



# PEQR

## GUIDELINES

### 2021/22

Guidelines on the Public  
Entities Quarterly Reporting



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



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## **ACRONYMS**

The list below gives the acronym and meaning of names and terms found throughout this document.

<b>APP</b>	Annual Performance Plans
<b>CAPEX</b>	Capital Expenditure
<b>DFI</b>	Development Finance Institution
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>ENE</b>	Estimates of National Expenditure
<b>FMPPI</b>	Framework for Managing Programme Performance Information
<b>MTEF</b>	Medium Term Expenditure Framework
<b>PEQR</b>	Public Entities Quarterly Reporting
<b>PFMA</b>	Public Finance Management Act
<b>QPR</b>	Quarterly Performance Reporting
<b>SP</b>	Strategic Plans

## **1. INTRODUCTION**

Public entities, in terms of Treasury Regulations 5.3.1, 29.3.1 and 30.2.1, through their accounting officer or accounting authority, are required to report on a quarterly basis to their Executive Authority in order to facilitate effective performance monitoring, evaluation and corrective action. 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.

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. In addition, National Treasury Instruction Note No. 5 of 2019 outlines that the mandatory requirements as set out in the Revised Framework for Strategic and Annual Performance Plans should be fully complied with. All National Treasury guidelines can be found at: <http://www.treasury.gov.za/publications/guidelines/>.

The National Treasury together with other government stakeholders have developed a uniform quarterly reporting system that collects, stores, and consolidates information that is essential for efficient public finance management and is meant to reduce the reporting burden on public entities and constitutional institutions by providing a single reporting template to 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. Quarterly reporting will enable institutions<sup>1</sup> to

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

review progress towards the achievement of financial and non-financial performance on a regular basis in a particular financial year.

These guidelines are aimed at improving transparency and enhancing oversight over the financial and non-financial performance of constitutional institutions and public entities. Public entities are therefore required to provide quarterly reports not only to their Executive Authorities but also to other mentioned government stakeholders.

## **2. APPLICABILITY OF THE GUIDELINES**

These guidelines are applicable to constitutional institutions, government components and Schedule 3A public entities for financial performance reporting and for financial and non-financial performance reporting of public entities listed in Schedules 2 and 3B of the Public Finance Management Act (PFMA), 1999.

## **3. QUARTERLY REPORTING – FINANCIAL PERFORMANCE**

Reporting on financial information 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/activities of public entities, Treasury Regulations 29.1.3(b) and 29.1.6(a)-(j) require schedule 2 and 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 towards 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.

### **3.1 Database**

A comprehensive reporting format that must be used to compile quarterly reports has been developed 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 Microsoft® Excel reporting format is used to collect data that reflects financial, and non-financial performance data, information on capital expenditure, borrowings, job creation, financial commitments and risk, as well as personnel information. The template is customised by type of entity to enable various entities to complete applicable information.

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).

### **3.2 Programme / activity information**

Each institution must have programmes / 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, or activities and 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 / 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/>.

### **3.3 Borrowings**

Selected 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.

#### **3.4 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/>.

### **3.5 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.

### **3.6 Financial Commitments**

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

## **4. QUARTERLY REPORTING – NON-FINANCIAL PERFORMANCE <sup>2</sup> (QPR)**

Reporting on non-financial performance is important in measuring the performance of government institutions. Non-financial information is essential for assessing progress towards predetermined service delivery or performance targets. Performance information allows for a results-based management approach, where results or performance can be regularly measured in order to recognise success and failure, and to adjust strategy accordingly. Measuring performance is important to ensure that, among others:

- Political oversight is enhanced and focus is on key priorities;
- Policy, planning, budgeting and reporting are aligned for better service delivery;
- Information is used strategically to improve public policy and funding choices, and to enable accountability;
- Budgets relate to measurable results; and

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<sup>2</sup> This section only applies to PFMA Schedule 2 and 3B public entities. Non-Financial Quarterly Performance Reporting for Constitutional Institutions, government components and Schedule 3A public entities is directed by the 2021/22 Guidelines for National Quarterly Performance Reports issued by the DPME.



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- The public gets value for money.

Quarterly Performance Reporting system function as an ‘early warning system’ to alert public entities to areas of weak performance, potential problems and where corrective action is required. This in-year monitoring report also serves as an oversight tool for the Department of Planning, Monitoring and Evaluation (DPME), and as a management tool for departments.

Quarterly Performance Reporting system is based on the quarterly targets set in the tabled Annual Performance Plans (APP) for a specific financial year. The purpose of Quarterly Performance Reporting system is to provide information on the overall progress made with the implementation of an institution’s tabled APP, on a quarterly and annual basis. Institutions should ensure that the total for the four quarters is aligned to the information that will be reported in the Annual Report for a particular financial year.

Changes to planned targets as stated in the tabled APPs must not be made in the Quarterly Performance Reporting system. The public entity must follow the process outlined in the Revised Framework for the Strategic Plans and Annual Performance Plans (2019) for changes to the planned targets in the APPs. Targets which are exceeded or not achieved due to in-year budget changes or for any other reason must be reported as a deviation, and reasons and possible corrective actions must also be stated. It is essential that institutions ensure that the data that is submitted in the quarterly performance reports is accurate and valid at the time of reporting.

Institutions must not amend reported information from a previous quarter’s performance report which has been approved by the Accounting Officer. In the instance where the public entity notes discrepancies in previous quarter’s performance reports, these discrepancies may be augmented in the Pre-Audited Annual Report.

It is important for institutions to appropriately describe the output indicators that are reflected in the APP and reported on in the Quarterly Performance Reporting system using the Technical Indicator Description table. Institutions

should also develop Performance Information Management Frameworks which provide for the establishment of systems and processes to collect and store data, calculate, analyse and interpret data; and identify individuals responsible for management of each indicator. The performance information management system within institutions should allow for management processes to discuss quarterly progress on set targets, and identify corrective actions where necessary.

The National Treasury Framework for Managing Programme Performance Information (2007) further requires public entities to publish administrative and performance information. Institutions need to develop policies and procedures to publish performance information, which includes the tabled Annual Reports for each financial year.

#### **4.1 Link to Strategic Plans and Annual Performance Plans**

There must be alignment between the SP and APP in relation to the outcomes. The APP must describe the institution's intended outputs that will enable it to achieve the outcomes and impact statements in the SP. The outputs must inform the budget and must include the audited performance for the past three planning years, the estimated performance for the current year and forward projections for the medium-term period.

An indication of whether the intended outputs are being achieved should be reflected in the Quarterly Performance Reporting system. Quarterly Performance Reporting system are ultimately consolidated into the performance information section of the Annual Report.

#### **4.2 Performance information and targets as set out in the Annual Performance Plan**

The following table highlights the manner in which performance information should be reflected in the Annual Performance Plan.

##### **Outcomes, outputs, output indicators and targets**

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Targets are for the financial year and the medium-term period for each of the output indicators which contribute to the achievement of the outcomes as specified in the SP.

Outcome	Outputs	Output indicators	Annual targets						
			Audited performance			Estimated performance	MTEF period		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23

**4.3 Output indicators and targets**

Output indicators and targets are identified and included in the institution’s Annual Performance Plans or Corporate Plans, to track on-going performance. Output indicators and targets must not be changed in year as this is a reporting tool and not a planning document, however a proper process must be followed in revising the targets mid-year as per the DPME Revised Framework for Strategic Plan and Annual Performance Plans (2019). Quarterly monitoring of these output indicators is an important element of the planning and budgeting process. Reporting on output 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.

Output indicators and targets must be the same as those captured in the tabled Annual Performance Plan or Corporate Plan. The *Framework for Managing Programme Performance Information (FMPPI)* and the *Revised Framework for Strategic Plans and Annual Performance Plans* must be consulted for guidance on the monitoring of each indicator, including, 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.

Targets may be reflected using the cumulative year end method, cumulative year to date method or non-cumulative method. These methods are explained

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in the template on the performance Information sheet. Indicators must consist of specific measurements that track progress towards achieving the outputs and outcomes of an institution. Indicators may reflect inputs, activities, outputs, outcomes, or in certain instances, explanatory information about the factors that could affect performance. The indicators sheet has been updated to combine both qualitative and quantitative indicators in one sheet.

**4.4 Performance information and targets as set out in the Performance Information sheet**

The following table is used when reporting against indicators and targets as tabled in the APP/Corporate Plan.

This format is used for reporting quarterly in the Performance Information sheet in the PEQR Template.

Output Indicator		Target for 2020/21 as per Annual Performance Plan (APP)	Quarter X Target as per APP	Quarter X Actual output	Reason for Deviation	Corrective Measures	Comments for Quarter X
1.1	Indicator name						
1.2	Indicator name						
1.3	Indicator name						

**5. PEQR APPROVAL PROCESS**

**5.1 Sign-Off by the Accounting Officer**

All Quarterly Performance Reporting system must be signed off by the Accounting Officer of the institution. In the case where it is not practical for the Accounting Officer to sign off, the delegated authority can sign off on behalf of the Accounting Officer with proof of delegation of authority provided with the submission of the PEQR.

It is good practice for all Quarterly Performance Reporting system to be accompanied by a Quality Assurance Certificate by Internal Audit. This will improve the quality and reliability of the performance information reported. The approved quarterly performance reports may be used by external stakeholders for oversight and public access to information purposes.

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**5.2 PEQR Submission**

Public entities and constitutional institutions should email the completed and signed off template to the email address provided on the Information sheet of the template i.e. [datafilepe@treasury.gov.za](mailto:datafilepe@treasury.gov.za).

**6. 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	31 October
Q3: Quarter ending 31 December	31 January
Q4: Quarter ending 31 March	30 April
Pre-Audited Annual Performance	31 May

**6.1 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 and are as follows:

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

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

The Administration programme may include the following<sup>3</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 sub-programme/ 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>3</sup> Source: *Guidelines on Budget Programmes (National Treasury. 2010.)* Content has been amended to suit public entities and constitutional institutions

## **ANNEXURE 2: POINTS TO REMEMBER WHEN PREPARING NON-FINANCIAL QUARTERLY PERFORMANCE REPORTS**

The following are points to remember when completing data in the eQPRS:

- Ensure that the performance targets in the Performance Information sheet are the same as the performance targets that are in the tabled 2020/21 Annual Performance Plan as well as in the 2020 Estimates of National Expenditure (ENE). In other words, the performance targets for each of the programme outputs indicators should be the same in all three documents (namely, APP, ENE and QPR).
- Targets may be reflected using the cumulative year end method, cumulative year to date method or non-cumulative method. The Performance Information sheet has been updated to combine both qualitative and quantitative performance indicators in one sheet. It should be indicated if the indicator target is Cumulative or Non-cumulative. In cases where a target is cumulative, it should be indicated if it is Cumulative Year End or Cumulative Year to Date in the eQPRS. Descriptions are provided below:
  - **Cumulative Year End:** The annual target is an aggregation of all the quarterly targets. Each quarter's target is reflected in a particular quarter.
  - **Cumulative Year to Date:** The annual target must be disaggregated into quarterly targets, with previous quarters' targets added to those of following quarters to total the annual target. Reporting must show aggregated performance from the start of the financial year to the quarter being reported.
  - **Non-Cumulative:** The annual target is not disaggregated into quarterly targets. As is the case with quarterly targets, it can be given for each quarter, as a target for a particular quarter or as a stand-alone annual target.
- Ensure that annual planned target columns and the quarterly planned targets for all four quarters are accurately completed when submitting the first quarter information in July 2020.

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- In cases where an APP is re-tabled in Parliament in year, a public entity must send a request to NT to amend the APP on the Performance Information sheet. A request must be accompanied by an approved tabled revised APP indicating specific amendments and proof of tabling of the APP in Parliament.
  
- When populating the amendments to the APP, the following should be considered:
  - In the instance where an output indicator is amended, the previous version of the output indicator (based on the originally tabled APP) must not be deleted from the Performance Information sheet. The amended output indicator must be captured into the Performance Information sheet with the related performance targets
  - In the instance where performance targets are amended, the previous version of the performance targets (based on the originally tabled APP) must not be deleted from the Performance Information sheet. The output indicator must be recaptured into the Performance Information sheet with the amended performance targets.
  - This will ensure that there is a record on the Performance Information sheet for all changes, as well as allows for departments to report on both the originally tabled APP and the re-tabled APP, as per the Annual Report Guideline requirements.



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