



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF TOURISM

ORGANISATIONAL PERFORMANCE MANAGEMENT GUIDELINES

2016/17

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ABBREVIATIONS

APP	Annual Performance Plan
CD: CA	Chief Directorate: Corporate Affairs
CD: GS	Chief Directorate: Governance Support
CFO	Chief Financial Officer
DDGs	Deputy Directors-General
DG	Director-General
DoRA	Division of Revenue Act, 2008 (Act No 2 of 2008)
ENE	Estimates of National Expenditure
FSPAPP	Framework for Strategic Plans and Annual Performance Plans from the National Treasury 2010
HoD	Head of Departmental Programme
KPIs	Key Performance Indicators
MTSF	Medium Term Strategic Framework
PFMA	Public Finance Management Act, 1999 (Act No 1 of 1999) as amended
SMART	Specific, Measurable, Achievable, Relevant and Time-bound
SOs	Strategic Objectives
SP	Strategic Plan

1. INTRODUCTION

Performance management is a management tool to plan, monitor, and measure and review performance to ensure effective, efficient, economic and equitable service delivery by the Department. It provides the mechanism to assess our operating environment, select the best strategic choices to deliver our mandate (i.e. creating conditions conducive for growth and development of a sustainable tourism sector for South Africa that will contribute to economic development and job creation) and measure whether the Department is achieving in terms of meeting its objectives and targets.

Properly managed performance gives confidence to all our stakeholders on the adequacy of the Department's plans and provides information on progress with the implementation of those plans. Therefore it becomes prudent that the Department develops and implements accountability measures that go beyond just compliance to enhanced governance on performance.

This will require that sufficient resources be put in place to ensure proper support to the Department to fulfil the performance management function, including ensuring that duly assigned performance management responsibilities are undertaken, and that proper controls are in place to ensure the reliability and credibility of the performance management information.

The organisational performance management system entails a framework which describes and represents how the Department's cycle and processes of performance planning, monitoring, reporting, review and improvement will be conducted, organised and managed, including determining the roles of the different role players. These guidelines provide details to all Departmental officials on managing performance in their areas of responsibility. They further acknowledge the importance of standard practices, processes and systems in managing Departmental performance.

The government has found it necessary to institutionalise and provide legislation on the performance management process for Departments. To this end, the Department has developed these guidelines in line with applicable prescripts.

To strengthen the function of organisational performance management, the Department has centralised the co-ordination function within the Office of the Chief Operating Officer. The rationale is to ensure standardisation in the implementation of this function through central co-ordination that provides overall strategic advisory service to the Department.

1.1 Purpose

The primary purpose of the Guidelines is to provide a uniform and systematic approach to the management of organisational performance and information. These Guidelines aim to provide guidance on how the organisational performance management system in the Department is to be embarked upon, to ensure that the Department effectively and efficiently fulfils its legislative mandate. The broader aims are to:

- (i) Assist the Department to effectively fulfil the organisational performance management function, which covers performance planning, implementation, monitoring, and reporting, as well as aspects of risk management and performance review.
- (ii) Ensure uniformity, standardisation, and clarity of definitions, roles and responsibilities across the Department in the management of performance.

- (iii) Provides timeframes, templates for submission, and also guides the Branches on how to compile performance documents for attention of the relevant authorities.

1.2 Objectives

The objectives of the Guidelines are to:

- (i) Clarify the processes of implementing the organisational performance management system.
- (ii) Clarify definitions and set standards for organisational performance management.
- (iii) Synchronise planning, budgeting, reporting and risk management processes, in order to result in the enhancement of service delivery within the Department.
- (iv) Assist management to translate the Department's vision and mission into clear measurable outcomes, indicators and performance levels that define success and that are shared throughout the Department and with the Department's customers and stakeholders.
- (v) Ensure that the departmental Strategic Plan is implemented in a harmonised manner through the introduction of the best approaches, systems and methods.
- (vi) Ensure compliance with various legislative and regulatory prescripts governing planning, performance monitoring and reporting, and risk management in the public service.
- (vii) Demonstrate how the system will be managed from the implementation of the Strategic Plan phase up to the phase of performance review.
Define roles and responsibilities in organisational performance management.
- (viii) Determine the frequency of reporting.
- (ix) Promote accountability and transparency by ensuring that relevant authorities (Minister, Parliament, National Treasury, and Auditor-General of South Africa) are provided with accurate departmental performance information.

1.3 Key issues underpinning the success of the Organisational Performance Management System

- (i) Top management must drive the organisational performance management system.
- (ii) Communication must occur at all levels.
- (iii) Organisational performance management must be seen as an ongoing process.

1.4 Legislative and Regulatory Frameworks

The following legislative and regulatory frameworks inform the integrated planning process, as well as reporting information on performance in the Department. These prescripts are applicable to both planning and reporting in the Department, and are included as attachments in Annexure C – Prescripts.

(i) Constitution of the Republic of South Africa, 1996, (Act No. 108 of 1996)

Section 185 (5) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) as amended, states that state institutions are accountable to the National Assembly, and must report on their activities and the performance of their functions to the National Assembly once a year. Furthermore, the specific responsibility of the Executive Authorities of these state institutions, as members of the Cabinet, is outlined in Section 92 of the Constitution, which is elaborated in Section 3.1: The Roles and Responsibilities of the Minister.

(ii) Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended

Section 40(1)(d) of the PFMA as amended by Act No. 29 of 1999, requires that the Accounting Officer of a government department i.e. the Director-General should submit within five (5) months of the end of the financial year to the National Treasury and the Executive Authority of a department (i.e. the Minister), an Annual Report on the activities of that department during that financial year, as well as both the audited financial statements and the Auditor-General's report on those statements. Section 65 of the same Act (PFMA) requires of a minister of a department to table an Annual Report in the National Assembly within six (6) months of the end of each financial year that is no later than 30 September.

(iii) National Treasury Regulations of 2005 as amended (20 February 2007)

Part III, Section 5 of the National Treasury Regulations, 2005 reads that:

"5.1. Preparation of Strategic Plans

- 5.1.1 The accounting officer of an institution must prepare a strategic plan that is consistent with the period covered by the Medium Term Expenditure Framework (MTEF) for approval by the relevant executive authority;

5.2. Submission and contents of Strategic Plans

- 5.2.1 In order to facilitate the annual discussion of individual votes, accounting officers must provide parliament with their respective institutions' medium-term strategic plan, and where applicable, with its annual performance plan.

5.2.2 The strategic plan must:

- (a) Cover a period of three years and be consistent with the institution's published medium-term expenditure estimates.
- (b) include specific Constitutional and other legislative, functional and policy mandates that indicate the output deliverables for which the institution is responsible;
- (c) include policy developments and legislative changes that influence programme spending plans over the three-year period;
- (d) include the measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of the institution's programmes ;
- (e) include details of proposed acquisitions of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets;
- (f) include details of proposed acquisitions of financial assets or capital transfers and plans for the management of financial assets and liabilities;
- (g) include multi-year projections of income and projected receipts from the sale of assets;
- (h) include details of the Service Delivery Improvement Programme;
- (i) include details of proposed information technology acquisition or expansion in reference to an information technology plan; and
- (j) for departments, include the requirements of Chapter 1, Part III B of the Public Service Regulations, 2001.(Refer to paragraph vii.)

5.2.3 The strategic plan must form the basis for the annual reports of accounting officers as required by sections 40 (1) (d) and (e) of the Act.

5.3 Evaluation of performance [Section 27(4) read with 36(5) of the PFMA]

5.3.1 The accounting officer of an institution must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action."

(iv) Framework for Strategic Plans and Annual Performance Plans from the National Treasury 2010

All government departments must develop a five-year Strategic Plan, which should include the vision, mission, values, constitutional and legislative mandates, court cases, outcome goals, and strategic objectives. The Strategic Plan is then cascaded down into three-years (MTEF) Annual Performance Plan, which includes strategic objectives, indicators, annual targets and quarterly targets. These targets must be attainable and costed. Strategic Plans and the Annual Performance Plans are developed to give practical expression to the overall government mandate. The process of developing Strategic Plans is guided by *the National Treasury's Framework for Strategic Plans and Annual Performance Plans*.

(v) National Treasury's Framework for Managing Programme Performance Information, 2007

In accordance with Chapter 5, Section 5.2 of *the National Treasury's Framework for Managing Programme Performance*, 'the accounting officer of an institution is responsible for ensuring that the institution has processes to review performance and take necessary corrective actions to ensure service delivery stays on track'. The framework seeks to clarify definitions and sets standards for performance information in support of regular audits of such information and it also aims to improve integrated structures, systems and processes required to manage performance information.

This framework outlines key concepts such as performance indicators and performance targets in the design and implementation of organisational performance management system to define performance standards, standards for collecting data, and reporting of performance information. These concepts and accompanying standards assist in restructuring of performance information in order to enable the Department to demonstrate clearly how it has planned and used available resources to deliver on its mandate. Details on performance indicators and performance targets, and their accompanying standards, are contained in Section 4.1 paragraphs (vii) and (viii) respectively.

(vi) Public Service Act, 1994 as amended.

In terms of Chapter III of the Public Service Act, 1994, it is the responsibility of the head of the department (HOD), as accounting officers to ensure that employees within their departments, including senior management service members (SMS), effectively achieve the objectives of the department. The HoDs should develop the Performance Agreements (PAs) according to the strategic plan, which will then be cascaded to all employees in the department. This, therefore, means that there should be a correlation between the PAs of all employees and the Strategic Plan of the department.

(vii) Public Service Regulations, 2001 as amended.

Part III of the Public Service Regulations reads as follows:

"B.1 An executive authority shall prepare a strategic plan for her or his department –

- (a) stating the department's core objectives, based on Constitutional and other legislative mandates, functional mandates and the service delivery improvement programme mentioned in regulation III C;
- (d) describing the goals or targets to be attained on the medium term;
- (e) setting out a programme for attaining those goals and targets;
- (f) specifying information systems that –
 - (i) enable the executive authority to monitor the progress made towards achieving those goals, targets and core objectives;"

(viii) Senior Management Service Handbook

Chapter 4, section 7 (a) and (b) of the SMS Handbook describes the process and requirements of performance management and development for members of the SMS. It is issued as a directive by the Minister for Public Service and Administration in terms of Part III of Chapter 4 of the Public Service Regulation, 2001. The Handbook stipulates that individual performance assessment should inform the evaluation and review of the organisational achievements.

(ix) Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009)

Section 5 reads as follows:

- (2) Committees must annually submit budgetary review and recommendation reports for tabling in the National Assembly for each department.
- (3) A budgetary review and recommendation report -
 - (a) must provide an assessment of the department's service delivery performance given available resources;
 - (b) must provide an assessment on the effectiveness and efficiency of the departments use and forward allocation of available resources; and
 - (c) may include recommendations on the forward use of resources.
- (4) A Committee reporting to the National Assembly in terms of this section must submit its budgetary and recommendation report after the adoption of the Appropriation Bill and prior to the adoption of the reports on the Medium Term Budget Policy Statement.
- (5) Any budgetary review and recommendation report must be submitted to the Minister and the member of Cabinet responsible for the vote to which the report applies after its adoption by the National Assembly and prior to the adoption of the reports on the Medium Term Budget Policy Statement.
- (6) Additional budgetary and recommendation reports may be submitted at the discretion of a committee.

(x) King III Report on Governance

The Department recognises the King III Report on Corporate Governance as best practice, which requires of any organisation to establish a risk management structure that will adequately identify measure, monitor and control the risks involved in its various operations and lines of business.

Management is responsible for implementing risk management process. Risk management should be an integral part of the Department's day to day activities. The risk management philosophy should be approved by the Risk Management Committee which should include risk management plan.

(xi) Public Sector Risk Management Framework (2010)

Chapter 15 of the Public Sector Risk Management Framework indicates that Management is responsible for executing their responsibilities outlines in the risk management strategy and for integrating risk management into the operational routine. High level responsibilities of Management are outlined in Section 2 of Chapter 5 (Attached as Annexure).

(xii) All other applicable directives from relevant authorities

2. APPLICABILITY

The Guidelines provides a management framework for the development of the following key performance accountability documents:

- Strategic Plan
- Annual Performance Plan
- Performance Agreements
- Business Plan
- Quarterly Performance Reports
- Annual Performance Report

3. ROLES AND RESPONSIBILITIES

3.1 Minister of Tourism

Section 92 of the Constitution of the Republic of South Africa specifically establishes the Executive Authority's responsibility, and also provides for the Executive Authority's accountability and oversight on all matters under his control. It states that: "members of the Cabinet are accountable collectively and individually to Parliament for the exercise of their powers and the performance of their functions" and that they must "provide Parliament with full and regular reports concerning matters under their control". In these terms, it follows that the responsibilities of the Minister, as the Executive Authority, primarily include the following:

- (i) Approval of the Strategic and Annual Performance Plans.
- (ii) Overall determination of the policy imperatives that are to be taken into account in developing the department's strategy.

- (iii) In-year review of performance against plans to ensure that the department under his control has appropriate performance information systems to enable him to fulfill his accountability reporting responsibilities, and that it also functions optimally and complies with all regulatory standards and guidelines.
- (iv) Tabling of all performance management documents to Parliament in terms of the prescripts.
- (v) Minister must oversee that the Department is performing, and that there are systems for reporting.

3.2 The Director-General (DG)

The responsibilities of the Director-General (DG), in his or her capacity as Accounting Officer, are outlined in Sections 38, 39 and 40 of the PFMA, 1999 (Act No. 1 of 1999) as amended, read together with Part III, Sections 5.1, 5.2 and 5.3 of the National Treasury Regulations, 2005 as amended (20 February 2007). These include, but not limited, to the following:

- (i) The development, resourcing and implementation of the departmental strategy to deliver on the departmental mandate and policy directives.
- (ii) The development of organisational performance management system
- (iii) Provision to Parliament of the Department's medium-term Strategic Plan, with its Annual Performance Plan .
- (iv) Establishment of the procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action.

3.3 Heads of Departmental Programmes

Heads of Departmental Programmes or Deputy Directors-General (DDGs) are responsible for:

- (i) Provision of strategic leadership and guidance to their branches during the development of strategic, annual performance and business plans, and performance reporting.
- (ii) Provision of approved and timeous inputs to the development of the department's strategic, annual performance and business plans, Estimates of National Expenditure (ENE).
- (iii) Provision of timeous progress report (quarterly and annually) on the implementation of the strategic, annual performance and business plans.
- (iv) Convening of formal quarterly, mid-year and annual performance review sessions to discuss progress made (i.e. achievement of the set targets and quarterly milestones) on the implementation of the business plans.
- (v) Provision of quality checks, review and assurances on performance information.
- (vi) Provision of performance information related to their Branches, and ensuring proper management thereof with the support from Chief Directorate: Governance Support.
- (vii) Compliance with all regulatory requirements related to organisational performance management.

3.4 Chief Directorate: Governance Support (CD: GS)

The Chief Directorate: Governance Support, as a coordinating unit for the overall business performance management, is responsible for:

- (i) Coordination of the organisational performance management functions in the department to facilitate accountability.
- (ii) Provision of an advisory service to Management on the management of performance information.

- (iii) Development of systems and structures to manage organisational performance management within the department.
- (iv) Implementing business processes to ensure the department's compliance with all prescripts
- (v) Interfacing between the Department and the Auditor-General South Africa on the audit of performance information, as well as the National Treasury and the Department of Performance Monitoring and Evaluation.

3.5 Chief Financial Officer (CFO)

According to the National Treasury's Chief Financial Officers Handbook for Departments (1st Edition), the CFO's financial management responsibilities range from budget preparation to financial reporting to the development and maintenance of internal control policies and procedures.

The Chief Financial Officer is however, responsible for the following minimum functions:

- (i) Advocating for the financial resources to deliver on the strategy.
- (ii) Making a contribution to the financial aspects of the strategic planning process.
- (iii) Ensuring that the internal financial targets and budgets are fully consistent with the strategic plan and relevant agreements with government
- (iv) Managing working capital, assets and liabilities
- (v) Coordinating the finalisation of the Department's Annual Report.
- (vi) Meeting the reporting requirements as required in terms of financial management legislation such as PFMA, Treasury Regulations and DoRA.
- (vii) Maintaining systems of internal control, which complies with internal audit requirements

3.6 Chief Directorate: Corporate Affairs (CD: CA)

The Chief Directorate: Corporate Affairs is responsible for:

- (i) Ensuring the alignment of individual performance plans with the departmental goals and objectives.
- (ii) Implementation of the Human Resources Development Strategy.

4. PLANNING AND BUDGETING

Strategic planning process in public sector departments is undertaken in accordance with legislative and policy frameworks. In this regards, the department must develop procedural guidelines in order to promote uniformity and standardisation of who the planning processes and production of plans are undertaken across the department.

Strategic planning in the Department is undertaken as a process of ensuring that the Department clearly articulates what it intends to deliver in terms of the legislative mandate. Furthermore, such planning is undertaken to outline how the Department will contribute towards the achievement of the government-wide priorities as articulated in the Medium-Term Strategic Framework, linked to the electoral period. The MTSF (as approved by the Cabinet), serves as a basis for the allocation of budgets over the medium-term period and also provides strategic direction within which the Department should also prioritise the delivery of services.

The Department's resources must be employed to deliver on the mandate of the Department to promote effective, efficient, economical and equitable service delivery. The Strategic and Annual Performance Plans give the Department direction by defining the vision, mission and goals to be pursued in order to deliver on the mandate.

Therefore, the Department must undertake an inclusive planning process that outlines the objectives and targets which enables it to deliver the services to its clients. The Department's plans are an instrument through which it communicates its medium-term outputs to its stakeholders. They set out what it intends to do in the upcoming financial year and during the medium-term when implementing its Strategic Plan. The Department's medium and short term plans are informed by government priorities as defined in the Medium-Term Strategic Framework (MTSF) and other policy directives. These plans must be reviewed annually to ensure that they remain consistent with government priorities.

4.1. Requirements in terms of the Framework for Strategic Plans and Annual Performance Plans

The Department is required to prepare a Strategic Plan (SP) that covers a five year period that sets out indicators for programmes and sub-programmes to facilitate the goals and objectives of the Department. It must also prepare an Annual Performance Plan (APP) which covers a period of 3 years and includes quarterly performance targets for year one (1) of the plan. If the Department, revises its Strategic Plan in the middle of the 5 year term an Annexure explaining the changes to the Strategic Plan can be added to the Annual Performance Plan. Programme Managers (i.e. DDGs) use the APP to set milestones during the period of the plan, over which the deliverables at the completion of each milestone will, at the end of the year, accumulate to form outputs that are targeted at meeting the objectives.

No in-year alterations or updates are allowed in the APP. Where performance exceeds or misses targets, these must be noted in the Annual Report and the reasons for variance provided. This is in line with the Framework for Strategic Plan and Annual Performance Plans The framework requires that the APP should have the Technical Indicator Description attached in **Annexure B - Formats**.

The Strategic Plan must be informed by the Government-wide priorities contained in the Medium-Term Strategic Framework (MTSF) and take into account the political, economic and social environment that the Department is operating in. It will inform the allocation of a budget over the MTEF period. For it to be effectively and efficiently implemented, realistic operational plans must be developed, which are accurately costed, implemented and monitored.

The development of an APP must be linked to the Strategic Plan, and the MTEF, and should be informed by any updates to government's long-term plans; the Medium-Term Strategic Framework (MTSF); Government's Programme of Action; Performance Agreements between the President and the Minister; Service Delivery Agreements; and any other relevant long-term government plans.

The Framework states that "strategic plans and budgets should be interrelated to improve operational effectiveness". It is therefore important that budgets are linked to strategic plans in order to ensure that they key objectives and priorities are budgeted for and achieved.

4.2. Required Technical Elements of the Strategic Plan and the Annual Performance Plan

- (i) **A vision** is an inspiring picture of a preferred future. It is not time-bound and serves as a foundation for all policy development and planning, including strategic planning. It should be specific to the Department but linked to the overall vision of a particular sector or cluster.
- (ii) **A Mission statement** sets out the reason for the Department's existence based on its legislative mandates, functions and responsibilities. The mission should succinctly identify what the Department does, why and for whom.
- (iii) **Values** identify the principles for the conduct of the Department in carrying out its mission. Departmental values are derived in conjunction with the Department's mission. These values should define a citizen-oriented approach for producing and delivering government services in line with the *Batho Pele* principles.
- (iv) **The situational Analysis:** Present updated information on the performance delivery and institutional environment, based on the information gathered during the annual performance-planning process. The information presented should broadly correlate with what was presented in the Strategic Plan, but it should not be as detailed. The focus should be on noting any changes in the external and/or internal environments that might affect performance. The situational analysis should be conducted as a first step of planning (first draft Annual Performance Plan).
- (v) **Strategic outcome-oriented goals** identify areas of Departmental performance that are critical to the achievement of the mission. They should stretch and challenge the Department, but must be realistic and achievable. Strategic outcomes oriented goals should focus on impacts and outcomes, but in exceptional circumstances may deal with other aspects of performance. A strategic outcomes oriented goal should ideally be written as a statement of intent that is specific, measurable, achievable, relevant and time-bound (SMART). Departments should give priority to planning the delivery of services. However, departments may also specify strategic outcomes oriented goals in other areas where they relate directly to its mandate.
 - (a) A strategic outcome-oriented goal must meet the following standards:
 - It should have a span of five years.
 - It should be SMART in the sense of the description of the concept below, and meet the accompanying standards embedded in the following description:
 - **Specific:** A goal must be specific in the nature and required level of performance can be clearly identified. A goal should state clearly articulated, well defined and focused on exactly what we want to accomplish.
 - **Measurable:** Required performance can be measured. It should be able to establish criteria or determine the degree to which there is completion or attainment of a goal.
 - **Achievable:** Realistic given existing capacity. It should be realistic, practical and attainable within operational constraints/challenges dependent upon availability of resources, knowledge and timeframes.
 - **Relevant:** Required performance should be linked to the achievement of the mandate of the organisations linked to the government priorities.
 - **Time bound:** Time period / deadline for delivery must specified or expressed.

- (vi) **Budget programmes and purposes** is a main division within a department's budget that funds a clearly defined set of objectives based on the services or functions within the department's legislative and other mandates. It also constitutes a management unit established within a department responsible for the delivery of that defined set of services and functions.

A programme purpose, as captured in the organisational structure, should be a statement that sets out in broad terms the main areas of delivery for which funds are allocated. Such purposes are not strictly linked to strategic outcome-oriented goals or strategic objectives, but should rather focus on the legal mandate behind the expenditures reflected in the programme or sub-programme.

- (vii) **Strategic objectives** should state clearly what the department intends doing (or producing) to achieve its strategic outcomes oriented goals. The objectives should generally be stated in the form of an output statement, although in exceptional circumstances Departments might specify them in relation to inputs and activities or outcomes.

- (a) A strategic objective must meet the following standards:

- It should have a five years target that indicates what the organisation intends to achieve
- It should be an output statement (An output is final product, or good and service produced for delivery and it may be defined as "what we produce or deliver).
- It should be SMART in the sense of the description of the concept below, and meet the accompanying standards embedded in the following description:
 - **Specific:** An objective must be specific in the nature and required level of performance can be clearly identified. An objective should state clearly articulated, well defined and focused on exactly what we want to accomplish.
 - **Measurable:** Required performance can be measured. It should be able to establish criteria or determine the degree to which there is completion or attainment of a goal.
 - **Achievable:** Realistic given existing capacity. It should be realistic, practical and attainable within operational constraints/challenges dependent upon availability of resources, knowledge and timeframes.
 - **Relevant:** Required performance should be linked to the achievement of the mandate of the organisations linked to the government priorities.
 - **Time bound:** Time period / deadline for delivery must specified or expressed.

- (viii) **5 year strategic target:** This is the target set to be achieved in five years. It should be aligned to the achievement of the strategic objective (s), programme performance indicator (s) and the annual targets.

- (ix) A **programme performance indicator** is a unit of measurement that is used to measure performance. The indicators should be deliberate, reliable, well defined, verifiable, cost effective, appropriate and relevant should be sought, with baseline information.

- (a) A programme performance indicator must meet the following standards:

- **Reliability:** Indicators should be accurate enough for their intended use and respond to changes.
- **Verifiability:** Indicators should make it possible to validate the processes and systems.
- **Appropriateness:** Indicators should avoid unintended consequences and encourage service delivery improvements.
- **Well defined:** Indicators must be clear, unambiguous definition so that data will be collected consistently and will be easy to understand and use.
- **Cost-effectiveness:** Usefulness of the indicator must justify the cost of collecting the data.
- **Relevance:** Indicators must relate logically and directly to an aspect of the Department's mandate.

(x) **Annual performance targets** express a specific level of performance that the Department, programme or individual is aiming to achieve within a given time period.

(a) An annual target must meet the following standards :

- **Specific:** A target must be specific in the nature and required level of performance can be clearly identified. A target should state clearly articulated, well defined and focused on exactly what we want to accomplish.
- **Measurable:** Required performance can be measured. It should be able to establish criteria or determine the degree to which there is completion or attainment of a goal/ objective.
- **Achievable:** Realistic given existing capacity. It should be realistic, practical and attainable within operational constraints/challenges dependent upon availability of resources, knowledge and timeframes.
- **Relevant:** Required performance should be linked to the achievement of the mandate of the organisations linked to the government priorities.
- **Time bound:** Time period / deadline for delivery must specified or expressed.

(b) **Quarterly milestone** is a breakdown of the activities which outlines what the Department will do in order to achieve the annual target. Quarterly milestone should be aligned to the annual target.

Quarterly milestone must be deliberate and meet the following standards:

- Should be aligned to the annual target.
- It should seek to achieve the annual target.

(c) **Baseline** is the current level of performance that the Department aims to improve. The initial step in setting performance targets is to identify the baseline, which in most instances is the level of performance recorded in the year prior to the planning period.

A baselines must meet the following standards:

- Latest available information.
- Must indicate date, e.g. as at XX Month 20XX

- (d) **Technical Indicator Description (TID)** provides the indicator title, type and whether the indicator is new or not; a short definition, purpose or importance of the indicator. It also provides the method of data collection and calculation type, limitations of data. It further highlights the reporting cycle, the desired performance and the person who is responsible for managing and reporting on the indicator. Branches should use the template provided in the Guidelines - Annexure B. These Technical Indicator Description should be developed from the first draft APP to enhance the quality of the TIDs.

For the standards that the Technical Indicator must meet, refer to Annexure E page 42 of the Framework for Strategic Plans and Annual Performance Plans.

4.3 Departmental Strategic Planning Process

The Department will implement an annual planning cycle in 2016/17 financial year, the details of which are provided as attachment in **Annexure A – Planning Schedules**.

Submission of DDGs Performance Agreement	8 April 2016
Submission of DG's Performance Agreement to PSC and DPME	30 May 2016
Branch empowerment workshops	28 June – 29 July
Top Management Bosberaad (Setting direction and selecting Indicators for MTEF)	27 June
Analysis of Government MTSF and implications for tourism	July
Branch Planning Sessions: Development of KPIs and Targets	28 June - 29 July
Branch inputs to the first draft strategic plan and APP	5 August 2016
Submission of First Draft SP and APP to National Treasury and DPME	31 August 2016
Determine priorities for tourism – 1 st Departmental Lekgotla	26 – 28 October 2016
Submission of Second Draft SP and APP to National Treasury and DPME	30 November 2016
Adjusted Estimate of National Expenditure	August - September 2016
Branches' inputs to the Estimates of National Expenditure(ENE)	November 2016
Assessment of the outcomes of the January Cabinet Lekgotla and SONA and implications for tourism.	February 2017
Finalisation of departmental Goals, Strategic Objectives, Performance Indicators and targets at second Lekgotla	February 2017
Consolidation of the departmental strategy and annual performance plan following deliberations at departmental Lekgotla	February 2017
Briefing to Minister and Deputy Minister on proposed SP and APP	March 2017
Approval by the Minister	March 2017
Tabling to National Assembly and National Council of Provinces (Parliament)	March 2017
Define initiatives, costing and assign responsibilities (Business Planning)	March 2017
DG approval of the Business Plan	April 2017
Implementation	In-year from 1 April
Monitoring	Quarterly

The CD: GS must prepare an annual planning calendar to be communicated to all officials by 1 April of each financial year. The CD: GS must also prepare and table to management a framework for the departmental Makgotla (October and February Lekgotla) two (2) months prior to the scheduled date. The framework must define the objective of the upcoming Lekgotla, the intended outcomes and all preparatory

work that is required from the departmental programmes. Quality assured programme inputs into the departmental plans as defined in the Lekgotla framework approved by management must be submitted to the CD: GS. These inputs must be approved by the responsible DDGs. The CD: GS must provide advisory support to the Branches on the compilation of SP and APP. The compilation of the SP and APP will be coordinated by the CD: GS.

4.4 Business Planning

The planning and budgeting processes enable business plans to be developed. These processes support the breakdown of strategic objectives into their component parts, i.e. measurable and attainable outputs over shorter timeframes. Business plans are mechanisms through which the Department can effectively implement its APP by providing all the necessary details required for smooth implementation. The business plans will span the duration of a year, and detail what activities will be undertaken during that year, what and how resources (financial and human) will be employed. Business plans shall form the basis for quarterly reporting, in compliance with National Treasury requirements on quarterly reporting by the Director-General. Such plans shall be produced prior to the beginning of the financial year and approved by the Accounting Officer.

The development of Business Plans should take into account the incorporation of targets contained in the APP and Estimates of National Expenditure (ENE) documents, as well as the breakdown of annual targets into quarterly milestones.

4.4.1 Business Plan must meet the following standards:

- (i) **Key services provided to clients:** this section refers to the services that are provided by the branch to their clients and how these services benefit their clients. Its role is to make a person understand the nature of the services that are offered by the branch.
 - (ii) **Annual targets** express a specific level of performance that the Department, programme or individual is aiming to achieve within a given time period. An annual target must meet the following standards :
 - **Specific:** The target must be specific in the nature and required level of performance can be clearly identified. A target should state clearly articulated, well defined and focused on exactly what we want to accomplish.
 - **Measurable:** Required performance can be measured. It should be able to establish criteria or determine the degree to which there is completion or attainment of a goal/objective.
 - **Achievable:** Realistic given existing capacity. It should be realistic, practical and attainable within operational constraints/challenges dependent upon availability of resources, knowledge and timeframes.
 - **Relevant:** Required performance should be linked to the achievement of the strategic objectives and mandate of the Department linked to the government priorities.
 - **Time bound:** Time period / deadline for delivery must specified or expressed.
- The annual target should be the same as in the approved Annual Performance Plans.

- (iii) **Quarterly milestone** is a breakdown of the activities which outlines what the organisation will do in order to achieve the annual target. Quarterly milestone should be aligned to the annual target.

Quarterly milestone must be deliberate and meet the following standards:

- Should be aligned to the annual target.
- It should seek to achieve the annual target.
- The quarterly milestone should be the same as in the approved Annual Performance Plans.

- (iv) **Key activities / initiatives:** the processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".

The key activities:

- Should be aligned to the quarterly milestone.
- Should seek to achieve the quarterly milestone.

- (v) **Resource requirements:** all the resources that will contribute to the production and delivery of the outputs and activities. They include finances, personnel, equipment and buildings. The costing should be per annual target where possible.

- (vi) **Enabling conditions:** all the conditions that are needed in assist in achieving the set targets and activities e.g. support or information.

- (vii) **Financial Plan:** the branch should indicate the annual budget allocated to the branch and it should further reflect how the budget will be used in on a monthly basis (cash flow) and it should be in line with what was submitted to National Treasury by Office of the Chief Financial Officer.

- (viii) **Procurement schedule:** the goods and services that the branch will be procuring to achieve the set targets.

- (ix) **Communication Plan:** the branch should indicate the areas that they will need the assistance of the Chief Directorate: Communications.

- (x) **Service Delivery Improvement Plan:** as per the instructions/guidelines from Chief Directorate: Corporate Affairs

5. PERFORMANCE AGREEMENT FOR SENIOR MANAGEMENT SERVICES (SMS) LINKED WITH THE STRATEGIC PLAN AND ANNUAL PERFORMANCE PLAN

Performance of the Department is integrally linked to that of its employees. It is therefore important that organisational performance is linked to individual performance, and to ensure that both are managed at the same time, although separately. This will ensure that all employees are working towards a common goal. The employer remains responsible to create a conducive environment in which the employees can deliver the objectives and the targets set for them in their performance agreements.

In terms of Chapter III of the Public Service Act, 1994, is the responsibility of the head of the department (HOD), as accounting officers to ensure that employees within their departments, including senior

management service members (SMS), effectively achieve the objectives of the department. The HoDs should develop the Performance Agreements (PAs) according to the Strategic Plan, which will then be cascaded to all employees in the department. This, therefore, means that there should be correlation between the PAs of all employees and the Strategic Plan of the Department.

Chapter 4, section 7 (a) and (b) of the SMS Handbook describes the process and requirements of performance management and development for members of the SMS. It is issued as a directive by the Minister for Public Service and Administration in terms of Part III of Chapter 4 of the Public Service Regulation, 2001. The Handbook stipulates that individual performance assessment should inform the evaluation and review of the organizational achievements. The same approach needs to be followed when officials outside the senior manager service category enter into performance contracts with their supervisors. The DDGs have the responsibility to ensure that the commitments in the SP and APP are cascaded into the work plans of officials in their Branch. The CD: CA will provide support in this regard. Programme heads are responsible for ensuring that all aspects of their respective business plans are implemented through the signing of performance agreements linked to the business plans.

CD: GS will co-ordinate and facilitate the analysis of alignment of the SP and the Performance Agreements of the DDGs.

6. MONITORING AND REPORTING

According to the website: <http://www.businessdictionary.com/definition/report.html>, a report is defined as follows: "Information organised in a narrative, graphic or tabular form, prepared on an ad hoc, periodic, recurring, regular, or as required basis. Reports may refer to specific periods, events, occurrences or subjects, and may be communicated or presented in oral or written form". In this regard, the Department produces two (2) types of reports, i.e. internal and external reports. Internal reports are Quarterly Performance Reports submitted to the Executive Authority (the Minister) and Mid-year Performance Reports. External Reports are reporting against the Programme of Action, Estimate of National Expenditure, Strategic Plan, and Financial Reports to the National Treasury.

These reports provide a picture of how the Department is meeting its aims and objectives, and which policies and processes are working. They are essential to effective management, which includes planning, budgeting, and implementation and monitoring of performance. It is through these reports that effective accountability is facilitated to enable legislators, members of the public and other interested parties to track progress, identify the scope for improvement and better understand the nature of the issues the Department manages.

The Department relies on performance monitoring to provide information on key aspects of how the Department is operating, and the extent to which pre-determined objectives are being attained. This refers to the periodic checks that the Department conducts to examine whether or not it is on the right direction towards achievement of the set targets. Performance against the set outputs linked to the business plan activities is monitored at agreed intervals. Hence the Department continually monitors and reports on progress on planned targets in order to provide the executive authority and other relevant stakeholders with information on performance against plans.

6.1 Reporting Calendar

The Chief Directorate: Governance Support must prepare an annual reporting calendar to be communicated to all officials by the 1st April of each Financial Year. The CD: GS develops and communicates the templates for reporting against the APP for reporting. The DDGs are responsible for the branch reports, including adherence to the reporting schedule in terms of the annual reporting calendar. The branches shall use the reporting template provided by the CD: GS.

The detailed reporting process to be implemented in 2016/17 financial year is provided as attachment in **Annexure A - Reporting Schedules**.





BRANCH QUARTERLY PERFORMANCE INFORMATION REPORTING – 2015/16	PERIOD
1 st Quarter Reporting	15 June 2016 – 28 July 2016
2 nd Quarter Reporting	14 Sept. 2016 – 25 Oct. 2016
3 rd Quarter Reporting	9 Dec. 2016 – 4 Feb. 2017
4 th Quarter Reporting	14 March 2017 – 24 April 2017
DEPARTMENTAL QUARTERLY PERFORMANCE INFORMATION REPORT ON APP TO NATIONAL TREASURY AND THE DEPARTMENT OF PLANNING, MONITORING AND EVALUATION	
1 st Quarter Reporting	15 July 2016 – 31 July 2016
2 nd Quarter Reporting	15 Oct. 2016 – 31 Oct. 2016
3 rd Quarter Reporting	15 Jan. 2016 - 31 Jan. 2016
4 th Quarter Reporting	13 April 2016 - 31 May 2016
MANAGEMENT PERFORMANCE ASSESSMENT TOOL (MPAT)	
Discussion of MPAT Self-assessment report project Plan	August 2016
Completion of MPAT self-assessment questionnaire, collection and uploading of evidence by KPA Co-ordinators	Mid Aug. 2016 – early Sept. 2016.
Verification and preparation of a brief report on the process followed by Internal Audit	Mid-September 2016
Management discussion and confirmation of scores	Mid- late September 2016
Signing off the assessment report and evidence by the Director-General and uploading the departmental self-assessment questionnaire and evidence onto MPAT website	29 Sept. – 30 Sept. 2016
ANNUAL REPORT 2016/17	
Drafting of performance and governance information for the Annual Report	19 April 2017
Receipt of, and discussion of the Annual Report project plan and guidelines	April 2017
Submission of the draft Annual Report performance information (on pre-determined objectives) to branches for verification	22 – 26 April 2017
Request for the narrative of highlights from the branches	
Preparation of the notes for the Minister's Foreword and Deputy Minister's statement in the Annual Report	22 – 26 April 2017
Submission to Auditor-General	30 May 2017
Preparation of Tabling Documents	11 August 2017
Submission to the Chief Director: Governance Support	13 August 2017

DDGs VERIFICATION STATEMENTS	
Compilation of the DDGs 1st Verification Statements	9 Nov. 2016 – 20 Nov. 2016
Compilation of the DDGs 2nd Verification Statements	8 August 2017 – 18 August 2017
DGs VERIFICATION STATEMENT	
Compilation of the DGs First Verification Statements / Assessment	10 Nov. 2016 – 21 Nov. 2016
Compilation of the DGs Final Verification Statements / Assessment	7 Aug.2017 – 21 Aug.2017
ADJUSTED ESTIMATES OF NATIONAL EXPENDITURE (AENE)	
Receipt and perusal of AENE guidelines from National Treasury	August – September 2017
Submission of performance information on the selected indicators	August – September 2017
REPORT TO PRESIDENCY	
Inputs to SONA	15 Oct. 2015 – 30 Nov 2015
EMPOWERMENT WORKSHOPS WITH BRANCHES	June – July 2016
REPORT BACK MEETING	June – July 2016
ORGANISATIONAL GUIDELINES 2016/17	

6.2 Quarterly Performance Review

Quarterly Reports are used as management tools to periodically evaluate progress made against the set quarterly targets in the APP, as well take corrective action if needs be. The quarterly reports should show direct link to planned quarterly targets. Branches must prepare and submit quarterly progress report using the template provided by CD: GS within the timeframes communicated in the calendar. The template will include a requirement for a brief narrative of highlights for the reporting. The Quarterly Reports must be accompanied by evidence to validate all declared performance information in the report. The evidence must be uploaded by Branch Administrators on the Electronic Document Management System (EDMS) workflow together with the Branch Quarterly Report and filed as per Programme Performance Indicator. Performance information must be *competent* and *sufficient* (These are elaborated in Sections 6.5.1 and 6.5.2 below).

The CD: GS will analyse the reports provided by the Branches and a prepare performance dashboards for presentation to Management. The following criteria will inform the colour coded rating of performance:

	Less than 50% completion of the planned target or unverified information
	50-99% completion of the planned target
	100% completion of the planned target
	Deviation from APP and/or insufficient or unavailable information to express an opinion.

Percentage achievement is quantified in terms of level of progress in relation to planned activities towards the target. The onus is upon Programme Managers to provide information to support their declared performance information by providing evidence files that have been quality checked. The evidence must be submitted electronically through uploading on the EDMS. The evidence must also be submitted on Compact Disc, or in hard copy format by the Branch Administrators when so required.

The Minister convenes a **Quarterly Performance Review Meeting** approximately six weeks after the end of each quarter. The Branches shall prepare a presentation for the Quarterly Review Meeting focusing on areas to be highlighted for the executive and areas requiring further attention and/or decision. CD: GS will prepare for presentation to the Quarterly Review Meeting an analysis of the quarterly reports as well as a traffic light dashboard based on the legend above.

6.3 Quarterly Performance Report Submission

6.3.1 Submission to the Department of Planning, Monitoring and Evaluation (DPME)

The CD: GS will prepare the reports to the Department of Planning, Monitoring and Evaluation (DPME) on the progress on the implementation of the APP using the information provided by the Branches in the quarterly reports. The report will be submitted to the DPME after the end of the quarter in terms on the Treasury Regulations and the DPME Guidelines on the quarterly reporting process with the approval by the Director-General.

The preliminary report (i.e. report with unverified data) will be submitted to the DPME within 30 days after the end of the quarter, and then the report with actual data (verified) will be submitted within 60 days after the end of the quarter to the DPME.

6.3.2 Submission of Quarterly Performance Report to the Directorate: Business Performance and Risk Management

6.4.3.1 Role of Branch Administrators / Directors in Submission of Quarterly Performance Reports

Branch Administrators / Directors must ensure that:

- i. The following sheets in the reporting template are populated with the required information:
 - Narrative highlights (these relate to key achievements in particular projects).
 - *Ad hoc* work (These relate to any other work performed outside of the activity schedule, which may have assisted in the achievement of specific targets, or may even have been assigned by any other departmental governance structure).
 - Evidence checklist.
- ii. All the documents submitted and/or uploaded in evidence folder in EDMS adhere to the following:
 - Are in pdf format.
 - Have a clear date indicating when the report or document was completed.
 - Bear a clear signature of appropriate approving authority.
- iii. The Reasons for Variance (i.e. Specific reason (s) **why** a specific target was partially achieved or not achieved within the reporting period) are clearly and sufficiently provided in the report, and that such reason (s) is/are directly linked to the target.
- iv. Corrective Measures for under or non-achievement in specific targets (i.e. What the Branch **will do** in the next quarter or future date to address the specific reason (s) **why** a specific target was partially achieved or not achieved within the reporting period) are clearly and sufficiently provided in the report, and that such reason (s) is/are directly linked to the target.
- v. Branch Administrators / Directors must ensure that quarterly performance reports and evidence are submitted within the prescribed time frames.
- vi. Branch Administrators / Directors must ensure that the Evidence checklist provided for in performance reporting template is signed by all relevant officials: compiler, verifier and the approver, and that it is also uploaded together with the report and other evidence.

- vii. The actual report (s) must be separated from the actual submission for approval. The actual report (s) must be attached as an Annexure onto the submission for approval.

6.3.2.2 Role of Programme Managers in Submission of Quarterly Performance Reports

- i. Programme Managers must view, comment on and sign-off their branches quarterly performance reports and evidence folder by populating the sign-off column in the evidence checklist sheet in the reporting template issued by the Directorate: BP&RM.

6.3.2.3 Submission and Filing of Performance Information Evidence for Quarterly Reports

Evidence Compilers and Branch Administrators / Directors must that:

- i. Only relevant and appropriate supporting documentation which is in pdf format for declared performance information is included in the evidence folder.
- ii. Only supporting documentation that is directly linked to the specific target is submitted is included in the folder for that specific target, within the relevant and specific Indicator folder.
 - The naming of Programme Performance Indicator (PPI) folders is consistent with the names of such Indicators as written in the template provided by the Directorate: BP&RM.
 - The relevant target evidence sub-folder (s) within the relevant PPI evidence folder bears consistent target names as those written in the template provided by the Directorate: BP&RM.

6.3.2.4 Submission and Filing of Performance Information Evidence for Corrective Measures in Quarterly Reports

Branch Administrators / Directors must ensure that Evidence Compilers and Branch Administrators / Directors must that:

- i. All corrective measures for all under or non-achievement are included in the folder named Corrective Measures in the Evidence folder in the EDMS.
- ii. Relevant and appropriate supporting documentation for corrections made to under or non-achievement in the previous quarter performance reporting included in the folder named Corrective Measures.
- iii. Relevant and appropriate supporting documentation in for corrections made to under or non-achievement in the previous quarter performance reporting is in pdf format, has the date and the signature of the appropriate approving authority.
- iv. Relevant and appropriate evidence is filed in the relevant and specific PPI and Target folders in the evidence folder in the EDMS.

6.4 Annual Report

The Annual Report is a key reporting instrument for the Department to report against the performance targets and budgets outlined in their Strategic Plan read together with the Estimates of National Expenditure. The Annual Report will allow Parliament and the public to evaluate the performance of the Department at the end of the financial year. The Annual Report is required to contain information on service delivery, in addition to financial statements and the audit report. The aim is to reflect on whether or not a clean administration was achieved during the period under review. Clean administration is reflected from annual audits that reflect:

- Unqualified financial Statements
- No findings on pre-determined objectives.
- No findings on compliance with laws and regulations.

Performance information for the Department's Annual Report will be prepared by CD: GS with input from Branches in terms of the Guide for the Preparation of the Annual Report normally issued by the National Treasury at the end of the financial year.

Performance information for the Annual Report will be submitted with the Quarter 4 performance information report in the format to be provided by CD: GS based on the Annual Report Guide for National and Provincial Departments issued by the National Treasury. The DDGs shall be responsible for quality assurance of all performance information pertinent to their Branches in the Annual Report. In cases of under- or over- achievement on the targets, the following must be adhered to:

- Noting of under- or over- achievement on the targets in the Annual Report.
- Stating of the actual deviation from the planned target (Refer also to 6.4.2. (i))
- Provision of comments for deviations (i.e. reasons for variance) (Refer also to 6.4.2. (ii))
- Stating of the strategy (i.e. plans) to overcome under performance (Refer also to 6.4.2 (iii)).

6.4.1. Submission and Filing of Performance Information Evidence for Annual Reports

Evidence Compilers and Branch Administrators / Directors must that:

- Only relevant and appropriate supporting documentation which is in pdf format for declared performance information is included in the evidence folder.
- Only supporting documentation that is directly linked to the specific target is submitted is included in the folder for that specific target, within the relevant and specific Indicator folder.
- The naming of Programme Performance Indicator (PPI) folders is consistent with the names of such Indicators as written in the template provided by the Directorate: BP&RM.
- The relevant target evidence sub-folder (s) within the relevant PPI evidence folder bears consistent target names as those written in the template provided by the Directorate: BP&RM.
- A consolidation report, i.e. report that merges / unites all progress made throughout the financial year in relation to specific annual target (s) must be compiled, approved and/or signed off, and be submitted.
- A consolidation report must be submitted as a separate report, and such a report must make reference to the annexures and/or attachments.

6.4.2. Reporting on Deviations and Strategy to Overcome Under Performance

Branch Administrators / Directors must ensure that:

- The "Deviation from planned target to actual achievement" in the Annual Report (i.e. the percentage or value or number or item or object or actuality, which is the difference or direct result of what was achieved from what was planned) is clearly and sufficiently provided in the report, and that such deviation or variance is directly linked to the target.

- ii. The "Comment on deviations" in the Annual Report (i.e. Specific reason (s) **why** a specific target was partially achieved or not achieved within the reporting period) are clearly and sufficiently provided in the report, and that such reason (s) is/are directly linked to the target.
- iii. The "Strategy to overcome under performance" in the Annual Report (i.e. what the Branch on behalf of the Department is planning or has planned to do in the future date to address the specific reason (s) provided for **why** a specific target was partially achieved or not achieved within the reporting period) is clearly and sufficiently provided in the report, and that a strategy or plan is directly linked to the target.

6.4.3. Consolidation and Alignment of Evidence to the Annual Target

- i. Only the correct, sufficient and proper evidence that complies with the Evidence Standards in Section 6 must be aligned to the annual target.
- ii. Evidence submitted to corroborate reported performance information must be related to, specific and relevant to only the related, specific and relevant annual target.

6.5 Audit of Pre-determined Objectives

The Auditor-General of South Africa considers the audit of pre-determined objectives:

- a) As the annual audit of reported actual performance information against pre-determined objectives, indicators and targets as contained in the annual performance report.
- b) As an integral part of the annual regularity audit process, to confirm the following in the Annual Report:
 - i. **Compliance** with related laws and regulations (existence, timeliness).
 - ii. **Usefulness** of performance information (presentation, measurability, relevance, consistency)
 - iii. **Reliability** of performance reporting (validity, accuracy and completeness).

6.6 Audit Approach to Performance Information

AGSA approach to auditing of performance information seeks to:

- a) Understand and test the design and implementation of the performance management systems, processes and relevant controls (i.e. system description).
- b) Test the measurability, relevance, presentation and consistency of planned and reported performance information.
- c) Conclude on the usefulness of the reported performance information for selected programmes for auditing purposes.
- d) Test the reported performance information against relevant source documentation (i.e. evidence) to verify the validity, accuracy and completeness of reported performance information.
- e) Conclude on the reliability of the reported performance for selected programmes for auditing purposes.

6.7 Producing Audit Evidence

Evidence is information which, when matched against the elements and performance criteria of a performance area, provides proof of competency. Evidence can take many forms and can be gathered from a number of sources. These Organisational Performance Management Guidelines suggests the types of evidence to guide the Branches in gathering and presenting the information necessary to demonstrate achievement in a particular performance area for audit. Audit evidence is any information used by the auditor to determine whether the information being audited is stated in accordance with the establish criteria.

The arrangement of evidence to corroborate declared performance report must be linked to Programme Performance Indicators, and grouped in folders as PPI – Name of Target. Sub-folders must be created in cases there are more than one targets to be reported on under a certain PPI.

A checklist (template provided as attachment under **Annexure B – Formats**), incorporated in the reporting template as Checklist for Evidence, must be completed to ensure that all, and only relevant documentary evidence is provided.

In cases of non-achievement in previous quarterly reports, corrective measures must be included in the folder named Corrective Measures, and relevant evidence attached in the same folder. It is expected of all Branches to report on under-performance in the following quarter.

6.7.1 Determinants of Persuasiveness of Evidence

Two (2) determinants of persuasiveness of evidence are *competence* and *sufficiency*:

6.7.1.1 Competence

Competence means the degree to which evidence can be considered to be trustworthy. Evidence would be deemed competent when it is valid and reliable, and actually represents what it purports to represent.

The following factors can assist in assessment of whether or not the evidence is reliable:

- a) If evidence is corroborated with the help of different types of evidence obtained from other sources.
- b) Documentary evidence is more reliable than oral evidence.
- c) Evidence obtained through direct observation is more reliable than indirectly obtained evidence.
- d) Photocopies are less reliable evidence than the originals, and should the Auditors require originals, such must be made available.

The following are **competence considerations**:

- a) **Relevance**: must pertain to the performance information being audited.
- b) **Independence**: evidence from outside the Department is stronger than evidence from internal.
- c) **Effectiveness of departmental internal controls** - good internal/departmental controls mean better information.
- d) **Auditor direct knowledge** - Auditor determinations are stronger than the clients' comments.
- e) **Qualifications** - an individual is a qualified source.

- f) **Degree of objectivity** - objective evidence is stronger than subjective evidence.

6.7.1.2 Sufficiency

Sufficiency means that the amount of evidence is enough to form reasonable opinion. Sufficiency is a measure of quantity of audit evidence, while appropriateness is a measure of quality of audit evidence. The requirement of appropriateness is fulfilled by the criteria of competence and relevance, which are both qualitative. Evidence is also sufficient if the test is carried out on a reasonable representative of the population, the sample being selected objectively.

Branches must at every reporting period or quarter, create and submit evidence files (Hard copies and electronic soft copies/ Compact Disc) to CD: GS. This will promote a balanced, evidence-based reporting that will lead to realistic conclusions about the Department's performance and give confidence in those conclusions.

6.7.2 Types of Audit Evidence / Audit Procedures used to obtain Evidence

- i. **Physical examination:** an inspection or count by the auditor of a tangible asset. Physical evidence is obtained by observing: for example; photographs, charts, maps, graphs or other pictorial representations, etc. Different from examining documentation is that the asset has inherent value.
- ii. **Inquiries of the Client/ Oral evidence:** Auditor obtains information from the client in response to questions. Oral evidence is the statement in response to audit enquiries or interviews. The statements made can either provide a back ground or lead for further examination that may not be available through other forms of performance audit work or may provide corroborating evidence. It will therefore be essential that employees of the Department who give statement/s (oral evidence) for audit purposes get prior approval from the DG or his delegate. Although oral evidence is obtained through inquiry, it cannot be regarded as conclusive and may be biased in the employee's favor.
- iii. **Confirmations:** The receipt of a written or oral response from an independent third party. Auditor has Department request that the third party respond directly to the auditor.
- iv. **Documentation:** Documentary evidence is the most commonly used form of evidence. It could be both internal as well external, though in most cases, the external evidence is also obtained from records of the Department. Some examples, of the evidence originating from external sources are tenders filed by vendors, invoices and documents originating from other agencies or departments (Department's stakeholders) – viz. notes/reports of other ministries, income correspondence etc. The external documents are regarded more reliable than internal documents. Internal documentary evidence originates within the Department. Some examples of the internal documentary evidence are outgoing correspondences, plans, budgets, annual reports and internal audit reports, etc.
- v. **Analytical Evidence:** Audits studies relationships among data. Unusual fluctuations occur when significant difference are not expected but do exist or when significant differences are expected but do not exist. This means this kind of evidence stems from analysis of data and verification of data, which can involve computations, analysis of rates, trends and patterns, comparisons against standards and benchmarks, etc. The analysis and comparisons can be both numerical and non-

numerical. The sources of data analysed to develop evidence should be indicated branches to facilitate acceptance.

- vi. **Re-performance evidence:** Involves rechecking a sample of the computations and transfers of information. Rechecking of computations consists of testing mathematical accuracy. Rechecking of performance information involves seeing if the information is recorded consistently in the records. A written request may be requested by the programme manager. Independently re-performing procedures or controls that were original perform as part of the Department's branch internal controls.
- vii. **Observation:** Auditor witnesses the physical activities of the branch/Department. It differs from physical examination counts assets, while observation focuses on client activities. Looking at a process or procedure being performed by the branch/Department's stakeholder performing the function of the Department, etc.

7. LINK TO ENTERPRISE RISK MANAGEMENT

Although it is common practice in government that various functions are performed in isolation, best practice dictate that for the Department to be effective, it has to put in place a system (manual or electronic) that brings together various aspects that have to do with operational efficiency. In this regard, in practical terms, the Departmental risk management could not be undertaken without an understanding of departmental goals and objectives. Hence risk management is integrated into the strategic planning process; making it integral to successful implementation of the Department's strategy for the achievement of goals.

The risk management process should be undertaken at operational plan level, must be informed by Part III, Section 3.2.1 of Treasury Regulations, 2005, read in conjunction with sections 38(1)(a) and 76(4)(e) of the PFMA: "3.2.1 The accounting office must ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution".

It is therefore in terms of only the above legislative and regulatory requirement, that the Department must understand possible risks that may impede the realisation of its goals and develop plans and proper controls to mitigate against such. The Department must regularly review its risk environment and keep an updated register of all possible risks, and implement a risk management strategy that will increase its capacity to achieve goals. Therefore, the identification of risks at both strategic and operational level must form an integral part of the strategic planning process to ensure that the risks identified are linked to the envisaged plan the Department intends to implement over the medium-term period.

Management should put measurable risk management mitigation strategies, report progress regularly on the implementation status to the Directorate: Business Performance and Risk Management. Management must exercise due professional care and must ensure that mitigation strategies considers the cost benefit of mitigating the risks in doing that care.

8. DEVIATIONS FROM THE GUIDELINES

Any deviation from this Organisational Performance Management Guidelines shall be authorised by the Director-General or a duly delegated official

9. REVIEW OF THE GUIDELINES

This Organisational Performance Management Guidelines will be reviewed annually or when the need arise from effective date to ensure consistency and adherence with changing regulatory, legislative frameworks, and adaptation to changing environments.

10. DATE OF EFFECT OF THE GUIDELINES

This Organisational Performance Management Guidelines will be implemented from the date of approval by the Accounting Officer or his delegate.

11. LIST OF ANNEXURES

A - Calendars

- A.1 Planning Calendar
- A.2 Reporting Calendar

B - Templates

- B.1 Strategic Plan and Annual Performance Plan
- B.2 Business Plan
- B.3 Quarterly Reporting Template

C - Prescripts

- C.1 Framework for Strategic Plans and Annual Performance Plans from the National Treasury 2010
- C.2 National Treasury's Chief Financial Officers Handbook for Departments (1st Edition)
- C.3 National Treasury's Framework for Managing Programme Performance Information, 2007
- C.4 National Treasury Regulations of 2005 as amended.
- C.5 Public Finance Management Act, 1999 as amended (PFMA).
- C.6 Public Service Act, 1994 as amended.
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- C.8 Senior Management Service Handbook.
- C.9 Department: Performance Monitoring and Evaluation's National Evaluation Policy Framework, 2011
- C.10 Constitution of the Republic of South Africa, 1996
- C.11 Public Service Guidelines for the Evaluation of Heads of Department for the 2010/2011 Financial Year.
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