



**MINISTRY: FINANCE
REPUBLIC OF SOUTH AFRICA**

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Ms N Mapisa-Nqakula, MP
Speaker of the National Assembly
Parliament of the Republic of South Africa
PO Box 15
CAPE TOWN
8000

Dear Honourable Speaker

NOTING OF THE AMENDMENTS TO THE NATIONAL TREASURY 2020-2025 STRATEGIC PLAN AND THE 2022/23 ANNUAL PERFORMANCE PLAN TECHNICAL INDICATOR DESCRIPTIONS

I hereby wish to inform you of the amendments to the National Treasury 2020-2025 Strategic Plan and the 2022/23 Annual Performance Plan technical indicator descriptions. These changes are brought about by the need to enhance the monitoring mechanisms on the identified outcome and output indicators.

The amendments to the 2020-2025 Strategic Plan and 2022/23 technical indicator descriptions are attached as "**Annexure A**" and "**Annexure B**" to this submission respectively.

I appreciate your noting in this regard.

Your sincerely,

**ENOCH GODONGWANA, MP
MINISTER OF FINANCE
DATE: 08/12/2022**

STRATEGIC PLAN 2020 - 2025

INSTITUTIONAL PERFORMANCE INFORMATION

Measuring Outcomes

AS TABLED

Outcome	Outcome Indicator	Baseline	Five-year target
Sound financial controls and management of public finances	3.1. Percentage elimination of wasteful and fruitless expenditure in public sector institutions	2018 Baseline	100% elimination of wasteful and fruitless expenditure in the public sector institutions incrementally from baseline of 2019 by 2024
	3.2. Percentage reduction of irregular expenditure in public sector institutions	2018 Baseline	75% reduction of irregular expenditure in public sector institutions incrementally from baseline of 2019 by 2024
	3.3. Percentage reduction of qualified audits in the public sector	2018 Baseline	75% reduction of qualified audits in the public sector incrementally from baseline of 2019 by 2024

AS AMENDED

Outcome	Outcome Indicator	Baseline	Five-year target
Sound financial controls and management of public finances	3.1. Reduction of wasteful and fruitless expenditure in public sector institutions	New indicator	Develop a programme to strengthen awareness, internal controls, reporting and consequence management with regard to wasteful and fruitless expenditure in the public sector by 2022
	3.2. Reduction of irregular expenditure in public sector institutions	New indicator	Develop a programme to strengthen awareness, internal controls, reporting and consequence management with regard to irregular expenditure in the public sector by 2022
	3.3. Reduction of qualified audits in the public sector	New indicator	Development of intervention and support strategies to address common causes for qualifications in the public sector by 2022.

PART D: TECHNICAL INDICATOR DESCRIPTION

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Outcome Indicator no.3.1	
Indicator Title	Percentage elimination of wasteful and fruitless expenditure in public sector institutions
Definition	Fruitless and wasteful expenditure refers to expenditure that was made in vain and could have been avoided had reasonable care been taken and reported by AGSA
Source of Data	Report by AGSA
Method of Calculation / Assessment	$\frac{\text{Fruitless and wasteful expenditure in 2018} - \text{Fruitless and wasteful expenditure in 2024}}{\text{Fruitless and wasteful expenditure in 2018}} \times 100$
Assumptions	<ul style="list-style-type: none"> AGSA audits completed on time within the reporting period Accounting Officers ensure compliance with relevant legislation and regulations Accounting Officers give effect to consequence management when incidences of wasteful and fruitless expenditure occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> Reflect on contribution to spatial transformation priorities: N/A Reflect on the spatial impact area: N/A
Desired Performance	100% elimination of wasteful and fruitless expenditure in the public sector institutions incrementally from baseline of 2019 by 2024
Indicator Responsibility	Office of the Accountant General

AS AMENDED

Outcome Indicator no.3.1	
Indicator Title	Reduction of wasteful and fruitless expenditure in public sector institutions
Definition	<p>NT to provide a support programme to Accounting Officers in their obligation to reduce fruitless & wasteful expenditure.</p> <p>Fruitless and wasteful expenditure refers to expenditure that was made in vain and could have been avoided had reasonable care been taken and reported by AGSA</p>
Source of Data	A quarterly report of the progress of the development of the programme that records actual performance against planned performance.
Method of Calculation / Assessment	Planned programme development versus actual programme developed
Assumptions	<ul style="list-style-type: none"> • AGSA audits completed on time within the reporting period • Accounting Officers ensure compliance with relevant legislation and regulations • Accounting Officers give effect to consequence management when incidences of wasteful and fruitless expenditure occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	Programme to strengthen awareness, internal controls, reporting and consequence management in order to support the reduction of wasteful and fruitless expenditure in the public sector developed
Indicator Responsibility	Office of the Accountant General

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Outcome Indicator no.3.2	
Indicator Title	Percentage reduction of irregular expenditure in public sector institutions
Definition	Irregular expenditure refers to all expenditure where there was non- compliance with legislation in the process leading up to the payment that is reported by AGSA
Source of Data	Report by AGSA
Method of Calculation / Assessment	$\frac{\text{Irregular expenditure in 2018} - \text{Irregular expenditure in 2024}}{\text{Irregular expenditure in 2018}} \times 100$
Assumptions	<ul style="list-style-type: none"> • AGSA audits completed on time within the reporting period • Accounting Officers ensure compliance with relevant legislation and regulations • Accounting Officers give effect to consequence management when incidences of irregular expenditure occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	75% reduction of irregular expenditure in public sector institutions incrementally from baseline of 2019 by 2024
Indicator Responsibility	Office of the Accountant General

AS AMENDED

Outcome Indicator no.3.2	
Indicator Title	Reduction of irregular expenditure in public sector institutions
Definition	<p>NT to provide a support programme to Accounting Officers in their obligation to reduce irregular expenditure.</p> <p>Irregular expenditure refers to all expenditure where there was non- compliance with legislation in the process leading up to the payment that is reported by AGSA</p>
Source of Data	A quarterly report of the progress of the development of the programme that records actual performance against planned performance.
Method of Calculation / Assessment	Planned programme development versus actual programme developed
Assumptions	<ul style="list-style-type: none"> • AGSA audits completed on time within the reporting period • Accounting Officers ensure compliance with relevant legislation and regulations • Accounting Officers give effect to consequence management when incidences of irregular expenditure occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	Programme to strengthen awareness, internal controls, reporting and consequence management with regard to irregular expenditure in the public sector developed
Indicator Responsibility	Office of the Accountant General

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Outcome Indicator no.3.3	
Indicator Title	Percentage reduction of qualified audits in the public sector
Definition	The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.
Source of Data	Report by AGSA
Method of Calculation / Assessment	$\frac{\text{Qualified audits in 2018} - \text{Qualified audits in 2024}}{\text{Qualified audits in 2018}} \times 100$
Assumptions	<ul style="list-style-type: none"> • AGSA audits completed on time within the reporting period • Accounting Officers ensure compliance with relevant legislation and regulations • Accounting Officers give effect to consequence management when incidences of qualified audits occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	75% reduction of irregular expenditure in public sector institutions incrementally from baseline of 2019 by 2024
Indicator Responsibility	Office of the Accountant General

AS AMENDED

Outcome Indicator no.3.3	
Indicator Title	Reduction of qualified audits in the public sector
Definition	<p>NT to provide a support programme to Accounting Officers in their obligation to reduce qualified audits.</p> <p>Qualified audits are issued by the Auditor-General when the financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated.</p>
Source of Data	A quarterly report of the progress of the development of the programme that records actual performance against planned performance.
Method of Calculation / Assessment	Planned programme development versus actual programme developed
Assumptions	<ul style="list-style-type: none"> • AGSA audits completed on time within the reporting period • Accounting Officers ensure compliance with relevant legislation and regulations • Accounting Officers give effect to consequence management when incidences of qualified audits occurs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation	<ul style="list-style-type: none"> • Reflect on contribution to spatial transformation priorities: N/A • Reflect on the spatial impact area: N/A
Desired Performance	Intervention and/or support strategies to address common causes for qualifications in the public sector developed
Indicator Responsibility	Office of the Accountant General