

FRAMEWORK FOR THE DEVELOPMENT AND QUARTERLY MONITORING OF THE ANNUAL PERFORMANCE PLANS (APPS) AND THE OPERATIONAL PLANS OF THE NATIONAL DEPARTMENT OF HEALTH

May 2012



health

Department:
Health
REPUBLIC OF SOUTH AFRICA

A Long and Healthy Life for All South Africans





PREFACE

This Framework for the Quarterly Reporting System (QRS) of the National Department of Health (NDoH) sets out the processes, roles and responsibilities, as well as time frames, for the development, monitoring and reporting on the Strategic Plans, Annual Performance Plans (APPs) and Operational Plans of the Department. This Framework is an update of the framework developed in May 2011.

The main objective of the Framework is to strengthen the systems for monitoring and reporting on the implementation of the plans of the Department, with a view to ensure accountability. It is imperative that the strategic plans and APPs of the Department are aligned to the revised Medium-Term Strategic Framework (MTSF) adopted by the government in January 2010 and the Health Sector's Negotiated Service Delivery Agreement (NSDA) 2010-2014.

Most importantly, this Framework provides the linkages between the APPs; the Operational Plans and the Performance Management Agreements (PMAs) of senior managers of the Department. This will enable me to monitor the extent to which the individual performance of senior managers contributes to the overall organisational performance of the National DoH.

It is important for all members of Senior Management Services in the Department to familiarise themselves with the provisions of this framework.

A handwritten signature in black ink, appearing to read 'Matsoso', written over a horizontal line.

MP MATSOSO
DIRECTOR-GENERAL: HEALTH
DATE:18-05-12

1. INTRODUCTION

In May 2003/04, the National Department of Health (DoH) officially established the Quarterly Reporting System (QRS), as monitoring system for performance against the Annual Performance Plans (APP) and Operational Plans of the Department. The department has since then used the QRS to track progress against objectives and targets outlined in its plans for each planning cycle.

In May 2007, the department developed an internal policy framework governing the QRS, which was updated in May 2011. It is now opportune to review and enhance the existing QRS framework.

The framework outlined here updates and replaces the QRS framework approved by the Department in May 2007. The major objective of this reform is to strengthen the monitoring of and reporting on the implementation of the plans of the Department, and ensure full alignment between the QRS framework and new policy developments introduced by oversight structures in government such as National Treasury, Auditor-General of South Africa (AGSA) and the Presidency. A related objective is to improve reporting to the Executive (Cabinet) and to Parliament.

The framework also defines the requirements for the submission of other performance monitoring tools such as Annual Reports.

2. LEGAL BASIS FOR THE DEVELOPMENT OF HEALTH SECTOR PLANS AND FOR MONITORING AND EVALUATING THEIR IMPLEMENTATION

2.1 The Public Finance Management Act (PFMA) of 1999

Development of Strategic and Annual Performance Plans

The Public Finance Management Act (PFMA) of 1999 (as amended) requires the Director-General of the National DoH, as the Accounting Officer, to prepare strategic and medium term plans.

Treasury regulations issued in 2007 in terms of the PFMA of 1999 stipulate that: “in order to facilitate the annual discussion of individual votes, accounting officers must provide Parliament or the relevant legislature with their respective institution’s medium-term strategic plan, and where applicable, with its annual performance plan” (section 5.2.1.). The regulations further state that Parliament or the relevant legislature should receive plans at least 10 days prior to the discussion of the Department’s budget vote.

Monitoring and Evaluation of Strategic and Annual Performance Plans

The PFMA of 1999 (as amended) and its regulations also require the Director-General of the National DoH, to develop systems for performance monitoring and evaluation.

Section 5.3.1. of National Treasury Regulations issued in terms of the PFMA of 1999 stipulates that: “The Accounting Officer of an institution must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action”. Quarterly reporting on progress against the National DoH is therefore a legal requirement.

The PFMA of 1999 also requires government departments to produce Annual Reports at the end of each financial year.

Section 40 (1) (d) of the PFMA of 1999 (as amended) stipulates that: “The accounting officer for a department, trading entity, or constitutional institution - must submit within five months of the end of a financial year to the relevant treasury and, in the case of a department or trading entity, also to the Executive Authority responsible for that department or trading entity—

- (i) an annual report on the activities of that department, trading entity or constitutional institution during that financial year;
- (ii) the financial statements for that financial year after those statements have been audited; and
- (iii) the Auditor-General’s report on those statements;

Section 40 (3) (a) of the PFMA of 1999 stipulates that: “The annual report and audited financial statements referred to must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, **its performance against predetermined objectives** and its financial position as at the end of the financial year concerned;

2.2 The National Health Act of 2003

Development of Strategic and Annual Performance Plans

The National Health Act (NHA) of 2003 (section 3) stipulates that:

- (a) The Director-General must prepare strategic, medium term health and human resources plans annually or the exercise of the powers and the performance of the duties of the national department.
- (b) The national health plans referred to in paragraph (a) above must form the basis of-
 - (i) the annual budget as required by the national department responsible for finance and state expenditure
 - (ii) any other governmental planning exercise as may be required by any and other law.

The NHA of 2003 further states that the national health plans must comply with national health policy. A further requirement of this legislation is that the Director-General must integrate the health plans of the national department and provincial departments annually and submit the integrated health plans to the National Health Council.

Monitoring and Evaluation of Strategic and Annual Performance Plans

In terms of the NHA of 2003, the D-G of the National DoH must monitor the implementation of National policy. Section 21(d) of the Act stipulates that the D-G must “identify national health goals and priorities and monitor the progress of their implementation”.

2.3 The Public Audit Act of 2004

The Public Audit Act of 2004 empowers the Auditor-General of South Africa (AGSA) to audit and report on the accounts, financial statements and financial management of all national and provincial state departments and administrations; all constitutional institutions, as well as the administration of Parliament.

The Public Audit Act of 2004 further empowers the AGSA to conduct an audit of performance information. The Act states that an audit report must reflect such opinions and statements as may be required by any legislation applicable to the auditee which is the subject of the audit, but must reflect at least an opinion or conclusion on *the reported information relating to the performance of the auditee against predetermined objectives* [Section 20 (2) (c)]. In addition, AGSA may report on whether the auditee’s resources were procured economically and utilised efficiently and effectively [Section 20 (3)].

3. POLICY FRAMEWORK FOR DEVELOPMENT OF STRATEGIC AND ANNUAL PERFORMANCE PLANS

In August 2010, National Treasury released an updated *Framework for Strategic Plans and Annual Performance Plans (APPs)* of National and Provincial government departments. Strategic Plans are 5-year plans linked to the term of office of government, while APPs are 3-year plans linked to the budget cycle of government, the Medium-Term Expenditure Framework (MTEF).

The new Framework seeks to ensure that the strategic and annual performance plans of National and Government Departments are aligned to:

- (a) The revised Medium-Term Strategic Framework (MTSF) adopted by government in January 2010;
- (b) Performance Agreements between Ministers and the President;

(c) Sectoral Service Delivery Agreements (SDAs).

With regard to **National Government Departments**, the new *Framework for Strategic Plans and Annual Performance Plans (APPs)* stipulates that:

- 3.1. Each national department must submit a first draft of its Annual Performance Plan for the upcoming financial year to the National Treasury and the Presidency for assessment at the end of August; this will inform the budget process and the estimation of departmental budget baselines.
- 3.2. This draft should consist of the outer two years reflected in the present Annual Performance Plan with the new outer year estimates added. It should also reflect any new approved budget structure proposals and any new approved core programme performance indicators.
- 3.3. National departments must finalise their performance targets during January to ensure they are consistent with the budget allocations communicated to departments in November.
- 3.4. National departments must table their Annual Performance Plans in Parliament within the timelines provided in the Treasury Regulations.

The new development is that previously, National government departments were not required to submit their Draft APPs to either National Treasury or the Presidency. This is now a requirement.

4. POLICY FRAMEWORK FOR PERFORMANCE MONITORING AND EVALUATION

The *Framework for Managing Programme Performance Information* (2007) released by National Treasury in 2007, requires an Accounting Officer (or Head of an Institution) to implement seven (7) obligations pertaining to Performance Information.

The framework stipulates that the Accounting Officer must ensure that the institution has the following requirements in place:

4.1. Documentation addressing the following:

- Integration of performance information structures and systems within existing management processes and systems;
- Definitions and technical standards of all the information collected by the institution
- Processes for identifying, collecting, collating, verifying and storing information
- Use of information in managing for results
- Publication of performance information.

- 4.2. Appropriate capacity to manage performance information.**
- 4.3 Appropriate systems to collect, collate, verify and store the information.**
- 4.4 Consultation processes that ensure the information needs of different users are taken into consideration when specifying the range of information to be collected.**
- 4.5 Processes to ensure the information is appropriately used for planning, budgeting and management within the institution, including:**
 - Processes to set performance standards and targets prior to the start of each service delivery period
 - Processes to review performance and take management action to ensure service delivery stays on track
 - Processes to evaluate performance at the end of a service delivery period.
- 4.6 Processes to ensure that responsibility for managing performance information is included in the individual performance agreements of line managers and other officials.**
- 4.7. An identified set of performance indicators for reporting for oversight purposes.**

5. PROVISIONS OF THE UPDATED FRAMEWORK FOR THE DEVELOPMENT

Against the foregoing legislative and background, it becomes imperative that the National DoH enhances its planning processes, as well as systems for monitoring and evaluation systems.

The existing framework for the Quarterly Reporting System (QRS) of the National Department of Health (DoH) is hereby formally replaced with the provisions set out below, to strengthen the following:

- 5.1. Development of Strategic Plans, Annual Performance Plans (APPs) and Operational Plans of the Department of the National DoH.**
- 5.2. Monitoring, and reporting on the implementation of APPs and Operational Plans of the National DoH.**
- 5.3. Periodic evaluation of the implementation of Strategic Plans.**

6. GUIDELINES FOR THE DEVELOPMENT OF STRATEGIC PLANS

- 6.1. At the onset of each term of office of government, following the national elections, the Office of the Director-General shall initiate the process of developing a 5-year Strategic Plan of the health sector. This will include an outline of the consultation processes with the key stakeholders whose inputs are required for the strategic plan.
- 6.2. The strategic plan of the health sector shall be applicable and binding to the entire public health sector, the National DoH; Provincial DoH and all Health Districts.
- 6.3. The Office of the Director-General shall disseminate to all Branches and Clusters of the National DoH guidelines for the development of 5-year Strategic Plans of the Department, which are aligned to the Medium-Term Strategic Framework (MTSF) and health sector priorities for the 5-year planning and implementation cycle. The guidelines shall be developed in keeping with National Treasury regulations and requirements of the Presidency.
- 6.4. The Strategic Plan of the Department shall be finalised and printed once approved by the Director-General and the Minister.
- 6.5. The Office of the Director-General shall commission a formal external evaluation of progress with the implementation of the Strategic Plan of the Department twice, during the midpoint of the 5-year term of office of government, as well as at the end of the 5-year period covered by the Strategic Plan.
- 6.6. For the 2009-2014 term of office of government the Negotiated Service Delivery Agreement (NSDA) 2010-2014 of the Health Sector serves as the 5-year Strategic Plan of the National DoH. The NSDA 2010-2014 was signed by the Minister of Health, Ministers of other government departments whose line functions address the social determinants of health, and the nine (9) provincial MECs for Health.

7. GUIDELINES FOR THE DEVELOPMENT OF ANNUAL PERFORMANCE PLANS (APPs)

- 7.1. During the second quarter of each financial year (July-September), the Office of the Director-General shall, in unison with Technical Advisory Committee of the National Health Council, identify the health priorities in need of additional resources, and lead the entire health sector in discussions with National Treasury about the budget for the Medium Term Expenditure Framework (MTEF) cycle commencing in the next financial year.

- 7.2. During the second quarter of each financial year, the Office of the Director-General shall initiate processes for the development of the Annual Performance Plan for the following financial year. The Office of the Director-General shall outline of the consultation processes with the key stakeholders whose inputs are required for the APP of the National DoH.
- 7.3. The Office of the Director-General shall disseminate to all Branches and Clusters of the National DoH guidelines for the development of the Annual Performance Plan of the Department.
- 7.4. These guidelines shall be aligned to the Negotiated Service Delivery Agreement (NSDA); the Strategic Plan of the health sector; the Medium-Term Expenditure Framework (MTEF) of National Treasury; and policy pronouncements of the Presidency. The guidelines shall be developed in keeping with National Treasury regulations and requirements of the Presidency.
- 7.5. Branches and Clusters of the National DoH shall use the guidelines to prepare their inputs into the 3-year Annual Performance Plan of the Department. Branches and Clusters of the National DoH shall ensure that all the indicators and targets they submit for inclusion in the APP of the National DoH have an established and reliable data source, Standard Operating Procedures (SoPs) for data collection, collation and transmission, as well as standardized indicator definitions.
- 7.6. These processes shall culminate in the production of the first draft of the APP of the National DoH, which will be submitted to National Treasury and the Presidency by the end of August, as required in terms of the Framework for Strategic Plans and Annual Performance Plans (APPs).
- 7.7. Subsequent to this, an updated and revised version of the APP shall be submitted to National Treasury and the Presidency by the end November of each year.
- 7.8. The APP of the National DoH for the next MTEF period shall be printed in February annually, and presented to Parliament in terms of Treasury Regulations issued in terms of the PFMA of 1999.

8. LINKAGES BETWEEN THE ANNUAL PERFORMANCE PLANS (APPs) OF THE DEPARTMENT AND THE PERFORMANCE MANAGEMENT AGREEMENTS (PMAs) OF SENIOR MANAGERS OF THE DEPARTMENT.

- 8.1. The Office of the Director-General shall ensure systematic linkages between the performance of the Department as an organisation, and the performance of individual members of Senior Management Services (SMS).

- 8.2. Targets set by each Cluster of the National DoH for the first year of the Annual Performance Plan shall constitute the basis of the Performance Management Agreements (PMAs) of all Senior Managers in the Cluster, namely the Cluster Manager and all Directors in the Cluster.
- 8.3. Targets set by each Branch of the National DoH for the first year of the Annual Performance Plan shall constitute the basis of the Performance Management Agreements (PMAs) of the Deputy Director General responsible for the Branch.
- 8.4. The National DoH has several Clusters whose functions are essential for the routine optimal functioning of the Department and the entire public health sector, which may not necessarily be reflected in the Annual Performance Plan. For such Clusters, the targets set in the work plan of each Cluster shall constitute the basis of the Performance Management Agreements (PMAs) of all the Senior Managers in the Cluster, namely the Cluster Manager and all Directors in the Cluster.

9. GUIDELINES FOR THE DEVELOPMENT OF OPERATIONAL PLANS OF THE NATIONAL DOH

- 9.1. To ensure implementation of the Annual Performance Plan (APP), Clusters of the National DoH shall also produce work plans linked to the first year of implementation of the APP.
- 9.2. By the end of March each year, the Office of the Director-General shall disseminate to all Branches and Clusters of the National DoH a Format (template) for the development of annual Operational Plans of the Department, which is aligned to the APP of the Department.
- 9.3. The Format for the development of Operational Plans shall be standard across all Branches of the National DoH.
- 9.4. Each Deputy Director-General shall ensure that their Branch produces an Operational Plan that provides detailed information on HOW the objectives outlined in the APP will be achieved, and outline the activities to be undertaken to ensure attainment of the targets set for the first year of the APP, as well as the specific time frames.
- 9.5. Branches of the National DoH shall use the Format to produce their Operational Plans, by the end of May each year.
- 9.6. Each DDG shall submit the Integrated Operational Plans to the Office of the Director-General.

9.7. Each Cluster shall submit its work plans for each financial year to the Office of the Deputy Director-General (DDG) responsible for the Cluster, by the end of May each year.

9.8. The work plans of each Cluster shall be aligned to the operational plan of each Branch

10. FORMATS FOR THE PRODUCTION OF QUARTERLY PROGRESS REPORTS ON THE IMPLEMENTATION OF THE NATIONAL DOH ANNUAL PERFORMANCE PLAN

10.1. By the end of March each year, the Office of the Director-General shall disseminate to all Branches and Clusters of the National DoH a format (template) for quarterly reporting on the Annual Performance Plan of the National DoH.

10.2. The Format for quarterly reporting on Annual Performance Plans shall be derived directly from the objectives, indicators and targets of each Cluster of the National DoH, as set out in the APP of the Department for each financial year, as tabled before Parliament.

11. DUTIES OF ALL CLUSTER MANAGERS OF THE NATIONAL DOH IN RELATION TO MONITORING AND QUARTERLY REPORTING ON THE ANNUAL PERFORMANCE PLANS (APP)

11.1. Each Cluster Manager shall submit to the Office of the Deputy Director-General responsible for the Cluster a report on progress made by the Cluster towards attaining the objectives and targets set in Annual Performance Plan, highlighting both achievements as well as deviations from targets, 30 days after the end of each quarter. Factors inhibiting progress must also be reported on.

11.2. Each DDG shall submit to the Office of the Director-General the Quarterly Progress Reports of all Clusters in the branch.

11.3. All quarterly progress reports from Clusters shall be signed off by the Cluster Manager prior to submission to the Office of the Deputy Director-General. These reports shall be copied to the Office of the Director-General (DG).

11.4. Each Cluster Manager shall ensure that the quarterly information reported by their Cluster is consistent from one quarter to the next, in line with the objectives, indicators, targets and budgets reflected in the Annual Performance Plan.

- 11.5. Each Cluster Manager shall develop documented processes for identifying, collecting, collating, verifying and storing information that is collected as non-routine data through alternative manual systems other than the District Health Information System (DHIS) and the Electronic TB Register (ETR. Net)
- 11.6. The documented processes for identifying, collecting, collating, verifying and storing information shall be reviewed annually by the Cluster Manager.
- 11.7. Each Cluster Manager shall compile documented evidence to corroborate the achievements reported in the quarterly progress report of each Cluster.
- 11.8. Original copies of the evidence shall be retained by each Cluster, and copies thereof shall be submitted together with the quarterly progress report to the Offices of the Director-General. Copies of evidence for reported performance information shall be also be submitted to the Office of the Director-General either electronically or in hard copy format.
- 11.9. The Office of the Director-General shall also designate dedicate space for the safe storage of such documented evidence for the performance of the National DoH.
- 11.10. The Office of the Director-General shall designate an official to be responsible for the safe storage of such documented evidence for the performance of the National DoH.
- 11.11. The Office of the Director-General shall analyse and summarize the Quarterly Reports from the Clusters of the National DoH and prepare a Summary Report on the performance of the National DoH for submission to the Office of the Minister. This is in keeping with Section 5.3.1. of Treasury Regulations of 2007.
- 11.12. Prior to the submission of Summary Reports to the Minister, the Office of the Director-General shall forward these reports to the Deputy Directors-General, Cluster Managers and Directors, to validate the information and confirm the accuracy of the reports.
- 11.13. Cluster Managers shall provide to the Office of the Director-General feedback on Summary Reports within five (5) working days. Where feedback is not received from a Cluster within this period, the Cluster shall be deemed to be in agreement with the content of the Summary Report.
- 11.14. Based on feedback received from Clusters of the National DoH, the Office of the Director-General shall finalise the Summary Report for each quarter, and submit it to the Office of the Minister, not later than 45 days after the end of each quarter.

12. DUTIES OF ALL CLUSTER MANAGERS OF THE NATIONAL DOH IN RELATION TO MONITORING AND QUARTERLY REPORTING ON THE OPERATIONAL PLANS

- 12.1. Each Cluster Manager shall ensure that each Cluster produces a report on progress towards attaining the activities and targets set in the Operational Plan of the Branch.
- 12.2. The progress report of each Cluster against its work plan shall not be submitted to the Office of the Director-General. Rather, it shall be submitted to the Office of the Deputy Director-General to whom the Cluster reports.
- 12.3. The DDG responsible for each Branch shall submit to the office of the DG an integrated Quarterly Progress Report on the Operational Plan of the Branch.
- 12.4. Each Cluster Manager shall ensure that the quarterly information reported by their Cluster is consistent from one quarter to the next, in line with the outputs, activities, time frames and budgets reflected in the Operational Plan of the Branch.
- 12.5. The progress report of each Cluster against its work plan shall be discussed at length at the Cluster meeting following the end of each quarter.
- 12.6. This meeting shall constitute a performance review session of the Cluster. Factors inhibiting progress must also be identified, and remedial action implemented.
- 12.7. The progress report of each Cluster against its work plan shall be compiled not later than 30 days after the end of each quarter.

13. PRODUCTION OF THE ANNUAL REPORT OF THE NATIONAL DOH FOR EACH FINANCIAL YEAR.

- 13.1. During the fourth quarter of each financial year (i.e. end of March), the Office of the Director-General shall disseminate to all Branches and Clusters of the National DoH a format (template) for the production of the Annual Report of the National DoH. This Format shall be linked to the National Treasury requirements.
- 13.2. The Format for the Annual Report of the National DoH shall be based on the Department's Annual Performance Plan for the corresponding financial year.
- 13.3. In the Annual Report, each Cluster of the National DoH shall report on progress and challenges in relation to all (100%) of the objectives, indicators and targets set in the Annual Performance Plan for each financial year.

- 13.4. Where Clusters of the National DoH experienced constraints which resulted in deviations from set targets, such Clusters shall include these constraints in the Annual Report.
- 13.5. The reported performance information of each Cluster of the National DoH shall be submitted for auditing by the AGSA, in terms of the Public Audit Act of 2004.
- 13.6. Each Cluster of the National DoH shall provide documented evidence for all the performance information submitted for inclusion in the Annual Report for each financial year for the Auditor-General.

14. DATE OF IMPLEMENTATION

This revised Framework comes into effect on the 01st May 2012. It replaces the current framework dated 05 May 2011. The framework will be reviewed annually.

15. ENQUIRIES

All enquires about the *Framework for the Development and Quarterly Monitoring of the Annual Performance Plans (APPs) and the Operational Plans of the National Department of Health* should be directed to the Office of the Director-General.

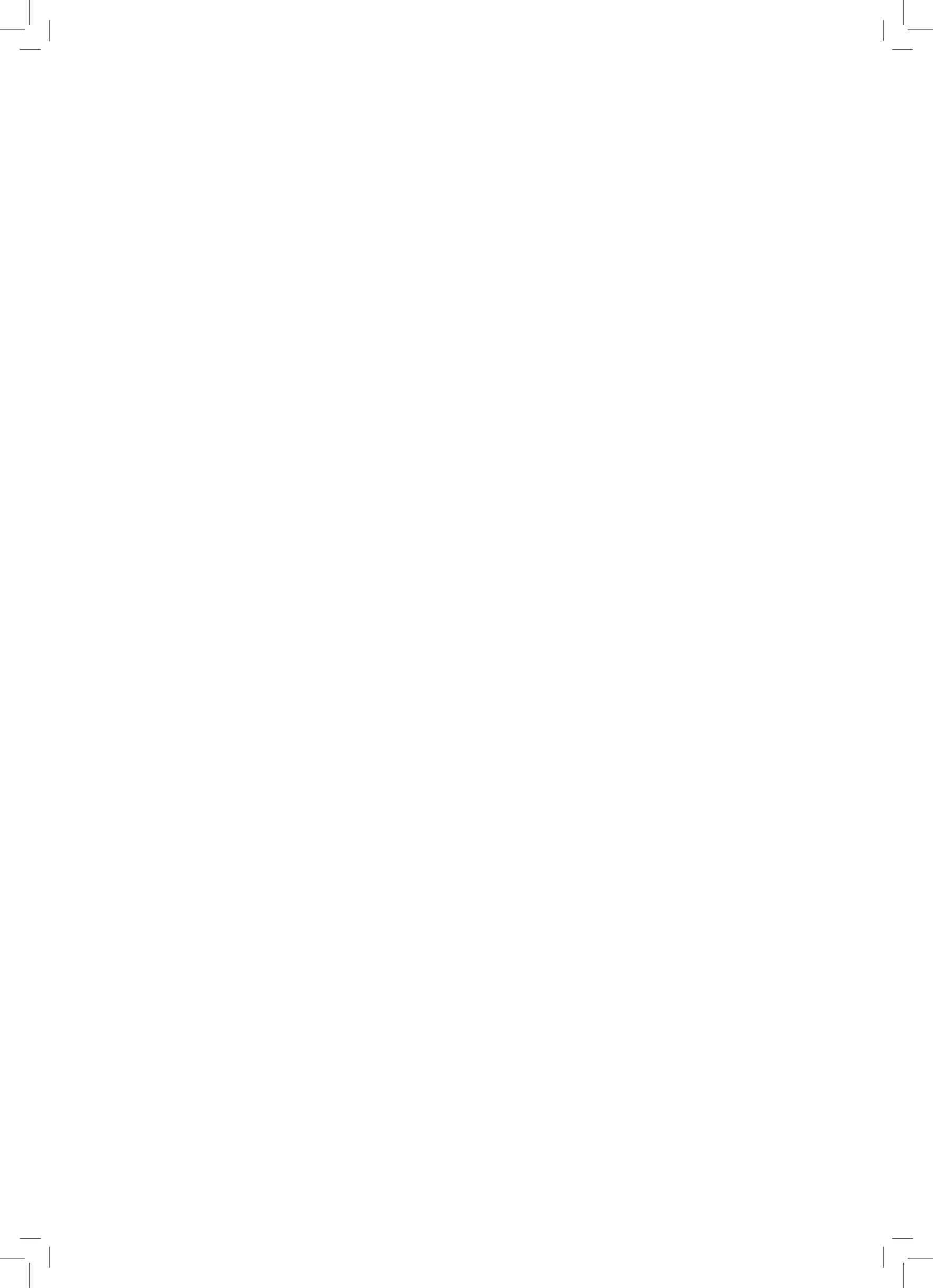


MS. M.P. MATSOSO
DIRECTOR-GENERAL
NATIONAL DEPARTMENT OF HEALTH
DATE: 18-05-12

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1. Public Finance Management Act of 1999 (as amended)
2. National Health Act, 2004, No. 61 of 2003, Government Gazette, Vol. 469 Cape Town, 23 July 2004 No. 26595.
3. Public Audit Act of 2004, No. 25 of 2004, Government Gazette, Vol. 474 Cape Town, 20 December 2004, No. 27121
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5. National Treasury (2010): *Framework for the development of Strategic Plans and Annual Performance Plans*, Pretoria.







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