

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER PQ 2427

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Mr T D Harris (DA) to ask the Minister of Finance:

- (1) With regard to the SA Revenue Service annual report tabled on 12 September 2013, the Auditor-General's report on pages 110 and 111 finds that 32% of the management performance measures had not been properly set, measured or implemented, (a) what are the specific details of these required performance measures which had not been set and (b) why have they not been set;
- (2) whether performance measures have been set subsequent to the Auditor-General's report; if not, (a) why not and (b) when will they be finalised?
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REPLY:

- (1)(a) The specific details of these measures can be found on pages 68 to 73 of the published 2012/13 SARS Annual Report.
- (b) As per the schedule of performance information included in the 2012/13 SARS Annual Report there are 36 outcomes measures in total that SARS seeks to track, measure and report on annually during the course of this strategic planning cycle. 23 outcome measures out of the 36 outcome measures included in the schedule of performance information meet the "smart" criteria/principles as per the Auditor General's findings and therefore there is no requirement for SARS to amend or reset.

The remaining 13 outcome measures are what SARS calls "developmental" measures and thus do not meet the "smart" criteria/principles as reported by the Auditor-General. With respect to these outcome measures, SARS has gone through a measured process of defining what each of these outcome measures seeks to achieve, setting out the measurement criteria for each and the performance indicator required to track progress. SARS set specific qualitative targets (timeframes) for each of these measures to track SARS's progress towards their successful development.

SARS deliberately chose to include these developmental measures in its strategic plans and schedule of performance information firstly because of the desire to be transparent in its journey towards outcomes based performance measurement and reporting and secondly so that SARS does not lose track of its efforts in this regard. Current systems and data limitations prevent these 13 outcome measures from being tracked

meaningfully currently and therefore current and future SARS efforts are on ensuring that accurate baselines and meaningful targets are developed for each measure.

The issue therefore, as SARS understands, is not that these outcome measures have not been properly set, measured or implemented but rather a matter of whether inclusion of these measures by SARS in its strategic plan as part of “the developed strategic measures” (as per the Auditor General report) is appropriate.

SARS undertook to resolve this issue, with the agreement of Auditor General, by agreeing to separate the 13 measures from the rest of the developed measures and disclosing them on a separate page of the strategic plan.

- (2)(a)(b) No, it has not been necessary to set adequate performance measures subsequent to the Auditor General’s report.

As indicated in SARS’s responses to question 1, 23 out of the 36 strategic outcome measures are adequately defined and properly included/disclosed in the strategic plan and reported on in the annual report. These outcome measures meet the “smart” criteria as per the Auditor General’s findings.

The remaining 13 outcome measures are what SARS calls “developmental” measures and thus do not meet the “smart” criteria/principles as reported by the Auditor-General. With respect to these outcome measures, SARS has gone through a measured process of defining what each of these outcome measures seeks to achieve, setting out the measurement criteria for each and the performance indicator required to track progress. SARS set specific qualitative targets (timeframes) for each of these measures to track SARS’s progress towards their successful development.

SARS anticipates (as disclosed in the strategic plan) introducing these measures into its formal performance management system not later than the 2017/18 financial period.

SARS and the Auditor General agreed that SARS will separate the 13 developmental measures from the developed measures. SARS will seek the approval of the Minister of Finance to make the separation clear in both the strategic plan and annual performance plan. Future plans and annual reports will also reflect this separation.

General comments

SARS seeks to align its performance management and reporting processes with that of SA Government’s outcome-based approach to measuring and assessing the performance of government. In this regard, SARS has (at least for the last few years) been constantly reviewing and improving the manner in which it measures and reports its performance.

The development and adoption in the last three years, of SARS's four core strategic outcomes was a key shift towards achieving this ambition.

SARS's journey to improving its overall performance management process over the past few years has also seen a gradual shift away from focusing mainly on how well SARS performs its functions to measuring and reporting how SARS's key outputs and activities are changing behaviours and conditions within and outside of SARS.

This shift has led to the development and tracking of better indicators of performance for both staff and the organisation. In this regard, SARS is gradually shifting away from for example measuring the volume of import/export transactions processed in a period to whether SARS's activities and/or outputs have a positive or negative impact on traders and trade facilitation. SARS is gradually shifting away from for example measuring how many SARS employees were sent for training to how engaged/disengaged employees are.

SARS acknowledges however that the journey towards establishing better and effective links between its key activities and the outcomes it seeks is a complex and long-term endeavour that cannot be instituted overnight. To do this requires accurate data including efficient and effective systems of gathering and analysing data. The SARS modernisation programme has been a key enabler in SARS's journey to seek better performance from its scarce resources in this regard. The modernisation of many of SARS systems, processes and activities enables SARS to perform many of its functions significantly better than in the recent past and facilitates improved performance management by providing accurate and detailed data. This has in turn allowed SARS to focus much of its efforts towards improving performance in other areas that were previously difficult to measure.

Taking the level of complexity and challenges involved in measuring outcomes as opposed to outputs and activities, SARS resolved to adopt a measured approach to how the organisation transitions itself to the desired end state (which is ultimately outcomes based performance measurement and reporting). This approach led to the development of the 36 key strategic measures included on pages 68 to 73 of the 2012/13 SARS Annual Report.