

Annexure D: Performance management and reporting framework

The Performance Management and Reporting Framework (PMRF) consists of the following:

- Legislation applicable to performance planning, management and reporting, which includes the following:
 - Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA)
 - Treasury Regulations, 2005 issued in terms of the PFMA
 - National treasury practice note 4 of 2009-10
 - Public Service Act, 1994 (PSA)
 - Public Service Regulations, 2016 issued in terms of the Public Service Act
- The Framework for Managing Programme Performance Information (FMPPI), issued by the National Treasury. This framework is applicable to all spheres of government.
- The Framework for Strategic Plans and Annual Performance Plans (FSAPP), issued by the National Treasury. This framework is applicable to all national and provincial departments, constitutional institutions and those public entities listed in parts A and C of schedule 3 of the PFMA.
- Circulars and guidance issued by the National Treasury, Department of Public Service and Administration (DPSA) and supported by the Department of Planning Monitoring and Evaluation (DPME) regarding the planning, management, monitoring and reporting of performance against predetermined objectives.

Annexure D – Criteria developed from the performance management and reporting framework

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
	Departments / constitutional institutions / trading entities	Public entities	Parliament / provincial legislatures	Universities
Consistency: Objectives, performance measures / indicators and targets are consistent between planning and reporting documents				
1. Reported strategic or development objectives are consistent or complete when compared to planned objectives	Section 40(3)(a) of the PFMA TR 5.2.4 NT Instruction Note 33: Implementation of the FSAPP Sec 25(1) and 31(1) of the PSR	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public entities: TR 30.1.3(g) NT Instruction Note 33: Implementation of the FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 55(3)(d) of the FMPPLA	Sec 5(2)(k) & 7(4)(a) of the regulations for reporting by Public Higher Education Institutions
2. Changes to strategic or development objectives are approved	TR 5.1.1 NT Instruction Note 33: Implementation of the FSAPP Sec 4 of FSAPP	Applicable to schedule 3A & 3C public entities: TR 30.1.1 NT Instruction Note 33: Implementation of the FSAPP Sec 4 of FSAPP Applicable to schedule 2, 3B & 3D public entities: TR 29.1.1 and TR 29.2	Section 15(1) and (2)(b) of the FMPPLA	Sec 5(2)(m) & 7(4)(a) of the regulations for reporting by Public Higher Education Institutions
3. Reported measures or indicators are consistent or complete when compared to planned	Section 40(3)(a) of the PFMA TR 5.2.4 NT Instruction Note 33:	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public	Section 55(3)(d) of the FMPPLA	Sec 5(2)(k) & 7(4)(a) of the regulations for reporting by Public Higher Education

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
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measures or indicators	Implementation of the FSAPP Sec 25(1) of the PSR	entities: TR 30.1.3(g) NT Instruction Note 33: Implementation of the FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2		Institutions
4. Changes to measures or indicators are approved	TR 5.1.1 NT Instruction Note 33: Implementation of the FSAPP Sec 4 of FSAPP	Applicable to 3A & 3C public entities: TR 30.1.1 NT Instruction Note 33: Implementation of the FSAPP Sec 4 of FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 15(1) and (2)(b) of the FMPPLA	Sec 5(2)(m) of the regulations for reporting by Public Higher Education Institutions
5. Reported targets are consistent or complete when compared to planned targets	Section 40(3)(a) of the PFMA TR 5.2.4 NT Instruction Note 33: Implementation of the FSAPP Sec 25(1) of the PSR	Section 55(2)(a) of the PFMA TR 28.2.2 Applicable to 3A & 3C public entities: TR 30.1.3(g) Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2	Section 55(3)(d) of the FMPPLA	Sec 5(2)(k) & 7(4)(a) of the regulations for reporting by Public Higher Education Institutions
6. Changes to targets are approved	TR 5.1.1 NT Instruction Note 33: Implementation of the FSAPP	Applicable to 3A & 3C public entities: TR 30.1.1 NT Instruction Note 33: Implementation of the FSAPP	Section 15(1) and (2)(b) of the FMPPLA	Sec 5(2)(m) of the regulations for reporting by Public Higher Education

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	Sec 4 of FSAPP	Sec 4 of FSAPP Applicable to 2; 3B & 3D public entities: TR 29.1.1 & TR 29.2		
7. Reported achievements are consistent with the planned and reported indicator and target	Sec 40(3)(a) of the PFMA	Sec 55(2)(a) of the PFMA	Sec 55(3)(d) of the FMPPLA	Sec 7(4)(a) of the regulations for reporting by Public Higher Education Institutions
Measurability: Performance measures / indicators are well defined and verifiable, and targets are specific, measurable and time bound				
8. A performance measure or indicator is well defined when it has a clear definition so that data will be collected consistently and is easy to understand and use	FMPPI Chapter 3.2		Criteria not applicable	Sec 1(d) of the regulations for reporting by Public Higher Education Institutions
9. A performance measure / indicator is verifiable when it is possible to validate or verify the processes and systems that produce the indicator	FMPPI Chapter 3.2		Criteria not applicable	

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10. A target is specific when the nature and the required level of performance of the target are clearly identifiable	FMPPI Chapter 3.3		Criteria not applicable	Sec 1(a) of the regulations for reporting by Public Higher Education Institutions
11. A target is measurable when the required performance can be measured	FMPPI Chapter 3.3		Criteria not applicable	Sec 1(b) of the regulations for reporting by Public Higher Education Institutions
12. A target is time bound when the time frames for the achievement of the target are indicated	FMPPI Chapter 3.3		Criteria not applicable	Sec 1(c) of the regulations for reporting by Public Higher Education Institutions
Relevance: Performance measures / indicators relate logically and directly to an aspect of the entity's mandate and the realisation of its strategic goals and objectives				
13. The performance measure / indicator and target relate logically and directly to an aspect of the entity's mandate and the realisation of its strategic goals and objectives	FMPPI Chapter 3.2		Criteria not applicable	Sec 1(e) of the regulations for reporting by Public Higher Education Institutions
Presentation and disclosure: Performance information in the annual performance report is presented and disclosed in accordance with the requirements contained in legislation, frameworks, circulars and guidance				
14. Reasons for variances between planned and actual performance are disclosed in the annual performance report.	The NT's annual report guide for national and provincial departments	Applicable to schedule 3A & 3C public entities: The NT's annual report guide for schedule 3A and 3C public	Criteria not applicable	

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
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	Sec 31(1) of the PSR	entities		
15. Reasons for variances are corroborated by source documentation	The NT's annual report guide for national and provincial departments FMPPI chapter 5	Applicable to schedule 3A & 3C public entities: The NT's annual report guide for schedule 3A and 3C public entities FMPPI chapter 5	Criteria not applicable	
16. Changes to objectives, performance indicators and performance targets are disclosed in the annual performance report	NT annual report guide for national and provincial departments Sec 31(1) of the PSR	Applicable to 3A & 3C public entities: NT annual report guide for schedule 3A and 3C public entities	Criteria not applicable	
Reliability: Recording, measuring, collating, preparing and presenting information on actual performance / target achievements that is valid, accurate and complete				
1. Reported performance occurred and pertains to the reporting entity	Section 40(3)(a) of the PFMA Chapter 5 of the FMPPI	Section 55(2)(a) of the PFMA Chapter 5 of the FMPPI	Section 55 of the FMPPLA	Section 7 of the regulations for reporting by Public Higher Education Institutions
2. Reported performance is recorded and reported accurately	Sec 25(1)(e) of the PSR			

CRITERIA	REFERENCES TO THE PMRF PER TYPE OF ENTITY			
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3. All actual performance is recorded and included in the reported performance information				

Annexure E: Auditor-general's responsibility for the audit of the reported performance information

1. As part of my engagement conducted in accordance with ISAE 3000, I exercise professional judgement and maintain professional scepticism throughout my reasonable assurance engagement on reported performance information for selected programmes.
2. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Quality control relating to assurance engagements

3. In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Reported performance information

4. In addition to my responsibility for the assurance engagement on reported performance information as described in the auditor's report, I also:
 - identify and assess risks of material misstatement of the reported performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. In making those risk assessments, I consider internal control relevant to the management and reporting of performance information per selected programme in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trading entity's internal control.
 - evaluate the documentation maintained by the trading entity that supports the generation, collation, aggregation, monitoring and reporting of performance indicators and their related targets for the selected programmes.
 - evaluate and test the usefulness of planned and reported performance information, including presentation in the annual performance report, its consistency with the approved performance planning documents of the trading entity and whether the indicators and related targets were measurable and relevant.
 - evaluate and test the reliability of information on performance achievement to determine whether it is valid, accurate and complete.

Communication with those charged with governance




5. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.




Annexure F: Assessment of internal controls
















Below is our assessment of implementing the drivers of internal control based on significant deficiencies identified during our audit of the financial statements, the annual performance report and compliance with legislation. Significant deficiencies occur when internal controls do not exist, are not appropriately designed to address the risk, or are not implemented. These either had caused, or could cause, the financial statements or the annual performance report to be materially misstated, and material instances of non-compliance with legislation to occur.

The internal controls were assessed as follows:







	The required preventative or detective controls were in place.
	Progress was made on implementing preventative or detective controls, but improvement is still required, or actions taken were not or have not been sustainable.
	Internal controls were either not in place, were not properly designed, were not implemented or were not operating effectively. Intervention is required to design and/or implement appropriate controls.

The movement in the status of the drivers from the previous year-end to the current year-end is indicated collectively for each of the three audit dimensions under the three fundamentals of internal control. The movement is assessed as follows:

	Improved
	Unchanged
	Regressed

	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
Leadership						
Overall movement from previous assessment						
• Provide effective leadership based on a culture of honesty, ethical business practices and good governance, and protecting and enhancing the best interests of the entity						
• Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls						

	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
• Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	☹️	☹️	☹️	☹️	☹️	☹️
• Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities	☹️	☹️	☹️	☹️	☹️	☹️
• Develop and monitor the implementation of action plans to address internal control deficiencies	😞	😞	😞	😞	😞	😞
• Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance	☹️	☹️	☹️	☹️	☹️	☹️
Financial and performance management						
Overall movement from previous assessment	↓		↔		↔	
• Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	😞	😞	😞	😞	😞	😞
• Implement controls over daily and monthly processing and reconciling transactions	😞	😞	😞	😞	😞	☹️
• Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	😞	😞	😞	😞	😞	😞
• Review and monitor compliance with applicable legislation	☹️	☹️	☹️	☹️	☹️	☹️
• Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information	😞	☹️	😞	☹️	N/A	N/A
Governance						
Overall movement from previous assessment	↔		↔		↔	
• Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and	☹️	☹️	☹️	☹️	☹️	☹️

	Financial statements		Performance reporting		Compliance with legislation	
	Current year	Prior year	Current year	Prior year	Current year	Prior year
monitored						
<ul style="list-style-type: none"> Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively 						
<ul style="list-style-type: none"> Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation 	