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REPORT ON:

THE REVIEW OF DEPARTMENTS' ANNUAL REPORTS AS AN ACCOUNTABILITY MECHANISM



REPUBLIC OF SOUTH AFRICA

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1. INTRODUCTION

1.1 BACKGROUND

In October 1999 the Public Service Commission published a report entitled “An Evaluation of Departments’ Annual Reports as an Accountability Mechanism”. In this report the Public Service Commission -

- evaluated the South African Annual Report reporting requirements; and
- assessed the usefulness of selected South African Public Service departments’ annual reports for the period 1996 to 1998 as an accountability mechanism compared to international good practice.

This assessment found that the content of departments’ annual reports fell far short of international good practice and requirements set down in recent laws/policy documents of the South African government. The annual reports were more a reflection of departments’ activities than of their performance during the year. It was found that this is perhaps symptomatic of more fundamental problems, namely -

- the absence of a strong culture of monitoring and evaluating organisational performance in terms of output and outcome indicators in the Public Service;
- the absence of information systems enabling departments to provide useful performance information in their annual reports; and
- the lack of an agreed framework of performance criteria and of other deficiencies in the formal reporting requirements in South Africa.

As a result the Public Service Commission proposed changes to both the formal reporting requirements and the content of annual reports in order to improve the quality of information provided to legislatures for accountability purposes. The National Treasury, the department responsible for prescribing annual reporting requirements, eventually used some of these inputs, as well as their own work in this area, to put forward guidelines on what should be included in annual reports and in what way. By closely following these guidelines from the National Treasury, departments should be able to ensure that their annual reports are useful accountability mechanisms.

1.2 AIM OF THE PROJECT

The Public Service Commission is constitutionally mandated to monitor and evaluate the performance of the South African Public Service. To execute this mandate the Public Service Commission is in the process of implementing a Public Service Monitoring and Evaluation System (PSM & ES). This system will systematically collect information on performance by the South African Public Service. The nine constitutional values and principles governing Public Service and Administration (Tag A) are used as the framework by which to assess the performance of departments.

One of the most important constitutional values states that the Public Service should be accountable. To assess the extent to which departments are indeed accountable, the Public Service Commission’s PSM & ES measures the degree to which departmental annual reports meet the reporting guidelines prescribed by the National Treasury and in that may act as a mechanism for accountability.

Since three years have elapsed since the first assessment of departments’ annual reports, the Public Service Commission decided to do a review to assess -

- the extent to which a small sample of departments is meeting the new, revised reporting requirements set by the National Treasury; and
- the degree to which they do indeed facilitate accountability.

1.3 SCOPE AND METHODOLOGY

1.3.1 Scope

In this report the Public Service Commission scrutinised the following small random sample of annual reports for the year 2000/2001. Those departments in *italics* were part of the assessment done in 1999. Those indicated with an asterisk (*) are assessed for the first time. (The individual assessment reports on each of these departments are attached at Tags B to K):

- *Agriculture*
- *Arts, Culture, Science and Technology*
- *Education*
- *Housing*
- *Land Affairs*
- National Treasury *
- Provincial and Local Government *
- *Public Service and Administration*
- South African Police Service *
- *Transport*

1.3.2 Methodology

In order to complete this review the following steps were taken:

- Copies of annual reports were secured from departments.
- The Treasury Guidelines (Tag L) were used to compile a questionnaire (Tag M) for use in examining each annual report.
- Members of the Public Service Commission's Monitoring and Evaluation Task Team used the questionnaire in conjunction with the Estimates of National Expenditure (commonly referred to as the RED BOOK) to prepare an analysis of each annual report.
- The reviews of the annual reports were then considered together and this report was prepared.

Additional steps in the process in future will include an effort to quantify compliance and to award scores to each annual report.

The findings emanating from the evaluation of the sample of annual reports are addressed under the following topics:

- Overall findings
- Mission statements and legislative mandates
- Reporting on human resource utilisation
- Reporting on programme performance
- Reporting on financial performance
- Annual reports as an accountability mechanism
- Guidelines for annual reporting

2. FINDINGS

2.1 OVERALL FINDINGS

This brief research exercise suggests that there has been a slight improvement in the quality and scope of government departments' annual reports. Of the ten annual reports reviewed, about five of them appeared to comply with the treasury guidelines, and made a visible effort to provide the kind of information and analysis envisaged in the Public Finance Management Act, 1999.

Departments, however, have a tendency to scatter information on topics, such as the Ministers' mandate, and the aim, objectives and performance of programmes throughout their reports that makes it difficult for the reader to follow the rationale or to link the information provided with that in the RED BOOK. Sometimes inconsistency of information was also observed.

Although most of the annual reports directly consider the area of human resource utilisation it was often not covered to the required level of detail. The current way of reporting on human resources is to give only a series of figures without any indication of how departments are using this information to improve their service delivery performance or how it fits in with national strategies on human resource management and development.

Programme reporting in the annual reports is mostly structured around the programme areas in the RED BOOK, although in a limited number of cases the *structure of the department was the framework* for programme reporting. This makes it difficult to assess performance against plans. Although departments increasingly report in terms of their programme areas, a mistake previously identified still persists, namely, reporting on **activities** rather than on the **achievement** of desired results. Very few of the annual reports contained any discussion of the reasons for performance or considered what affected the achievement of certain kinds of performance.

Financial reporting is mostly of the necessary standard, with financial statements, the Auditor-General's Reports and additional notes included. Unfortunately, the financial information is often presented very inaccessibly using technical discourse, and few efforts are made to explain the statements to a layperson.

2.2 MISSION STATEMENTS AND LEGISLATIVE MANDATES

2.2.1 Information on the Ministry

Information on the activities of Ministers and the institutions falling under their control is usually presented, although it is often of a fairly brief and schematic nature. In some cases the information is scattered throughout the annual report and needs to be identified from programme activities, as in the case of the Department of Housing and of the South African Police Service. Except for the Departments of Agriculture and of Arts, Culture, Science and Technology and the National Treasury, none of the other departments' Ministers apparently had any official visits abroad since their annual reports make no mention of such visits. Where there were official visits abroad information provided on the **purpose**, **cost** and **outcome** of these visits is insufficient.

2.2.2 Mission statements

Most annual reports provide a fairly good introduction to the work of the concerned department and elements such as mission and vision statements are mostly well described. There is usually some explanation of the overall strategic approach followed by departments and this is often related to the services provided as core departmental business.

2.2.3 Legislative mandate

In most cases legislation generated during the reporting period is mentioned although the type of **information** provided is **inconsistent**, with different pieces of legislation sometimes receiving differing levels of attention in the same report.

2.2.4 Organisational structure

Most reports do provide an overview of the organisational structure although once again these are often very schematic representations. There is also **no consistency** in the level and detail of information provided. *Agreement on the level of detail appears to be necessary.*

2.3 REPORTING ON HUMAN RESOURCE UTILISATION

The National Treasury's Guidelines on Annual Reporting, including Part III J of the Public Service Regulations, require that departments report on the following ten areas of human resources - refer to Tags L and M for more detail:

- Establishment
- Job evaluations
- Remuneration
- Employment equity
- Injury, illness and death
- Collective agreements
- Discharges owing to ill health
- Performance management
- Sick leave
- Disciplinary measures.

Most of the annual reports directly consider the area of human resource utilisation and most reports, with the **exception** of that of the **South African Police Service**, covered at least some of the areas required. The South African Police Service's report **covered none** of the required areas. Even where the areas are addressed, they are mostly **not covered** to the **required level of detail**. For example, totals are often not broken down by race, gender and job level.

None of the annual reports **covered all the areas** to the necessary level of detail. It does seem that there is not enough reflection within departments on the use that is made of the most precious resource in the Public Service - its people.

None of the annual reports presented a simple **clear vision** of how they are approaching the development of this valuable resource. Generally it would appear that government departments are now better able to report on how many people are employed and where they are utilised than was previously the case. This is at least a basic standard of accountability that suggests some level of improvement.

One serious **concern** on the present way of reporting on these areas of human resources is that only a series of figures are provided because it is a prescribed requirement - **figures for the sake of giving figures**. There is no indication of how departments are using this information to improve their service delivery performance or how it fits in with national strategies on human resources. This is mainly because of the lack of the following information required on the topic of human resources in the National Treasury's guidelines as well as in Part III J of the Public Service Regulations:

- The previous and current year's figures should be given next to each other.
- Deviations from the previous year's figures need to be explained.
- Objectives with regard to each area (employment equity, sick leave, etc.) need to be provided.
- An explanation should be given on how these objectives were achieved.
- If there is any deviation from the set objectives, the reasons for these deviations must be provided.

Provision of the above information in reporting on human resources will enhance not only the quality of reporting, but also departments' accountability on the utilisation of human resources.

2.4 REPORTING ON PROGRAMME PERFORMANCE

Reporting on programme performance is perhaps the most important area for accountability since it explains to the reader what has been done, using the public funds provided to the department concerned from the National Purse. Funds are released on the basis of Budget Votes described in the National Expenditure Estimates Handbook commonly referred to as the RED BOOK. Ideally, reporting by departments should be in terms of the programme areas stated in the RED BOOK and should update the reader on what was achieved against what was planned or intended.

In most cases programme reporting in the annual reports is structured around the programme areas in the RED BOOK, although in a limited number of cases the *structure of the department was the framework* for programme reporting. This makes it difficult to assess performance against plans.

While it is encouraging that departments are increasingly recognising the importance of reporting in terms of their programme areas, a mistake previously identified still persists: in many cases reporting is on **activities** rather than on the **achievement** of desired results. It is however heartening to note that several of the annual reports do in fact refer to the performance indicators listed in the RED BOOK to describe their achievements. However, very few of the annual reports contained any discussion on the reasons for performance or considered what affected the achievement of certain kinds of performance.

Within many of the same annual reports the quality of reporting on programme performance varied widely from programme to programme, suggesting that these annual reports were compiled from submissions of varying quality. This suggests that departments need to make more effort in prescribing standard formats for reporting by programme managers and in reviewing the submissions received.

In some cases there is also a suggestion that the intended result areas and their related performance indicators have been changed since the release of the RED BOOK. This is probably a positive development since it suggests a level of reflection and openness to learning. In almost all the annual reports there was an inadequate consideration of the strategic environment and changes in which the departments operate. Such analysis is often scattered throughout the document but not drawn together.

2.5 REPORTING ON FINANCIAL PERFORMANCE

Financial reporting is mostly of the necessary standard, with financial statements, the Auditor-General's Reports and additional notes included. However, the financial information is often presented very incomprehensibly using a technical discourse and few efforts are made to explain the statements to a layperson.

Most departments have been open regarding shortcomings in their control systems identified by the Auditor-General and in most cases his remarks are included in the text of the annual report. Few of the departments explain the reasons for expenditure variances, and this echoes the issues raised in the section above. Most of the information on detailed areas required in the additional notes is covered in most of the annual reports although none of them reflect pending applications for foreign assistance.

2.6 ANNUAL REPORTS AS AN ACCOUNTABILITY MECHANISM

Of the ten annual reports reviewed in this document, five can be considered to have complied with the accountability principle by providing the required information to readers. The report prepared by the National Treasury is generally of a high standard, as are those of the Department of Provincial and Local Government and the Department of Public Service and Administration. Of the other five, four do go some way to providing information but need to do more to improve the quality of their annual reports, which need to be seen as key strategic documents. The fifth document, the South African Police Service's annual report is very short and meets few of the requirements. It is little more than a public relations document.

Poor editing and editorial control mar certain of the annual reports. This is true in the case of the report of the Department of Land Affairs and to some extent the Department of Housing. Of general concern is the accessibility of many of the documents. In many cases an insider jargon is used that excludes outsiders. The guidelines should perhaps address the issue of using plain English and encourage an awareness of making an effort to prepare annual reports accessible to ordinary people. In general though, it is pleasing that the standard of annual reports has improved and we hope that this trend will continue in coming years.

2.7 GUIDELINES FOR ANNUAL REPORTING

The National Treasury has now finalised the development of a comprehensive guide for annual reports and Public Service managers should be aware of its existence. The guidelines provide criteria for good reporting and prescribe a format to be followed in the preparation of annual reports. Although this guide is available on the National Treasury's website it is not clear how much promotional work has been done on the guide. While it is a good document, based on the review of annual reports, it may need some further development, specifying more clearly at what level of detail reporting on programmes should be done.

3. PROPOSALS

It is **proposed** that:

- a) the National Treasury -
 - i) add to the contents of their guidelines the level of detail required on programme reporting;
 - ii) include the Department of Public Service and Administration's requirements for reporting on human resources in their guidelines; and
- iii) rigorously market their guidelines on annual reporting.
- b) the Department of Public Service and Administration include the following requirements on human resource reporting -
 - i) the previous and current year's figures be given next to each other;
 - ii) deviations from the previous year's figures to be explained;
 - iii) objectives with regard to each area (employment equity, sick leave, etc.) to be provided;
 - iv) an explanation be given on how these objectives were achieved;
 - v) if there is any deviation from the set objectives, the reasons for these deviations be provided.
- c) departments adhere to the requirements for preparing annual reports as set out in the National Treasury's guidelines and align the contents of their annual reports with the contents and programmes as they appear in the RED BOOK .

CONSTITUTIONAL VALUES AND PRINCIPLES GOVERNING PUBLIC ADMINISTRATION IN SOUTH AFRICA

The Public Service Commission is, in terms of section 196(4)(a) of the Constitution, responsible for promoting the values and principles governing public administration as set out in section 195 of the Constitution. These values and principles are as follows:

- A high standard of professional ethics must be promoted and maintained.
- Efficient economic and effective use of resources must be promoted.
- Public administration must be development-oriented.
- Services must be provided impartially, fairly, equitably and without bias.
- People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- Public administration must be accountable.
- Transparency must be fostered by providing the public with timely, accessible and accurate information.
- Good human resource management and career development practices, to maximise human potential, must be cultivated
- Public administration must be broadly representative of South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

A REVIEW OF THE DEPARTMENT OF AGRICULTURE'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The report, consisting of 141 pages, is for the period 1 January 2000 to 31 March 2001. It is glossy, colourful and printed with a clear font. It inspires confidence and there are no visible typing or presentation errors. The Minister and the Management's photos, as well as some pictures of what is happening in the Department in terms of their activities, appear in the report. It is, however, doubtful whether the message is understandable and accessible enough to reach all groups of citizens in the country.

One major problem this Department needs to address is the difference between Programmes One and Six as set out in the RED BOOK and as given in the Department's annual report. It is also difficult to link the different components of the Department's organisational structure with programmes reported on in the annual report.

It was found that the report does facilitate transparency.

1.2 Information on the Ministry

The Minister outlined the Department's responsibilities in a highly professional executive summary. Challenges facing the Department for the financial year to follow have been spelt out. Information has been provided on the following:

- Institutions falling under the Minister's control, though it is not clear whether all have been captured.
- Bills submitted during the period.
- The total number of official visits abroad, their purpose and their possible outcomes. However, the dates and the cost of the trips do not appear, or else are hidden elsewhere.

1.3 Mission statement

Although the mission statement does not conform with the requirements as set out in the National Treasury's guidelines for reporting, it is possible for the reader to understand what the Department is doing and why certain products and services are offered.

1.4 Legislative mandate

- The mandate is not explained.
- The institutional arrangements are identified.
- The roles and functions are set out in the report.

1.5 Organisational structure

A clearly depicted organisational structure showing branches and their functions appears in the report.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

A detailed description of the establishment exists and it shows:

- approved and budgeted posts;
- numbers and grades of vacancies; and
- the objective of each component.

2.2 Job evaluations

Comprehensive information on job evaluations is provided for the period April 2000 to March 2001.

2.3 Remuneration

The remuneration brackets are clearly explained showing:

- total personnel, administrative and professional and special services costs as percentages of each category in a pie-chart;
- no possible deviations from CORE;
- breakdowns by race, gender, disability, CORE;
- cost of the Senior Management Service; and
- costs of overtime and allowances as percentages.

2.4 Employment equity

Enough information has been provided on:

- employees promoted;
- services terminated; and
- foreign appointees.

All these have been broken down by race, gender and disability.

2.5 Injury, illness and death

Enough information has been provided on injury, illness and death.

2.6 Collective agreements

Five collective agreements were entered into by the Department and are adequately covered in the report.

2.7 Discharges owing to ill health

Discharges owing to ill health are adequately covered in the report.

2.8 Performance management

- The report adequately covers rewards provided for performance, shown by race, gender, CORE and disability.
- The number of employees in each category is reflected in the report and properly broken down.
- The training expenditure has been provided for both internal and external programmes, but there is no proof of whether it is in accordance with planning.

2.9 Sick leave

The sick leave taken by employees is properly reflected, broken down by the necessary categories.

2.10 Disciplinary measures

There appears to be no information on disciplinary steps taken against employees with regard to unauthorised, irregular or fruitless expenditure.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The aims and objectives, set out in the vision and mission statement of the Director-General's overview, are not clearly stated and do not conform to those stated in the RED BOOK.

3.2 Programme performance overview

3.2.1 Programme One: Administration

There appears to be a difference between Programmes One and Six as set out in the RED BOOK and as given in the Department's annual report, as well as the Department's organisational structure.

Programme One, according to its description, involves policy formulation, organisation, legal support, personnel and financial administration, working methods and control. All these areas, except financial administration, are addressed in the annual report under the heading "*Management Support Service*" instead of under Administration.

The aim of each sub-programme is clearly defined and contributes to the strategic objectives of the Department. The objectives and milestones of each of these sub-programmes are adequately addressed but merely at an activity level.

3.2.2 Programme Two: Agricultural Support and Development

The aim of this programme, which consists of five sub-programmes, is clearly defined and contributes to the strategic objectives of the Department. A brief overview of the relevant legislation, governing the programme as well as each of the sub-programmes, is also provided. The achievements of each of these sub-programmes are individually addressed but merely at an activity level. Although these achievements are supported by figures and sometimes even dates, it was not possible to establish whether these achievements were really what the Department had planned to do for the reporting period. In some cases an indication is given of what can be expected in the next year, such as new Bills on the Registration of Co-operatives and Agricultural Finance.

3.2.3 Programme Three: Sustainable Resources Use and Management

The aim of this programme, which consists of four sub-programmes, is clearly defined and contributes to the strategic objectives of the Department. A brief overview of the relevant legislation, governing this programme as well as each of the sub-programmes, is also provided. The achievements of the sub-programmes are individually addressed. Reporting on the achievements is generally supported by comparative figures over a period of seven or more years in graphical format. Sometimes the costs involved in the execution of a project are also provided. Despite this slight improvement in information detail, the reporting is still activity based.

3.2.4 Programme Four: Agricultural Production

The aim of this programme, which consists of five sub-programmes, is clearly defined and contributes to the strategic objectives of the Department. A brief overview of the relevant legislation governing this programme, as well as each of the sub-programmes, is also provided. The achievements of the sub-programmes are individually addressed, but merely at an activity level. Although these achievements are supported by figures it was not possible to establish whether these achievements were really what the Department had planned for the reporting period.

3.2.5 Programme Five: Agricultural Trade, Economic and Policy

The aim of this programme, which consists of six sub-programmes, is clearly defined and contributes to the strategic objectives of the Department. No information is provided on legislation governing this programme or its sub-programmes. The achievements of the sub-programmes are individually addressed and based on activities. It was not possible to establish whether these activities were really what the Department had planned for the reporting period.

3.2.6 Programme Six: Auxiliary and Associated Services

There appears to be a difference between Programmes Six and One as set out in the RED BOOK, and as given in the Department's annual report, as well as the Department's organisational structure.

Programme Six, according to its description, involves the Agricultural Research Council, loans to small and beginner farmers, financial support measures and development of state agricultural land. The heading used in the annual report to report on this programme is "*Financial Management*", but should be Auxiliary and Associated Services. Only the following areas regarding financial management are addressed:

- Financial and Provisioning Administration (which apparently forms part of Programme One)
- Debt Management
- Financial Inspections (Internal Audit - which apparently forms part of Programme One)
- Budgets (which apparently form part of Programmes One and Six)

The aim of each of the sub-programmes is clearly defined and contributes to the strategic objectives of the Department. The objectives and milestones are adequately addressed, but merely at an activity level.

3.3 Policy developments

There is a short overview of strategic policy developments over the reporting period.

4. FINANCIAL INFORMATION

4.1 Audit report

Financial statements are included in the annual report and include:

- balance sheet,
- income statement,
- cash flow statement and
- additional notes.

The Auditor-General's report on the financial statements is also included. The comments of the Auditor-General give the impression that during the reporting period this department complied with the requirements.

The effectiveness of financial controls included in the annual report, has been highlighted.

4.2 Additional notes in financial section

Since the Department realised some savings during the reporting period nothing significant was mentioned besides foot- and mouth disease. Despite the unexpected outbreak of foot- and mouth disease, one expects that some mention should have been made of:

- transfer payments showing amounts transferred and to whom;
- contingent liabilities;
- unauthorised, irregular or fruitless expenditure;
- foreign aid, including amount, source and use; and
- pending applications for foreign aid.

Unfortunately, nothing is mentioned in this regard.

A REVIEW OF THE DEPARTMENT OF ARTS, CULTURE, SCIENCE AND TECHNOLOGY'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The report generally seeks to present an account of all this Department's planned outputs in accordance with its programmes and sub-programmes. More comparative data on performance and expenditure per programme as well as a consistent pattern of reporting among all programmes, would have enhanced transparency.

The report is for the financial year 1 April 2000 to 31 March 2001 and is 165 pages long, printed on glossy paper, quite colourful and has photos of managers responsible for programmes and sub-programmes. In some parts of the report there are also pictures of community members involved in projects.

Overall, the report can be said to be professional and reflective of the message it seeks to convey, although it may not prove accessible to the grassroots level owing to the language and terminology, which could be justified by the scientific thrust of the Department. The report, however, inspires confidence as it seeks to show that the Department is for the people and works with the people and therefore accounts to the people. Some minor typing errors occur where there is an additional "s" or a lack of its addition to a word.

1.2 Information on the Ministry

The information is comprehensive and is presented in accessible format, easy to follow and understandable.

Ample and sufficient information is provided on the number of institutions that fall under the Minister's control.

Bills that have been submitted during the period under review have been listed.

Information on official visits abroad has been provided, except that reference is made only in so far as dates and purposes of visits are concerned. No information is provided on the cost and outcome of these visits.

1.3 Mission statement

The mission statement complies with the requirements.

1.4 Legislative mandate

The legislative mandate is explained and the institutional arrangements are identified. The roles and functions of public entities controlled by the Department have been set out in the report. However, some inconsistency has been picked up regarding the level of information presented under each institution. For instance, information on the Africa Institute of South Africa (AISA) and the National Laser Center (NLC) is far less than the information on the Human Sciences Research Council (HSRC) or the National Research Foundation (NRF).

1.5 Organisational structure

No clearly depicted organisational structure, showing branches and their functions, has been provided in the report, only an approved staff establishment indicating programmes and an approved establishment next to each programme.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

There is no detailed description of the approved posts on the establishment other than the numerical information under each component. The numbers and not the grades of the vacancies are indicated.

2.2 Job evaluations

Only statistical information is provided on the number of jobs that have been evaluated without any additional notes, for instance as to why the job evaluations were done and why certain posts were upgraded or downgraded.

2.3 Remuneration

No information is provided on what percentage of the budget is spent on total personnel cost, administrative expenditure, professional and special services, and senior management. No information is provided on what percentage of the personnel cost is spent on overtime, allowances and benefits.

2.4 Employment equity

No information is provided on the number of employees that have been promoted. Information on employees whose services have been terminated is provided in the form of type of termination and number of terminated posts.

2.5 Injury, illness and death

The report does not reflect on injuries, illness and death resulting from official duty and the work environment.

2.6 Collective agreements

The report does not reflect on any collective agreements concluded during the reporting period.

2.7 Discharges owing to ill health

The report does reflect on discharges owing to ill health.

2.8 Performance management

This subject and training objectives, programmes and statistics are adequately addressed in the report.

2.9 Sick leave

The report does not reflect on any figures in terms of salary levels and costs involved during the reporting period.

2.10 Disciplinary measures

According to the report no incidences of misconduct or inefficiency that necessitated disciplinary measures or even dismissal occurred in the Department during the reporting period.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The aims and objectives are stated, although the annual report seems to deviate from the RED BOOK, in some places.

3.2 Programme performance overview

3.2.1 *Programme One: Administration*

There is no clear report on Programme One, in fact it seems that administration has been subdivided and scattered throughout the report and is not covered in this section.

3.2.2 *Programme Two: Arts and Culture*

The aim of this programme is clearly defined and contributes to the strategic objectives of the Department. In reporting its achievements, the branch presents a relatively balanced report in that certain sections of the report are descriptive while others are quite analytical as both narrative and tabular presentations are employed in the report. The report, however, falls short of analysing the success of the programme in meeting its intended targets and achieving its results. It is furthermore difficult to make a decisive link between the information provided in the annual report and the sub-programmes as set out in the RED BOOK.

3.2.3 *Programme Three: National Archives of South Africa*

The aim of this programme is not stated in the report, which makes it difficult to understand how this programme contributes to the Department's strategic objectives. A narrative account of the programme's activities is given without any indication of how successful the programme was in meeting its objectives.

3.2.4 *Programme Four: National Language Services*

The aim of this programme is clearly defined and has an impact on the strategic direction of the Department. Reporting on the achievements focuses mainly on activities.

3.2.5 *Programme Five: Science, Technology and Meta-Information*

The objectives of this programme provided in the report do not have a clear link with those of the sub-programmes provided in the RED BOOK. It is therefore difficult to determine how this programme contributes to the Department's strategic objectives. It is also difficult to make a decisive link between the information provided in the annual report and the sub-programmes set out in the RED BOOK, because of the difference in the sub-programme's names. Reporting on the achievements focuses mainly on activities.

3.3 Policy developments

There is a short overview of strategic policy developments over the period under review.

4. FINANCIAL INFORMATION

4.1 Audit report

Financial statements are included in the annual report and include -

- balance sheet,
- income statement,
- cash flow statement and
- additional notes.

The Auditor-General's report has been included and it supports the outcome of the audit undertaken in the Department. This can be interpreted as instilling confidence in the Department's ability to manage its finances. The report also conveys a message that the Auditor-General's office will not tolerate non-compliance with financial laws and regulations.

The Auditor-General's comments on financial controls suggest that the audit committee's implementation of financial control mechanisms within the Department is managed effectively.

4.2 Additional notes in financial section

The report contains information on the following:

- Transfer payments showing amounts transferred and to whom
- Unauthorised, irregular or fruitless expenditure.

No mention is made of current foreign aid.

A REVIEW OF THE DEPARTMENT OF EDUCATION'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The report is for the financial year 1 April 2000 to 31 March 2001 and is 108 pages long. It conveys an impressive professional image and attempts to provide crucial information regarding the objectives and highlights of the Department in four of the eleven official languages in an attempt to facilitate transparency and accessibility. The four languages are Nguni, Sotho, English and Afrikaans. It remains, however, a report on activities and not on the achievement of results in accordance with set objectives and standards.

At first glance the report inspires confidence in the reader, since it is able to provide information that indicates some progress in a rather challenging environment. The contents are however, not very user-friendly because it is geared towards the academic and affluent sector of the population. It does not lend itself to being read by the grassroots sector.

No typing and editing errors could be found in the report. It provides a good start, but there is room for improvement.

1.2 Information on the Ministry

The report provides crucial information on the key areas of responsibility of the Minister. For example, nine priorities have been divided into five programmes, all of which have been given due regard in respect of progress made.

Reasonable information is provided regarding statutory bodies falling under the Minister's responsibility.

Acts that were promulgated during the period under review are mentioned.

No record of official visits overseas are included in the annual report, only study tours that were undertaken by Departmental officials. The costs of these visits are not reflected in the financial statements.

1.3 Mission statement

The vision and mission of the Department are clearly stated. They also indicate why some products and services are offered. There is also a clear linkage between the vision and the programmes of the Department.

1.4 Legislative mandate

The mandate of the Department is well explained, and the institutional arrangements are identified clearly. The role and functions of various stakeholders are clearly set out in the report.

1.5 Organisational structure

There is a clearly depicted organisational structure showing branches and their functions as an annexure at the end of the report.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

The report provides information on approved posts. It shows the levels and the numbers of posts in those levels.

2.2 Job evaluations

Information given on job evaluation is detailed in terms of total number existing per level and the actual number of jobs that were evaluated.

2.3 Remuneration

The remuneration is given in terms of total personnel expenditure figures and operational costs. No further details are given.

2.4 Employment equity

Adequate information is given and broken down in terms of race, gender and disability regarding:

- employees promoted;
- employees transferred;
- services terminated; and
- foreign workers.

2.5 Injury, illness and death

No information is given in this regard.

2.6 Collective agreements

The report is silent on collective agreements.

2.7 Discharges owing to ill health

Discharges owing to ill health are adequately covered in the report.

2.8 Performance management

The report adequately covers rewards provided for performance in terms of race, gender, and disability.

Ample information is provided on skills development and the granting of bursaries.

2.9 Sick leave

No information is given regarding sick leave.

2.10 Disciplinary measures

Information provided on disciplinary steps taken against employees is in respect of hearings and outcomes. The causes are not mentioned.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The aims and objectives of the Department are stated clearly in the report and are similar to those stated in the RED BOOK.

3.2 Programme performance overview

Apart from reporting on the different programmes as set out in the RED BOOK, extensive reporting is also done on the Department's major strategic priorities for the next four years as set out in the *Tirisano* strategic action plan. These priorities are organised into five core programmes which are dovetailed into and budgeted for in the main programmes of the Department. The core programmes are -

- HIV/Aids;
- school effectiveness and teacher professionalism;
- literacy;
- further education and training, and higher education; and
- organisational effectiveness of the national and provincial departments of education.

3.2.1 Programme One: Administration

This programme reflects on policy formulation by the Department and the rendering of departmental support services, personnel and financial administration, working methods and control.

The assessment of the information regarding the Department and personnel and financial management appear at paragraphs 1.2, 2 and 4.

3.2.2 Programme Two: Systems and Planning

There is no linkage between the three sub-programmes of this programme in the RED BOOK and what is reported in the annual report. The achievements of the programmes are based on activities. It is not possible to establish whether these activities were really what the Department had planned for the reporting period. However, interesting comparative figures on the improvement of school needs since 1996 are provided. Acts and amendments of Acts that were promulgated under this programme are elaborated upon.

3.2.3 Programme Three: General and Further Education and Training

The report is silent on the aim and objectives of this programme. The poor linkage between the sub-programmes set out in the RED BOOK and those that are in the annual report makes it difficult to determine how successful the programme really was in achieving its objectives. The report focuses mainly on activities.

3.2.4 Programme Four: Higher Education

The report is silent on the aim and objectives of this programme. Although the achievements are reported on at an activity level, it is possible to recognise the progress that the Department has made over the year under review. In this instance there is also a poor linkage between the sub-programmes set out in the RED BOOK and those that are in the annual report.

3.2.5 Programme Five: Auxiliary and Associated Services

The aim of this programme, which consists of four sub-programmes related to educators, is not defined. Reporting on this programme appears mainly under the *Tirisano* project. The report is silent on the aim and objectives of the five sub-programmes set out in the RED BOOK.

Although extensive information is provided on the roll-out process and achievements of each of the programmes of the *Tirisano* project, the reporting remains activity based.

3.3 Policy developments

There is an overview of strategic policy developments over the year under review.

4. FINANCIAL INFORMATION

4.1 Audit report

The following financial statements are included in the report:

- Income statements and their accompanying notes.
- Cashflow statements and their accompanying notes.
- Balance sheet and their accompanying notes.
- Statement of foreign aid assistance received during the year under review.

There are also additional notes regarding information on the use of assistance.

The Auditor-General's report on the financial statements is included. The Auditor-General's comments give a positive picture, with room for improvement in certain areas.

The Auditor-General's report does not comment on the effectiveness of financial controls. It simply points out that certain problems were experienced during the audit since information supplied to the auditors was found to be insufficient.

4.2 Additional notes in financial section

Transfer payments showing amounts transferred are not included in the report, except for conditional grants to Provincial Departments.

No contingent liabilities are reflected in the report.

No material losses are shown.

No mention is made regarding unauthorised, irregular or fruitless expenditure.

Foreign aid, including amount, source and use, is reflected in the report.

There is no mention of pending applications for foreign aid.

No mention is made of current foreign aid.

A REVIEW OF THE DEPARTMENT OF HOUSING'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The 72-page glossy, printed report for the period 1 January 2000 to 31 March 2001 is quite attractive. Pictures of events that have taken place affecting this Department, have been inserted. The report is narrative in style, with tables on human resource management inserted as appendices. Since the annual report is a document for public consumption, there needs to be an explanation of terms/codes used in the report to make it more user-friendly. For instance, an organisational structure appears in the report, apparently for Housing Support Institutions, in which the abbreviations instead of the full names of the institutions are used. Other abbreviations such as PHP, PHPT, NGO and CBO are also frequently used, which are probably familiar to the Department, but not the lay reader.

The annual report reflects transparency in as far as programme activities for the year have been reported on. Information on the different programmes does not follow the sequence as indicated in the RED BOOK, which makes it difficult to establish these programmes' actual performance against set objectives. Some sub-programmes are not covered and make the report incomplete. Since no benchmarks and performance indicators have been set it is not possible to measure the level of efficiency and effectiveness. It would have been easier for the reader if descriptive tables were provided indicating what the Department's intended outputs *versus* the actual performance achieved were. The report also does not follow the National Treasury's guidelines, which makes it even more difficult to evaluate.

1.2 Information on the Ministry

Since the report was not prepared in line with the said guidelines, no information has been provided specifically on the Ministry. Activities carried out by the Minister, such as official visits abroad, need therefore to be selected from the different programmes. Although the dates, purpose and sometimes outcome of these official visits abroad are mentioned, no information is provided on the cost of these visits.

1.3 Mission statement

Although vague and very open ". . . housing for everyone" the mission statement is concise and gives an indication of what services and products the Department is offering. However, it differs completely from the one that is stated in the RED BOOK.

1.4 Legislative mandate

There is no separate paragraph outlining the legislative mandates affecting the Department. These are sometimes mentioned in the different programmes' reporting. The roles and functions as outlined in the RED BOOK have not been captured in the report.

1.5 Organisational structure

No organisational structure has been provided.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

Although an employee profile has been provided, no information on the approved establishment has been given. The profile has been given by echelons and not by levels.

2.2 Job evaluations

Information on job evaluations has been provided in a two-sentence paragraph. There is no explanation as to why the job evaluations were done.

2.3 Remuneration

Information on remuneration has been provided.

2.4 Employment equity

Information on employees promoted, services terminated and foreign appointees (although none) have been provided, broken down by gender, race and disability. No people with disabilities have been appointed and the report reflects a "nil" where such information is required.

2.5 Injury, illness and death

A descriptive report has been given stating that no such events took place.

2.6 Collective agreements

No collective agreements were entered into and a reason has been provided.

2.7 Discharges owing to ill health

Information has been provided.

2.8 Performance management

The information provided indicates that only employees on salary levels R 37 042 - R 37 208 were awarded for their performance. No reason has been given why other levels are not reported on or why these levels were or were not considered for merit awards. The information has been broken down by race and gender.

No information on the training expenditure/budget has been provided. Except for the skills priorities schedule (which does not have targets) and the internal courses provided, no other training information is available.

2.9 Sick leave

A descriptive report on sick leave has been given, but it is not broken down by categories.

2.10 Disciplinary measures

No information has been provided.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The overall aim and key objectives of the Department are not stated as set out in the RED BOOK.

3.2 Programme performance overview

The reporting on programmes did not follow the same sequence as in the RED BOOK. Some sub-programmes are not covered which makes the report incomplete. Apparently this is due to the restructuring and renaming of programmes since inputs to the budget for 2000/2001 were provided. As a result of this it was difficult to establish these programmes' actual performance against set objectives.

3.2.1 *Programme One: Administration*

This programme provides administrative and management support services to the Department.

A report on the activities carried out under the sub-programmes has been given as the last item of the annual report.

3.2.2 *Programme Two: Policy Development*

The heading used in the annual report to report on this programme is "*Policy and Programme Management*" instead of Policy Development. The programme consists of seven sub-programmes of which only two, i.e. Policy Strategy and Human Settlement and Integration, are reported on under this programme. The remaining sub-programmes, i.e. Housing Subsidy Scheme, Capacity Building, Statutory Boards, Phasing out of Subsidy Programme and Facilitation Programmes are either not reported on or are reported on under other programmes.

The report is silent on the aim and objectives of this programme. No information is provided on legislation governing the programme or its sub-programmes. The poor linkage between the sub-programmes as shown in the RED BOOK and those that are in the annual report makes it difficult to determine how successful the programme really was in achieving its objectives. The report focuses mainly on activities.

3.2.3 *Programme Three: Housing Performance*

The heading used in the annual report to report on this programme is "*Programme Management*" instead of Housing Performance. The aim of this programme, which consists of six sub-programmes, is not defined. There is also no linkage between the six sub-programmes of this programme as set out in the RED BOOK and what is reported in the annual report. No information is provided on legislation governing the programme or its sub-programmes.

Reporting on the Sub-programmes of Housing Subsidy Scheme, Capacity Building and Statutory Boards which, according to the RED BOOK, form part of Programme Two is done under this programme. The achievements of these sub-programmes are individually addressed and based on activities. It was not possible to establish whether these activities were really what the Department had planned for the reporting period.

Reporting on the sub-programme Housing Secretariat, appears under Programme Four. This is the only sub-programme of which the aim corresponds with that of the RED BOOK. The reporting is also based on activities.

3.2.4 *Programme Four: South African Housing Fund*

The heading used in the annual report to report on this programme is "*Strategic Support*" instead of South African Housing Fund. The aim of this programme, which consists of two sub-programmes, does not correspond with that of the RED BOOK. No information is provided on legislation governing the programme or its sub-programmes.

Since this programme deals with the monitoring of the housing sector's performance, one expects comparative information to be provided. However, the only comparatives provided are on progress with housing delivery, where the 1994/95 figures are compared with the 2000/2001 figures.

The greater part of the reporting on this programme is dedicated to the activities of the Housing Support Institutions and their role in the process of providing finance in the delivering of houses. This is followed by ten pages dedicated to the state of the economy regarding household infrastructure, the state of the building and construction industries, investment in residential buildings, etc. Although it is very informative and interesting and possibly important for the Department for strategic planning, it does not add value to the annual report or account for the performance of the Department.

3.2.5 Programme Five: Communication

Reporting on this programme appears under the heading "*Information Management*" and forms part of the reporting done on Programme Four. The aim of this programme does not correspond with that set out in the RED BOOK. No information is provided on legislation governing the programme.

The achievements of the programme are individually addressed and based on activities. It was not possible to establish whether these activities were really what the Department had planned for the reporting period.

3.3 Policy developments

Although an activity report was provided of what policies and/or Bills were developed during the year, no achievements against the policy developments, as outlined in the RED BOOK, were reported on per programme.

4. FINANCIAL INFORMATION

4.1 Audit report

The management report provided by the Department is too narrative.

The following financial statements are attached:

- Income statement
- Notes to the income statement
- Balance sheet
- Notes to the balance sheet.

The shortcomings raised by the Auditor-General have been highlighted as an insert, which shows some extent of transparency regarding what the Auditor-General regards as shortcomings. The Auditor-General, however, gave an unqualified opinion.

The Departmental Internal Audit Committee also issued a report indicating that there are some measures of financial control in the Department.

4.2 Additional notes in financial section

The report contains the following:

- Transfer payments showing amounts transferred and to whom
- Unauthorised, irregular or fruitless expenditure
- Foreign aid, including amount, source and use.

A REVIEW OF THE DEPARTMENT OF LAND AFFAIRS' ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The report for the financial year 1 April 2000 to 31 March 2001 is not overly long. It can do with better editing. For example, sometimes exactly the same headings are repeated, with different content under the same headings. Some sub-programmes are not covered which makes the report incomplete. Information is not structured consistently across programmes or even across provinces for the same sub-programme. It is clear that provincial offices were not held to a prescribed format. In some places, for example the report on Tenure Reform, the report gets very technical which makes it inaccessible to the average reader. In other places paragraphs are long and printed in a small font, which is sometimes difficult to read. The report on some programmes, like Surveys and Mapping, is very good whilst others, e.g. Land Reform, do not meet the formal requirements.

Part 4 of the report does facilitate transparency. The reports on programme performance - Part 3 - are still mostly accounts of activities, not performance against pre-set objectives as required by the Public Finance Management Act, section 40(3)(a).

1.2 Information on the Ministry

The institutions falling under the Minister's control are listed and background information is provided. Bills submitted during the period are not discussed under Part 1 - General Information, but under each programme under Part 3 - Programme Performance. No information is provided on official visits abroad.

1.3 Mission statement

A clear mission statement is provided, indicating the Department's unique purpose and the Department's priority with regard to clients, but not really spelling out the products and services offered.

1.4 Legislative mandate

The legislative mandates are listed, but the list is not complete. The missing legislation is covered under Part 3 - Programme Performance. Linked institutions are listed, but again the list is not complete and the institutional arrangements are not explained. Different lists appear in different parts of the report. The Commission on the Restitution of Land Rights is explained in Part 3 - Programme Performance. Some institutions are listed in Part 1 - General Information, and others in the Director-General's management report in Part 4 - Reports and Financial Statements.

1.5 Organisational structure

The organisational structure (branches and their functions) is explained, but a chart down to directorate level would have been very useful.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

Only very limited establishment figures are given as part of a table on job evaluation. No organisation chart with the purposes of components is given. No objectives with regard to the management of the Department's establishment are discussed.

2.2 Job evaluations

Comprehensive information on job evaluations is provided.

2.3 Remuneration

Tables are provided showing total personnel, administrative and professional and special services costs, as a percentage of total expenditure. Deviations from the CORE are not listed. Costs of overtime and allowances are given. Breakdowns by race, gender, disability and CORE are, however, not given.

2.4 Employment equity

Tables showing the composition of the Department in terms of race, gender and disability are given. Appointments, promotions and service terminations are also broken down in terms of race, gender and disability.

2.5 Injury, illness and death

The number of cases of injury on duty are given.

2.6 Collective agreements

The report merely states that all agreements of the Public Service Coordinating Bargaining Council have been implemented.

2.7 Discharges owing to ill health

Discharges owing to ill health are not given.

2.8 Performance management

Merit and notch awards per salary level and broken down by race, gender and disability are given. The number of people trained per occupational group and the expenditure on skills development is given, but not against targets.

2.9 Sick leave

A table is provided on:

- the number of days' sick leave taken;
- the number of employees who have taken sick leave; and
- the average number of days taken per employee.

2.10 Disciplinary measures

The number of disciplinary cases dealt with is given.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The overall aim and key objectives of the Department are not stated as set out in the RED BOOK.

3.2 Programme Performance Overview

3.2.1 *Programme One: Administration*

The aims of directorates are given but the report does not cover all the directorates of the Chief Directorate: Corporate Services nor any of the directorates of the Chief Directorate: Financial Administration. The report is simply a narrative list of activities, not actual performance against pre-set service delivery indicators. However, the RED BOOK does not contain such indicators for the programme. It is clear how this programme contributes to the strategic objectives of the Department. The report is poorly edited in places since exactly the same headings are repeated with different reports under them.

3.2.2 *Programme Two: Surveys and Mapping*

The aims of the sub-programmes are given. Actual performance is described in the same table format as in the RED BOOK with an "Actual performance" column added to the three columns published in the RED BOOK. However, the outputs and service delivery indicators are not stated exactly as in the RED BOOK. It is clear that the Chief Directorate has carefully considered its indicators since publication of the RED BOOK and has improved considerably on those in the RED BOOK. The report enables the reader to get a clear impression of what the Chief Directorate's performance was, compared to pre-set objectives. The indicators are understandable. It is clear how this programme contributes to the strategic objectives of the Department.

3.2.3 *Programme Three: Cadastral Surveys*

The aim of the Chief Directorate is given. Actual performance is described in the same table format as in the RED BOOK - with an "Actual performance" column added to the three columns published in the RED BOOK. However, the outputs and service delivery indicators are not stated exactly as in the RED BOOK. It is clear that the Chief Directorate has carefully considered its indicators since publication of the RED BOOK and has improved considerably on those in the RED BOOK. The report enables the reader to get a clear impression of what the Chief Directorate's performance was, compared to pre-set objectives. The indicators are mostly turnaround times and target dates for project milestones and are understandable. In addition, a summary table of turnaround times, comparing targets and the Survey-General Offices with each other, is given. A summary table of progress with the upgrading of general plans of black townships, against target, is also given. It is clear how this programme contributes to the strategic objectives of the Department.

3.2.4 *Programme Four: Restitution*

The aim of land restitution is given. The performance of the programme is reported but not in the same format as in the RED BOOK. Tables are given for number of claims settled, number of households awarded land, hectares of land restored, number of beneficiaries and restitution award cost, but these are not compared to targets. No targets were set in the RED BOOK either. The statistics are given per province. No summary table is provided for the country as a whole and the statistics provided are not consistent between provinces.

It would have been easy, for instance, to measure claims settled against claims lodged but the “lodged” figure is not consistently given for all the provinces. It is clear how this programme contributes to the strategic objectives of the Department. The improved performance (turn-around in the words of the report) is explained.

3.2.5 Programme Five: Land Reform

The aims of the three directorates implementing this programme are given but they are not stated exactly as in the RED BOOK. The achievements of the programme are described in terms of a narrative listing of activities, not results. Achievements are not described in terms of the service delivery indicators in the RED BOOK. The annual report structure is different from the programme structure in the sense that reporting is done per provincial office and no summary of the combined performance of all the provincial offices is provided. To make assessment of performance even more difficult, the structure of the reports of the provincial offices is not standardised. The reports are simply activity counts and no indication is given of, e.g. the “results of a survey of stakeholders to gauge the quality and timeliness of the service provided” or the “increase in the number of successful projects and programmes”, i.e. the service delivery indicators provided in the RED BOOK. Only North West Provincial Office reported actual performance against pre-set service delivery indicators. However, it is clear how this programme contributes to the strategic objectives of the Department. Reasons are given for poorer than expected performance.

3.2.6 Programme Six: Spatial Planning and Information

The aims of the two directorates implementing this programme are given. The performance report of the Directorate: Land Development Facilitation is simply a narrative list of activities completed, not performance against pre-set objectives. The Directorate: National Spatial Information Framework did include a table on outputs and service delivery trends as contained in the RED BOOK, with an actual performance column added, but the outputs and service delivery indicators are not the same as in the RED BOOK. It is developed in more detail in the annual report. A fairly clear, but still blurred, picture of performance is given. It is clear how this programme contributes to the strategic objectives of the Department.

3.2.7 Programme Seven: Auxiliary and Associated Services

The report covers only one sub-programme, namely the Registration of Deeds Trading Account. The aim of the Chief Directorate: Deeds Registration is given but the report is merely a narrative account of the activities of the Chief Directorate. It should have been easy to report on the one service delivery indicator taken up in the RED BOOK, namely, “Increase in the number of registrations within the planned turnaround time”, but this was not done. It is clear how this programme contributes to the strategic objectives of the Department.

3.3 Policy developments

A short overview of strategic policy developments over the reporting period is given.

4. FINANCIAL INFORMATION

4.1 Audit report

The financial statements, including the balance sheet, income statement and cash flow statement, as audited by the Auditor-General, were included in the report. The Department has underspent by 16,56 %. The reasons for this are explained. With the exception of qualifications dating from previous Audit Reports, the Auditor-General's opinion on the financial statements was unqualified. A few shortcomings in internal control were highlighted.

4.2 Additional notes in financial section

All of the following issues are addressed in the financial section of the annual report:

- Transfer payments showing amounts transferred and to whom;
- Material losses;
- Unauthorised, irregular or fruitless expenditure;
- Foreign aid including amount, source and use. The report on the performance of foreign aid assistance is very poorly edited. One can hardly make any sense of it;
- Pending applications for foreign aid. Contingent liabilities are not addressed.

A REVIEW OF NATIONAL TREASURY'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The report is for the financial year 1 April 2000 to 31 March 2001 and consists of 120 pages including the Auditor-General's reports and all relevant tables. At first glance it appears neat and well prepared. The layout is well planned and the whole document has a logical flow to it in spite of the fact that the contents are, as a rule, highly technical in nature.

The report gives a clear understanding of the objectives and activities of the Department. In terms of its Human Resources, there are certain issues that are not covered by the report, which would have enhanced transparency. Also in terms of the ten programmes reported on in the report, it is not always clear how much progress has been achieved in respect of specific objectives. The reporting on financial information is comprehensive and facilitates sufficient understanding of the processes involved.

1.2 Information on the Ministry

Reference is made to the responsibilities of the Ministry, but the main focus is on the merging of the Departments of Finance and State Expenditure. The Minister undertook six visits during the period in question. Ample information is provided in terms of the first four visits, while no information is provided on the last two visits that took place during November and December of the year under review.

1.3 Mission statement

The mission statement addresses the following three important elements:

- The ultimate goal of the Department and the manner in which this is to be achieved;
- The importance of service delivery and the principles that apply;
- The manner in which the Department's human resources will be utilised.

1.4 Legislative mandate

In terms of the Department's mandate, it has to perform certain functions and powers. These are listed in clear and explicit terms. The actions required in terms of these functions and powers are also set out, and it provides a holistic picture of the functional terrain of the Department.

1.5 Organisational structure

The report contains an illustration of the Department's organisational structure, which reflects on the functions and responsibilities of the Department's eight branches at the level of Deputy Director-General.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

The overall establishment objectives, as well as the transformation objectives, are addressed in the report. Establishment figures are furthermore addressed in terms of the overall composition of the Department and then also in terms of the allocation of posts to various programmes. Figures in terms of the functional components are not provided. No reference is made to previous years and, as a result, no comparison is made. It is also not indicated whether any staff are carried additional to the establishment or out of adjustment.

2.2 Job evaluations

Job evaluation information merely addresses the number and level of posts. No reference is made to the upgrading or downgrading of posts and the subsequent promotion of staff.

2.3 Remuneration

The report addresses expenditure as far as the granting of performance awards and bursaries is concerned. It does not reflect on any deviations from the CORE and costs of overtime and allowances.

2.4 Employment equity

The report addresses the representativeness (race, gender and disability) of the Department in terms of staff figures at the level of the Senior Management Service and below. It does not however, reflect on representativeness as far as recruitment and appointment figures are concerned. The report also gives an indication of the affirmative action targets set for the Department. It touches very lightly on the Department's plan and measures envisaged to address the question of under-representativeness.

2.5 Injury, illness and death

The report does not reflect on injuries, illness and death resulting from official duty and the work environment.

2.6 Collective agreements

The report does not reflect on any collective agreements concluded during the reporting period.

2.7 Discharges owing to ill health

The report does not reflect on discharges owing to ill health during the reporting period.

2.8 Performance management

Performance-related information is presented in terms of staff composition and costs involved. Training objectives, programmes and statistics are not addressed in the report.

2.9 Sick leave

Sick leave figures are addressed in terms of salary level and costs involved. The average sick leave per staff member is provided, but the number of staff members having taken an excessive amount of sick leave (> 15 days) is not reported.

2.10 Disciplinary measures

Only one case was dealt with during the reporting period.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The mission statement, read in conjunction with the legislative mandate as contained in the report, only corresponds with what is stated in the Department's "Estimates of National Expenditure" (RED BOOK), and provides a clear picture in terms of the overall objectives of the Department.

3.2 Programme performance overview

3.2.1 *Programme One: Administration*

The aim of this programme is clearly defined and the main activities of the programme centred around the merging of the two departments and the relocation to new premises. Quite a number of milestones are reflected on in the report. This corresponds with what is contained in the RED BOOK.

3.2.2 *Programme Two: Economic Planning and Budget Management*

This programme is organised into four sub-programmes parts, which are addressed separately in the report. The reporting structure of these parts, however, differs in that some parts reflect only on the main activities of that particular part. Elsewhere, the achievements are addressed in an ad-hoc manner, which makes it difficult to obtain a global picture of what was indeed achieved.

3.2.3 *Programme Three: Asset and Liability Management*

The main activities of this programme are clearly presented and provide a good understanding of what the objectives with this programme are. The outputs of this programme are, however, addressed together with service delivery trends. This complicates the issue and makes it difficult to distinguish between actual achievements and trends that manifested themselves. Although the RED BOOK contains service delivery indicators in respect of each output, these are not reflected on in the programme report.

3.2.4 *Programme Four: Specialist Functions*

This programme consists of five main activities, which are clearly described and facilitate a good understanding of this programme. The outputs of this programme are, however, also discussed together with service delivery trends and are worded in such a manner that it is not clear whether these have already been achieved or not. In terms of the RED BOOK, the Department had to deliver certain products against certain deadlines. From the report it is not clear how far the Department has progressed in this regard.

3.2.5 *Programme Five: Financial Accounting and Reporting*

This programme consists of two sub-programmes which are clearly presented and provide a good understanding of what the objectives of this programme are. In terms of the RED BOOK, an Accounting Standards Board, internal audit practices, and certain bench marking had to be introduced. Again it is not clear from the report what progress has been made in this regard.

3.2.6 Programme Six: Fiscal Transfers

The main activities of this programme centre around tax reforms, the implementation of new trade agreements, campaigning against tax fraud and an internal restructuring programme. In terms of the SA Revenue Service in the RED BOOK, certain targets were set as far as tax collection is concerned. Overall tax collection is estimated to exceed original budget estimates by 1,4%, which reflects on the overall progress that was made. Customs targets were also set, but these were not elaborated on in the report.

3.2.7 Programme Seven: Civil Pensions and Contributions to Funds

In the RED BOOK key priorities are listed that will have to be implemented over the medium term. These are, however, not reflected on in the report. Pensions and compensation had to be paid out to a certain number of beneficiaries during the reporting period. The report does not reflect on whether this has been achieved or not.

3.2.8 Programme Eight: Military Pensions and Other Benefits

The main aim of this programme is to facilitate the smooth payment of pensions to former service persons. Pensions had to be paid out to a certain number of beneficiaries during the reporting period. The report does not reflect on whether this had been achieved or not.

3.2.9 Programme Nine: Provincial and Local Government Transfers

This programme consists of two sub-programmes. In terms of the RED BOOK, outputs centre around the design of grants, compliance with the Division of Revenue Act and the assessment of budgets. Again, the report does not reflect on progress made with grant design and the subsequent allocation of grants.

3.2.10 Programme Ten: Auxiliary and Associated Services

This programme is made up of six sub-programmes. Transfers to the Secret Services sub-programme comprise an average of 95% of the programme total. The report does not reflect on the timeliness of such services rendered.

3.3 Policy developments

Strategic policy developments are addressed in respect of each of the ten programmes the Department is currently involved in.

4. FINANCIAL INFORMATION

4.1 Audit report

Over and above the Auditor-General's report on the National Treasury's Financial Statements for the reporting period, the Auditor-General's reports on the Financial Statements for both the Departments of Finance and State Expenditure are included for the period ending 31 March 2000.

In the Auditor-General's report on the Financial Statements of the Department, it was pointed out that certain structures and systems were not in place, namely, an audit committee, stock sheets, a SITA agreement, etc. The Financial Statements have to be submitted within two months after the end of the financial year. The Department's Statements were only finalised in September of the year under review.

4.2 Additional notes in financial section

The report contains the following:

- Transfer payments showing amounts transferred and to whom;
- Contingent liabilities;
- Unauthorised, irregular or fruitless expenditure;
- Foreign aid including amount, source and use; and
- Pending applications for foreign aid.

In addition to the above, expenditure with regard to the Department's ten programmes is also addressed in the Financial Statements of the Department.

A REVIEW OF THE DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The annual report for the financial year April 2000 to March 2001 is concise and has slightly more than 100 pages. The report reflects transparency and clearly outlines the key strategic objectives, as well as the activities of the major programmes of the Department as set out in the RED BOOK. The last part of the report gives a brief but informative account of the size and content of the establishment, with financial statements and the Auditor-General's report as attachments.

There are, however, several areas that the Department can consider improving, such as the provision of either a statement from the Minister or comments about the Ministry. It would be advisable that a future annual report also reflect on its mandate, statutes that give the Department life, etc. When dealing with human resource information and statistics, it is fair to include previous records, especially when the intention is to demonstrate progress and improvement. In general, the report is well written and complies with the Treasury guidelines.

1.2 Information on the Ministry

The report unfortunately makes no direct reference to or gives an account of the work of the Ministry.

1.3 Mission statement

The mission statement is concise and outlines the purpose of the Department.

1.4 Legislative mandate

The legislation that gives effect to the establishment and role of the Department is absent from the report.

1.5 Organisational structure

The organisational structure of the Department has been well written. It demonstrates major components, as well as the number and post levels of the incumbent head.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

The report gives a very clear, well-written overview of the establishment reflecting all approved and non-approved posts, the status on the filling of posts, the number of grades with their post levels, as well as personnel additional to the establishment.

2.2 Job evaluations

The report has a table showing all posts that have been evaluated, at all salary levels. However, no officials were promoted as a consequence of these job evaluations. The report nevertheless goes further with the analysis to include also the only case of an official who is being paid above the job weight. An explanation in this regard has been provided.

2.3 Remuneration

Apart from the case mentioned above, no further information on remuneration is given.

2.4 Employment equity

A table showing the staff complement with statistics in terms of race, gender and disability has been provided. About 50% of officials are females. However, the 10% female cadre at Senior Management level shows a shortfall of about 20% in terms of the 30% equity target.

2.5 Injury, illness and death

The report shows that no employees died or were injured on duty.

2.6 Collective agreements

The Department did not enter into any collective agreements during the reporting period.

2.7 Discharges owing to ill health

The report does not reflect on this matter.

2.8 Performance management

The report does not reflect on this matter.

2.9 Sick leave

The report does not reflect on this matter.

2.10 Disciplinary measures

The report does not reflect on this matter.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The report does not reflect on this matter.

3.2 Programme performance overview

3.2.1 Programme One: Administration

The aim of this programme is clearly defined as directing the overall management of the Department. The main activities of the programme also include expenditure incurred in organising the Department, providing centralised administrative advice, office support and legal services, managing departmental personnel and financial administration, as well as putting in place administrative control measures. A number of milestones are reflected on in the report. This corresponds with the contents of the RED BOOK.

3.2.2 Programme Two: Governance and Development

The purpose of this programme as stated in the annual report corresponds with that set out in the RED BOOK. The annual report gives a detailed account of the programme's activities, which include research, monitoring and evaluating of programmes, targeted institutional support and policy management.

3.2.3 Programme Three: Institutional Reform and Support

The aim of this programme is to render support to the provincial and local government, and the traditional leadership institutions. Major spending activities include determining project viability, the transfer of funds, and assistance to municipalities in financial distress. The performance of this programme as reflected in the annual report, based on projections made in the RED BOOK, is considered fair.

3.2.4 Programme Four: Auxiliary and Associated Services

The aim of this programme is to render auxiliary services to the Department. Its activities include communication services and government motor transport. Other activities covered by the programme include the Demarcation Board, PSETA, National House of Traditional Leaders, and the Commission for the promotion and protection of rights of cultural, religious and linguistic communities. The programme performance as recorded in the annual report reflects exactly what the RED BOOK intended.

3.3 Policy developments

Each of the four programmes of the Department has a section that outlines strategic policy developments within its terrain.

4. FINANCIAL INFORMATION

4.1 Audit report

The Auditor-General's report for the period ending 31 March 2001 is included in the annual report. It was pointed out that on an amount of R 7,9 million, adherence to State Tender Board prescriptions was compromised. The Auditor-General however, issued an unqualified audit opinion on the Department's financial statements.

4.2 Additional notes in financial section

The following financial statements are attached to the annual report:

- Transfer payments showing amounts transferred and to whom
- Contingent liabilities
- Unauthorised, irregular or fruitless expenditure
- Foreign aid, including amount, source and use
- Pending applications for foreign aid.

In addition to the above, expenditure with regard to the Department's four programmes is also addressed in the Financial Statements of the Department.

A REVIEW OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The report for the financial year 1 April 2000 to 31 March 2001 is 41 pages long and conveys a very positive impression since it is reader-friendly, typed in a very straight forward and simple manner and every citizen of South Africa would enjoy reading it. The report presents information necessary to allow for public scrutiny and inspires confidence since most of the set objectives have been duly met and made known to the public, especially to the clients, departments and provincial administration that it serves.

1.2 Information on the Ministry

A brief overview is provided on the activities the Minister was involved in during the reporting period, for instance the implementation of performance management systems, the development of the Senior Management Service, the upgrading of human resource information, and the negotiated agreements reached with labour partners. Although no Bills were submitted during the period 2000/2001, an amendment to the Public Service Regulations was made to accommodate the implementation of the Senior Management Service (SMS) that set out to improve the State's ability to recruit, retain and develop quality managers. The SMS was officially implemented on 1 January 2001.

The report is silent about the Minister's official visits abroad.

1.3 Mission statement

The mission statement is clearly put and shows why certain products and services are offered, for example, "leading the transformation process by developing policies".

1.4 Legislative mandate

The mandate of the Department is clearly articulated and reflects the role that it plays in the transformation process.

1.5 Organisational structure

Since the Department has redefined its role during the reporting period to align itself with the new implementation focus of government as well as the priorities of the Governance and Administration Cluster, no organisational structure has been provided. Instead, a description is provided of the present operational branches with the main functions of each branch, as well as the envisaged main operational components for 2001/2002.

2. HUMAN RESOURCE REVIEW

2.1 Establishment

The establishment depicted in the annual report reflects the post levels according to race and gender and the total number of employees employed in the organisation.

2.2 Job evaluations

The report addresses the number of posts evaluated. An indication is also provided on the percentage of these evaluated posts that remained at the same level, those that were upgraded, and those that were downgraded. Those downgraded were all vacant posts at the time of the evaluation.

2.3 Remuneration

Remuneration costs for the period 1 April 2000 to 31 March 2001 are reflected in the report as are professional services costs and the costs of overtime and allowances. An indication is given on what percentage of the total budget is spent on personnel cost, followed by an explanation on the reasons for increases in the remuneration budget. A prediction on further increases in remuneration for the next financial year, including the reasons for these increases, is provided.

Remuneration is, however, not broken down by race, gender, disability and CORE.

During the reporting period, no employees received remuneration that exceeded the grades determined by the job evaluation system.

2.4 Employment equity

Affirmative action targets have been met. Enough information is provided on the promotion of employees and merit awards granted. This information is broken down by race and gender. No mention is made on foreign appointments.

2.5 Injury, illness and death

Three injuries on duty, none of which were serious, are reported on.

2.6 Collective agreements

The report reflects collective agreements reached between the Department and the Public Service Co-ordinating Bargaining Council on the remuneration of public servants as well as on the Senior Management Service Framework agreed at the Public Service Job Summit.

2.7 Discharges owing to ill health

Discharges owing to ill health are not reflected in the report.

2.8 Performance management

The report covers rewards provided for performance. Although training plans are not reflected, the total amount spent on training and development, including workshops and conferences, was R 582 028.80.

2.9 Sick leave

Sick leave taken by employees in the Department is not reflected in the report.

2.10 Disciplinary measures

Information of disciplinary measures is not mentioned in the report.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The aims and objectives are clearly stated and are similar to those given in the RED BOOK.

3.2 Programme performance overview

3.2.1 *Programme One: Administration*

The aim of this programme is clearly defined. The achievements of the programme are not reflected. The report reflects only the table for the Expenditure and Estimate Statement. The achievements to be described in terms of the performance indicators are not listed. It is not easy to reflect on the contribution that this programme makes on efficiency and effectiveness. However, since the Department's staff members are remunerated from this programme, expenditure of this programme will contribute to the day-to-day functioning of the Department.

3.2.2 *Programme Two: Functional Assistance to the Minister*

The aim of this programme, which comprises five sub-programmes, is clearly defined. The achievements of this programme are described at a results level in terms of performance indicators listed in the RED BOOK. This programme contributes to the strategic objectives of the Department.

3.2.3 *Programme Three: Auxiliary and Associated Services*

The aim of this programme is clearly defined. This programme consists mainly of transfers to the State Information Technology Agency (SITA). The achievements of this programme are described at a results level in terms of the performance indicators listed in the RED BOOK. This programme contributes to the strategic objectives of the Department.

3.2 Policy developments

Although this is not captured in a particular heading, there have been major policy developments over the reporting period, reflected in different parts of the report.

4. FINANCIAL INFORMATION

4.1 Audit report

Financial statements are included in the annual report and include expenditure trends and medium expenditure estimates according to the Department's programmes. Additional notes to explain spending trends are included. The report of the Auditor-General is included and according to the audit, the financial statements of the Department fairly present, in all material respects, the financial position of the Department and are in accordance with prescribed accounting practice.

4.2 Additional notes in financial section

Transfers payments showing amounts and transfers to certain sub-programmes are clearly reflected. Statements of Foreign Aid received for the year ended 31 March 2001, with intended use, amount received, amount spent and balance unspent are reflected.

A REVIEW OF THE SOUTH AFRICAN POLICE SERVICE'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.1 Overview of report

The report, which is for the financial year 1 April 2000 to 31 March 2001, does not facilitate transparency, especially in view of the Auditor-General's (A-G) report. Information on different elements, which are also identified as shortcomings in the A-G's report, is conspicuously absent in the annual report. Information provided on achievements of the Department, is not compared against achievements of the previous financial year. Some programmes are not covered, making the report incomplete. It is therefore not possible to determine whether the achievements mentioned in the report have been an improvement on the previous year or not. However, reference is made to strategies and systems that have been implemented in the fight against crime. Little attention is, however, given to strategies and systems related to administrative or human resource practices in the Department.

The objective of the report is clearly to inspire confidence in the ability of the South African Police Service (SAPS) to fight crime, and can be described as a "Brag Book". The report is bound in a glossy cover and interesting information, especially in relation to achievements reached in the investigation of crime, is reflected in graphic form in the report. The report consists of 85 pages, plus appendices. Inserts of newspaper clippings confirming achievements in the prevention of crime are included. Unfortunately these achievements are not compared to previous results or any benchmarks.

1.2 Information on the Ministry

No information is provided on the Minister's responsibilities and work programme.

1.3 Mission statement

The mission statement forms part of the introduction of the SAPS to the reader, by means of a quick glance at its constitutional mandate, vision, mission and values. The mission statement concentrates on crime prevention and the services provided by the SAPS in combating crime. The conceptual link between the combating of crime and the protection of the people of South Africa stands out.

1.4 Legislative mandate

The report clearly indicates the constitutional mandate of the SAPS in their fight against crime, maintenance of law and order and their duty to protect the people of South Africa.

1.5 Organisational structure

An organisational structure layout is included in the report, showing the pictures of the Minister, Deputy Minister, National and Deputy National Commissioners, Divisional Commissioners and Provincial Commissioners. No further breakdown is provided. The report indicates only in broad and general terms the services provided by financial and administration services. The emphasis is placed on crime prevention and detective service programmes.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

No information is provided in this regard.

2.2 Job evaluations

No information is provided in this regard.

2.3 Remuneration

No information is provided in this regard.

2.4 Employment equity

No information is provided in this regard.

2.5 Injury, illness and death

No information is provided in this regard.

2.6 Collective agreements

No information is provided in this regard.

2.7 Discharges owing to ill health

No information is provided in this regard.

2.8 Performance management

No information is provided in this regard.

2.9 Sick leave

No information is provided in this regard.

2.10 Disciplinary measures

The only information related to discipline is a paragraph on members on suspension, as part of the attached Auditor-General's report.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The aims and objectives are clearly stated and are similar to those stated in the RED BOOK. Unfortunately, some programmes are not covered and this makes the report incomplete. Reference is made to strategies and systems that have been implemented in the fight against crime. Little attention is given, however, to strategies and systems related to administrative, or human resource practices in the Department.

3.2 Programme performance overview

3.2.1 Programme One: Administration

The aim is not clearly defined, but is to be deduced from the information provided. No achievements are mentioned. Mention is merely made of the different functions of the different services, e.g. "Financial and administration services ensure that the budget of the SAPS is managed cost-effectively" and that "administration services render an efficient auxiliary service."

No information is provided on the achievements described in terms of the performance indicators listed in the RED BOOK. Functions are described only in broad terms, e.g. "Logistics ensure that procurement is managed cost-effectively". Although no detailed information is submitted on anything else but the function of the Administration Programme, it can be said that this programme nevertheless contributes to the day-to-day managing of the Department. No information is provided on how successful the programme was in meeting its intended targets and achieving its intended results.

3.2.2 Programme Two: Crime Prevention and Operational Response Services

This programme consists of three sub-programmes, i.e. Operational Response Services, Crime Prevention and Protection Services. The aim of this programme, and those of the sub-programmes, is not clearly defined, but can be deduced if the functions are analysed.

Activities are presented with some reference to achievements, especially with regard to the investigation of crime and the achievements in combating crime. Statistics relating to achievements of the programme in the combating of crime for the reporting period are submitted. Two tables comparing the increase/decrease of crime, up to December 2000 and March 2001, are included in the report. According to these statistics, crime figures were down in areas such as violent crimes and theft.

The report depicts in broad terms the functional services at police stations and developments in the establishment of successful policing. The report concentrates on achievements of the reporting period. Unfortunately, no indication is given of targets set during the previous year and successes portrayed in the report are not compared with intended targets. A table depicting satisfaction with the performance of the SAPS indicates a rise in general satisfaction with service delivery. Once more, no statistics as to previous surveys in this regard are submitted. No comparison as to service delivery can, therefore, be made. The implementation of a service delivery programme in certain police stations has led to some successes. However, no detailed information of these successes is submitted.

3.2.3 Programme Three: Detective Services and Crime Intelligence

The aim of this programme, which consists of eight sub-programmes is not clearly defined, but can be deduced if the functions of each component are analysed. The activities relating to some of the sub-programmes are presented with some reference to achievements. In some cases, statistics depicting achievements are submitted. Once more, no definite information on set targets that have been met is submitted. Detail is submitted on the establishment of specialised units, which are responsible for the investigation of crime. Their functions are imperative to the objectives of the Department and are clearly described. Mention is made of achievements by the programme in identifying criminal syndicates and determining trends. However, no detailed information is submitted. It appears that as a result of reorganisation, detailed achievements will only be available as from the next reporting period.

3.2 Policy developments

Although this is not captured under a particular heading, there have been several policy developments over the reporting period reflected in different parts of the report.

4. FINANCIAL INFORMATION

4.1 Audit report

The financial statements present the financial position of the SAPS and the Secretariat until 31 March 2001, and the results of the Department's operations and cash flows in accordance with prescribed accounting practice and in the manner required by the Act.

Shortcomings identified in the previous audit report have not been adequately addressed. Follow-up audits conducted during the reporting period at 208 provincial commissioners, area commissioners, police stations and other units revealed that certain shortcomings still existed. Shortcomings relating to control over and the administration of leave, fuel and petrol cards, loss control management, government property, stockade certificates, order forms and invoices, rewards, and guarantee schemes for housing loans still have to be dealt with adequately.

4.2 Additional notes in financial section

The report contains the following:

- Transfer payments showing amounts transferred and to whom - The only transfer payments indicated refer to income transferable to the Revenue Fund.
- Contingent liabilities - There is a short paragraph dealing with contingent liabilities. According to the statistics provided there has been an increase in the total amount in losses.
- Unauthorised, irregular or fruitless expenditure - An extensive report is submitted in regard to unauthorised, irregular and fruitless and wasteful expenditure, including material losses. However, since no statistics are provided on losses of the previous financial year, it is not possible to determine whether there is an increase or decrease in material losses.
- Foreign aid, including amount, source and use - According to the information provided on foreign aid, the Department has only been able to spend 36% of the allocated amount.
- Pending applications for foreign aid - No information is provided.

A REVIEW OF THE DEPARTMENT OF TRANSPORT'S ANNUAL REPORT AS AN ACCOUNTABILITY MECHANISM

1. BACKGROUND

1.2 Overview of report

This is a 62 page report for the financial year 1 April 2000 to 31 March 2001. The front cover is well laid out with colourful graphics of the different modes of transport. The main aims of the Department are captured in the first few pages and even if the reader decides not to continue reading the report, at least the basic facets of the Department would be assimilated.

To a certain extent, the lack of alignment of the strategic objectives of the Department with its programmes obscure better reporting and this does not promote transparency. Furthermore, the lack of proper organisation of the reporting makes it difficult for one to identify what was actually achieved under each programme since the reporting is done by division rather than by programme. This may also have the effect of compromising transparency as one would have to look all over the report for information. Failure to provide information regarding funded posts makes it difficult to create a correlation between programmes and budgets.

1.3 Information on the Ministry

Information relating to institutions falling under the Minister's portfolio is furnished under annual statements.

It is clear from the report that various pieces of legislation were drafted and submitted to Parliament. It must also be mentioned that the manner in which the report is drafted makes it difficult to identify information relating to legislation submitted to Parliament. There is, however, information relating to Bills that are or were developed, but their status is not fully articulated.

No information is supplied on the Minister's official visits abroad.

1.4 Mission statement

Neither the mission nor the vision statement is clearly articulated in the annual report. Information relating to objectives and values is missing.

1.5 Legislative mandate

The mandate is clearly explained and it focuses mainly on the Department's roles of regulating service quality in all South Africa's transport modes and facilitating effective communication among the three spheres of government. Their roles and functions have also been clearly set out in the report.

1.6 Organisational structure

The organisational structure is clearly depicted. It shows the branches and the number of posts per division, but there is no clear indication of the functions of each division. Information regarding the breakdown of staff per component is provided. However, in a column titled 'Director-General' it is stated that there are 285 posts, and this is alarming, if correct. It may be that they are referring to the total staff complement of the Department, if so, the report is misleading. When checked against figures per component, the total staff complement minus the staff under the Director-General is 431, the 285 posts in the column 'Director-General' is actually misleading.

2. HUMAN RESOURCE OVERVIEW

2.1 Establishment

Information relating to employment statistics exists. However, no indication is made as to whether the vacant posts are budgeted for or not. Information relating to grades of vacancies per component has been supplied. Although the key responsibilities are clearly stated, the objectives behind the components are not articulated.

2.2 Job evaluations

The Department evaluated 65 posts, of which five were upgraded and none were downgraded. There is also reference to 38 new/not created posts - it is not clear what this refers to.

2.3 Remuneration

Information on remuneration is scanty. There is no indication of the number of employees whose remuneration exceeds the grade determined by job evaluation and the reason for each deviation from CORE is not given. The report states that "the personnel costs in intervals of R 20 000 by race, gender, disability CORE and occupation are not included in the report". The percentage of total personnel costs spent on Senior Management Service is 28,27%. The cost of overtime and allowances is reflected as 24,13% of the total personnel costs.

2.4 Employment equity

The report has enough information on -

- the number of employees promoted as a result of posts that were upgraded, indicated by race, gender and disability; and
- the number of employees promoted per grade and occupation, indicated according to race gender and disability.

No foreigners were appointed.

2.5 Injury, illness and death

Only the number of incidents of injury, illness and death occurring in the course of official duty is available and there is no indication as to the nature of the injuries.

2.6 Collective agreements

No collective agreements were entered into during 2000/2001, but the Department maintains a good relationship with PSA and NEHAWU when addressing labour relations issues.

2.7 Discharges owing to ill health

During the period under review only three employees were discharged owing to ill-health.

2.8 Performance management

The report covers rewards provided for performance, shown by race, gender, CORE and disability, although it does not indicate the nature of the rewards.

The number of employees in each category reflected in the report is broken down according to occupation, gender, race and disability.

2.9 Sick leave

Sick leave taken by employees is properly reflected.

2.10 Disciplinary measures

A total of 48 incidents of irregular expenditure are mentioned. However, no criminal procedures or disciplinary steps were taken against employees in any of the cases.

3. PROGRAMME PERFORMANCE

3.1 Aims and objectives

The aims and objectives are not clearly stated. In the annual report, mention is made of activities, whereas in the RED BOOK objectives are articulated. As a result, there is no synchronisation between the two.

3.2 Programme performance overview

3.2.1 *Programme One: Administration*

The annual report merely states the activities undertaken under this programme. The aim of this programme has not been given. Achievements listed in the report are listed in a section titled “Director-General’s report”. Although there is a progress report in the Director-General’s report, it is not per programme, thus making it difficult to identify what was actually achieved under each particular programme.

3.2.2 *Programme Two: Regulation and Safety*

This programme consists of eleven sub-programmes, only three of which are apparently addressed in the report. The aim of this programme, and those of the sub-programmes which are reported on, is not clearly defined, but can be deduced if the functions are analysed, and it can be said that the programme contributes to the strategic objectives of the Department. Although some of the achievements under this programme can be discerned in the report, it is difficult to identify them as they are all over the report, and not organised by programme. Achievements are not described at results level and progress is confined to activities.

3.2.3 *Programme Three: Policy, Strategy and Implementation*

This programme consists of four sub-programmes, only two of which are apparently addressed in the report. The aim of this programme and those of the sub-programmes which are reported on, is not clearly defined, because the reporting is done per division which makes it difficult to understand. The achievements are described in terms of activities. No analysis of how successful the programme was in meeting its intended targets and achieving its intended objectives was given.

3.2 Policy developments

Although this is not captured under a particular heading, there have been several policy developments over the reporting period reflected in different parts of the report.

4. FINANCIAL INFORMATION

4.1 Audit report

Financial statements are in line with the National Treasury's guidelines on annual reporting and contain -

- a balance sheet;
- notes to the balance sheet;
- income statement;
- notes to the income statement; and
- a cashflow statement.

The impression is that there has been -

- irregular expenditure amounting to R 34 825 000;
- late submission of financial statements; and
- problems with the monitoring of driving licence testing centres.

The Auditor-General's report on the effectiveness of financial controls is included. Certain shortcomings that were identified were occasioned by lack of internal checking and control relating to payments. This is serious given the fact that it is the responsibility of the accounting officer to maintain an effective, efficient and transparent system of financial control.

4.2 Additional notes in financial section

Transfer payments showing amounts of transfers and to whom are clearly reflected. Unauthorised, irregular or fruitless expenditure is captured in the Auditor-General's report. No information pertaining to foreign aid, including amount, source and use, is available.

NATIONAL TREASURY

PROPOSED GUIDELINES FOR ANNUAL REPORTING

DECEMBER 2000

**Comments on this draft may
be forwarded to Jace Nair on
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GUIDELINES FOR ANNUAL REPORTING

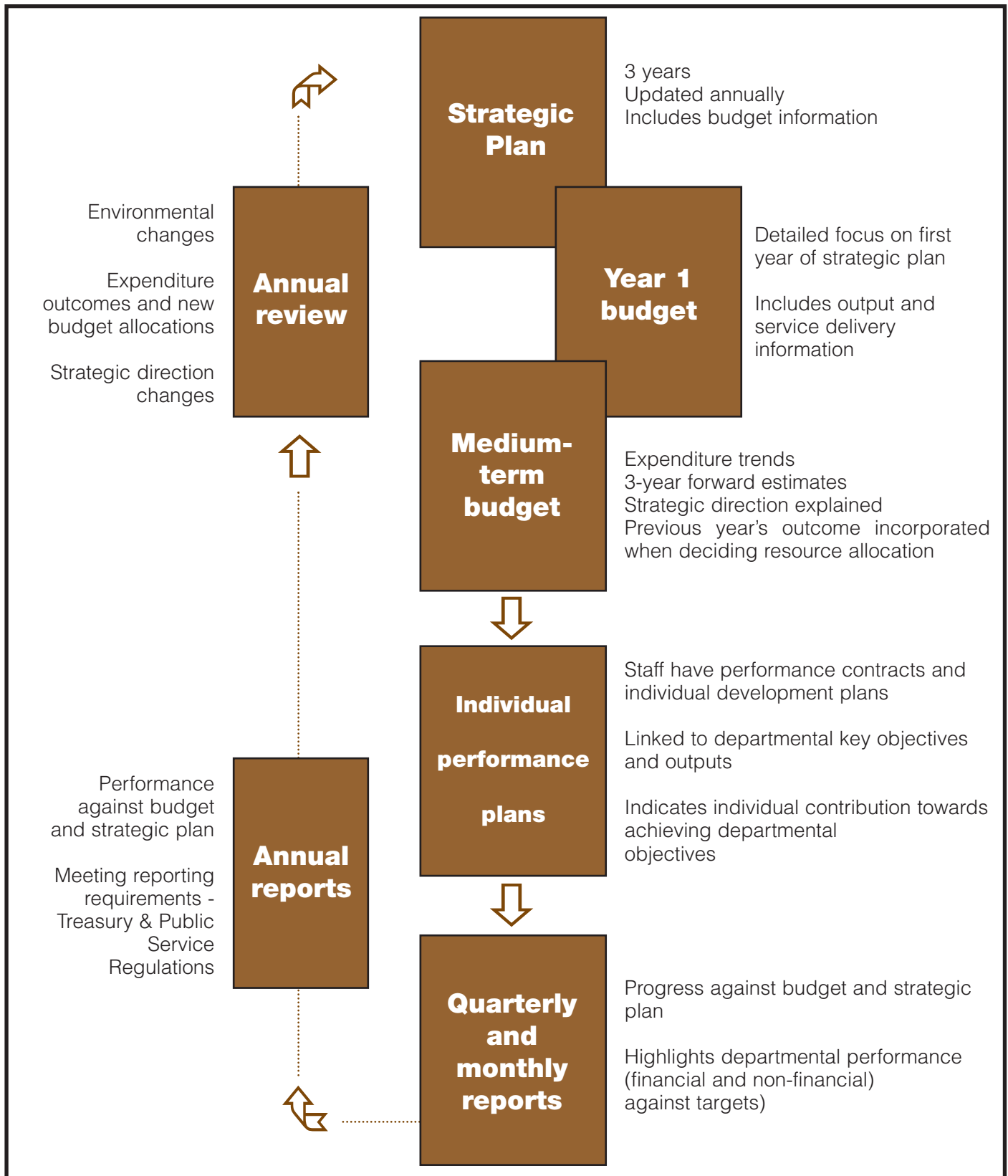
1. PURPOSE

- 1.1** The purpose of this document is to provide guidelines on annual reporting to departments, trading entities and constitutional institutions.
- 1.2** An attempt has been made to incorporate annual reporting requirements as set out in the various policy documents, namely, the Constitution, 1996, the Public Finance Management Act (PFMA), 1999, the Treasury Regulations and the Public Service Regulations, 1999.
- 1.3** A brief background on the need for annual reporting will be given, followed by the criteria for good reporting and a detailed discussion on what to report on.

2. BACKGROUND

- 2.1** When a government is voted into office, an inevitable contract of accountability is entered into between the government and the citizens it serves. It is therefore incumbent on the government to inform the citizens on what they intend to achieve against pre-determined objectives. These pre-determined objectives are reflected in the strategic plans and the annual budget of departments. Published strategic plans make government operations transparent to the legislatures and are key instruments in the accountability and budgeting process. These strategic plans also provide essential information for the legislatures to assess proposed programmes and funding. They also enable the legislatures to evaluate departmental performance when performance measures and indicators are published in annual reports.
- 2.2** Strategic planning cannot be developed in isolation but should rather be the result of thorough consultation with all relevant stakeholders. The following must be aligned to and be consistent with the strategic plan:
- Estimates of expenditure;
 - performance contracts between the Minister/MEC and the head of the department;
 - performance contracts between the head of the department and senior managers;
 - service delivery improvement programme; and
 - departmental annual reports.
- 2.3** From the foregoing, it is evident that the accountability process culminates with the publishing of the annual report, which serves to inform the citizens of the country what progress the government has made in the achievement of its objectives. Accounting officers are therefore required to compile annual reports for the institutions that they are responsible for and these annual reports must fairly represent their institution's performance and financial position for a particular fiscal year. The information contained in the annual report should reflect the institution's achievements in relation to the objectives set out in year 1 of the institution's strategic plan and annual budget for the fiscal year in question.
- 2.4** The following is a diagrammatic representation of the planning, budgeting and reporting cycle:

PLANNING, BUDGETING AND REPORTING CYCLE



2.5 The executive authority must critically assess this annual report, which must be presented to Parliament or the relevant provincial legislature.

3. CRITERIA FOR GOOD REPORTING

The information on performance provided in annual reports must be useful for the purpose of assessing that performance. Ideally, this information should include quantified, compared and verifiable performance information. The requirements regarding the quality of information necessary to assess performance are -

- information criteria; and
- credibility of information.

3.1 Information criteria

Information contained in annual reports must be as set out below.

3.1.1 Comparable

To be of value for purposes of evaluation, performance data should be compared to:

- (a) the Department's predetermined objectives (intentions) and service standards, which are stated in measurable terms;
- (b) needs or target populations;
- (c) the performance of similar organisations;
- (d) performance during a previous period; or
- (e) other benchmarks.

3.1.2 Consistent

Performance measures should be consistent from one reporting period to the next, and the information should be prepared on the same basis in order to compare and assess performance adequately.

3.1.3 Explained

Each key performance measure should be explained and the methodology outlined, i.e. how the information was obtained, from what data sources, etc. The significance, limitations, reliability and relevance of the measures and indicators should be explained.

3.1.4 Analysed

It is important to show that any significant variances have been analysed. The reasons for variances should be examined, analysed and explained. Periodic programme evaluations are therefore important, not only to actually monitor outcomes, but also to assess the relationship between programme outputs and intended outcomes.

3.1.5 Range of measures

The information should reflect the key attributes of performance. For example, focussing only on the cost of outputs is not sufficient to describe the quality of performance. If costs are decreasing, what about quality - is that also decreasing? If the quantity or volume of goods and services is staying constant, what about the population the programme is serving?

3.1.6 Verifiable

It must be possible for the report user to trace the sources and systems from which information is derived and, if necessary, information should be attested to by an independent third party to ensure its credibility.

3.1.7 Objective

Information should be provided in a balanced and objective way by keeping matters in perspective and presenting without bias the positive and the negative in whatever proportion they might present themselves.

3.1.8 Relevant

The information should pertain directly to the interests, concerns and expectations of the members of legislatures and other stakeholders.

3.1.9 Comprehensive

The information provided should provide a concise, complete overview of the activities of the department under review, including the identification of any areas deliberately left out.

3.1.10 Understandable

The readers for whom the report is intended should be able to clearly understand the contents of the report, which can be achieved by using terminology and reasoning that is comprehensible to any lay reader - especially when technical matters are discussed.

3.2 Monitoring and evaluation of information

Supplementing reporting with monitoring and evaluation reports by independent bodies can ensure credibility. This will demonstrate to the legislature, citizens and other stakeholders that the information is true, fair and complete.

4. MONITORING AND EVALUATION SYSTEMS

For departments to be able to report intelligently and systematically on performance instead of just on their activities, supporting monitoring and evaluation systems and information systems are a prerequisite. The following steps will be necessary:

- The clarification of goals in strategic and operational plans.
- The development of performance indicators and targets for all programmes.
- The adaptation or development of information systems to capture appropriate performance data.
- The introduction of a regular evaluation programme in respect of all major programmes.
- The integration of the various planning and evaluation processes of government, so that the information flow through the system is well coordinated.

5. CONTENTS OF THE ANNUAL REPORT

It is important that institutions, after completion of the financial year, report on the institution's actual performance as measured against pre-determined objectives. The report also needs to show that money has been spent in accordance with the appropriations and priorities of Parliament or the relevant Provincial Legislature. To accomplish this, institutions need to adhere to the following guidelines for the compilation of annual reports:

PART 1	:	GENERAL INFORMATION
PART 2	:	HUMAN RESOURCE MANAGEMENT
PART 3	:	PROGRAMME PERFORMANCE
PART 4	:	AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

5.1 PART 1: GENERAL INFORMATION

The following information must be provided:

5.1.1 Submission of the annual report to the executive authority

Under this particular sub-heading, the accounting officer should formally submit the annual report to the executive authority responsible for the institution.

5.1.2 Introduction by the head of the institution

The head of the institution should summarise the institution's highlights and indicate publications and key documents published for the reporting period.

5.1.3 Information on the Ministry

A summary should be given as to what work the Ministry is involved with as well as (if practical) the names of institutions falling under the executive authority's control. The executive authority should also give an indication of the Bills that he or she has submitted to the legislature during the financial year. Further, the executive authority's official visits abroad, indicating the dates and purposes of visits would ideally complete the information required under this sub-heading.

5.1.4 Mission statement

The mission statement must be a concise statement indicating the institution's fundamental unique purpose that distinguishes it from any other organisation of its type and identifies the scope of its operations in terms of its products, services and the market that it serves. The mission is a general statement of an institution's reason for existence. The mission defines what the institution does, whom it serves and how this should be done.

5.1.5 Legislative mandate

The legislative mandate refers to the legislation that governs the existence of the institution and its operations (core mandates). An indication must also be given of the trading and/or public entities controlled by the institution, clearly indicating the -

- legislation under which the trading and/or public entity was established;
- functions of each trading and/or public entity; and
- accountability arrangements established between the accounting officer and the management of the trading and/or public entity.

5.2 PART 2: HUMAN RESOURCE MANAGEMENT (*Public Service Regulations*)

The executive authority shall -

- in terms of sections 92(3)(b) or 133(3)(b) of the Constitution, 1996, include in the annual report, contemplated in sections 40(1)(d)(i), 40(3), 65(1)(a) and 65(2) of the Public Finance Management Act (PFMA), 1999, and paragraph 18.5.1 of the Treasury Regulations, the information set out in regulations III J2 to J11; and
- in accordance with section 65(1)(a) of the PFMA, within one month after the accounting officer of the department has received its audit report, table in the relevant legislature that annual report, and simultaneously submit that annual report to the relevant treasury, the media and the public.

The following human resource requirements (as required by Part III J of the Public Service Regulations, 1999) must, where possible, be presented in a graphic format:

5.2.1 Planning and service delivery

The core mandates should be addressed under “Legislative mandates” in Part 1, whereas the functions and objectives of the Department should be addressed under “Organisation” (Part 2) and “Programme Performance” (Part 3) respectively.

5.2.2 Organisation

- The organisational structure, briefly indicating the functions of each branch (referred to above) and the approved establishment;
- the employment numbers and vacancies indicated by component, grade and nature of employment; and
- the employment number of persons additional to the approved establishment.

5.2.3 Job evaluation

- The number of posts evaluated, upgraded and downgraded, all in accordance with the Code of Remuneration (CORE) and grade;
- the number of employees promoted as a result of posts that were upgraded, by race, gender and disability; and
- the number of employees whose remuneration exceeds the grade determined by a job evaluation and the reasons for each deviation, in accordance with CORE.

5.2.4 Remuneration

- The percentage of the budget, excluding transfer payments, expenditure on land and buildings, as well as miscellaneous payments spent on:
 - total personnel costs;
 - administrative expenditure; and
 - professional and special services;
- the personnel costs in intervals of R 20 000, by race, gender, disability and CORE;
- the percentage of total personnel costs of senior management service; and
- the cost of overtime allowances and benefits expressed as a percentage of total personnel costs.

5.2.5 Affirmative action, recruitment, promotions and termination of services

- The progress made in terms of affirmative action with regard to:
 - a policy statement that sets out the institution's commitment to affirmative action and how that policy will be implemented;
 - numeric and time-bound targets for achieving representativeness;
 - annual statistics on recruitment, training and promotion of persons historically disadvantaged within each grade of each occupational category; and
 - a plan to redress numeric under-representativeness and to report the advancement of persons historically disadvantaged;
- the number of employees recruited by grade and occupation, as well as by race, gender and disability;
- the number of employees promoted by grade and occupation, as well as by race, gender and disability;
- the number of employees' services terminated by grade and occupation, as well as by race, gender and disability; and
- the number, occupations and grades of foreign appointees.

5.2.6 Performance management and skills development

- Any rewards made for performance by grade, CORE, race, gender and disability;
- the number of employees falling into each performance category, by race, gender and disability in each grade in each CORE;
- targets for training in the training plan, as well as progress in reaching them;
- the departmental training budget and actual amounts spent on each training target by race, gender and disability in each grade in each CORE; and
- the number and type of training programmes conducted externally and internally.

5.2.7 Injury, illness and death

The number and nature of incidents of injury, illness and death resulting from official duty or the work environment.

5.2.8 Collective agreements

The number and subject matter of collective agreements entered into.

5.2.9 Sick leave

- The average number of days' sick leave taken by employees in the Department, indicated according to their grades and occupation;
- the total number of days' sick leave taken by employees in a department;
- the estimated cost to the Department of the leave so taken; and
- the number of employees who took more than 15 continuous days' sick leave in the year under review.

5.2.10 Ill-health

The number of employees discharged owing to ill-health.

5.2.11 Disciplinary steps

Disciplinary steps taken against employees for, inter alia, unauthorised, irregular and fruitless and wasteful expenditure.

5.3 PART 3: PROGRAMME PERFORMANCE

For the 2000/2001 financial year, the annual reporting framework for programme performance must be in accordance with the programmes (main divisions within the vote) as presented to Parliament and as reflected in the National Treasury's publications 'ESTIMATE OF EXPENDITURE TO BE DEFRAIDED FROM THE NATIONAL REVENUE ACCOUNT (Blue Book)' and the NATIONAL EXPENDITURE SURVEY (NES). As from the 2001/2002 financial year, the framework must be in accordance with the NATIONAL MEDIUM TERM EXPENDITURE ESTIMATES (NMTEE).

The following serves as format for this particular part, using the Department of Trade and Industry as an example:

5.3.1 Aim of the Vote

The aim of the Department of Trade and Industry is.....

5.3.2 Key programmes and achievements

The department is required to publish information on key programmes and achievements in order to strengthen the link between annual reporting and budgeting. There must be a distinct link between the annual report and the programmes specified in the budget documentation.

The Department of Trade and Industry has achieved . . .

5.3.3 Overview and key policy development

Period covered by the annual report (financial year)

The Department of Trade and Industry has continued its . . .

5.3.4 Key areas of work undertaken

Key areas of work undertaken by the Department during the year of reporting were . . .

The Department, in collaboration with the Department of . . .

5.3.4.1 PROGRAMME 1: ADMINISTRATION

Aim:

To conduct the overall management of the Department

Policy and developments

Output and service delivery trends

5.3.4.2 PROGRAMME 2: TRADE, INVESTMENT AND ENTREPRENEURIAL DEVELOPMENT

Aim:

To facilitate trade, investment and entrepreneurial development through sectoral policies, investment, export assistance, technology and support to SMMEs

Policy developments:

The Trade, Investment and Entrepreneurial Development Programme consists of the following eleven sub-programmes:

- Investment support
- National empowering
- Environmental Support Fund
- Competitiveness Fund
- Foreign investment promotion and international marketing
- Spatial development, initiative and investment facilitation
- Industry development and promotion
- Promotion of standardisation, quality and environmental management in industry
- Technology enhancement in industry
- Entrepreneurial development and promotion
- Trade facilitation

The Environmental Support Fund (ESF) focused on . . .

- The Department embarked on a quality development programme . . .
- The Department supported the following . . .

The three main activities of the sub-programme Industry Development and Promotion included -

- sectoral industrial promotion through the implementation of strategies for key industries in each sector and the role of the Board on Tariffs and Trade;
- promoting industrial development through appropriate customs and excise duties, tariffs and trade investigations in terms of Act 107 of 1986; and
- contribution to the SABS for the setting up of an emission test facility.

Outputs and service delivery trends

Sub-programme	Outputs	* Service delivery indicators	Actual performance
Investment support		(Quantity indicators)	Actual quantity
National empowering		The Department supports investment and manufacturing activities through . . .	
Environmental Support Fund		The Sectoral Partners Fund gives financial assistance to . . .	
Competitiveness Fund		Approximately 200 applications are dealt with each year	220 applications were processed
Foreign Investment promotion and international marketing			
Etc.			

- Although section 27(4) of the PFMA (measurable objectives) has been delayed for implementation from 1 August 2002 (2003/2004 financial year), departments are expected to start with initiatives in preparation for its implementation.

For the 2000/2001 to 2002/2003 financial years, departments should at least try to furnish the information (as set out in the strategic and operational plans and budget documentation) in the above format, even if not in full, together with the actual performance.

Annexure A provides a guideline for the establishment of Service Delivery Indicators.

Transfer payments

Information on transfer payments per organisation for the entire financial year must be set out as follows:

NAME OF INSTITUTION	AMOUNT TRANSFERRED
S A Bureau of Standards	R 100 000
S A Quality Institute	R 150 000
Council for Scientific and Industrial research (CSIR)	R 200 000

A report must also be included on the institution's compliance with section 38(1)(j) of the PFMA

5.3.4.3 PROGRAMME 3: TRADE POLICY AND GLOBAL REPOSITIONING

Ditto

5.3.4.4 PROGRAMME 4: BUSINESS REGULATION AND CONSUMER SERVICES

Ditto

5.4 PART 4: AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

This part must consist of the following information relevant to the institution:

- The Auditor-General's report on the financial statements;
- the audit committee's report on the effectiveness of internal controls; and
- the audited financial statements.

The annual financial statements, as required by the Public Finance Management Act (PFMA), 1999, and the Treasury Regulations, must consist of the following:

- A balance sheet;
- an income statement;
- a cash flow statement;
- notes to the financial statements; and
- the Accounting Standards Board may determine any other information required.

The Office of the Accountant-General will furnish the formats of the financial statements and guidelines for their completion.

In addition to the notes prescribed by the Office of the Accountant-General (in consultation with the Office of the Auditor-General), the following additional information must also be disclosed as notes, as required by the Treasury Regulations:

- Information on the institution's tariff policy, including any free service rendered but not taken into account in the budget and which could have yielded significant revenue;
- all contingent liabilities incurred during the financial year;
- any material losses recovered or written off;
- any material losses through criminal conduct, and any unauthorised, irregular, fruitless and wasteful expenditure that occurred during the financial year; and
- the use of foreign aid assistance, detailing the source and intended use of the assistance (including the value of any aid-in-kind, expressed in rands), performance information on the institution's use of the assistance, and any pending applications for assistance.

6. TABLING OF THE REPORT IN PARLIAMENT OR THE PROVINCIAL LEGISLATURE

In terms of section 65(1)(a) of the PFMA, the executive authority of a department must table the annual report of his or her department in the National Assembly or Provincial Legislature (whichever applicable), within one month after the accounting officer has received the audit report.

ANNEXURE A

DETERMINING SERVICE DELIVERY INDICATORS

In terms of section 27(4) of the PFMA, departments are required to report on measurable service delivery objectives. In line with the PFMA, the revised budget format also requires departments to develop an indicator of service delivery for each output that is defined.

These service delivery indicators are important since they measure -

- what goods and services budgeted “moneys” buy;
- what progress the government makes in terms of its policy priorities and objectives; and
- whether the government is getting value for money.

Service delivery indicators therefore provide important accountability checks on the government. They also shift the focus of departments and their managers from inputs and resources used to the quality and impact of the services that they deliver. Concepts of “efficiency and effectiveness” and “value for money” - getting the greatest impact from rands spent - is fast becoming part of public service management practices.

The 2001 Budget takes the first step towards developing service delivery indicators. It is recognised that output or quantity measures are easily understood and therefore the first step towards developing more complex service delivery indicators. Output or quantity measures describe outputs in terms of how much, or how many. This calls on the departments to develop a unit of measure that best describes the particular outputs.

It is important to distinguish between workload statistics and output or quantity measures. Workload statistics tell us about the inputs or activities of a programme. Output or quantity measures describe the results of the outputs. It often includes criteria or benchmarks that may be used in measuring progress. Output or quantity indicators therefore are often expressed in terms of percentages, ratios and rates, in certain cases absolute numbers, and in some instances refer to a measurable period.

EXAMPLE	
Workload statistics	Output or quantity measure
Number of inquiries processed	Average number of inquiries per month
Number of staff hours spent	Average number processed per staff hour

Increased output does not always signal value for money. Other measures such as quality, efficiency, timeliness and sustainability are important. The Treasury and departments will work towards developing these kinds of indicators at a later stage as progress is made in budget reform.

The Treasury recognises that some departments are experienced at developing and using service delivery indicators. For most departments, however, this is a new activity, which requires learning and practising in “getting it right”. It is therefore important that departments select the appropriate output or quantity measures based on the activity measured, the intended audience - most often reporting to the public - and their particular information requirements.

A guide for selecting indicators is that they should satisfy the following requirements:

Simple, clearly expressed and specific

The indicators should communicate a message that is readily understood by the policy makers, decision makers and the public.

Reliable

Indicators should have high predictor and proxy power. The indicator that is selected should be strongly related to the output that it is intended to measure. The indicator should also act as a proxy for other indicators that are moving in the same direction. This will remove the amount of data and analysis that departments need when measuring their progress.

Easily measurable

There must be easy access to and availability of regularly updated data for the indicator. Output or quantity measures are most easily tracked using quantitative data. In certain cases, however, it may be necessary to support numeric data with qualitative data.

Manageable

Selecting a few good indicators to track is better than selecting too many, since departments should ensure that they have the appropriate capacity to collect data and analyse information on the selected indicators.

Accountability

It must be clear which programme or section of the department is responsible for delivery of an output and for reporting against set targets.

Departments should ensure that the output or quantity measures that they select are consistent with those contained in year 1 of the departmental strategic plan. A focus on target groups, including the poor, women, children, people with disabilities and people living in rural areas, is also important in specifying outputs and selected output or quantity indicators. Departments may wish to consider selecting measures that enable the collection and analysis of desegregated data to mirror delivery to these target groups.

EXAMPLE			
Programme indicator	Output	Output indicator	Desegregated output
Khula Finance Enterprise	Loans granted	Total value of loans granted	% of total value of loans granted to women/ people in rural areas

Developing service delivery indicators is not an end in itself. Setting targets and measuring progress towards those targets are the next steps in improving service delivery information in the budget. Service delivery indicators help departments to set levels and assess performance against the targets.

Tracking indicators in terms of service delivery targets informs departmental managers, policy and decision-makers and the public about what progress departments are making towards their objectives. This helps departments plan, budget and manage programmes better. It improves accountability and control and informs policy and decision-making. It also provides information to the public about what goods and services the government buys.

ASSESSMENT QUESTIONNAIRE

PUBLIC SERVICE COMMISSION

























REVIEW OF ANNUAL REPORTING AS AN ACCOUNTABILITY MECHANISM

REVIEW OF ANNUAL REPORTING ASSESSMENT QUESTIONNAIRE

































Instruction: Read the question carefully and then indicate the annual report's compliance, (😊 - yes) or non-compliance (☹️ - no) with the question with a ✓ in the appropriate answer column.





























ITEM	QUESTION	ANSWER	
1. PERIOD OF REPORTING	Is the report for a financial year, i.e. April to March? If not, write down the period of the report: 	😊	☹️
2. GENERAL INFORMATION			
2.1 Introduction	2.1.1 Are highlights summarised? 2.1.2 Are key publications during the reporting period mentioned? If no publications are mentioned, write down the reasons, for example, <i>nothing published during reporting period</i> 	😊	☹️
2.2 Information on the Ministry	2.2.1 Is there a summary of the work the Ministry is involved in? 2.2.2 Are the names of the institutions falling under the executive authority's control mentioned? If no institutions are mentioned, write down the reasons, for example, <i>no institution falls under the executive authority's control.</i> 2.2.3 Are the Bills that have been submitted during the financial year indicated? If no Bills are mentioned, write down the reasons, for example, <i>no Bills have been submitted during the reporting period.</i> 2.2.4 Are official visits abroad indicated? If no visits are mentioned, ignore question 2.2.5 and write down the reasons, for example, <i>no visits were undertaken during the reporting period.</i> 	😊	☹️

ITEM	QUESTION	ANSWER	
2.2 Information on the Ministry - continued	2.2.5 Is the following information on these visits provided:		
	2.2.5.1 Date(s) of visit?		
	2.2.5.2 Purpose of visit?		
	2.2.5.3 Cost of visit?		
	2.2.5.4 Outcome of visit?		
2.3 Mission Statement	2.3.1 Is there a concise mission statement?		
	2.3.2 Does this mission statement indicate the department's -		
	2.3.2.1 Unique purpose?		
	2.3.2.2 Scope of operations in terms of its-		
	<ul style="list-style-type: none"> • Products? • Services? • Market that it serves? 		
2.4 Legislative mandate	2.4.1 Is the legislation that governs the existence of the department (core mandate) mentioned?		
	2.4.2 Is the trading and/or public entities controlled by the department mentioned?		
	If no trading and/or public entities are mentioned, ignore question 2.4.3 and write down the reasons, for example, <i>the department does not control any trading and/or public entities.</i>		
		
	2.4.3 Is there a clear indication of -		
	2.4.3.1 The legislation under which these entities were established?		
	2.4.3.2 The functions of each?		
2.5 Organisation	2.4.3.3 The accountability arrangements established between the accounting officer (DG) and the management of these entities?		
	2.5.1 Is there an organisational structure, indicating the purpose and function(s) of each branch?		

ITEM	QUESTION	ANSWER
3. HUMAN RESOURCES <i>(Information as required by Part III J of the Public Service Regulations presented in graphic format)</i>	NB: The information provided in the graphs must indicate both the previous and the current year's figures next to each other. If there is any deviation from the previous year's information, it must be explained . The department also need to explain what its objectives were with regard to each of the sub-headings in column one (contents), how it was achieved and if there is any deviation , what the reasons are.	
3.1 Establishment	3.1.1 Is there an establishment table/graph? 3.1.2 Does this establishment table/graph indicate - 3.1.2.1 The approved establishment? 3.1.2.2 The number and grade (post level) of employment per component? 3.1.2.3 The number and grade (post level) of vacancies per component? 3.1.2.4 The number of employment posts additional to the approved establishment? 3.1.3 Are the figures for the previous year for each of questions 3.1.2.1 to 3.1.2.4 provided? 3.1.4 Is there an indication of what the department's objective was with the establishment? 3.1.5 Is there an explanation whether the department has or has not achieved its objective with the establishment? 3.1.6 Is there a deviation between the figures of the previous and the current year? 3.1.7 Is there is a deviation between the figures, is it explained?	                   
3.2 Job evaluation	3.2.1 Is there a table/graph for job evaluations done during the reporting period? If there is no table/graph for job evaluations, ignore question 3.2.2 and write down the reasons, for example, <i>the department did not do any job evaluations during the reporting period.</i> 3.2.2 Is there an explanation why these job evaluations were done?	   

ITEM	QUESTION	ANSWER	
3.2 Job evaluation - continued	3.2.3 Does this table/graph indicate -		
	3.2.3.1 The number of posts evaluated?		
	3.2.3.2 The level of posts evaluated?		
	3.2.3.3 The number of posts upgraded?		
	3.2.3.4 The level of post upgraded?		
	3.2.3.5 The number of posts downgraded?		
	3.2.3.6 The level of post downgraded?		
	3.2.3.7 The number of employees promoted as a result of posts that were upgraded?		
	3.2.3.8 The promoted employees by -		
	(a) race?		
3.3 Remuneration	3.3.1 Is a table/graph provided that indicates the number of employees whose remuneration exceeds the grade determined by a job evaluation by CORE?		
	If there is no table/graph for this item, ignore question 3.3.2 and write down the reasons, for example, <i>during the reporting period no employee's remuneration exceeded the grade determined by a job evaluation.</i>		
	3.3.2 Are reasons given for each deviation, by CORE?		
	3.3.3 Is a table/graph provided that indicates the percentage of the budget excluding transfer payments, expenditure on land and buildings, including miscellaneous payments spent on:		
	3.3.3.1 Total personnel costs?		
	3.3.3.2 Administrative expenditure?		
	3.3.3.3 Professional and special services?		
	3.3.4 Are the personnel costs, in intervals of R20 000, provided by:		
	3.3.4.1 Race?		
	3.3.4.2 Gender		
	3.3.4.3 Disability		
	3.3.4.4 CORE		

ITEM	QUESTION	ANSWER	
3.3 Remuneration <i>- continued</i>	3.3.5 Does the table/graph indicate the percentage of total personnel costs spent on the senior management service?		
	3.3.6 Does the table/graph indicate the following expenditure as a percentage of total personnel costs:		
	3.3.6.1 The cost of overtime?		
	3.3.6.2 The cost of allowances?		
	3.3.6.3 The cost of benefits?		
3.4 Affirmative action, recruitment, promotions and termination of services	3.4.1 Is there a progress report on affirmative action?		
	3.4.2 Is a policy statement that sets out the institution's commitment to affirmative action, provided?		
	3.4.3 Does the department give an explanation of how that policy will be implemented?		
	3.4.4 Are numeric and time-bound targets for achieving representativeness provided?		
	3.4.5 Are annual statistics on recruitment, training and promotion of persons historically disadvantaged within each grade of each occupational category provided?		
	3.4.6 Does the department provide a plan to redress numeric under-representativeness?		
	3.4.7 Does the department report on the advancement of persons historically disadvantaged?		
	3.4.8 Is a table/graph provided on the number of employees recruited by:		
	3.4.8.1 grade?		
	3.4.8.2 occupation?		
	3.4.8.3 race?		
	3.4.8.4 gender?		
	3.4.8.5 disability?		























ITEM	QUESTION	ANSWER	
3.4 Affirmative action, recruitment, promotions and termination of services <i>- continued</i>	3.4.9 Is a table/graph provided on the number of employees promoted by:		
	3.4.9.1 grade?		
	3.4.9.2 occupation?		
	3.4.9.3 race?		
	3.4.9.4 gender?		
	3.4.9.5 disability?		
	3.4.10 Is a table/graph provided on the number of employees' services terminated by:		
	3.4.10.1 grade?		
	3.4.10.2 occupation?		
	3.4.10.3 race?		
	3.4.10.4 gender?		
	3.4.10.5 disability?		
	3.4.11 Is a table/graph provided on foreign appointees by:		
	3.4.11.1 number?		
	3.4.11.2 occupation?		
	3.4.11.3 grades? If there is no table/graph for this item, write down the reasons, for example, <i>the department has no foreign appointees.</i>		
3.5 Injury, illness and death	3.5.1 Is a table/graph provided that indicates the number and nature of incidents of injury, illness and death resulting from official duty or the work environment? If there is no table/graph for this item, write down the reasons, for example, <i>the department had no incidents of injury, illness and death resulting from official duty or the work environment.</i>		

ITEM	QUESTION	ANSWER	
3.6 Collective agreements	<p>3.6.1 Is a table/graph provided that indicates the number and subject matter of collective agreements entered into?</p> <p>If there is no table/graph for this item, write down the reasons, for example, <i>the department has not entered into collective agreements.</i></p> <p>.....</p>		
3.7 ILL- Health	<p>3.7.1 Is a table/graph provided that indicates the number of employees discharged owing to ill health?</p> <p>If there is no table/graph for this item, write down the reasons, for example, <i>no employees were discharged owing to ill health.</i></p> <p>.....</p>		
3.8 Performance management and development	<p>3.8.1 Is a table/graph provided that indicates whether any rewards were made for performance?</p> <p>3.8.2 Does the table/graph provide information on rewards by:</p> <div style="margin-left: 40px;"> <p>3.8.2.1 Grade?</p> <p>3.8.2.2 CORE?</p> <p>3.8.2.3 Race?</p> <p>3.8.2.4 Gender?</p> <p>3.8.2.5 Disability?</p> </div> <p>3.8.3 Is information on the number of employees falling into each performance category provided?</p> <p>3.8.4 Is the number of employees falling into each performance category provided in each grade in each CORE by:</p> <div style="margin-left: 40px;"> <p>3.8.4.1 Race?</p> <p>3.8.4.2 Gender?</p> <p>3.8.4.3 Disability?</p> </div> <p>3.8.5 Are there targets for training in the training plan?</p> <p>3.8.6 Is progress in reaching targets given?</p>	 	

ITEM	QUESTION	ANSWER	
3.8 Performance management & development <i>- continued</i>	3.8.7 Is information given on the departmental training budget and actual amounts spent on each training target in each grade in each CORE by:		
	3.8.7.1 Race?		
	3.8.7.2 Gender?		
	3.8.7.3 Disability?		
	3.8.8 Is information given on the number and type of training programmes conducted externally and internally?		
3.9 Sick leave	3.9.1 Is a table/graph provided that indicates the average number of days' sick leave taken by employees in the department?		
	3.9.2 Is this information provided according to their		
	3.9.2.1 grades?		
	3.9.2.2 occupation?		
	3.9.3 Does the table/graph provide the total number of days' sick leave taken by employees in the department?		
	3.9.4 Is the estimated cost to the department of the leave so taken provided?		
	3.9.5 Is the number of employees who took more than 15 continuous days' sick leave in the year under review provided?		
	If there is no information for this item, write down the reasons, for example, <i>there was no occurrence of employees who took more than 15 continuous days' sick leave.</i>		
3.10 Disciplinary steps	3.10 Does the department report on disciplinary steps taken against employees for, inter alia, unauthorised, irregular and fruitless and wasteful expenditure?		
	If there is no information for this item, write down the reasons, for example, <i>there was no occurrence of disciplinary steps to be taken within the department.</i>		

ITEM	QUESTION	ANSWER	
4. PROGRAMME PERFORMANCE	NOTE: <i>The reporting framework for programme performance must be in accordance with the programmes (main divisions within the Vote) as reflected in the National Treasury's "Estimates of National Expenditure (RED BOOK for 2001).</i>		
4.1 Aim of the department	Is the aim of the department as stated in the annual report similar to that presented in the RED BOOK under the department's Vote?		
4.2 Key objectives & programmes	Can the objectives and programmes as mentioned in the annual report be linked to the objectives and programmes specified in the budget - RED BOOK 2001?		
4.3 Strategic overview and key policy developments in the department	4.3.1 Can the strategic overview and key policy developments as mentioned in the annual report be linked to the objectives and programmes specified in the budget - RED BOOK 2001?		
	4.3.2 Is any indication given of key developments and shifts that have taken place over the past year?		
	4.3.3 If key developments and shifts have taken place, is this explained?		
4.4 Reporting on programme performance per programme under the following headings	NOTE: <i>Use the contents of the different headings as they appear in the RED BOOK 2001 under each programme (i.e. Programme 1: Administration), as reference and guidance to monitor and evaluate whether the department's annual report is a true reflection of what the department said it would do during the financial year under each programme.</i>		
4.4.1 Aim of the programme	4.4.1.1 Is the aim of this programme provided?		
	4.4.1.2 Is a short description of each of the programme's major budget sub-programmes provided?		
	4.4.1.3 Is an explanation given on how it contributes to the department's overall objectives?		
4.4.2 Policy and developments	4.4.2.1 Is a short overview provided of new policy developments and shifts that have taken place over the past year for this programme? If there is no information for this item, ignore question 4.4.2.2 and write down the reasons, for example, <i>there were no new policy developments and/or shifts under this programme during the past financial year.</i>		
	4.4.2.2 Is an explanation given why this happened?		

ITEM	QUESTION	ANSWER
4.4.3 Narrative account of output and service delivery trends	<p>NOTE:</p> <p><i>Refer to table under this heading for each major programme in the RED BOOK. The contents of this table, in the same format, must appear in the annual report with an extra column added to the right, named "Actual Performance". In this last column "Actual Performance" a narrative account should be given of how the objectives (service delivery indicators) of each major budget sub-programme were achieved (the actual service delivery results).</i></p>	
	<p>4.4.3.1 Is a narrative account given for each of the "service delivery indicators" that have been provided in the table on outputs and service delivery trends?</p> <p>4.4.3.2 Does this narrative account indicate how these "service delivery indicators" have been achieved?</p> <p>4.4.3.3 Is this narrative account for each "service delivery indicator" supported by performance figures indicating the following?:</p> <p>(a) How the actual performance compares with the department's objectives (service delivery indicators/ targets) as set out in column three of the table as well as with performance during the previous year.</p> <p>(b) How successful (effective) the outputs of the service(s) were in terms of quality, quantity, and timeousness, i.e., - has the department achieved its objectives?</p> <p>(c) The quantity (efficiency) of resources used to produce the service's outputs - Did they do more for less money?</p> <p>(d) How successfully the service was targeted at the groups which are most in need or most disadvantaged - accessibility of services?</p> <p>(e) The state of maintenance of the department's capacity to deliver is sustainable?</p> <p>(f) The degree of customer satisfaction with the sub-programmes' services</p> <p>4.4.3.4 When the actual performance differs from the intended performance, are the reasons provided for the difference?</p> <p>4.4.3.5 When the actual performance differs from the intended performance, are the actions taken to improve the situation provided?</p>	<p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p> <p>😊 😞</p>

ITEM	QUESTION	ANSWER	
5. AUDIT REPORTS, FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION	NOTE: The report must include the audited financial statements and the Auditor-General's report on those statements as required by section 40(1)(d)(ii) and (iii) of the Public Finance Management Act, Act 29 of 1999 (PFMA).		
5.1 Audit reports	5.1.1 Is the Auditor-General's report on the financial statements included?		
	5.1.2 Is the Audit Committee's report on the effectiveness of internal controls included?		
	5.1.3 Are the audited financial statements included?		
5.2 Financial statement	5.2.1 Is a balance sheet included?		
	5.2.2 Is an income statement included?		
	5.2.3 Is a cash flow statement included?		
	5.2.4 Are notes to the statements included?		
5.3 Additional notes	Are the following additional notes included:		
	5.3.1 Transfer payments for the entire financial year in table format indicating the name of the institution and the amount transferred?		
	5.3.2 Information on the department's tariff policy, including any free service(s) that were rendered, but not taken into account in the budget and which could have yielded significant revenue?		
	5.3.3 All contingent liabilities incurred during the financial year?		
	5.3.4 Any material losses recovered or written off?		

ITEM	QUESTION	ANSWER	
5.3 Additional notes <i>- continued</i>	Are the following additional notes included:		
	5.3.5 Any material losses through criminal conduct?	😊	😞
	5.3.6 Any unauthorised, irregular, fruitless and wasteful expenditure that occurred during the financial year?	😊	😞
	5.3.7 The use of foreign aid assistance, detailing the source and intended use of the assistance (including the value of any aid-in-kind expressed in rands)?	😊	😞
	5.3.8 Performance information on the department's use of the foreign aid assistance, and any pending applications for assistance?	😊	😞



CRITERIA FOR GOOD REPORTING

The information on performance provided in annual reports must be useful for the purpose of assessing that performance. Ideally, this information should include quantified, compared and verifiable performance information. The information criteria regarding the quality of information necessary to assess performance are set out below.

1. Comparable

To be of value for purposes of evaluation, performance data should be compared to -

- (a) the department's predetermined objectives (intentions) and service standards, which are stated in measurable terms;
- (b) needs or target populations;
- (c) the performance of similar organisations;
- (d) performance during a previous period; or
- (e) other benchmarks.

2. Consistent

Performance measures should be consistent from one reporting period to the next, and the information should be prepared on the same basis in order to compare and assess performance adequately.

3. Explained

Each key performance measure should be explained and the methodology outlined, i.e. how the information was obtained, from what data sources, etc. The significance, limitations, reliability and relevance of the measures and indicators should be explained.

4. Analysed

It is important to show that any significant variances have been analysed. The reasons for variances should be examined, analysed and explained. Periodic programme evaluations are therefore important, not only to actually monitor outcomes, but also to assess the relationship between programme outputs and intended outcomes.

5. Range of measures

The information should reflect the key attributes of performance. For example, focusing only on the cost of outputs is not sufficient to describe the quality of performance. If costs are decreasing, what about quality - is that also decreasing? If the quantity or volume of goods and services is staying constant, what about the population the programme is serving?

6. Verifiable

It must be possible for the report user to trace the sources and systems from which information is derived and, if necessary, information should be attested to by an independent third party to ensure its credibility.

7. Objective

Information should be provided in a balanced and objective way by keeping matters in perspective and presenting without bias the positive and the negative in whatever proportion they might present themselves.

8. Relevant

The information should pertain directly to the interests, concerns and expectations of the members of legislatures and other stakeholders.

9. Comprehensive

The information provided should provide a concise, complete overview of the activities of the department under review, including the identification of any areas deliberately left out.

10. Understandable

The readers for whom the report is intended should be able to clearly understand the contents of the report, which can be achieved by using terminology and reasoning that is comprehensible to any lay reader - especially when technical matters are discussed.



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