



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TO : AII ACCOUNTING OFFICERS

NATIONAL TREASURY PRACTICE NOTE 7 OF 2008/09

THE USE OF PERCENTAGES TO EXPRESS PERFORMANCE TARGETS IN ANNUAL PERFORMANCE PLANS, QUARTERLY PERFORMANCE REPORTS AND ANNUAL REPORTS

1. PURPOSE

1.1 The purpose of this practice note is to give direction for the 2008/09 financial year on the use of percentages to express targets in Performance Plans, Quarterly Performance Reports and Annual Reports for provincial departments with standardised performance measures/indicators.

2 PERFORMANCE REPORTING

2.1 Section 27(4) of the PFMA requires the Accounting Officer of each department to submit to Parliament or the relevant legislature as may be appropriate, measurable objectives for each main division within a departments vote. The provincial Treasury may coordinate and consolidate them in one document.

2.2 The collection of performance information is critical in facilitating the National Treasury's role to assess economy, efficiency and effectiveness within government. It provides information on what the budget is purchasing and therefore whether the departments are contributing to the realisation of national strategic objectives and delivering value for money in the process.

2.3 Performance Audits against predetermined objectives will be conducted in terms of General Notice 646 of 2007 issued by the Auditor General in terms of the Public Audit Act, Act No. 25 of 2004.

National Treasury Practice Note No. 7 of 2008/09

Use of percentages to express performance targets in annual performance plans, quarterly performance reports and annual reports

- 2.4 The 2008/09 Annual Performance Plans were analysed by National Treasury and it was found that there is a marked absence of indicative numbers (targets) to quantify annual or quarterly outputs.
- 2.5 The non adherence to quantifying targets in Annual Performance Plans by means of measurable targets makes performance monitoring virtually impossible.

3 GUIDELINES ON THE EXPRESSION OF TARGETS

- 3.1 Targets that are used to express desired levels of performance based on performance measures must comprise of baseline numbers. Baseline data is the current level of performance that the institution aims to improve on. In most cases the baseline is the level of performance recorded in the year prior to the planning period. The table below indicates how targets should be reflected.

Performance Measure	Target (using baseline numbers)
Number of schools that can be contacted electronically by the Department	2000 (Express as a number)

- 3.2 If Departments opt to use percentages to state performance targets, these must be accompanied by baseline numbers to facilitate the monitoring of service delivery. The table below illustrates how this should be done.

Performance Measure	Target (using baseline numbers)
Percentage of children in conflict with the law assessed	200 (5%)

4. APPLICABILITY

- 4.1 This practice note applies to all national and provincial departments.

5. EFFECTIVE DATE

- 5.1 The procedures contained in this practice note takes effect from 1 April 2008 and must be adhered to by all accounting officers.

6. AUTHORITY FOR THIS PRACTICE NOTE

- 6.1 This practice note is issued in terms of sections 76(1) to 76(4) of the PFMA which empowers the National Treasury to issue instructions applicable to all institutions to which this Act applies concerning any matter that may be prescribed for all institutions in terms of this Act.

7. CONTACT PERSON

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