



SOUTH AFRICAN TOURISM

TO : SOUTH AFRICAN TOURISM EXCO

FROM : YOLAND KONA
HEAD: SPEPM

SUBJECT : ANNEXURE ON CALCULATION OF VARIANCES AS PART OF THE APPROVED MONITORING, EVALUATION AND REPORTING FRAMEWORK

PURPOSE

This submission seeks the consideration and approval of ExCo for the Annexure to the entity's currently approved Monitoring, Evaluation and Reporting Framework.

BACKGROUND

In terms of the statutory compliance requirements for planning purposes outlined in the PFMA, including its Treasury Regulations, SA Tourism is required to prepare, document and implement informed strategic and performance plans aligned to its mandate and guided by its founding legislation relating to its establishment. In accordance with these requirements, these plans must be supported by an appropriate budget proposal. Therefore, in line with the above, the Planning, Reporting and Monitoring Framework was developed and approved for the entity in 2015. The framework for the entity would complement the compliance requirements issued by National Treasury through the Framework for Strategic Plans and Annual Performance Plans issued in August 2010.

In 2022, the Planning, Reporting and Monitoring Framework was revised in order to separate the planning and reporting frameworks and to ensure compliance with the revised framework and guidelines issued by the Department of Planning, Monitoring and Evaluation (DPME) in 2019. This resulted in an approved Strategic Planning Framework of 2022.

As part of the FY23/24 Divisional Operational Plan for Strategic Planning, Evaluation, the Strategic Planning Framework approved in 2022 and the Monitoring, Evaluation and Reporting Framework approved in 2015 will be revised to reflect current planning, monitoring and reporting processes and mechanisms.

South African Tourism developed its FY23/24 Annual Performance Plan in line with relevant frameworks and guidelines.

Within the FY23/24 APP, for each Output Indicator and Target, a Technical Indicator Description (TID) is documented. Part of the TID includes the method of calculation (quantitative) or assessment (qualitative).

For quarterly and annual performance reporting, the achievement against the indicator and target is calculated or assessed in line with the above. The next step in the reporting process would be to indicate the variance between the planned target and the actual achievement.

South African Tourism's Monitoring, Evaluation and Reporting Framework developed and approved in 2015 is silent on how the variance should be calculated and expressed and how weightings are allocated. However, the practice has been to calculate the variance and express it as a percentage. The weightings have been equal across the elements of a target. A particular formula has been used in this regard to indicate a positive or negative variance.

During the Audit of Performance Information for the FY22/23, a finding was issued by the Auditor-General (AG) that the "method of calculation, unit of measurement and other elements of the indicator should be indicated and described in the APP or its annexures". It should be noted that the FY23/24 APP does include the method of calculation or assessment, however, the APP is silent on how variance would be calculated and expressed.

This Annexure to the 2015 approved Monitoring, Evaluation and Reporting Framework is therefore developed to mitigate the finding issued by the AG.

FY22/23 AUDIT OF PERFORMANCE OBJECTIVES

In the recent Audit of Performance Objectives (AOP) conducted by the Auditor-General of South Africa, and concluded in July 2023, the entity received a positive audit outcome in relation to its planning and reporting for the FY22/23.

The AG issued one finding for the AOP, namely:

Method of calculation, unit of measurement and other elements of the indicator should be indicated and described in the APP or its annexures. Management should ensure that the achievements presented and disclosed are in accordance with the TID and the method used to calculate achievements is presented appropriately in the TID.

This is the first time that the entity has received this finding.

In order to mitigate this finding, Management agreed that by end March 2024 that:

The Monitoring, Evaluation and Reporting Framework will be updated to specify the how weightings will be allocated to inform the calculation of variances.

The work to review the Monitoring, Evaluation and Reporting Framework will commence in due course, once the contracting has been finalised, and will then be tabled with Exco in November 2023.

However, it has been deemed critical, as a contingency measure, to develop an annexure to the 2015 approved Planning, Reporting and Monitoring Framework in order that the Quarter 2 Report is based on the Annexure for the Calculation of Variances for the FY23/24 APP.

LEGISLATIVE IMPLICATIONS

Applicable legislation include:

- Policy Framework for the Government-Wide Monitoring and Evaluation System by the Presidency
- Framework for Managing Programme Performance Information by National Treasury
- Framework for Strategic Plans and Annual Performance Plans by National Treasury
- Revised Framework for Strategic Plans and Annual Performance Plans by Department of Planning, Monitoring and Evaluation
- Guidelines for Implementation of the Revised Framework for Strategic Plans and Annual Performance Plans by Department of Planning, Monitoring and Evaluation

A review of all applicable legislation, frameworks and guidelines confirm that there is no guideline to indicate how a variance is calculated nor expressed.

DESK-TOP RESEARCH

Desk-top research has been undertaken to ascertain how other national departments and national entities with the same schedule calculate and express variances in the annual reports. The following national departments and national entities have been included in the desk-top research:

- Department of Tourism;
- Department of Planning, Monitoring and Evaluation;
- National Treasury;
- South African Revenue Services;
- South African Civil Aviation Authority;
- Ports Regulator of South Africa; and
- Road Accident Fund.

The desk-top research revealed that these national departments and national entities:

- Do not utilise a formula to calculate either a positive or negative variance.
- The variances are not expressed as a percentage.
- The variances are expressed as a narrative which indicates the difference between the planned and actual performance, whether qualitative or quantitative.

RECOMMENDATION

The Annexure on the Calculation of Variances for the FY23/24 APP is thus presented to ExCo for consideration and approval. This Annexure will inform the calculation of variances for Quarterly Reports commencing with the Quarter 2 Report.

ATTACHMENTS

The following document is attached:

Annexure 1: Calculation of Variances for FY23/24 APP.

Regards




GOMOLEMO LEBETA

Organisational Planning & Performance Specialist

Date: 21st September 2023

Supported / ~~Supported with Amendments~~ / ~~Not Supported~~



YOLAND KONA

Head: SPEPM

Date: 21st September 2023



SOUTH AFRICAN TOURISM

ANNEXURE TO STRATEGIC PLANNING FRAMEWORK

CALCULATION OF VARIANCES FOR FY23/24 ANNUAL PERFORMANCE PLAN

INTRODUCTION

The purpose of the “Annexure: Calculation of Variances for FY23/24 Annual Performance Plan (APP)” will outline the method of calculation of variances in relation to reported performance, for the targets planned per quarter and for the financial year, and how the variances will be expressed.

LEGISLATIVE FRAMEWORK

The following pieces of legislation apply to performance monitoring and reporting:

LEGISLATION	PURPOSE
Policy Framework for the Government-Wide Monitoring and Evaluation System by the Presidency	Serves as the overarching policy framework for monitoring and evaluation in the South African Government and is applicable to all entities in the national, provincial and local spheres of government.
Framework for Managing Programme Performance Information by National Treasury	Documents key concepts in the design and implementation of management systems to define, collect, report and use performance information in the public sector and is applicable to all entities in the national, provincial and local spheres of government.
Framework for Strategic Plans and Annual Performance Plans by National Treasury	Sets out a framework to align strategic and annual performance planning with emphasis on the outcomes oriented monitoring and evaluation approach led by the Presidency and outlines the links between various accountability documents that institutions are required to produce at each stage of the planning, budgeting, implementation, reporting and monitoring and evaluation cycle. It is applicable to all entities in the national, provincial and local spheres of government.
Revised Framework for Strategic Plans and Annual Performance Plans by Department of Planning, Monitoring and Evaluation	The purpose of the Revised Framework is to build on the foundation of the 2010 Framework for Strategic Plans and Annual Performance Plans, reaffirm the planning logic and institutionalise planning to enable better service delivery. The planning principles to be implemented through the Revised Framework aim to focus the planning approach towards achieving results; standardise the concepts used in short and medium term planning instruments; streamline the planning, monitoring and evaluation processes; and increase learning and innovation through improved use of evidence and the findings from monitoring and evaluation.

Guidelines for Implementation of the Revised Framework for Strategic Plans and Annual Performance Plans by Department of Planning, Monitoring and Evaluation	Sets out guidelines to give effect to the Revised Framework for Strategic Plans and Annual Performance Plans.
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CALCULATION OF VARIANCES IN FY23/24 APP

Based on the desk-top research conducted, South African Tourism will, in its quarterly and annual performance reports, articulate the variance in a written format expressing the difference between the planned target and the actual performance. No calculation will be utilised, nor will weightings be allocated to elements of a target.

EFFECTIVE DATE

This Annexure will take effect for the reporting on the FY23/24 Quarter 2 non-financial performance given that the Audit of Performance Objectives presented the particular finding in July 2023, after the Quarter 1 Report for the FY23/24 had been concluded, approved and tabled.

REVIEW OF ANNEXURE

This Annexure will be included in the revised Monitoring, Evaluation and Reporting Framework, due for approval in November 2023, which will then serve as the guideline for the rest of the FY23/24 and for subsequent financial years, unless a further review is necessitated by virtue of changes to the planning and reporting legislative guidelines and frameworks.

Name & Surname	Gomolemo Lebeta	Yoland Kona	Nombulelo Guliwe
Title	Organisational Planning & Performance Specialist	Head: Strategic Planning, Evaluation and Programme Management	Acting CEO
Signature			
Date	21 September 2023	21 September 2023	4 October 2023

Refer to email dated 4.10.2023