA states that Accounting Officers of constitutional institutions are responsible for ensuring the effective, efficient, economical and transparent use of the resources in the institution. Section 51(1)(f) of the PFMA states that Accounting Authorities of public entities are responsible for the submission of all reports, returns, notices and other information to Parliament

or the relevant provincial legislature and to the relevant Executive Authority or the National Treasury as may be required by the Act. Quarterly reporting will enable institutions<sup>1</sup> to review progress towards the achievement of financial and non-financial performance on a regular basis in a particular financial year.

## **2. QUARTERLY REPORTING**

Reporting on both financial and non-financial performance is important in measuring the performance of government institutions. While financial information (expenditure and revenue) is critical for determining the costs and efficiencies of programmes/objectives/activities, non-financial information is equally important for assessing progress towards predetermined service delivery or performance targets.

Treasury Regulations 29.1.3(b) and 29.1.6(a)-(j) require schedule 2 or 3B public entities to report on their borrowing programme on a quarterly basis. The National Treasury also specifically requires public entities to report on guarantees issued on a quarterly basis, including those related to foreign loans in order to comply with International Monetary Fund (IMF) requirements. It is also essential to monitor a public entity's progress with the implementation of its Infrastructure Investment Plan and any other major projects. In-year monitoring reports also serve as an oversight tool to Executive Authorities and as a management tool to institutions.

### **2.1 Database**

In order for public entities and constitutional institutions to report on similar core aspects of financial and non-financial performance to the Executive Authority and to the National Treasury, a comprehensive reporting format has been developed and must be used to compile quarterly reports. Data required from institutions in the Microsoft® Excel reporting format reflects financial, and non-financial performance, information on capital expenditure, borrowings, job creation, financial commitments and risk, as well as personnel information.

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<sup>1</sup> 'Institutions' refers to constitutional institutions and public entities listed in Schedules 2, 3A and 3B of the (PFMA), 1999.

The template is customised by type of entity to enable various entities to complete applicable information.

## **2.2 Programme / objective / activity information**

Each institution must have programmes / objectives / activities that reflect the core activities of the institution and “Administration” must be one of them. The Administration programme must be confined to support services delivered for the institution as a whole which are not specific to programmes, activities or objectives. The Administration programme must include costs of overhead functions that apply to the institution as a whole; it must not include functions involving service delivery to the public or enabling functions performed in respect of other programmes / objectives / activities. Details of what must be included in the Administration programme are provided in *Annexure 1: Administration Programme Content*. The *Budget Programme Structure Guidelines* must also be consulted.

All guidelines can be found on National Treasury website:  
<http://www.treasury.gov.za/publications/guidelines/>.

## **2.3 Performance indicators and targets**

Performance indicators and targets are identified and included in institution’s Annual Performance Plans or Corporate Plans, to track on-going performance. Performance indicators and targets must not be changed in year as this is a reporting tool and not a planning document. Quarterly monitoring of these performance indicators is an important element of the planning and budgeting process. Reporting on performance indicators on a quarterly basis provides progress on the implementation of the institution’s plans with particular reference to monitoring delivery against the specific quarterly performance targets set. Quarterly performance reporting is an important management tool for the Accounting Officer, Accounting Authority and Executive Authority.

Performance indicators and targets must be in line with strategic objectives and programmes / objectives / activities contained in the Annual Performance Plan or Corporate Plan. The *Framework for Managing Programme*

*Performance Information (FMPPI) and the Framework for Strategic Plans and Annual Performance Plans must be consulted for guidance on the management of each indicator, the method of collecting data to report on the indicators, as well as for guidance in respect of calculating, analysing and for interpreting the performance data collected.*

All guidelines can be found on:  
<http://www.treasury.gov.za/publications/guidelines/>.

Targets may be reflected using the cumulative year end method, cumulative year to date method or non-cumulative method. These methods are explained in the template on the performance information sheet. Indicators must be specific measurements that track progress towards achieving the goals of an institution. Indicators may reflect inputs, activities, outputs, outcomes, or in certain instances, explanatory information about the factors that could affect performance. The performance indicators sheet has been updated to combine both qualitative and quantitative performance indicators in one sheet.

The Department of Planning, Monitoring and Evaluation has developed the electronic quarterly performance reporting (eQPR) system and schedule 3A institutions will be trained on this in 2018/19 and will start using it as of 2019/20 cycle. Consideration will be made for other schedules during the phasing in of the system.

#### **2.4 Borrowings**

Relevant public entities identified by the National Treasury must provide information on their borrowing programme, reflecting actual borrowings for that quarter and projected borrowings for future quarters as well as the next 3 financial years as indicated in the template. Planned redemptions for each quarter (actual information on the quarter that has just concluded and the next 4 quarters) as well as future financial years as shown in the Borrowings tab must be completed.

Updates on the **annual debt maturity** profile and the borrowing programme must also be reported on (refer to Annual Debt Maturity tab). Total debt

repayments must be captured, together with the type of instruments they will redeem each year (based on existing borrowings) i.e. fixed rate bonds, inflation-linked/CPI-linked debt or other and whether the redeeming debt is domestic or foreign (in terms of section 66(7)(b) in terms of the PFMA). The inflation-linked debt must reflect redemption values as at the date of reporting (not the nominal value of the debt outstanding). The information provided must also detail whether the expected debt interest payments is guaranteed or unguaranteed and whether the interest payment is domestic or foreign.

A list of **short-term borrowing facilities** in place must be completed; specifying the type of facility, the uses of the facility and whether the facility is committed or uncommitted. For example, a commercial paper programme may be considered as a short-term facility available to an entity to tap into at any time but such a facility is uncommitted. The size of the facility (total regardless of amount drawn or undrawn), how much of that total has been drawn and the expiry date of the facility must be provided. The expiry date must reference to when the facility agreement expires. Expected date of the last payment must be provided if amounts have been drawn from the facility. Any risk to the liquidity position of the respective entity to be indicated, including the risk mitigation in place.

## **2.5 Capital investment projects (CAPEX) report or (Disbursements – DFIs)**

Progress on the implementation of the Infrastructure Investment Plan, as reflected in the Corporate Plan, or any major project not reflected in the Corporate Plan of an institution must be reported. The template provides for progress reporting from project inception to project completion. Any reasons for quarterly revisions of budgets and in forecast period must be provided in the “additional comments column”. The *Manual for CAPEX and Borrowing Sheets* is to be consulted. This manual is available on National Treasury website: <http://www.treasury.gov.za/publications/guidelines/>.

All the required information must be completed, including the reasons for any variance between the budget and actual expenditure in all quarters and forecast budgets (MTEF budgets the required minimum forecast budgets).

**2.6 Risk management and Job creation**

Top enterprise risks and any other new risks identified during the quarter that may impact on the achievement of the public entity's strategic objectives must be included in the template. Jobs created through infrastructure investment projects must be reported. This includes direct (within the organisation and indirect jobs through multiplier effects), as well as permanent and temporary jobs.

**2.7 Financial Commitments**

An additional sheet has been added where all contractual commitments must be captured. This enables the tracking of institutional financial obligations

**3. NARRATIVE INFORMATION REQUIRED FOR SELECTED  
PUBLIC ENTITIES (ANNEXURE 2)**

**3.1 Board composition**

Any change to the Board / Board Committee composition or executive management must be reported. A brief reason for the change must be furnished. Where a vacancy is not yet filled, an update on the progress in the appointment process must be provided.

**3.2 Fraud prevention**

Fraud and corruption investigations in progress, as well as the outcome of completed investigations must be reported, including the actions taken against perpetrators. Details of irregular, fruitless and wasteful expenditure must also be disclosed.

**3.3 Significance transactions**

The entity must report quarterly on transactions pertaining to Sections 54(2) and 51(1)(g) of the PFMA. Sections 54(2) transactions require executive authority approval. Section 51(1)(g) requires approval from the Minister of Finance for the establishment of a subsidiary.

## **4. REPORTING TIMELINES**

All quarterly information must be signed off by the Accounting Officer, the Accounting Authority or the Chief Executive Officer of the institution and submitted in the required format, to the Executive Authority and to the National Treasury within 30 days after the end of each quarter. Information reported must include validated accurate data. In the event that the submission date falls on a non-working day, the quarterly report must be submitted on the first working day following the submission date. The due dates for submission are as follows:

<b>Quarter</b>	<b>Due date for submission</b>
Q1: Quarter ending 30 June	31 July
Q2: Quarter ending 30 September	30 October
Q3: Quarter ending 31 December	31 January
Q4: Quarter ending 31 March	30 April

### **4.1 Water Boards**

Water boards are located in municipalities with a financial year from 01 July to 30 June. As such, the submission dates for water boards has a 3 months lag.

<b>Quarter</b>	<b>Due date for submission</b>
Q1: Quarter ending 30 September	30 October
Q2: Quarter ending 31 December	31 January
Q3: Quarter ending 31 March	30 April
Q4: Quarter ending 30 June	31 July

## **ANNEXURE 1: ADMINISTRATION PROGRAMME CONTENT**

The Administration programme may include the following<sup>2</sup>:

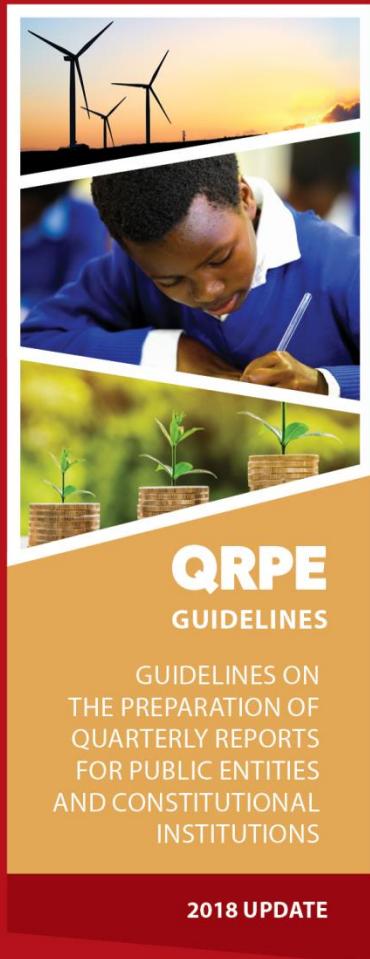
- *Institutional Management:* includes all allocable support expenses of the Accounting Officer/ Authority, including the board of directors. For example salaries, direct office support costs, travel expenses and expenses in respect of their staff, costs of advisory staff as well as residential and car allowance(s). It also includes the costs of the programme manager of the Administration programme/ support services function. **NB:** The salary, allowances and other support costs of other managers for other programmes/ projects must be assigned to the programme or subprogramme/ projects where they are located.
- *Corporate Services:* includes Human Resources, Legal Services, Communications, Information Technology and Other support services (based on the entity's decision).
- *Finance Administration:* includes management of the Office of the Chief Financial Officer, recognising that the reporting channel of the Chief Financial Officer may not be through the programme manager of the Administration programme.
- *Internal Audit:* recognising that the reporting channel for the Head of Internal Audit is not through the programme manager of the Administration programme.
- *Office Accommodation:* includes activities and costs relating to the provision of office accommodation functions for the entity. Where office accommodation functions relating to other specific programmes/projects of the institution can be identified, they must be assigned to the relevant programme.

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<sup>2</sup> Source: *Guidelines on Budget Programmes* (National Treasury. 2010.) Content has been amended to suit public entities and constitutional institutions

## **ANNEXURE 2: SELECTED PUBLIC ENTITIES**

<b>Public Entities</b>	<b>Schedule</b>
Air Traffic and Navigation Services Company Limited- <b>ATNS</b>	2
Airports Company of South Africa- <b>ACSA</b>	2
<b>ALEXKOR</b>	2
Armaments Corporation of South Africa- <b>Armscor</b>	2
Broadband Infrastructure Company - <b>Infraco</b>	2
Central Energy Fund- <b>CEF</b>	2
<b>DENEL</b>	2
Development Bank Southern Africa- <b>DBSA</b>	2
<b>ESKOM</b>	2
Independent Development Trust- <b>IDT</b>	2
Industrial Development Corporation of South Africa- <b>IDC</b>	2
Land and Agricultural Development Bank of South Africa- <b>Land Bank</b>	2
South African Airways- <b>SAA</b>	2
South African Broadcasting Corporation Limited- <b>SABC</b>	2
South African Express- <b>SA Express</b>	2
South African Forestry Company- <b>SAFCOL</b>	2
South African Nuclear Energy Corporation- <b>NECSA</b>	2
South African Post Office- <b>SAPO</b>	2
Trans-Caledon Tunnel Authority- <b>TCTA</b>	2
<b>TRANSNET</b>	2



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