



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# **Guide for the implementation of Provincial Quarterly Performance Reports**

**1 APRIL 2009**

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# PREFACE

Performance information indicates how well an organisation is performing against its aims and objectives. Good performance information helps identify what policies and processes work and why they work. Making the best use of available data and knowledge is critical to improving the performance of government as a whole. Performance information is essential for effective management, including business planning, monitoring and evaluation. Externally, performance information allows effective accountability. With appropriate information, Parliament, members of the public and other stakeholders are able to exert pressure for improvements and can better understand the issues involved (UK NAO et al., 2001).

Performance information therefore plays a crucial role in:

- indicating progress against objectives;
- prompting an external focus by public institutions on transparency, accountability, and progress on service delivery;
- ensuring the best results for citizens;
- identifying gaps between policy formulation and policy implementation;
- enhancing strategic planning processes; and
- reflecting the level of institutional capacity to actually deliver services to citizens (PIW, 2004).

Departmental budgets increasingly contain non-financial information on outputs and outcomes. This is in addition to the traditional financial information, which relate mainly to inputs such as expenditure and income patterns. Reporting on performance is a fairly new concept in the South African budget system. However, it forms part of the budget reform agenda, which we embarked on since 1999 with the introduction of the Public Finance Management Act (Act 1 of 1999).

It has now become important that government consolidate on the reforms introduced and urge that greater effort be made to further develop the performance management system. Furthermore, it is recommended that greater effort be made to consolidate on the formats of strategic plans linked to departmental budgets, performance agreements, in-year and post-year reports and include meaningful financial and non-financial performance.

The quarterly performance reporting guidelines provides comprehensive information on the reporting process. In addition, this document covers five distinct themes, namely:

- Introduction to programme performance management
- The process followed to date putting the necessary building blocks in place to enable provincial departments to report on service delivery performances by means of pre- defined outputs in strategic plans and annual performance plans;
- Steps which needs to be followed by provincial departments and treasuries with the implementation of the quarterly performance reporting process;
- Formats to be used for reporting purposes: Narratives and a database;
- Reporting dates.

The introduction of this guide has the ultimate aim of ensuring improved service delivery and accountability in government.

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## TABLE OF CONTENTS

Part 1: Program performance management.....	7
1.1 Introduction to program performance management.....	7
1.2 Operational planning.....	7
1.3 Resource Management.....	8
1.4 Program Performance Management: Monitoring and Evaluation.....	8
1.5 Program performance management.....	8
1.6 Program evaluation.....	9
1.7 Performance Management Systems.....	9
1.8 Self-assessment of programme performances.....	10
PART 2: PERFORMANCE INFORMATION.....	12
2.1 Introduction.....	12
2.2 The role of performance information.....	13
2.2.1 Policy development and evaluation.....	13
2.2.2 Planning and monitoring.....	14
2.3 Performance management.....	14
2.4 The Quality of performance data.....	15
2.5 The use of non financial data to cost activities.....	15
PART 3: STATUS OF QUARTERLY PERFORMANCE REPORTING.....	17
3.1 Role of standardised discussion documents on quarterly performance.....	17
3.2 Quarterly performance reporting for non standardised departments.....	17
PART 4: ROLES AND RESPONSIBILITIES.....	19
4.1 Role of provincial treasuries.....	19
4.2 Role of line managers in provincial departments.....	19
4.3 Role of National Treasury.....	20
4.4 Role of National Departments.....	20
4.5 Role of Auditor General in conducting performance audits.....	21
4.6 Reporting on performance information.....	22
PART 5: STANDARDISED REPORTING FORMATS.....	24
5.1 Database for departments with standardized annual performance plans.....	19
5.1.1 Points to remember when completing the database.....	19
5.2 Narrative quarterly reporting formats.....	20

PART 6: REPORTING DATES .....	24
6.1 2009/10 Financial Year .....	24
6.2 The PFMA and value-for-money .....	25
6.3 Why is measuring performance important? .....	25

# **PART 1: PROGRAMME PERFORMANCE MANAGEMENT**

## **Part 1: Program performance management**

### **1.1 Introduction to program performance management**

The fundamental role of managers, whether individually or collectively, is to manage performance. In South Africa, accountability for performance management is governed by the PFMA, the Framework for Programme Performance Information, the Public Audit Act No. 25 of 2004 and DPSA Regulations. Accountability is reinforced by the practical requirements of workplace agreements and financial management reforms.

Programme performance management strategies, processes and systems, whether for departments or independently legislated statutory authorities, must provide the information required by managers to continuously measure, monitor, evaluate, and improve program performance.

Effective program performance management requires a performance management system which links planning for program performance and resource management with performance monitoring and program evaluation.

### **Planning for Program Performance**

Planning practices, philosophies, and hierarchies should be relevant to sectors needs and thus may vary between departments. However, the basic elements of planning program performance can be described as follows.

- Strategic planning links what is to be achieved with how it is to be done by focusing the attention of managers on meeting government's objectives and identifying appropriate program management structures and strategies for the cost-effective delivery of services to achieve desired outputs and outcomes.
- Annual Performance planning determines what is expected to be done, usually over a one-to three-year time frame (forward estimates could extend this to three to five years), in order to achieve the program objectives determined in the strategic planning process.

### **1.2 Operational planning**

**Operational planning usually involves the:**

- listing of activities to be undertaken or services to be provided by the departmental units to achieve program/subprogram objectives;
- identification of alternative expected activity levels dependent upon final resource allocations; and
- identification of performance responsibilities and measurement criteria (ie. setting of performance targets, benchmarks and best practices, customer service standards, project timetables, expected costs, etc.).

Programme management structures should reflect the purpose and objective(s) of each programme as determined in the strategic and or annual planning process and thereby form the basis for the monitoring and evaluation of performance. To this effect, program/subprogram objectives should identify:

- why is the program/subprogram expected to be beneficial (ie. outcome, result required);
- who are the direct or indirect customers (beneficiaries); and
- what is to be produced or provided (ie. output/process in customer terms).

### **1.3 Resource Management.**

Effective resource management is essential to program performance management. Strategic, annual- and operational plans are translated into short-term functional plans by agency budgets which allocate available resources to individual programs and subprograms.

Budgets should formally communicate the commitment of resources (inputs) to achieve specified performance (outputs) and the person(s) responsible for such performance, in accordance with the priorities, structures, and activities identified during the strategic and operational planning processes.

Effective resource management requires that budgets provide the basis for monitoring and controlling actual against budgeted performance in both financial and non-financial quantifiable data. Performance management systems should incorporate the budget data to enable managers to systematically monitor inputs against outputs and implement corrective action as required.

Detailed budgets are usually restricted to a one-year time frame; however, the introduction of forward estimates provides agencies with the opportunity to extend their resource management horizon and to develop their medium-term operational plans within the projected resource allocations.

### **1.4 Program Performance Management: Monitoring and Evaluation.**

Program performance management links what is being done to what is being achieved. It focuses attention on the effectiveness and efficiency of achieving government policy objectives, meeting community needs, and satisfying statutory and ethical accountabilities. In the public sector, program performance management helps to offset the absence of the discipline imposed by market forces.

Program performance management involves the timely collection and assessment of financial information (eg. costs) about program activities and outputs, non-financial information about the quantity and quality of program outputs (eg. volume, standards), and measures of program outcomes (eg. customer satisfaction, behavioral changes) in order to address issues such as:

- the extent to which programs are reaching their target population,
- the quality and efficiency of service delivery and customer satisfaction, and
- the level and pattern of resource utilisation.

### **1.5 Program performance management are performance monitoring.**

Performance information is used by decision makers both within and outside agencies to form judgments about the value for money (in terms of relevance, effectiveness, and efficiency) being received from programs and hence their relative claims on available resources.

Performance monitoring is an ongoing process based on information collected to measure and evaluate outcomes, outputs, and activities in terms of:

- actual performance against plans (ie. predetermined goals, targets, budgets, standards, etc.),
- current performance against past performance (ie. trend analysis), and
- performance against internal and/or external benchmarks.

Performance indicators are a key element of the performance-monitoring process. Performance indicators should be developed for both internal and external use and may be qualitative as well as

quantitative, particularly those relating to program effectiveness. Performance indicators can be derived from and/or compliment other performance information, such as monthly budget and activity reports, benchmarks, customer surveys, etc., to provide the data which managers require to measure, evaluate, and improve the performance of their area of responsibility.

Performance indicators should measure what is done in terms of effectiveness (ie. satisfaction of purpose), efficiency (ie. input/output relationships), and workload (ie. levels of activity or service delivery). Effectiveness and efficiency indicators also should address customer service standards (the quality of the service to the client) and cost effectiveness (the relationship between inputs and outcomes).

### **1.6 Program evaluation involves the systematic, rigorous review of:**

- the relevance of a program, in the light of current circumstances, to the needs or problems that it is designed to address;
- the extent to which the stated objectives of a program are, or have the potential of, being achieved;
- the full cost of meeting the program objectives and any secondary benefits or unintended adverse consequences deriving from the program; and
- whether there are more cost-effective ways (eg. outsourcing) in which the program objectives can be met.

The type of evaluation undertaken depends upon the purpose and the stage reached in a program's life cycle, both factors being important in determining the nature of preliminary negotiations with stakeholders, the scope of the data collection exercise, and the types of issues to be explored in depth.

### **1.7 Performance Management Systems**

A departmental performance management system, comprising automated and manual processes as necessary, should link the various information sources/systems to enable appropriate decisions to be made about the agency's performance, either as a whole or in part (eg. program, subprogram, division, branch, business unit, cost centre).

Benchmarking is particularly relevant to performance management as it involves the systematic comparison of programme outputs, services, and activities against standards or best practices by way of:

- internal benchmarking - comparisons between internal operations, ie. between divisions, programs, subprograms, etc.;
- competitive benchmarking - comparisons with direct product or service competitors; and
- universal or generic benchmarking - comparisons with similar functions or processes in dissimilar industries.

Without necessarily being too complex, sophisticated, or expensive, performance management systems should integrate information from the strategic and annual performance planning, resource management, and performance monitoring and evaluation processes to enable managers to determine whether program activities/services:

- are achieving program objectives,
- are improving,

- are competitive,
- are worth retaining, or
- can best be provided in an alternative way.

### **1.8 Self-assessment of programme performances**

An self-assessment of an programme should report on the following information:

- what was and/or is to be done (planned output) at what resource cost (planned input),
- what has been done (actual output) at what resource cost (actual input),
- the quality and impact of what has been done (outcome),
- significant variations between planned and actual performance, and
- comparisons of what has been done with benchmarked best practices.

**PART 2:**

**PERFORMANCE INFORMATION**

## **PART 2: PERFORMANCE INFORMATION**

### **2.1 Introduction**

When a government is voted into office, an inevitable contract of accountability is entered into between government and the citizens it serves. It is therefore incumbent on government to inform the citizens and legislatures on what it intends to achieve by way of predetermined objectives. These predetermined objectives are reflected in:

- Performance agreements between a Minister/MEC and the head of the department;
- Service delivery improvement programmes;
- Strategic plans;
- Annual performance plans;
- Quarterly performance reports and
- Estimates of expenditure.

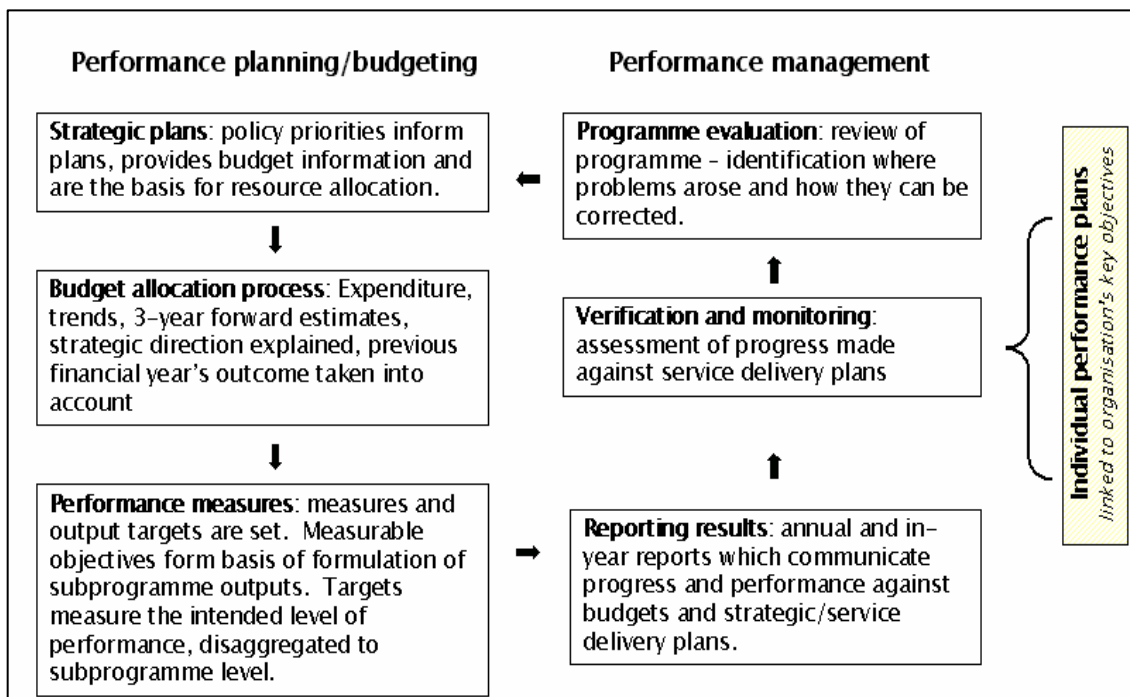
The accountability process culminates in the publication of the annual report which serves to inform the citizens of the country and its legislatures as to the progress government has made in the achievement of its objectives. Accounting Officers are therefore required to compile annual reports for the institutions that they are responsible for and these annual reports must fairly represent their institution's performance and financial position for a particular fiscal year. The information contained in the annual report should reflect the institutions' achievements in relation to the objectives as set out in annual performance plans.

The following sets of documents are used to monitor performance results in provincial government:

- Five year strategic plans
- MTEF Budget Statements
- One year annual performance plans where performances are expressed in quarterly targets
- Quarterly performance reports
- Annual Reports

The annual report is the most important tool to measure the performance of a department or entity and is critical for holding government accountable to the legislature and public. Cabinet has agreed that all accounting officers must improve on the quality of non-financial performance information in their annual reports, including reporting against the measurable objectives outlined in strategic and performance plans tabled with the Budgets.

Figure 1.1 illustrates how the different processes are linked and which budget documentation reflects performance information.



Source: PIW (2004)

**Figure 2.1 The inter-relationship of performance planning/budgeting and performance management**

## 2.2 The role of performance information

Performance information is integral to a range of processes across government that seek to manage and improve service delivery. The role of performance information is critical when it comes to the development of policies and planning, holding institutions and individuals in government accountable and for performance management.

### 2.2.1 Policy development and evaluation

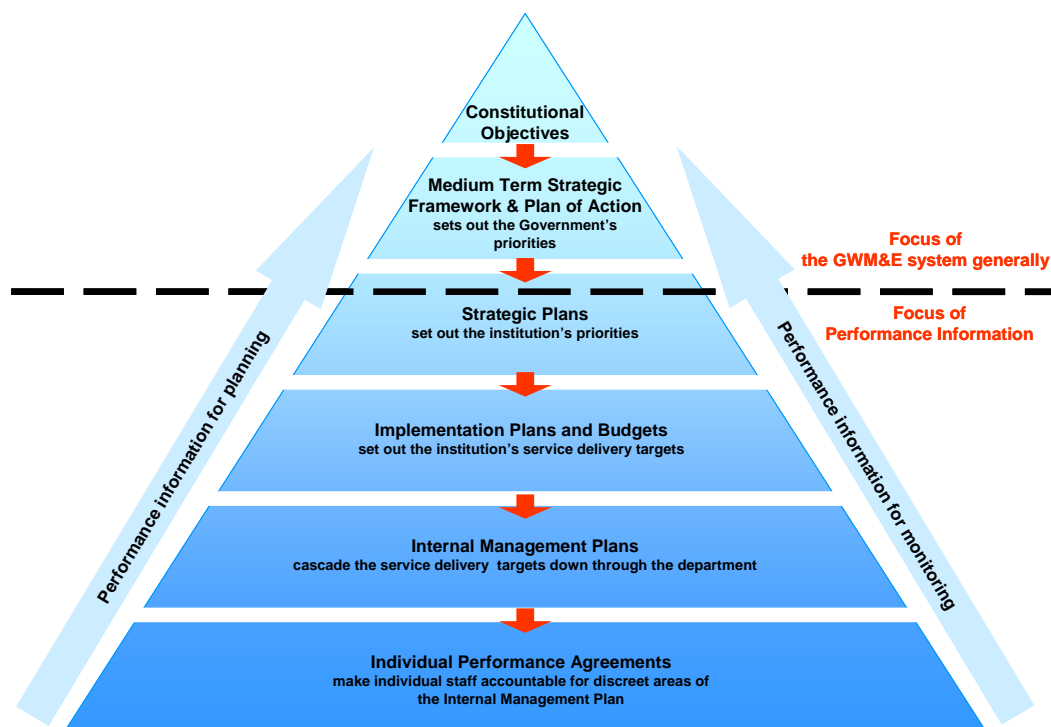
Performance information shows how well the government is performing in relation to the standards and service delivery objectives set out in The Bill of Rights and in the Constitution. This enables the government to develop appropriate policies to improve its performance.

Similarly, performance information measures the success or otherwise of the government's existing policies and programmes. Policy-makers are therefore able to take informed decisions about their continuation, modification or abandonment.

## 2.2.2 Planning and monitoring

Performance information needs to inform the development of all institutions' plans, and is used to monitor the implementation of those plans. Figure 1.2 shows that planning within the three spheres of government is hierarchical in nature, cascading priorities down through institutions to an individual's responsibilities.

**Figure 2.2: Planning hierarchy in government**



While planning tends to be a top-down process, it needs to be informed by bottom-up flows of performance information. Monitoring the implementation of plans also requires bottom-up flows of performance information. This is illustrated by the two arrows on either side of the pyramid.

Plans across the three spheres of government are linked in a number of ways. The national government's Medium Term Strategic Framework needs to inform the Provincial Growth and Development Plans in terms of the national priorities. In concurrent functions, national departments take the lead in setting sectoral priorities while the provinces/municipalities plan implementation. National and provincial departments need to take the Integrated Development Plans of municipalities into account when planning the delivery of infrastructure and services. These linkages necessitate close co-operation between the different spheres of government when it comes to managing performance information.

## 2.3 Performance management

Performance management can refer to managing the performance of an institution, a unit of the institution or an individual. Performance information should help managers set performance targets for the institution, units within the institution and for individuals. These should be spelt out in the internal management plans and individuals' performance agreements<sup>1</sup>. Clear measures of performance allow clear targets to be set, and so create certainty about what level of performance is expected.

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<sup>1</sup> See the Senior Management Service Handbook issued by the Department of Public Service and Administration for more information.

Once implementation commences, performance information should help managers understand how well the institution, the units and individuals are performing. With this understanding, managers are able to take decisions to keep performance on track. At the end of the cycle, managers must use performance information to evaluate the performance of the organisation and conduct individual performance assessments.

#### **2.4 The Quality of performance data**

Performance information must be correctly calculated and reliable. Systems for collecting and validating performance data are likely to be more robust when departments:

- Define the quality of the data in advance. Performance information can be costly to produce. Departments must therefore consider how data will be used and the cost of collection, and to strike an appropriate balance between cost and the comprehensiveness and reliability of data.
- Establish clear performance measure definitions. Documentation of definitions, the source of the data and the arrangements for their collections and analysis have been shown to facilitate a common understanding between those designing information systems and reporting performance and those collecting the data.
- Designate who is accountable for performance data. Experience shows that data is more likely to be reliable when managers are assigned responsibility for data collection and reporting.
- Managers are active in obtaining good quality performance data. Managers need to ensure that appropriate resources are devoted to data collection and validation. Where managers actively monitor performance information, they are able to identify variations in performance which call for examination. Managers must conduct reviews to assure themselves that the departments performance information systems are a reliable basis for capturing and reporting performance information.
- Develop and implement effective controls over the collection of data. Performance data may be collected from the agency's information systems, surveys and external sources. It is important to establish controls which will ensure the reliability of data; the controls will vary depending on the source of the data. Predetermined checks needs to be undertaken with regard to the collection, review and verification of performance information.
- Establish and implement clear guidelines for the validation of performance data.

#### **2.5 The use of non financial data to cost activities**

In moving forward it must be acknowledged that one of the most essential elements of performance or results based budgeting is the costing of activities. Non-financial data should be used in costing exercises which leads to realistic numbers being used to formulate budget allocations.

Linking the costs of services and performance information is crucial for improving accountability and service delivery. Accountability is a relationship based on the obligation to demonstrate and take responsibility for performance in light of agreed expectations. Clearly, performance information rendered for accountability purposes is greatly enhanced when it includes information on the costs of government services

**PART 3:**

**STATUS OF QUARTERLY PERFORMANCE  
REPORTING**

## **PART 3: STATUS OF QUARTERLY PERFORMANCE REPORTING**

### **3.1 Role of standardised discussion documents on quarterly performance**

During the period 2005/06 – 2006/07 the implementation of quarterly performance reporting in provincial government was piloted. One of the lessons learnt from the pilot was that the volume of data requested in the customised discussion documents resulted in data overflow. In addition, it was time consuming to draft the reports in the proposed formats. To streamline and enhance the process two decisions were taken:

Firstly, to develop an Excel database in which output related data should be captured; and

Secondly to draft Word based templates which must be used to indicate challenges and responses which relates to the outputs in the Excel database.

In taking the process of quarterly performance reporting forward departments with customised strategic plans need to abide with the above decisions. The database and narrative templates need to be completed on a quarterly basis.

A further discussion on the database and the narrative templates can be found in Part 4 of this document.

### **3.2 Quarterly performance reporting for non standardised departments**

For the 2009/10 financial year the non customised sectors will not report as per the generic discussion document of November 2003. Instead the non customised sectors will provide a brief narrative report of approximately 350 words detailing the key service delivery achievements per sub-programme, the accompanying challenges and responses to the challenges.

## **PART 4:**

# **ROLES AND RESPONSIBILITIES**

## PART 4: ROLES AND RESPONSIBILITIES

It must be acknowledged that one of the most essential elements of performance based budgeting is the costing of activities. Non financial data should be used in costing exercises such that performance numbers are used to formulate budget allocations. Linking the costs of services and performance information is crucial for improving accountability and service delivery. Accountability is a relationship based on the obligation to demonstrate and take responsibility for performance in light of agreed expectations. Clearly, performance information rendered for accountability purposes is greatly enhanced when it includes information on the costs of government services. High quality performance information leads to a better costing approach and ultimately, better accountability agreements based on this information.

### 4.1 Role of provincial treasuries

Provincial treasuries need to fulfil a monitoring role from an accountability perspective within the performance reporting paradigm. The implementation of strategic plans/objectives needs to be tracked. Quarterly performance reporting can be viewed as an enabling mechanism that allows Accounting Officers to track progress against what has been planned and what is actually achieved in the form of service delivery outputs.

Officers in provincial treasuries tasked with this responsibility need the following documents to execute the task at hand: Five Year Strategic Plans, Annual Performance Plans, Quarterly Performance Reports and the ultimate non-financial reporting document the Annual Report.

#### **Once departments have submitted quarterly performance plans the relevant treasury official needs to perform the following checks:**

Ensure that the correct formats in the QPR model have been used – (2009/10 Database)

Ensure that the annual targets as well as the quarterly targets **as contained in the Annual Performance Plans** are reflected in the model when reporting for the first quarter.

If a hard copy of the sign off letter by the Head of the Department has been submitted together with the data submission.

In terms of Treasury Regulation 5.3.1 all accounting officers must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action. Provincial Treasuries should play a role in this process.

### 4.2 Role of line managers in provincial departments

Section 45 of the PFMA details the responsibilities of officials of departments, trading entities and constitutional institutions by stating that:

“An official in a department ... -

- (a) must ensure that the system of financial management and internal control established for that department, trading entity or constitutional institution is carried out within the area of responsibility of that official;
- (b) is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility;
- (c) must take effective and appropriate steps to prevent, within that official's area of responsibility, any unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure and any under-collection of revenue due; ...”

In effect, this implies that each line manager is responsible for the use of financial resources or inputs in a particular programme. Strategic objectives must be submitted for each main division (programme) within the department's vote (section 27(4)) and therefore line managers may also be held accountable for the outputs generated within that programme.

Furthermore, the reporting requirements of departments (section 40(3) (a) (b)) require that annual reports and financial statements must fairly represent:

- the state of affairs of the department;
- its business;
- its financial results;
- its performance against predetermined objectives;
- its year-end financial position; and
- Particulars of any material loss and unauthorised, irregular, fruitless or wasteful expenditure.

An important issue for line managers arising from the above is that of reporting performance against predetermined objectives. This means that performance targets (objectives) should be set in the budget ex ante. These should then be monitored during the implementation process and then evaluated ex post in the annual report. It is thus crucial to implement a system for monitoring performance on an ongoing basis. This system would include determining objectives, defining performance measures and performance indicators, and monitoring progress against performance targets.

At this point, it is worth defining the difference between performance measures and performance indicators:

*Performance measures define the relationship between inputs and outputs. In other words, performance measures measure how successfully outputs are produced by using various inputs. In effect, they measure the productivity of resource use.*

*Performance indicators define the relationship between outputs and outcomes. Thus, performance indicators measure the impact on broader society of the outputs of a particular programme.*

Developing performance measures is easier than developing performance indicators, as there is normally a well-defined relationship between inputs and outputs which is generally tangible and measurable. On the other hand, the relationship between outputs and outcomes is more suggestive, as there may be other exogenous factors which could influence outcomes on society.

Performance measures and indicators also define the distinction between political and managerial accountability. As highlighted in the PFMA, political heads are accountable for outcomes, whereas department heads are accountable for outputs.

*In terms of Treasury Regulation 5.3.1 all accounting officers must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action.*

### **4.3 Role of National Treasury**

Once National Treasury receives inputs from provincial treasuries, an evaluation of the inputs is conducted to determine the quality of the inputs. If it adheres to reasonable standards it will be forwarded to national departments otherwise it will be sent back to provincial treasuries to take up the highlighted issues with the relevant departments or verify the data for correctness where applicable.

National Treasury will use the data to draft a sectoral quarterly performance report and a government wide quarterly performance report.

### **4.4 Role of National Departments**

National Departments will receive the quarterly data via data files from the respective departments. National Departments must interrogate the data (against targets in the Annual Performance Plans) and if discrepancies are found this needs to be communicated directly with the provincial counterparts. Provincial departments will effect the necessary changes and the final data will be submitted to provincial treasury as well as the national department.

It is important to note that the status of the datasets received by National Departments is “signed off by provincial HODs”. If any changes are made to the data based on interaction from national departments it needs to be signed-off again by provincial HODs. Once provincial departments have agreed to the proposed changes, the updated final datasets and the sign-off letters need to be re-submitted to provincial treasury who need to submit the final narrative reports, datasets and sign-off letters to National Treasury who will then draft the final report.

National departments which have nationally based electronic or manual non-financial information systems need to verify if the data that has been submitted by provinces via provincial treasuries is correct.

National departments which do not have nationally based information systems and who cannot execute a data check need to ask programme experts in their departments if the data and narrative reports provided are sensible.

Provincial departments need to submit copies of the final documents to provincial treasuries which reflect the changes they have made to their original documents due to national intervention. These will subsequently be forwarded to National Treasury.

Figure 4.1 gives an overview of the sequence of tasks which needs to be followed to implement quarterly performance reporting by all relevant role players.

**Figure 4.1 Conceptual view of the Quarterly Reporting Process**

PROCESS FLOW QUARTERLY PERFORMANCE REPORTING		
PROVINCIAL DEPARTMENTS	Capture Administrative Programme Performance Data Use Manual statistical sheets, or Update electronic systems if in existence, Populate QPR Database and submit to Prov Treasuries and National Counterparts	HOD's Sign Off by submission
PROVINCIAL TREASURIES	Verify QPR data against Annual Performance Plan Targets Return to Department if not correctly done If correct send data files and and Sign off letters to National Treasury	Provincial Treasury quality data assure credibility
NATIONAL DEPARTMENTS	Verify against APP's for the use of correct targets and the correct interpretation of sectoral definitions Give feedback to provincial counterparts	National Departments are responsible

#### 4.5 Role of Auditor General in conducting performance audits

The Auditor General has begun with performance audits using a phased in approach.

The 2006-07 audit of performance information constitutes the following:

- Documenting system descriptions for the systems relevant to reporting on performance information. The system descriptions should be verified by means of walkthrough tests.
- Determining the stage of performance reporting by evaluating the following:
  - The existence of and reporting against predetermined objectives.
  - The existence of the following principles in the measurement objectives, that is, specific, measurable and time bound

- The consistency of the predetermined objectives recorded in the annual performance plan, budget, quarterly reports and annual report
  - The format and presentation of the performance information in the annual report.
- Comparing reported achievement of performance against objectives to the information sources and conducting limited substantive procedures on the information.

The performance information should be submitted for audit together with the annual financial statements within two months after the end of the financial year. The auditor appointed should ensure that the reported information is audited in accordance with the requirements listed above and is reported on as required by the PAA.

The Auditor-Generals will express an opinion on the 2009/10 performance information.

#### **4. 6 Reporting on performance information**

In terms of section 20(2) (c) or section 28(1) (c) of the PAA, an audit report must reflect an opinion or conclusion on the reported information relating to the performance of the auditee against predetermined objectives.

## **PART 5:**

# **STANDARDISED REPORTING FORMATS**

## PART 5: STANDARDISED REPORTING FORMATS

Standardized reporting formats and data units enhance data analysis because the data is comparable, easy to understand, verifiable and, attributable.

Standardised formats for quarterly reporting have been drafted based on the standardized objectives in strategic plans for eight sectors, namely Education, Health, Social Development, Housing, Agriculture, Public Works, Local Government and Transport, Arts and Culture, Environmental Affairs by means of a consultative approach facilitated by National Treasury. The process to standardise the rest of the sectors namely Offices of Premiers, Provincial Legislatures, Treasuries, and Tourism and Community Safety and Liaison is well advanced.

Departments **without** standardised annual performance plan frameworks/objectives need to report on a quarterly basis on the achievements per programme/sub –programme, the challenges and the accompanying responses to the challenges (detailed in this section). This report must be no more than 350 words.

Departments **with** standardised annual performance and strategic plans need to use the customised formats for narrative reporting (templates in Word per sector) and performance output reporting (Quarterly Performance Reporting Model). The following section highlights the use the model.

Quarterly performance reporting - 2007/08 Version 1.1

Province ...  
Eastern Cape

Sector ...  
Health

Quarter ...  
1st Quarter

Financial year ...  
2007/08

Entity ...  
Department

Update data file  
Create data file  
Help

 **national treasury**  
Department:  
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**Fig 5.1 Front End of the Quarterly Performance Reporting Model**

The following is a layout of the actual contents of the spreadsheet which each sector needs to complete.

Table 1: QUARTERLY PERFORMANCE REPORTS: 2007/08 - 1st Quarter

Western Cape

[Annual outputs](#)

Sector: Education

Programme / Subprogramme / Performance Measures	Target for 2007/08 as per Annual Performance Plan (APP)	1st Quarter Planned output as per APP	1st Quarter Preliminary output	1st Quarter Actual output - validated	2nd Quarter Planned output as per APP	2nd Quarter Preliminary output	2nd Quarter Actual output - validated	3rd Quarter Planned output as per APP	3rd Quarter Preliminary output	3rd Quarter Actual output - validated	4th Quarter Planned output as per APP	4th Quarter Preliminary output	4th Quarter Actual output - validated
<b>QUARTERLY OUTPUTS</b>													
<b>Programme 1: Administration</b>													
● Number of schools implementing the School Administration and Management System	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	-	1,450	-	-
● Number of schools that can be contacted electronically by the department	1,440	1,422	1,422	1,422	1,440	1,422	-	1,440	-	-	1,440	-	-
<b>Programme 2: Public Ordinary Schools</b>													
● Number of learner days covered by the nutrition programme	34,680,000	9,180,000	9,150,075	9,159,075	9,180,000	9,159,075	8,955,540	7,956,000	7,937,865	-	8,364,000	-	-
● Number of public ordinary schools with water supply	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	-	1,450	-	-
● Number of schools with an adequate number of functional toilets	164	162	162	410	163	410	410	164	747	-	164	-	-
● Number of learners benefiting from scholar transport	46,900	46,900	46,900	46,900	46,900	45,126	45,126	46,900	46,169	-	46,900	-	-
<b>Programme 3: Independent School Subsidies</b>													
● Number of funded independent schools visited for monitoring purposes	44	11	36	41	11	22	22	11	10	-	11	-	-

Use the Targets in your Annual Performance Plan to complete this column

### Part C: Annual Performance Plan of Year- One

This section of the Annual performance plan provides for similar information as contained with regards to the performance of programmes and sub programmes and relate directly to the performance and Budget for the first year of the Annual Performance Plan. This part of the plan will form the basis of the department's performance and the annual report for the first year of the three annual performance plan. It provides for the budget, strategic objectives, measurable objectives, performance measures, achievements and quarterly targets for the first year of the Annual Performance Plan.

Table 2 shows how measurable objectives, performance measures, annual targets as well as quarterly targets should be reflected in the Annual Performance Plan.

Sub Programme	Strategic Goal : To manage the Traffic Directorate effectively						
Strategic Objective	Performance Measure Indicator	Actual Output 2008/09	Planned Estimate Target 2009/10	PM Target Quarter 1	PM Target Quarter 2	PM Target Quarter 3	PM Target Quarter 4

### 5.1 Database for departments with standardized annual performance plans

The following explanation provides guidance on the use of the Quarterly Performance Reporting Model by both provincial departments and provincial treasury.

#### Use of the Model at a provincial department level (See Fig 4.1)

The department must:

- Select the province
- Select the departments name
- Select the relevant quarter
- Select the financial year
- Select the entity ( in this case will be department), and
- Click on the relevant tab and capture the data for the respective quarter
- If the department has not achieved any output for the quarter, then this must be captured as the number 0.
- Once the data has been captured and saved, go back to the settings sheet and click the “Update data file” icon
- The updated data file should be sent to the provincial Treasury.
- Thereafter, click on “create a national form” and the model will automatically update the national data file which needs to be saved and sent to the national Department.

The Model also makes provision for departments to capture their non-standardised items for their own internal management processes.

#### Use of the model at a Provincial Treasury level (See Fig 4.1)

The provincial treasury must:

- Select the province
- Select the department(s) it wants to work with
- Select the relevant quarter
- Select the financial year
- Select entity (provincial treasury)
- Import the data from the data file received from the Department(can only import data from 1 department at a time)
- Update a consolidated data file with data from all sectors (one department at a time or all at once) and thereafter send to National Treasury.

When working with combined department like Roads, Transport and Public Works, the Model allows the provincial treasury to import data from one department at a time or both depending on the person working with the model.

It is important to note that Departments must capture their planned Annual Performance targets as well as Quarterly Performance targets for the 2009/10 year in the first column of the spreadsheet. The performance against the planned targets will be updated on a quarterly basis (refer to Table 1).

##### 5.1.1 Points to remember when completing the database

All targets must be expressed as actual numbers rather than percentages. The targets for the 2009/10 database must correspond with the targets that have been expressed in the Annual Performance Plan as well as the Budget Statement. **In other words, the targets for each of the**

**performance measures should be the same in all 3 documents. (See Treasury Practise Note 7 of 2008/09 which deals with targets, baselines and the use of percentages).**

- a) Ensure that the targets in the Quarterly Performance Reporting database are the same as the targets that are in the Annual Performance Plan 2009/10.
- b) Ensure that your annual planned target columns and your quarterly planned targets for all four quarters are accurately completed when submitting the first quarter information in July 2009.
- c) Please note that the database will be **LOCKED** a day after the submission date and under no circumstances will late information be accepted. Therefore, if your information is not received timeously it will not be reflected in the national progress report for that particular quarter.

**5.2 Narrative quarterly reporting formats**

***Departments with standardised annual performance plans***

The narrative report needs to provide a brief explanation of the challenges per programme and sub-programme that are experienced by the department and the management measures that have been taken or are being taken to respond to these issues (The attached annexure provides the programme/sub programme per sector). The challenges can either respond to the customised measures in the program or generic challenges that are experienced by the Department with specific programmes. Challenges and responses must be highlighted for all programmes and sub-programmes and not only for those with quarterly targets. Narrative reports discussing challenges and responses must not exceed 250 words and it should be concise and to the point.

**Departments with non standardised annual performance plans**

The narrative report needs to provide a brief explanation of the key achievements, challenges per programme and sub-programme that are experienced by the department and the management measures that have been taken or are being taken to respond to these issues (The attached annexure provides the programmes/sub programmes per sector). Achievements, challenges and responses must be highlighted for all programmes and sub-programmes. Narrative reports discussing achievements, challenges and responses must not exceed 350 words and should be concise and to the point.

**Example of a narrative report**

*5.2.1 Narrative format: Department of Education*

**Programme 2: Public Ordinary School Education**

2.1. Public Primary Schools

Challenges: .....

Response to challenges: .....

2.2. Public Secondary Schools

Challenges: .....

Response to challenges: .....  
(Repeat layout per sub-programme).

Professional Services

2.3. Human Resource Development

2.4. In-school Sport and Culture

2.5. Conditional Grants

**Programme 3: Independent School Subsidies**

3.1. Primary Phase

3.2. Secondary Phase

**Programme 4: Public Special School Education**

4.1. Schools

4.2. Professional Services

4.3. Human Resource Development

4.4. In-school Sport and Culture

4.5. Conditional Grants

**Programme 5: Further Education and Training**

5.1. Public Institutions

5.2. Youth Colleges

5.3. Professional Services

5.4. Human Resource Development

5.5. In-college Sport and Culture

5.6. Conditional Grants

**Programme 6: Adult Basic Education and Training**

6.1. Public Centres

6.2. Subsidies to Private Centres

6.3. Professional Services

6.4. Human Resource Development

6.5. Conditional Grants

**Programme 7: Early Childhood Development**

7.1. Grade R in Public Schools

7.2. Grade R in Community Centres

7.3. Pre-grade R

7.4. Professional Services

7.5. Human Resource Development

7.6. Conditional Grants

**Programme 8: Auxiliary and Associated Services**

- 8.1. Payments to SETA
- 8.2. Conditional Grant Projects
- 8.3. Special Projects
- 8.4. External Examinations

**PART 6:**  
**REPORTING DATES**

## PART 6: REPORTING DATES

### 6.1 2009/10 Financial Year

The following reporting dates apply for the 2009/10 financial year.

Please note the reporting dates follow a definite sequence starting with provincial departments who have to submit their first datasets jointly to provincial treasuries and their respective national departments. Once provincial treasuries and national departments have verified the data they should send it directly back to provincial departments to rectify the changes with the objective of finalising the datasets for the signature of the Head of Department. The final signed off datasets should then be submitted to provincial treasuries who will send it to the National Treasury for analysis and publishing.

No extensions of the allocated dates can be granted due to the fact that the publishing dates are fixed in terms of the section 32 reports which is a legal requirement.

#### SUBMISSION DATES 2009/10 QUARTERLY PERFORMANCE REPORTS (NON-FINANCIAL DATA)

Quarters 2009/2010	Provincial Department to Provincial Treasury	Provincial Departments to National Departments	National Departments to Provincial Departments to verify information	Provincial Departments final dataset to Provincial Treasuries	Provincial Treasuries to National Treasury sign off data set	Section 32 Quarterly Publication to DG: NT for approval	Section 32 Quarterly Publication	Proposed Quarterly Press Release
1st Q - June 09	Mon, 13 July 09	Mon, 13 July 09	Thurs, 16 Jul 09	Fri, 17 Jul 09	Mon, 20 July 09	Fri, 24 Jul 09	Wed, 29 July 09	Fri, 31 Jul 09
2nd Q - Sept 09	Mon, 12 Oct 09	Mon, 12 Oct 09	Thurs, 15 Oct 09	Fri, 16 Oct 09	Mon, 19 Oct 09	Fri, 23 Oct 09	Thurs, 29 Oct 09	Mon, 02 Nov 09
3rd Q - Dec 09	Wed, 13 Jan 2010	Wed, 13 Jan 2010	Fri, 15 Jan 2010	Mon, 18 Jan 2010	Tues, 19 Jan 2010	Thurs, 28 Jan 2010	Fri, 29 Jan 2010	Mon, 01 Feb 2010
4th Q - March 2010	Tues, 13 April 2010	Tues, 13 April 2010	Thurs, 15 Apr 2010	Fri, 16 April 2010	Mon, 19 April 2010	Wed, 28 April 2010	Thurs, 29 April 2010	Mon, 3 May 2010

It is important to note that the database and narrative reporting formats will have to be updated on an annual basis where programmes and performance measures within strategic and annual performance plans change.

Updates of the formats (where applicable) for the 2009/10 financial year have been filtered into this guideline.

## **6.2 The PFMA and value-for-money**

The PFMA is all about the efficient and effective management of state resources. It emphasises the need for accountability for results by focusing on outputs and responsibility, rather than just on procedural accountability which ensure that rules have been adhered to. In other words, in terms of budgeting and financial management, the focus is not only on compliance with the relevant Appropriation Act, but also on obtaining value-for-money from each department within government for every rand spent.

This essentially entails moving from an input-based budgeting system to an output-based results-oriented system. It basically situates budgeting and financial management in a performance management context by outlining clear roles and responsibilities for each level of management, and by requiring that measurable objectives be specified for each main division within a departmental vote. In this way, it links the use of resources (or inputs) to objectives (outputs and outcomes) and performance. The PFMA attempts to promote flexibility in the management of resources by ensuring that accountability for the efficient and effective use of resources does not remain the preserve of treasury or finance officials alone, but is devolved to line managers who, in turn, are accountable for their particular areas of responsibility.

## **6.3 Why is measuring performance important?**

The most valuable reason for measuring performance is that what gets measured gets done. If a department knows that its performance is being monitored, it is more likely to perform the required tasks and perform them well, than if no monitoring system is in place. The Auditor-General of the province of Alberta, Canada, puts it aptly:

***“The moment that managers start measuring performance, it will improve. As soon as performance is reported, it improves further. We know that measuring and reporting performance will save a great deal of money and improve service.”***

Performance measures assist managers in formulating and implementing policy. They also contribute to planning and budgeting for service provision. They enable managers to monitor the effects of change within the department, as well as monitoring user access to particular services. Performance measures assist managers in formulating and implementing policy. They also contribute to the planning and budgeting for service provision. Performance measures gauge the distribution and use of resources to ensure the best use of resources and improve standards of service within the department. Lastly, they provide a key element in exercising managerial control and decision-making (Abedian, Strachan and Ajam, 1998).

Measuring, monitoring and evaluating performance is incomplete when only financial or non-financial information is available. Quality non-financial information is critical to assess progress towards preset service delivery targets. Yet, without information on expenditures and revenues, it is very difficult to determine the cost and efficiency of the programmes, and consider alternative

strategies to reach the objectives of the programme. This implies that reporting on financial and non-financial information are an interdependent and simultaneous processes.