



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Programme 3: Public Finance and Budget Management

**Technical Indicator Descriptions
2014 / 15**

Performance Indicator 3.1

Indicator title	Timely sectoral analysis, compliance monitoring and advice.
Short definition	Analysis of the developments, challenges and trends in the sector, how these impact on expenditure and to identify a policy framework to address this.
Purpose/importance	The shortcomings in the policy framework being implemented and how effectiveness and efficiency can be established with new or revised policies.
Source/collection of data	Sector and research reports from various external sources, statistics by STATS SA
Method of calculation	Sector reports, compliance and monitoring reports analysed and submitted to relevant stakeholders as required
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	<ul style="list-style-type: none">• Comments on Cabinet memoranda to reach Ministry one day before relevant meeting• Responses to departmental requests within four weeks of receipt of request for administrative submissions and within 12 weeks for ministerial concurrence / policy feedback
Indicator responsibility	Public finance Chief Directors

Performance Indicator 3.2

Indicator title	Monthly expenditure feedback to departments.
Short definition	Monthly expenditure feedback by way of reporting is compiled by the Public Finance budget analysts, and submitted to departments
Purpose/importance	To report to departments on early warning signs that could trigger unauthorised or irregular expenditure
Source/collection of data	Feedback submitted to departments on a monthly basis, where departments have submitted their reports on time to the National Treasury
Method of calculation	Monthly feedback to departments on the monthly expenditure report – submitted within 30 days of the end of the previous month
Data limitations	Information in Vulindela not always updated and in line with the expenditure reports from departments – this affects the National Treasury's ability to provide timely feedback to departments
Type of indicator	Outputs
Calculation type	Cumulative – for the month
Reporting cycle	Monthly
New indicator	No
Desired performance	A Feedback is received within 30 days of the previous month
Indicator responsibility	Public Finance budget analysts

Performance Indicator 3.3

Indicator title	Quarterly expenditure reports to the Standing Committee on Appropriations.
Short definition	Report to the Standing Committee on Appropriations on quarterly expenditure reports of departments presented in a high level summary report
Purpose/importance	Report on deviations against the monthly drawings schedule and additionally, report on expenditure on special/large projects in line with planning. Report on any deviations to policy and financial /accounting regulations.
Source/collection of data	Financial data extracted from Vulindlela in order to populate quarterly reports
Method of calculation	Monthly expenditure report, summary presentation to the Standing committee on Appropriations – I would assume that some calculation that measures deviation from planned expenditure to actual expenditure will be measured and if it is over a certain threshold it will flagged?
Data limitations	Expenditure in the reports cannot always be verified with the information on Vulindela – why not what is the limitation?
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Quarterly expenditure reports should be submitted six weeks from the end of the previous quarter
Indicator responsibility	Public Finance Budget Analysts

Performance Indicator 3.4

Indicator title	Selected Expenditure Reviews
Short definition	Expenditure and performance reviews on selected government policies
Purpose/importance	Expenditure review process was established to identify gaps between policy and implementation planning, budgeting and performance monitoring, and to develop programme design and costing models that can accommodate various implementation scenarios
Source/collection of data	<ul style="list-style-type: none">• BAS expenditure data• Engagements with affected departments• All documentation related to a given policy
Method of calculation	Number of reviews completed in relation to number of studies initiated within a given period.
Data limitations	<ul style="list-style-type: none">• Incomplete data• Limited access to or engagement with affected department representatives
Type of indicator	Effectiveness
Calculation type	Cumulative - over a 2 year period
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Six completed performance reviews per year
Indicator responsibility	Head of Expenditure and Performance Review

Performance Indicator 3.5

Indicator title	Timely inputs on departmental budget submissions to Medium-term Expenditure Committee (MTEC) and the Ministers' Committee on the Budget (MinComBud).
Short definition	Provide MTEC and MinComBud with a consolidated report on budget submissions presented by departments; alongside Treasury recommendations for consideration.
Purpose/importance	A comparison between budget submissions and baseline assessments is necessary. Recommendations that are in line with available baseline funding and reprioritisation where necessary, are submitted to the Committees.
Source/collection of data	<ul style="list-style-type: none"> • Formal submissions by departments • Baseline assessment reports • Estimates of National Expenditure (ENE) • Departments' strategic plans, annual performance plans, expenditure reviews and other relevant planning documents.
Method of calculation	Functional sub-group report, executive summary report. Number of presentations made to MTEC and MinComBud
Data limitations	Plans and detailed costing not always available with new policy initiatives, alignment with past present and future performance of the Department.
Type of indicator	Inputs and outputs
Calculation type	Cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	Inputs delivered as per the dates in MTEC guidelines
Indicator responsibility	Head: Public Finance coordinates this activity with Public Finance Chief Directors

Performance Indicator 3.6

Indicator title	Estimates of National Expenditure (ENE) and Adjusted Estimates of National Expenditure (AENE) are compiled.
Short definition	Compile ENE chapters for departments and public entities that each respective chief directorate is responsible for in line with the guidelines issued by the Budget Office
Purpose/importance	The Estimates of National Expenditure enhance accountability. Policy developments, legislation and other factors affecting expenditure are outlined alongside departmental spending plans. Details of departmental outputs and service delivery indicators are provided as another step towards setting "measurable objectives" for each expenditure programme, in line with the Public Finance Management Act.
Source/collection of data	<ul style="list-style-type: none"> • ENE/MTEC database for departments, • MTEC/ENE database for entities • Strategic and annual performance plans
Method of calculation	Final ENE chapters submitted to the budget office in accordance to the guidelines and the timelines set out in the guidelines
Data limitations	<ul style="list-style-type: none"> • Performance information not reflecting the actual performance of departments and public entities. • Information on the alignment between the budget and performance is not always readily available.
Type of indicator	Output
Calculation type	Cumulative – published annually
Reporting cycle	Annual
New indicator	No
Desired performance	Inputs as per the parliamentary programme
Indicator responsibility	This is a cross-cutting indicator, coordinated by the Head: Budget Office and dependent on several internal Treasury units across the organisation.

Performance Indicator 3.7

Indicator title	In line with the Medium Term Expenditure Framework (MTEF), the expenditure proposed in the Budget tabled does not exceed the main budget non-interest expenditure level determined
Short definition	The indicator measures the ability of government to remain within a set monetary budget threshold
Purpose/importance	The indicator aims to determine the level of government control on expenditure/fiscal discipline
Source/collection of data	The information is collected through databases which are populated by National Treasury – in Expenditure Planning and Fiscal Policy Units
Method of calculation	The departmental allocations are aggregated and compared to the main budget non-interest expenditure projected and the difference should be zero
Data limitations	There are no data limitations in determining the aggregate expenditure estimates
Type of indicator	Output - The indicator measures economic discipline of the South African government
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Zero difference between the aggregate expenditure targets and the aggregated expenditure estimates of departments (no deviation from zero difference would represent an improved performance)
Indicator responsibility	Chief Director: Expenditure Planning

Performance Indicator 3.8

Indicator title	Enhanced alignment of budget documentation with fiscal guidelines based on principles of countercyclicality, debt sustainability and intergenerational equity
Short definition	Established how well the principles guiding fiscal policy are reflected in budget documents
Purpose/importance	Countercyclical and sustainable fiscal policy are key determinants of the long-term health of the economy
Source/collection of data	Budget documents, fiscal framework, long-term fiscal model, fiscal risks framework
Method of calculation	Structural budget balance estimation methodology, debt forecast methodology – are these methodologies detailed anywhere perhaps a reference to the applicable methodology would assist
Data limitations	Data is not problematic although applying the methodology can be complex
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Bi-annually (Budget Review and MTBPS)
New indicator	No
Desired performance	Debt stabilises as a share of GDP over the medium term, and the structural budget deficit closes in line with an improving economy
Indicator responsibility	Chief-Director: Fiscal Policy

Performance Indicator 3.9

Indicator title	Timely completion of a well-coordinated and communicated budget process, culminating in Cabinet's endorsement of expenditure allocations
Short definition	Efficient administration of the budget process where line departments have an opportunity to participate and results in approval from CABINET
Purpose/importance	To measure the ability to administer a credible budget process that CABINET has confidence in and that falls within timeframes that enable the Budget to be tabled in February
Source/collection of data	Budget Office division's administrative records and internet postings
Method of calculation	Dates of issue of guidelines, attendance of meetings and CABINET approval of the allocations relative to the target date
Data limitations	None
Type of indicator	Timeliness of Activities, the output being CABINET approval of budget allocations
Calculation type	Non- cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Timeliness in accordance with approved budget process schedule, deviations from the timelines in either direction do not necessarily represent improvement or deterioration of performance
Indicator responsibility	Chief Director: Expenditure Planning

Performance Indicator 3.10

Indicator title	Guidelines and other budget documents designed, produced and published per year
Short definition	Publication of budget document compilation guidance and documents themselves, that reflect the state's fiscal position and priorities
Purpose/importance	To measure the ability of the National Treasury to produce budget documentation timeously
Source/collection of data	Expenditure Planning with input from the Public Finance division and line departments
Method of calculation	The dates budget guidance and documents are produced relative to budget calendar timelines
Data limitations	None
Type of indicator	Outputs (timeliness)
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Publication as per predetermined timelines, deviations from the timelines in either direction do not necessarily represent improvement or deterioration of performance
Indicator responsibility	Chief Director: Expenditure Planning

Performance Indicator 3.11

Indicator title	Public finance statistics are presented according to function and economic classification for consolidated general government.
Short definition	This <i>measures compliance</i> to the data standard based on the Government Finance Statistics Manual (GFS) of 2001 as well as the Economic Reporting format used in the budget data. The economic classification specifies what is being bought and sold (e.g. user charges and compensation of employees) while the functional classification specifies the purpose expenditure (e.g. Research and development or housing).
Purpose/importance	The indicator is intended to show if compliance is maintained. Public finance data that meet these requirements can easily be understood nationally and internationally. Recognised data standards ensure that the country's reports on budgets and financial performance are reliable and trustworthy.
Source/collection of data	The standard itself is laid out in the GFS manual of 2001. Supporting standards are the System of National Accounts (SNA) and Accounting Standards such as GRAP. The source of government finance statistics are the BAS/ Vulindlela systems, Annual Financial Statements, budget submissions, in-year reporting systems for national, provincial departments and public entities.
Method of calculation	This is mainly a qualitative indicator (i.e. that the data complies with GFS). Quantitative measurements can be derived from errors in the database. <i>For example if data from a unit that performs a health function has been classified as education and is not rectified before publication in the budget documents.</i> Change in the number of errors are used to show if compliance is deteriorating or improving
Data limitations	Classification is mainly done by the government units. New employees in the units are often not familiar with the standards
Type of indicator	Input
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Extend coverage of consolidated accounts to include information on consolidated accounts and borrowing of all general government
Indicator responsibility	Chief Director: Public Finance Statistics

Performance Indicator 3.12

Indicator title	Provide guidance to departments and entities on the classification of expenditure.
Short definition	Guidance is provided by means of circulars, training and response to queries on the classification of expenditure in terms of the Basic Accounting System (BAS) of government using the Standard Chart of Accounts (SCOA).
Purpose/importance	Indicator <i>intended to show that government units are being assisted</i> to ensure that their transactions are according to SCOA by checking that: <ol style="list-style-type: none"> 1. Queries are attended to within the turn-around period of two weeks 2. Number of classification inconsistencies in the data do not increase 3. Circulars on classification issues are sent out timeously whenever the need arises
Source/collection of data	<ul style="list-style-type: none"> - Inconsistency reports comes from the Vulindlela system - Queries turnaround sourced from the call centre run by Public Finance Statistics unit. - Circulars are stored on I-drive folder and logged on the Treasury website. So they can easily be counted
Method of calculation	<ul style="list-style-type: none"> - Queries turnaround records time from when the call is logged and when it is finalised - Inconsistencies are counted automatically in the report - Circulars are physically counted
Data limitations	None
Type of indicator	INPUT
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	YES
Desired performance	<p>Issue classification circulars and guidelines used by departments for transactional classification guidance</p> <p>Provide advice on the interpretation of the SCOA and the reference guide on economic classification when required.</p>
Indicator responsibility	Chief Director: Public Finance Statistics

Performance Indicator 3.13

Indicator title	Aid is aligned with Budget.
Short definition	Alignment of official development assistance (ODA) and technical assistance with Government priorities and policies
Purpose/importance	Ensure integration of ODA into the budget (ODA on report and on parliament)
Source/collection of data	Recipient government department ODA reports (annual) and ODA database during MTEF and ENE BAS expenditure reports
Method of calculation	Submission of reports annual and quarterly Reports produced relative to budget calendar timelines
Data limitations	Departments and donors not reporting on ODA. Flows outside of the RDP are difficult to track and report upon. Misalignment of ODA implementation timelines and SA government budget calendar timelines
Type of indicator	The indicator allows for compliance to the budget process and ODA principles
Calculation type	Non-cumulative (annual interval)
Reporting cycle	Annually and quarterly
New indicator	<ul style="list-style-type: none"> - Aid/ODA is aligned to National Development Plan and departmental strategy - Aid/ODA is measurable and outputs are defined and time specific - Aid/ODA reporting mechanism is in place - Oversight of budget and ODA allocation is supported
Desired performance	Incoming ODA and technical assistance fully aligned to government priorities and policies
Indicator responsibility	Chief Director: International Development Cooperation

Performance Indicator 3.14

Indicator title	ODA into South Africa is coordinated
Short definition	The measure of inbound South African technical and financial cooperation Grants –via the RDP Fund Technical assistance from bilateral partners Concessionary loans that come through bilateral cooperation
Purpose/importance	The measure of inbound South African technical and financial cooperation
Source/collection of data	Annual and Quarterly reports on grants (RDP Fund) Technical assistance and concessionary loans tabled – information from donors
Method of calculation	Submission of reports annual and quarterly Reports produced relative to budget calendar timelines
Data limitations	Development partners are reluctant to provide detailed information on the actual number of technical experts and the remuneration they receive. Departments do not consistently report on ODA programmes
Type of indicator	Country strategy agreements (bi-laterals) and implementation plans Annual report on ODA Annual and quarterly government recipient and development partner reports
Calculation type	Non-cumulative (annual interval)
Reporting cycle	Annually and quarterly
New indicator	Existing, to be improved
Desired performance	Comprehensive information on all inbound ODA well documented; utilise fully the value of technical and financial cooperation received from development partners
Indicator responsibility	Chief Director: International Development Cooperation

Performance Indicator 3.15

Indicator title	A governance and financial management monitoring and compliance system in public entities is implemented.
Short definition	The indicator measures the ability of government to ensure effective and efficient use of resources in public entities.
Purpose/importance	The indicator aims to enhance the level of government control on fiscal discipline and compliance of public entities
Source/collection of data	<ul style="list-style-type: none">• The information is collected from various external data sources which are submitted to the National Treasury by the entities.• The Auditor General Outcome Report is also employed as a data source
Method of calculation	Improvement / Regression in Audit Outcomes of Public Entities. Compliance with Laws and Regulations, Financial Management, Effectiveness of Internal Controls.
Data limitations	There are no data limitations
Type of indicator	Outcomes
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Improved Audit Outcomes in Public Entities.
Indicator responsibility	Chief Director: Public Entities Governance Unit

Performance Indicator 3.16

Indicator title	A cost-of-living adjustment (COLA) costing model is developed to improve the National Treasury's understanding of the implications of the remuneration policy and wage settlements on the public sector wage bill.
Short definition	Development of personnel costing model used to assess the costs of improvements in conditions of service and their implications for growth and size of the wage bill
Purpose/importance	Assess the costs of improvements in conditions of services and implications for sustainability of the Compensation of Employees budget
Source/collection of data	Internal National Treasury databases
Method of calculation	Count (development items completed)
Data limitations	Not applicable
Type of indicator	Output indicator
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Review and improve the cost of living allowance model implemented
Indicator responsibility	Public Sector Remuneration Analysis and Forecasting Unit

Performance Indicator 3.17

Indicator title	Timely publication of annual Division of Revenue Bill and annual Division of Revenue Amendment Bill
Short definition	Annual Division of Revenue Bill and annual Division of Revenue Amendment Bill determine the equitable division of nationally raised revenue between national government, the nine provinces and 278 municipalities based on the powers and functions assigned to each sphere
Purpose/importance	Legislation required in terms of section 214 of the Constitution
Source/collection of data	<ul style="list-style-type: none">• StatsSA data• Information submitted by national transferring departments
Method of calculation	<ul style="list-style-type: none">• Equitable shares to provinces and local government determined in terms of formulas published as part of the annual Division of Revenue Bill• The method for calculating conditional grants to provinces and municipalities is determined by each national transferring officer, the details of which is published as part of the annual Division of Revenue Bill
Data limitations	Dependent on accuracy of information submitted by national transferring officers
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Twice a year
New indicator	No
Desired performance	Allocations intended to enable provinces and municipalities to support service delivery and the achievement of national priorities
Indicator responsibility	Programme manager

Performance Indicator 3.18

Indicator title	Reforms introduced to enhance provincial and local government fiscal frameworks
Short definition	The provincial and local government fiscal frameworks need to appropriately structured to facilitate the functioning of provinces and municipalities recognizing the different socio-economic realities and service delivery responsibilities of each sphere and within each sphere
Purpose/importance	Sections 214 and 229 of the Constitution
Source/collection of data	<ul style="list-style-type: none">• Stats SA data• Provincial and local government budget data• Other relevant data sources also used based on area of review
Method of calculation	For each area of review a Terms of Reference are developed that provide details on the problem statement, focus areas of the review, data sources to be used and consultations to be undertaken.
Data limitations	Dependent on the availability and accuracy of data
Type of indicator	Output
Calculation type	Cumulative (all review areas feed back into the broader provincial and local government fiscal frameworks)
Reporting cycle	Longer term
New indicator	No
Desired performance	Reforms to provincial and local government fiscal frameworks intended to enable provinces and municipalities to support service delivery and the achievement of national priorities
Indicator responsibility	Programme manager

Performance Indicator 3.19

Indicator title:	Improvement in infrastructure planning and built environment management in cities and provinces
Short definition:	Through technical assistance and fiscal reforms support infrastructure planning and management in cities to achieve spatial transformation
Purpose/importance:	Better spatial targeting of investment that achieves spatial transformation and supports growth and reduces poverty.
Source/collection of data:	Built Environment Performance Plan
Method of calculation:	Review of the Built Environment Performance Plans, including built environment performance indicators
Data limitations:	Availability and accuracy of information reflected by municipalities in the built environment performance plan
Type of indicator:	Outcome
Calculation type:	Non-cumulative
Reporting cycle:	Annual
New indicator:	No
Desired performance:	Infrastructure investment (housing, transport)in prioritised integration zones that contribute to spatial transformation
Indicator responsibility:	Programme manager

Performance Indicator 3.20

Indicator title:	Improvement performance in the built environment
Short definition:	Improved infrastructure planning and management seeks to ensure that programmes and projects achieve better value for money in delivery
Purpose/importance:	Achieve better value for money (economy, effectiveness and efficiency) in infrastructure delivery
Source/collection of data:	Infrastructure plans
Method of calculation:	Qualitative assessment of plans
Data limitations:	Availability and accuracy of information reflected by provinces within the infrastructure plans
Type of indicator:	Outcome
Calculation type:	Non-cumulative
Reporting cycle:	Annual for plans
New indicator:	No
Desired performance:	Improved value for money in delivery
Indicator responsibility:	Programme manager

Performance Indicator 3.21

Indicator title:	Number of officials trained on budget formulation, assessment and on infrastructure delivery management
Short definition:	Capacity building in Provincial Treasuries and departments on financial management reforms and best practises in infrastructure delivery.
Purpose/importance:	To improve capacity with respect to skills and systems required to institutionalise financial management reforms and best practises in infrastructure delivery management
Source/collection of data:	Course attendance registers
Method of calculation:	Number of attendance counted - arithmetic
Data limitations:	none
Type of indicator:	quantitative
Calculation type:	Arithmetic
Reporting cycle:	Quarterly
New indicator:	No
Desired performance:	650 trained
Indicator responsibility:	Programme Manager

Performance Indicator 3.22

Indicator title:	Benchmark and mid-year engagement with all municipalities and timely publication of reports
Short definition:	Number of non-delegated municipalities that have passed the budget benchmark assessment criteria and the funding compliance methodology in terms sections 17 and 18 of the MFMA and publication of s71/s72 reports
Purpose/importance:	The benchmark exercise enables the National Treasury to ascertain whether municipality's revenue assumptions are realistic. Also determine whether the budget is funded and aligned with the IDP. Reporting on expenditure and performance improves transparency and accountability
Source/collection of data:	MTREF Budget Information and s71 and s72 reports of the MFMA
Method of calculation:	<p>The method entails checking whether the budget prioritises basic services, whether the rates and tariffs increases are fair and sustainable, whether the cash flow projections are realistic and the extent to which the budget adequately provides for maintenance and renewal of existing infrastructure.</p> <p>The monthly expenditure statements serve as input documents for the compilation of annual financial statements and annual reports which ultimately complete the accountability cycle.</p>
Data limitations:	Dependant on accurate budget information and s71 and s72 reports quality
Type of indicator:	Output
Calculation type:	Cumulative – three year horizon
Reporting cycle:	Annual for benchmark and monthly expenditure statements s72 reports

	and quarterly for s71 report
New indicator:	No
Desired performance:	The indicator seeks to ensure that municipalities are financially sustainable and address the obligations of a developmental agenda and there accountability for performance. It also aims to publish reliable financial information for utilisation by the relevant stakeholders.
Indicator responsibility:	Programme Manager