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## Eastern Cape Department of Health

# Strategic Plan Evaluation: Annual Performance Plan 2007/08 – 2009/10

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### **Key Findings and Recommendations**

**Finding:** There is a lack of coherence between the Department's 2007/08 – 2009/10 Annual Performance Plan (APP) and the Department's Five-year strategic plan. Only four of the nine strategic goals outlined in the Department's Five-year strategic plan are contained in the APP. Consequently, the strategic objectives that give rise to the Department's strategic goals being realised are also not coherent between the two documents.

**Recommendation:** In order for the Department's Five-year strategic goals to be realised, it needs to ensure that all strategic plans are properly aligned. As a matter of urgency, the Department must ensure that its strategic goals and objectives are consistently articulated between its various strategic plans. Failure to do so will inevitably impact upon service delivery.

**Finding:** The Department does not properly demonstrate how it reconciled its performance targets with its available budget allocation.

**Recommendation:** The Department must reconcile its performance targets with its available budget. The Department must reflect on previous and likely spending pressures and take these into account to ensure that strategic objectives are met. To this end, it must show expenditure by programme and sub-programme, and compare spending in previous years to MTEF projections and corresponding service delivery targets.

**Finding:** There is no detailed up-to-date list of costed and time-bound capital expenditure and maintenance projects. The Department does not indicate in the APP what it intends doing to implement the detailed capital investment and maintenance plans as described in its Five-year strategic plan.

**Recommendation:** The Department must ensure it includes information regarding new projects, upgrades, rehabilitation and building maintenance plans. The plan should include a clear description of each and every capital expenditure project.

**Finding:** While the Department's APP does detail which conditional grants are available to it, as well as the corresponding amounts, it does not outline how it intends to use these funds. This is highly problematic as these funds are allocated to the Department as conditional grants are supplementary funds given to it to address specific, high-priority needs.

**Recommendation:** The Department must outline how it plans on using funding from conditional grants to ensure that these funds are spent on their intended purposes as outlined in the Division of Revenue Act.

**Finding:** It is evident that the Department has drawn up its plans with only a limited understanding of both its internal and external service delivery constraints, failing to properly assess the extent of these constraints, or take them into account when drawing up its plans.

**Recommendation:** The Department must ensure that it conducts regular needs analyses so that it has a detailed understanding of health care needs in the Eastern Cape. This will allow for the Department to draw up its plans accordingly. The Department also needs to conduct annual skills audits and align its strategic plans to its capacity to deliver.

**Finding:** There is no evidence that the Department consulted with internal or external stakeholders when drafting its strategic plans.

**Recommendation:** The Department must consult with internal, as well as external, stakeholders when drawing up its plans. Consulting with external stakeholders ensures that the Department has a thorough understanding of the healthcare needs in the Province. Internal stakeholders also need to be consulted as this ensures that internal constraints are taken into account when formulating plans and also makes the strategic planning process inclusive which will contribute to health workers and officials in the Department taking ownership of the plan and thus the successful implementation of the plan is more likely.

**Finding:** Performance indicators in both the Annual Performance Plan and the Operational Plan are often too vague to be effectively monitored by the Department's management and oversight institutions.

**Recommendation:** The Department must ensure that performance indicators in all its strategic plans are measurable and observable in order for managers within the Department, oversight institutions and the public to monitor the Department's performance in meeting its objectives. The Department also needs to ensure that the relationship between performance indicators and strategic objectives is coherent.

**Finding:** The Department did not identify any responsible officials for each strategic objective.

**Recommendation:** The Department should ensure that it identifies a responsible official for each strategic objective in order to hold officials to account for the realisation of its strategic objectives.

**Finding:** Most of the activities listed in the Department's Operational Plan are too vague. They lack the necessary detail, are not properly time-bound and most are not properly costed.

**Recommendation:** To ensure that strategic objectives are met, activities within the Operational Plan must be specific, time-bound, costed and realistic.

**Finding:** The Department has created an Audit Intervention Plan which aims at addressing Auditor-General queries and strengthening the Department's compliance with the PFMA. This is an improvement from previous years where this issue was not adequately addressed in the Department's strategic plans.

**Recommendation:** The Department must strictly monitor the implementation of the Audit Intervention Plan in order for it to be able to accurately account for its budgetary expenditure in the upcoming financial years. This should hopefully enable it to avoid receiving further disclaimers of opinion from the Auditor-General.

## **Introduction**

The South African Constitution commits government departments to the progressive realisation of socio-economic rights, including the right to education, healthcare, housing and social welfare, within available resources. The PSAM defines social accountability as the obligation by public officials and private service providers to justify their performance in progressively addressing the above rights via the provision of effective public services.<sup>1</sup> In order to effectively realise these rights through the delivery of public services, state departments and private service providers responsible for the management of public resources must implement effective accountability and service delivery systems. These include: planning and resource allocation systems; expenditure management systems; performance monitoring systems; integrity systems; and, oversight systems. The effectiveness of these systems can be established by monitoring their information outputs. To evaluate these systems, the PSAM has developed a set of evidence-based tools for monitoring the information produced annually by each system.

The following report focuses on the reviewed department's strategic planning system. In order to fulfil its mandate to provide effective and efficient public services that progressively realise people's socio-economic rights, every government department must produce strategic plans for the upcoming financial year and Medium Term Expenditure Framework (MTEF) period. This report evaluates the strategic plans of government service delivery departments by asking a number of questions which identify the necessary requirements for effective and accountable strategic plans.

Strategic planning forms the foundation on which service delivery is built. The responsibility for drawing up clear strategic plans and for setting measurable objectives for provincial government departments rests with the MEC for the relevant department. Amongst other responsibilities, the MEC should identify the people to be served by their department, and their specific service delivery needs. The MEC must also ensure that the implementation of the strategic plan is properly monitored to make certain that services are provided efficiently and in a way that represents value for money. Strategic planning requirements are strictly regulated in terms of the Public Service Regulations, Public Finance Management Act (PFMA), the Division of Revenue Acts (DORA) and by National Treasury regulations which govern the development of strategic plans.

No budget can be allocated to government departments in the absence of a strategic plan. This is because without evidence of what the department intends to do with its budget, the respective Treasury is not authorised to apportion funds to the department.

Strategic planning is intimately linked to the budgeting and reporting framework established by the PFMA. It is important to note that while strategic planning informs the budget to be allocated to departments, those undertaking planning should always develop their strategies taking the projected resource allocation for their department into account as indicated within the 3-year Medium Term Expenditure Framework.<sup>2</sup>

Provincial government departments are expected to draw up two strategic plans, a five-year plan and an annual plan.

- Five-year Strategic and Performance Plans -

The Five-year Strategic and Performance Plan, linked to the five-year election cycle, sets out the department's strategic policy priorities and plans for the coming five years. It

serves as a 'blueprint for what the provincial department plans to do over the next five years.'<sup>3</sup> The document focuses on setting specific strategic goals that will be prioritised, as well as identifying strategic objectives for each main service delivery area of the department.

- Annual Performance Plans –

Each year, provincial departments are required to produce annual performance plans which set out what they intend doing in the upcoming MTEF period in order to implement their respective Five-year Strategic and Performance Plans. For this reason, annual performance plans focus on the creation of specific measurable objectives and performance targets which ensure that departments meet their longer term goals. The annual performance plan covers the upcoming financial year and the following two years of the MTEF period. It should also inform, and be informed by, the budget and MTEF indicative allocations.

The importance of drawing up accurate and realistic strategic plans cannot be overestimated. In the absence of coherent plans, departments cannot properly quantify the needs of those requiring their services or properly estimate costs; they cannot accurately track, control or report on expenditure. Consequently they cannot properly monitor the delivery of services to ensure the efficient and effective use of scarce public resources to address the human rights of those dependent on public services.

- Operational Plans –

In addition to the annual performance plan, departments are expected to produce a detailed one-year operational plan. Both the annual performance plan and one-year plan (which gives effect to the first year of the three-year annual performance plan) are tabled annually. The operational plan must feed into performance agreements between executive authorities and accounting officers and should provide quarterly performance measures and targets, as well as quarterly budget information. According to Chapter 2 of the *Guidelines for Accounting Officers*, operational plans must specify measurable objectives and include service delivery indicators, total costs, timeframes and targets. Departments must report against the implementation of the one-year operational plan in their annual reports.

### **Part A: PSAM Evaluation of the Annual Performance Plan for the Eastern Cape Department of Health for the 2007/08 – 2009/10 financial years.**

The following commentary provides an analysis of the Provincial Department of Health's performance against necessary requirements for effective strategic planning.

<b>1. Is the plan guided by a clear set of policy priorities identified by the relevant Minister/MEC?</b>
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#### Requirement

Government departments prioritise plans to address the most pressing social needs of those dependent on public services and to respond to political priorities set by the government of the day. These policy priorities should be informed by constitutional commitments to address people's rights and should form guiding principles for planning.

Policy priorities should be articulated by the executive authority responsible for the Department as he/she is ultimately accountable for the implementation of policy priorities and, therefore, the Department's planning.<sup>4</sup>

#### Finding

The Department's policy priorities are set out in detail in the Annual Performance Plan (APP) by the Accounting Officer, not the MEC.<sup>5</sup> It is important that the policy priorities that drive the APP are outlined by the MEC and not the Accounting Officer, because the APP's activities feed directly into the performance agreement of the Accounting Officer which is signed with the executive authority of the Department and should thus reflect the policy priorities the MEC expects the Accounting Officer to deliver against. It is also important that the MEC specifically outline and identify these policy priorities as it is the MEC who is held accountable by the provincial Executive Council, the provincial Legislature and the public for the successful implementation of the APP.

However, despite this oversight, these policy priorities are consistent with the MEC's 2007/08 policy speech and are reflected in the plan through the identification of relevant activities.<sup>6</sup>

**2. Does the Accounting Officer of the Department summarise shifts in policy that affect the Department's strategic direction, and identify the Department's most important performance targets for the upcoming MTEF period?**

#### Requirement

Each year, the Department's strategic plan should set out any changes to the Department's strategic direction due to policy or programme shifts. This is to ensure that the Department is held accountable for its performance in relation to its new policy priorities/strategic direction. By identifying the most important performance targets, the administrative head of the Department undertakes to achieve these targets and makes him/herself accountable for doing so.<sup>7</sup>

#### Finding

The Accounting Officer did mention shifts in policy that will affect the Department's strategic direction, but failed to provide any detailed information with regard to what these policy shifts would entail. While there have been shifts in policy with regard to the restructuring of Health Services, these changes are not addressed specifically in the APP by the Accounting Officer, and are simply included as additional objectives.<sup>8</sup> This is problematic as the Accounting Officer failed to explain what the impact of these policy shifts would be or how they would change the strategic direction of the Department.

Clearly the restructuring of Health Services envisages shifts in policy. Despite this, the APP does not detail how the Department will go about its restructuring exercise, apart from mentioning what the priorities of the Service Transformation Plan are, which informs but does not provide the exact detail of this policy shift.<sup>9</sup> The Accounting Officer also failed to explain why this shift in policy was necessary, or what the implementation of this policy would entail. This illustrates a lack of transparency on the part of the Department given the fact that the APP is supposed to detail and explain the plans of the Department. The Accounting Officer's failure to predict and plan in the APP for any changes that will be necessary within the Department may also delay the restructuring process.

The Accounting Officer did identify the most important performance targets for the upcoming MTEF period.

### **3. Is there a coherent relationship between the Department's Annual Performance Plan and its Five-year Strategic and Performance Plan?**

#### Requirement

Strategic plans must be integrated into macro planning frameworks in order for departments to give effect to national and sub-national policy priorities, as well as the realisation of international undertakings (such as the UN Millennium Development Goals). As the site of service delivery, it is critical for sub-national strategic plans to be aligned with both broader and narrower planning frameworks if such frameworks are to be implemented.<sup>10</sup>

#### Finding

There is a lack of coherence between the strategic goals as outlined in the Department's APP and its Five-year strategic plan. In the Five-year plan, the Department outlines nine strategic goals, whereas the APP only contains four of these stated strategic goals.<sup>11</sup> The APP does not include the following strategic goals as outlined in the Five-year strategic plan:

- Communities become active, responsible partners in health issues that affects them,
- Strive to be a Learning Organisation,
- Effective mobilisation and utilisation of financial resources for effective service delivery,
- Highest standards of compliance
- Political and Strategic Support for an effective and efficient health service for the people by the people ('Batho Pele').<sup>12</sup>

Furthermore, two of the four strategic goals contained in the APP are not aligned to any of the strategic goals outlined in the Five-year strategic plan. This means that there is very little coherence between the goals that appear in the APP and those in the Five-year plan. This results in an inevitable disjuncture between the strategic objectives that appear in both documents. The fact that the APP does not reiterate the other five strategic goals of the Department is highly problematic as the successful implementation of the APP should result in the goals of the Five-year plan being realised. This will obviously not be the case if the Department does not even mention all the goals of the Five-year plan in the APP.

### **4. Does the Department provide an account of its internal organisational environment, and indicate how this influenced the strategic plan under review?**

#### Requirement

The Department's ability to implement its strategic plan is determined, to a large extent, by its human resource capacity. It is therefore critical for the Department to provide an account of its internal organisational environment in its strategic plan, and indicate how organisational capacity or constraints were factored into its strategic plan.<sup>13</sup>

### Finding

While a full description of the Department's internal organisational environment is not set out in one place in the APP, the human resource capacity of each programme and most sub-programmes is set out under the account of the constraints that these programmes and sub-programmes face. However, these descriptions do not outline the exact number of vacancies in each programme and contain generalised descriptions of the internal organisational environment such as "inadequate capacity", "high staff turnover" and "no qualified or experienced staff"<sup>14</sup> which do not necessarily refer to the extent of the capacity constraints of the Department. The measures to overcome these crippling staff shortages are also vague. For example, where the constraint has been outlined as "no qualified or experienced staff", the measure to overcome this is to "appoint staff with the appropriate skills mix"<sup>15</sup>, without describing how the Department plans to recruit and retain these staff members.

Even in the Human Resource Development and Training Programme (Programme 6)<sup>16</sup> the Department does not give a detailed and coherent account of what the effect of the Department's alarmingly high vacancy will be on its ability to implement the APP. The Department has an overall vacancy rate of 35.8 percent and in some programmes such as Emergency Medical Services (EMS) it is as high as 49 percent.<sup>17</sup> Problematically, there is no account of how this internal organisational environment will impact the successful implementation of the activities outlined in the APP. There is also no demonstration as to how the Department's organogram is linked to the APP.<sup>18</sup> This is of concern because the Department needs to indicate how the structure of its human resources is linked to the plan in terms of the objectives and activities it has undertaken to complete.

**5. Does the Department provide an account of its external service delivery environment, and demonstrate in its strategic plan how performance targets relate to this environment and service delivery commitments?**

### Requirement

Strategic plans should be informed by rigorous needs analysis if they are to respond to the most pressing socio-economic needs of those they serve. Departments should demonstrate in their strategic plans how proposed targets give effect to service delivery commitments *in relation to* socio-economic needs. Only then can both performance targets and undertakings be properly evaluated. In addition, departments should clearly articulate service delivery constraints caused by the external service delivery environment and demonstrate how these constraints were factored into the drawing up of strategic objectives and targets.<sup>19</sup>

### Finding

There is little evidence to suggest that the objectives and activities of the APP are based on a comprehensive analysis of socio-economic needs in the Eastern Cape. The APP provides a glaringly inadequate account of its external service delivery environment and how the Department intends to overcome constraints that may arise from its external environment. For example, the information contained in the Situational Analysis is too broad and vague and does not explicitly relate to people's health needs.<sup>20</sup> The lack of detailed information in the Epidemiological Profile section is of particular concern given that this directly compromises the ability of the Department to respond to health care

needs.<sup>21</sup> For example, there is no indication of how many people are infected with HIV/AIDS in the Province and what the resultant need for HIV/AIDS facilities and treatment are. Regardless of whether or not the Department reaches its 2007/08 target of placing 40 000 people on antiretroviral therapy (ART)<sup>22</sup>, without knowing how many people actually need treatment, the Department cannot determine whether it has met the need that exists within the Province.

The fact that the APP is not based on a needs analysis is highly problematic. If the Department is unaware of the health needs of the citizens it seeks to serve, it is not able to determine whether its planned activities are targeting the right issues, or if it is doing enough in terms of service delivery around these issues. It cannot be said with any certainty that the Department is addressing the most pressing health needs within the province. The APP's lack of information regarding the Department's external service delivery environment also means that the Department is likely to be unprepared for problems that may arise from this environment which could hinder the successful implementation of the APP and the efficient delivery of services.

**6. Is there evidence in the strategic plan that the Department consulted with both internal and external stakeholders when drafting its plan?**

Requirement

The usefulness of the Department's strategic plan is largely determined by the extent and depth of consultation with staff in its development. Staff that have played a meaningful role in developing a Strategic Plan are more likely to take ownership of it and thus actively work towards its implementation. The more effort taken to obtain stakeholder and community input into the department's planning process the more likely the Department's services will actually target the most pressing needs of the community.<sup>23</sup>

Finding

There is no evidence in the APP that the Department consulted with internal or external stakeholders when drafting its plan. This is problematic as a lack of consultation is likely to mean that the plan will not progressively realise the socio-economic needs of people as well as it could have done if meaningful consultation had taken place.

Internal stakeholders should have first-hand experience of the service delivery environment in which the Department operates and undoubtedly have valuable contributions to make in the formulation process of the APP. It is also important to consult internal stakeholders as it is these public officials who will be responsible for implementing the plan and must take ownership of it. It is also necessary to consult with external stakeholders as this enables the Department to gain an invaluable insight into the needs of citizens. Failure to consult is likely to result in the Department formulating plans that do not target the most pressing health needs of the Province.

**7. Does the plan summarise the strategic objectives of each programme and main sub-programme, evaluate progress made in achieving these objectives and indicate what needs to be undertaken to meet these objectives?**

Requirement

Strategic Objectives describe high-level outputs or the results of actions the Department plans to take; they must relate directly to the Department's policy priorities. Because they articulate the rationale for planned activities within each programme and strategically important sub-programme, strategic objectives must be included in the strategic plan in order to evaluate the Department's plans to progressively realise citizens' rights within available resources. By indicating both progress and what still needs to be done in order to meet the objectives for each programme, oversight bodies and citizens are able to evaluate the Department's planned programme objectives for the upcoming financial year in light of (a) the Department's past performance and (b) what the Department still needs to do to accomplish its strategic objectives for each programme.<sup>24</sup>

#### Finding

The Department's APP contains a summary of each programme and main sub-programme's strategic objectives and an analysis of the progress the Department has made in achieving these objectives. In addition, the APP outlines what priorities are to be addressed for the main sub-programmes and programmes and also describes the constraints the Department faces, as well as the measures it plans to introduce to overcome these. While the inclusion of this information is commended, the planned measures to overcome constraints are vague and do not specifically outline how the Department intends to implement these measures. For example, where the Department has cited a constraint for one of its sub-programmes as being "high staff turnover at all levels", the measure to address this is the "filling of vacant posts."<sup>25</sup> However, the Department does not outline how it intends doing so.

This is problematic, as without a coherent plan with aligned activities to implement these measures, it is unlikely that the Department will overcome its constraints which impact negatively on service delivery in the Province.

The Department's descriptions of its progress analysis for the various sub-programmes are also inadequate because in some cases they fail to give measurable information in regard to what the Department has achieved. Even in cases where the Department has provided statistical data of the progress it has made, it is often inadequate because the Department does not provide a comparative account that details what it has achieved in comparison to what it hoped or planned to achieve. This information is important as it illustrates where the Department still needs to address backlogs, and indicates whether it has planned adequately to meet its performance targets.

### **8. Does the plan identify a responsible official for each strategic objective?**

#### Requirement

In order to ensure that strategic objectives are realised, departments should assign responsible officials to each strategic objective. Performance agreements entered into by public officials should correspond to the relevant department's strategic plan. In order for department officials to be held accountable for their performance during a particular financial year, it is imperative that the strategic plan identifies an official responsible for each strategic objective.<sup>26</sup>

#### Finding

The plan does not identify a responsible official for each objective except in the case of the Health Administration programme's plans, where the strategic objectives which

inform individual chief directorates' performance are outlined.<sup>27</sup> It is problematic that this is not done for the Department's other six programmes as the Accounting Officer delegates his or her responsibilities to other officials who need to be held to account if the relevant strategic objectives are to be achieved. The Department also failed to clearly indicate which official was responsible for each strategic objective in the 2006/07 -2008/09 APP. Failure to clearly outline which official is responsible for achieving each of the strategic objectives of the Department will mean that the performance of officials can effectively not be evaluated and is also likely to result in the strategic objectives not being realised as no official regards the objectives as their responsibility.

**9. Does the plan indicate what the Department is doing in each programme and main sub-programme to improve the quality of service delivery?**

Requirement

Departments should ensure that the socio-economic rights of those they serve are progressively realised. It is important that the Department identify in its strategic plans specific measures it will take in order to improve the quality of service delivery, including improved access to services, improved standards and improved service delivery systems. This is particularly important for Departments that did not meet their strategic objectives in previous financial years, or did not meet satisfactory service standards.<sup>28</sup>

Finding

The Department includes planned quality improvement measures for every programme and some sub-programmes. However, these measures are inadequate because they relate more to what the Department envisages the outcome of improved quality of service delivery to be, rather than indicate how these outcomes will be realised. In some cases, such as Integrated Human Resource Management, the planned quality improvement measures are not reflected in the outlined objectives of this sub-programme.<sup>29</sup> This is of concern as it is likely to result in these planned quality improvement measures not being implemented which will result in the Department failing to progressively improve its performance.

A planned quality improvement measure within the Emergency Medical Services (EMS) sub-programme is to advocate "for filling of posts as per suggested Turn-Around Project."<sup>30</sup> There is no mention as to how the Department intends doing this, or a coherent set of targets to ensure that this objective is met. In addition, the indicator and targets do not match up in this regard. Where the Department sets its objective as being to "employ additional and appropriately qualified personnel", the targets are about improving response times.<sup>31</sup>

**10. Is there a coherent relationship between strategic goals and strategic objectives?**

Requirement

In order for the Department to achieve its strategic goals, there must be a direct correlation between these goals and its objectives. In other words, if the Department achieved each objective, it should have achieved its strategic goals. Any disjuncture between goals and objectives will result in the Department's failure to implement its strategic plan and effectively address the rights of those they serve.<sup>32</sup>

### Finding

The relationship between the Department's strategic goals and strategic objectives are coherent in that if the Department were to achieve its stated objectives, its goals would in all likelihood be realised. The Department provides a breakdown of the four strategic goals which it claims inform the strategic planning of all its programmes and outlines the strategic objectives that relate to each strategic goal. However, these strategic goals are broad, namely:

1. A modern professional and effective health care organisation with appropriately managed human resources, adequate financial resource and technology with a conducive work environment.
2. An effective service delivery platform based on the Primary Health Care approach and seamless referral system
3. Improve access to and quality of services.
4. Effective governance and accountability.<sup>33</sup>

While it is necessary for the strategic goals to be broad, the Department must ensure that its strategic objectives and the planned targets and activities to realise these objectives speak to each other in order for these goals to be realised. Unless the Department's targets are coherently linked to the strategic objectives, the overarching goals will not be realised.<sup>34</sup>

### **11. Are performance indicators for strategic objectives measurable and valid (i.e. is there a coherent relationship between indicators and objectives)?**

#### Requirement

Performance targets for each strategic objective must be included in the Department's strategic plan. These targets must be measurable and observable in order for the Department and oversight bodies to monitor the Department's performance. In addition, the indicators must provide an accurate, unbiased and complete measure of the strategic objective or activity and produce meaningful information from a management and oversight perspective.<sup>35</sup>

#### Finding

In order for a performance indicator for a strategic objective to be regarded as measurable it should be possible to determine, by using the relevant performance indicator, when the objective has been achieved. Some of the Department's performance indicators are problematic in this regard in that they are vague and do not match up to the stated targets. For example, the Department identifies the objective of ensuring accuracy of HR information and reporting, with one of the aligned indicators being to monitor the accuracy of biographical data in the Persal system.<sup>36</sup> This indicator is not accompanied with any targets for 2007/08, 2008/09 or 2009/10 and has "Persal" written as the 2006/07 baseline.

There are also examples where there are no indicators for a proposed objective. For example, the Department's plans to provide "an efficient and effective supplier and salary payment management service." Although there is no stated performance indicator, there are stated targets in terms of percentage of compliance, such as "100 % compliance" for the 2007/08 – 2009/10 financial years.<sup>37</sup> In the absence of a

performance indicator, it is impossible to discern what it is that the Department intends on complying with and thus makes it difficult for the Department to monitor if this objective is achieved. There are also numerous cases where the Department's targets are not coherent because percentages are used when the indicator is something that cannot be quantified in percentage terms. There are also instances where the Department's targets do not increase from one financial year to the next.<sup>38</sup> This will presumably detract from the Department progressively realising people's right to health care.

With regard to the coherence between indicators and objectives, the relevant indicator must measure progress made for the specific objective and not anything else. There are instances in the APP, where there are no stated strategic goals that inform the objectives and targets of a particular sub-programme, such as the HIV/AIDS sub-programme.<sup>39</sup> There are also instances where the Department's indicators will evidently not result in the objective being achieved. Such is the case for the Department's objective to contribute to the growth and development of children under five years, where the indicator is the "percentage of children in the targeted age that showed under weight."<sup>40</sup> Instead of the Department targeting for this to decrease, the Department's targets in this regard are 100 percent for the MTEF period. In essence what the APP is bizarrely saying is that the Department is aiming to keep 100 percent of children under five years old under weight, with the objective being to contribute to their growth and development. In addition, the Department's objective of strengthening partnership in governance of service delivery structures, to allow for the effective participation of civil society, is not accompanied by a single indicator that would result in the objective being achieved.<sup>41</sup>

The Department's APP also fails in setting timeframes for targets that deal with the timely delivery of resources. For example, where the stated objective is to develop and implement appropriate and timely patient transport services the indicator is "number of patients transported."<sup>42</sup> This indicator does not speak to the objective as no timeframes are mentioned in the indicator.

## **12. Does the plan properly reconcile its performance targets with its available budget?**

### Requirement

Draft strategic plans, consisting of costed activities, should form the basis of the Department's request for funding in upcoming financial years. However, once the Department knows its actual budget allocation for the upcoming financial year, it must reconcile its performance targets to its budget. The Department must reflect on previous and likely spending pressures and take these into account to ensure that strategic objectives are met. To this end, it must show expenditure by programme and sub-programme, and compare spending in previous years to MTEF projections and corresponding service delivery targets.<sup>43</sup>

### Finding

Although the Department's APP contains a table which is entitled 'Reconciliation of Budget with Plan'<sup>44</sup>, this merely states the budget allocations for each sub-programme in the Department and does not detail the reconciliation of the overall programme with the Department's budget. There is also no narrative account in the entire APP of how the performance targets of the Department have been reconciled with the budget. The

Department needs to have reconciled its budget with its planned performance targets in order to ensure that these targets as outlined in the APP are not a mere wishlist, but are achievable within the limits of its available budget.

An example of a possible lack of budget and target reconciliation is the HIV/AIDS sub-programme where the Department's overall allocation towards the HIV/AIDS programme increased by R28 million, or five percent in real terms, from R271 million in 2006/07 to R299 million in 2007/08. However, the Department's targets regarding HIV/AIDS programmes have risen significantly at the same time. For example, the ARV rollout target has increased by 48 percent from 27 000 to 40 000 patients to be put on treatment by the end of the 2007/08 financial year, while the target for the number of facilities offering Voluntary Counselling and Testing (VCT) has increased from 803 to 834.

If the Department had provided a detailed account of how it had reconciled its performance targets with its available budget, it would be able to use this information in order to motivate for additional funds for the upcoming financial year by illustrating that increased allocations are necessary in order to address people's socio-economic needs. In addition, the lack of this information and the fact that the measurable objectives and targets outlined in the APP are not costed, is problematic in that one cannot determine whether the Department has an adequate budget to reach the targets it has set for itself. If the cost of the Department reaching its planned targets exceeds the available budget, it is likely that it will overspend its budget allocation.

**13. Does the plan contain an up-to-date and detailed list of costed and time-bound capital expenditure and maintenance projects?**

Requirement

Infrastructure plays an important role in the effective and efficient delivery of public services. The Department's plans should include current and upcoming building projects, up-grading of existing facilities and plans to deal with maintenance backlogs. Capital expenditure and maintenance projects should be listed in detail and should include timeframes and costs in order to ensure effective expenditure tracking, performance monitoring, reporting and risk management.<sup>45</sup>

Finding

While the APP does contain tables relating to planned capital expenditure, there is no detailed up-to-date list of costed and time-bound capital expenditure and maintenance projects.<sup>46</sup> The Department fails to indicate what it intends doing to implement the detailed capital and investment and maintenance plans as described in its Five-year Strategic Plan.<sup>47</sup> The APP does not clearly set out the name, location and costs of planned projects, or provide a clear description of the projects and what they will entail. The Department's APP only provides the costs of planned capital expenditure, without detailing the type or number of infrastructure projects it intends implementing. This is problematic as the Department will not be able to monitor its progress in implementing its plans regarding infrastructure, and will also not be able to account for how it spent this budget allocation. In addition, the APP is supposed to indicate what the Department does during the upcoming financial year. The fact that detailed objectives regarding the Department's capital expenditure and maintenance projects are not contained in the

APP means that Department officials will lack clear strategic direction in regard to what is expected of them in terms of delivering health infrastructure in the province.

The Department's poor planning regarding capital expenditure and maintenance projects has led to it failing to adequately spend its budget allocations in the past. The Department spent only 78.82 percent of its R454.51 million adjusted capital budget in the 2005/06 financial year.<sup>48</sup> In the same financial year the Department under spent its Hospital Revitalisation Conditional Grant by R30.01 million, or 19.09 percent.<sup>49</sup> This is likely to re-occur in the 2007/08 financial year given the Department's inability to adequately outline an up-to-date and detailed list of costed and time-bound capital expenditure and maintenance projects.

#### **14. Does the plan include an account of the Department's MTEF revenue and expenditure?**

##### Requirement

The Department must reflect on its previous financial performance when approaching the upcoming MTEF period. The strategic plan should include an overview of its medium term revenues and expenditure from the previous three financial years, as well as its budget allocation for the upcoming financial year and the proposed budget for the two outer years of the MTEF. The Department should distinguish between its main budget allocation and other sources of revenue.<sup>50</sup>

##### Finding

The Department does provide a summary of revenue that distinguishes between its main budget allocation and other sources of revenue for previous financial years and the upcoming MTEF period.<sup>51</sup> However, it does not provide an account of its expenditure. This means that it is not possible to fully evaluate the Department's performance in terms of spending. Without knowing what the Department's previous financial performance in terms of expenditure against revenue, it is impossible to determine whether or not its plans for the current financial year and MTEF period match up to what it has been allocated. Unless the Department reflects on its past expenditure it will not have a clear idea of how it can correlate its costs and targets for the upcoming financial years.

#### **15. Does the plan contain a detailed revenue collection plan?**

##### Requirement

Departments should provide a summary of the revenue which they are responsible for collecting. Departments must describe in detail plans to ensure that all revenue for which they are responsible will be collected in the upcoming financial year. Departments must be accountable for the revenue they collect in order to ensure that it is (a) actually collected and accounted for and (b) transferred to the relevant fund for redistribution.<sup>52</sup>

##### Finding

The Department's APP provides no information regarding revenue collection. This is a backward step from the previous APP where the Department, although failing to describe how it intended to collect revenue and how it would use this revenue, at least outlined the amount of revenue it was responsible for collecting.<sup>53</sup>

It is important that the APP contains a detailed revenue collection plan as a failure to do this is likely to result in the Department not being able to account for the use of these funds. The Department also needs to outline how these funds will be spent in order to ensure that all of the Department's revenue is used for the efficient delivery of services.

**16. Does the plan detail how the Department intends using any conditional grant or donor funds?**

Requirement

It is critical that departments set plans for the use of funds received additional to the equitable share (whether through additional allocations or from donors) in order to ensure that they are not wasted. This is especially true of supplementary funds given to departments to address specific, high-priority needs. In order to be accountable for the use of these funds, departments should include separate planned and costed activities for conditional grant and/or donor funds in their strategic plans.<sup>54</sup>

Finding

While the Department's APP does detail which conditional grants are available to it as well as the corresponding amounts<sup>55</sup>, it fails to outline how it intends to use these funds. If the Department fails to outline in its APP how it plans to use these funds, it is likely that the funds will not be spent in the manner ascribed in the Division of Revenue Act.<sup>56</sup> A failure to properly describe how these funds will be used could also result in over or under spending. This could result in the National Department of Health or National Treasury withholding conditional grant allocations if it determines that they are not being used for their intended purposes. This will obviously impact negatively on the Department's ability to effectively deliver health services.

A similar trend is noticeable in the Department's lack of detailed planning with regard to the use of donor funds. Although the Department has indicated how much is available from donor funding and what the project outcomes are, there is no articulation of how the Department plans on achieving these outcomes.<sup>57</sup>

**17. Does the plan detail mechanisms to ensure co-ordination with other departments?**

Requirement

Departments should detail areas in which they are jointly responsible for service delivery with other departments. They should state exactly what their responsibilities are and what mechanisms have been put in place to ensure effective co-ordination with other departments in order to avoid any duplication of function between departments. This enables the Department to monitor, report and be held accountable for only its part of any agreement.<sup>58</sup>

Finding

The Department has failed to detail plans to work with other departments on co-ordinated projects for the upcoming MTEF period. This is of concern given the fact that the Department is a part of the social cluster, along with the Departments of Social Development and Education, which work jointly on issues such as HIV/AIDS. This

means that the Department lacks a clear plan of how it will work with these Departments and what the division of labour will be in regard to projects where responsibility is shared among social cluster Departments. This may result in the replication of tasks, or the failure of objectives being met as the Department is unclear of its role in joint projects.

**18. Does the plan include details (including the amount of funds transferred) of service delivery agreements entered into with local authorities?**

Requirement

While the Department may need to work with local authorities to operate clinics, build houses, etc., the Department retains responsibility for the management of funds transferred to local authorities. It is therefore critical that the Department includes in its strategic plans the amount of money to be transferred as well as the purpose of the transfer and the conditions attached to it.<sup>59</sup>

Finding

The 2007/08 – 2009/10 Annual Performance Plan only provides the amount of funds the Department intends to transfer to local authorities but does not provide any details of service level agreements entered into with local authorities.<sup>60</sup> This is problematic as there is no articulation as to what is expected of these local authorities in terms of performance to achieve the strategic objectives of the Department.

The Department needs to ensure that it provides a detailed account of the service level agreements it has entered into with local authorities in order to ensure that it can hold municipalities to account for the way in which allocated funds are spent. Without including this information in the APP, the Department will be unable to monitor the use of these funds or report on whether local authorities achieved their objectives with these scarce resources.

**19. Does the plan provide information relating to the purpose of any public entities and their respective budgets under the Department's control?**

Requirement

In order to account for all funds transferred to public entities, the Department should provide the name and main purpose of the public entity and the amount to be transferred from the Department's budget to the entity.<sup>61</sup>

Finding

The Department is not responsible for any public entities in the year under review.

**20. Does the plan indicate the extent and value of PPPs, outsourcing arrangements and transfers to NGOs?**

Requirement

Where departmental functions are outsourced to private service providers or non-governmental organisations, the Department must ensure that service level agreements are signed between these private parties and the Department. While the Department delegates the delivery of services to the private parties, it retains full responsibility for the

quality of service delivery and must monitor both how these funds are spent and ensure that services delivered are done so efficiently. The Department should include in its strategic plan the details and cost of any outsourcing arrangements it has undertaken for the upcoming financial year(s) if it is to effectively track expenditure and monitor service delivery.<sup>62</sup>

#### Finding

The plan does include a comprehensive narrative regarding the extent and value of PPPs in the 2007/08 – 2009/10 APP. However, the Department fails to provide any information regarding which activities or projects it has outsourced, or what funds the Department intends transferring to NGOs. This is problematic in that the Department will not be able to hold these private parties and NGOs to account or monitor their performance in terms of service delivery once these budget allocations have been spent.

**21. Does the plan include a programme of action to address Auditor-General queries and does the Department indicate how it intends strengthening its compliance with the PFMA?**

#### Requirement

In order to address weaknesses identified by the supreme audit institution, the Department must include a detailed strategy to address queries raised in previous financial years. The human and financial resources necessary to give effect to this strategy should also be included in the strategic plan.<sup>63</sup>

#### Finding

The Department has made efforts to address Auditor-General queries and strengthen its compliance with the PFMA via an Audit Intervention Plan drawn up in consultation with the Provincial Treasury, which is included in its 2007/08 – 2009/10 APP.<sup>64</sup> After having received Disclaimers of Opinion for nine of the past ten years, the Department of Health needs to ensure that this plan is effectively implemented to address the crippling financial management problems in the Department. The drafting of a comprehensive Audit Intervention Plan is a dramatic shift from the 2006/07 – 2008/09 APP where there was no mention of addressing the Auditor-General's queries and strengthening compliance with the PFMA.

The Audit Intervention Plan outlines the factors that are crippling financial management in the Department, such as human resource constraints and backlogs in payments and reconciliation of accounts. The Plan also contains activities to address financial management, supply chain management and human resource issues. In addition, the Plan outlines an accountability structure that describes the responsibilities of officials and reporting structures that are designed to ensure the successful implementation of the Plan.

However, a weakness of the Audit Intervention Plan is that the outlined activities are not time-bound. Without timeframes which articulate when activities should be completed, it is possible that these activities will be delayed, which will in turn hinder the successful implementation of the Plan.

Over and above the Audit Intervention Plan, the Department has also outlined activities to ensure the implementation of the PFMA in various sub-programmes, such as

integrated human resource management<sup>65</sup> and financial management services<sup>66</sup>, and also outlines strategies to address audit queries in each programme and some sub-programmes.<sup>67</sup>

The Department needs to ensure that that the Audit Intervention Plan as well as the activities regarding strengthening compliance with PFMA outlined in the APP are strictly monitored in order for it to be able to accurately account for its budgetary expenditure in the current and upcoming financial years, improve its level of compliance with the PFMA, and address the queries of the Auditor-General. Failure to do so is likely to result in the Department not being able to properly account for how it spent its R8.14 billion budget for the 2007/08 financial year.

## **Part B: PSAM Evaluation of Final Operational Plan for the Eastern Cape Department of Health for the 2007/08 financial year.**

The following commentary provides an analysis of the Provincial Department of Health's performance against necessary requirements for effective one-year strategic planning.

### **1. Is there a coherent relationship between the Department's Operational Plan and its Annual Performance Plan?**

#### Requirement

One-year plans must be integrated into longer-term planning frameworks in order to give effect to long-term strategic goals. There should therefore be a clear relationship between a Department's one-year plan and the corresponding year in multi-year plans if longer-term goals are to be achieved.

#### Finding

The relationship between the Department's Operational Plan and its Annual Performance Plan is generally coherent. The strategic goals and strategic objectives outlined in the APP are identical to those outlined in the Operational Plan. Most of the Department's targets and performance objectives in the Operational Plan map onto those outlined in the APP. However, there are cases where the Department failed to detail objectives and activities in the Operational Plan that were planned for in the APP, such as "ensuring availability of key drugs to treat and control extreme drug-resistant tuberculosis (XDR-TB)."<sup>68</sup>

In the Operational Plan there is no mention of XDR-TB or any planned activities to deal with the illness. This is of grave concern given the fact that the Operational Plan is supposed to outline the Department's activities for the first financial year of the MTEF period that the APP outlines. If the Department has not outlined any activities regarding XDR-TB in its 2007/08 Operational Plan, it will not reach its 2007/08 target of successfully treating 60 percent of cases successfully, as outlined in the APP.

### **2. Does the plan include detailed strategic objectives for each programme and main sub-programme?**

#### Requirement

Strategic Objectives describe high-level outputs or the results of actions the Department plans to take; they must relate directly to the Department's policy priorities. Because they articulate the rationale for planned activities within each programme and strategically important sub-programme, strategic objectives must be included in the strategic plan in order to evaluate the Department's plans to progressively realise citizens' rights within available resources.<sup>69</sup>

#### Finding

The Operational Plan does include strategic objectives for each programme and sub-programme. The strategic objectives outlined in the Operational Plan are identical to those outlined in the Department's APP. The strategic objectives are adequate in that if the strategic objectives were to be achieved, the Department's strategic goals would be realised. However, the strategic objectives are unlikely to be fully realised given the shortfalls of the planned activities in the Operational Plan.<sup>70</sup>

### **3. Is there a coherent relationship between strategic objectives and planned activities?**

#### Requirement

In order for the Department to achieve its strategic objectives, there must be a direct correlation between these objectives and its planned activities. In other words, if the Department achieved each activity, it should have achieved its strategic objectives. Any disjuncture between activities and objectives will result in the Department's failure to implement its strategic plan and effectively address the rights of those they serve.<sup>71</sup>

#### Finding

There is a coherent relationship between most of the Operational Plan's planned activities and strategic objectives. However, the activities are somewhat vague because it is not always clear that if they were implemented, the Department's strategic objectives would be met. In addition, in some cases, there is no logical relationship between the stated objective and the planned activities. For example, in Programme 1 (Health Administration), one of the programme's objectives is "to give political direction to the Department and implementation of cabinet resolutions", while the planned activities are to "visit districts as to ensure that communities have proper access to primary Health Care Services."<sup>72</sup> It is evident that if these activities were to be carried out, the stated objective would not be realised.

In Programme 4 (Hospital Services), the Department states its objective as being to establish 20 additional beds, with the activities for each respective quarter being the "completion of renovation, recruitment and selection and monitoring." These activities are in no way linked to the establishment of additional beds. The Department's activities regarding tuberculosis (TB) are clearly inadequate in terms of the HIV/AIDS, STI and TB sub-programme's strategic objective to "contribute towards human dignity by the provision of adequate treatment care support services" as the Department does not detail a single activity that relates to dealing with XDR-TB. The Department's failure to plan activities to address XDR-TB will result in the Department not meeting its stated strategic objective.

#### **4. Are activities specific, time-bound and costed?**

##### Requirement

In order to monitor the implementation of its strategic plan, the Department must ensure that planned activities are specific enough to know when they have been completed. Activities must also have in-year time-frames; this enables the Department to monitor progress in implementing activities and to introduce in-year corrective measures where problems occur. In addition, activities must be individually costed in order to ensure accurate expenditure tracking. Specific, time-bound and costed activities are necessary for expenditure tracking and performance monitoring, as well as risk management and accurate reporting.

##### Finding

Some of the activities listed in the Department's Operational Plan are not properly articulated to ensure that stated objectives will be met. Many activities lack the necessary specific detail and are not adequately time-bound and costed. There are instances where the Department's targets are stated as being "timeous" but there is no inclusion of any timeframes as to when the activity must be completed by or what the Department means by "timeous".<sup>73</sup> In addition, although the Operational Plan breaks planned activities down into quarters, some activities are merely stated as being "continuous" or "ongoing" and do not detail any timeframes.<sup>74</sup> A lack of time-bound activities makes it difficult to hold the Department to account, as there is no measurable time by which they need to be completed.

Of even more concern is the fact that for a number of the 2007/08 Operational Plan's activities, the timeframes are set for the previous financial year.<sup>75</sup> This is highly problematic considering that the 2007/08 Operational Plan should obviously be guiding the activities of the Department for 2007/08.

The Operational Plan is also not adequately costed, with many activities having no stated budget details.<sup>76</sup> A failure to properly cost activities often leads to over or under spending, which has negative consequences for service delivery. Of grave concern is the fact that the Department has failed to cost the activity of filling 1751 vacant posts<sup>77</sup>, which will obviously be an extremely costly exercise given the fact that the Department has allocated 87.36 percent of its budget to the compensation of employees.<sup>78</sup>

#### **5. Are performance indicators for strategic objectives and activities, measurable and valid (i.e. is there a coherent relationship between indicators and activities/objectives)?**

##### Requirement

Performance targets for each strategic objective and activity must be included in the Department's strategic plan. These targets must be measurable and observable in order for the Department and oversight bodies to monitor the Department's performance. In addition, the indicators must provide an accurate, unbiased and complete measure of the strategic objective or activity and produce meaningful information from a management and oversight perspective.<sup>79</sup>

### Finding

While the performance indicators are generally measurable and valid, a number of indicators lack specific details and are not directly linked to the activities and objectives. This will hinder effective oversight and monitoring by management within the Department, oversight institutions and civil society. The following examples serve to illustrate the plan's limitations in this regard:

- In Programme 1 (Health Administration), one of the Department's programme objectives is to "advocate, support and monitor implementation of policies designed to economically empower women, youth and disabled" with the corresponding indicator being the "availability of report." The Operational Plan does not indicate which reports it is referring to or how this is connected to the objective. The activities for this objective are also not coherent and are stated as being "monitoring and advocacy", without stating how this relates to the indicator.<sup>80</sup>
- In the same programme, the Department also cites the "recruitment of foreign health workers to the Eastern Cape" as an objective, with the indicator being the "number of health workers successfully appointed." However, it fails to state which how many health workers, in which categories (doctors, nurses etc), will be recruited and from where.<sup>81</sup>
- In Programme 7 (Health Care Support Services), the Department has no listed indicator, target or activities for one of its objectives.<sup>82</sup> This will clearly result in this objective not being realised.
- In Programme 1 (Health Administration), one of the objectives is to "reduce the vacancy rate for all allied health professionals." The indicator for this is a "reduced vacancy rate" with the activities for each quarter being a certain number of posts.<sup>83</sup> This performance indicator is not measurable in that it does not specify by how much the Department plans to reduce the vacancy rate. This makes it impossible to determine when the Department has achieved this objective or if the Department's planned activities are adequate to reach its target. The activities are also not specific in that they do not indicate what the Department means by stating its activity as "2 posts." One can assume that this refers to the filling of 2 posts, yet the Department needs to explicitly state how it intends fulfilling this undertaking.<sup>84</sup>

### **6. Does the operational plan identify a responsible official(s) for each strategic objective?**

#### Requirement

In order to ensure that strategic objectives are realised, departments should assign responsible officials to strategic objectives. Performance agreements entered into by public officials should correspond to the relevant department's strategic plan. In order for Department officials to be held accountable for their performance during a particular financial year, it is imperative that the strategic plan identifies an official responsible for each strategic objective.<sup>85</sup>

### Finding

The Operational Plan does not identify a responsible official for each strategic objective<sup>86</sup>, but in an improvement over the Department's APP, the Operational Plan does identify which directorate is responsible for each strategic objective. This means that the Department will at least be able to hold each directorate to account for the implementation of planned activities. The Department must ensure that planned activities are specific enough to know when they have been completed. Activities must also have in-year time-frames; this enables the Department to monitor progress in implementing activities and to introduce in-year corrective measures where problems occur. In addition, activities must be individually costed in order to ensure accurate expenditure tracking. Specific, time-bound and costed activities are necessary for expenditure tracking and performance monitoring, as well as risk management and accurate reporting.

From 2007 the PSAM will produce seven main outputs: 1. Budget Analysis; 2. Strategic Plan Evaluation; 3. Expenditure Tracking Report; 4. Service Delivery Report, 5. Accountability to Oversight Report, 6. Scorecard; 7. Integrity Systems Evaluation. Together, these publications provide a comprehensive overview of the performance of government service delivery departments in respect of their implementation of accountability and service delivery systems necessary to realise socio-economic rights to education, health care, housing and welfare. The Budget Analysis and Strategic Plan Evaluation are forward-looking research outputs, produced at the beginning of the financial year. These outputs analyse the likely impact of policy priorities, budget allocations and planned activities on each department's ability to implement effective accountability and service delivery systems in the upcoming financial year. The remaining outputs are retrospective, and provide an analysis of each department's actual performance in the previous financial year. The current outputs, and those which will be completed during the course of 2007, can be accessed via [www.psam.org.za](http://www.psam.org.za).

<sup>1</sup> *Constitution of the Republic of South Africa*, Act 108 of 1996, Chapter 2, Sections 26, 27 and 29.

<sup>2</sup> *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 2, 2.1.1, p. 21.

<sup>3</sup> *Ibid*, Section 1.4. 'Overview of planning, budgeting and reporting documents,' 1. Five-year Strategic and Performance Plans, p. 15.

<sup>4</sup> The executive authority of the department should set out clearly at the beginning of the Annual Performance Plan what outputs the department is required to deliver given its budget for the upcoming financial year in pursuit of its overall goals and objectives as set out in its Five-year Strategic and Performance Plan. *Ibid*, Section 4, 'Foreword', p. 60. See also *Public Service Regulations*, 2001, as amended, regulation B1(a).

<sup>5</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 19 – 23.

<sup>6</sup> Eastern Cape Department of Health, Policy Speech, 2007/08, Eastern Cape Provincial Legislature, Bhisho, 15 March 2007. available at <http://www.ecdoh.gov.za/uploads/speeches/160307103127.htm>

<sup>7</sup> In the Annual Performance Plan, the department's accounting officer should give an executive summary of any significant shifts in policy or programmes that have taken place over the past year that alter the direction of the Five-year Strategic and Performance Plan. The Accounting

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Officer should also identify the most important performance targets as set out in the Annual Performance Plan. *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 4, Part A.1 'Overview', p. 64. See also *Treasury Regulations, 2005*, regulation 5.2.2(c).

<sup>8</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, p10.

<sup>9</sup> *Ibid*, pp. 302 - 303

<sup>10</sup> The department should provide details of any change to its strategic direction as set out in its Five-year Strategic and Performance Plan. This should indicate which factors made any changes necessary, and how these changes will impact on the department's strategic goals and objectives. *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 4, Part A.2 'Strategic Plan Update Analysis', p. 64. According to the South African Constitution, national, provincial and local spheres of government must "provide effective, transparent, accountable and coherent government for the Republic as a whole." In addition, all spheres of government must "cooperate with one another" by, amongst other things, coordinating their actions. *South African Constitution*, Chapter 3, Section 41(1)(c) and (h)(iv). See also *Treasury Regulations, 2005*, regulation 5.2.2(b).

<sup>11</sup> Eastern Cape Department of Health Strategic Plan 2005/06 – 2009/10, Revised for 2006/07, pp. 11 – 15.

<sup>12</sup> *Ibid*, pp. 11- 15.

<sup>13</sup> The department should provide an account of changes in its internal and external service delivery environment, which updates the detailed needs analysis contained in its Five-year Strategic and Performance Plan. This should include an account of how these changes affect the department's objectives and organisational structure in its Annual Performance Plan. *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 2, 3.2.1. 'Aim and Focus of Part A of the Annual Performance Plan', p. 27. See also *Public Service Regulations, 2002*, regulation B.2 (a) – (d) and *Treasury Regulations, 2005*, regulation 5.2.2(b).

<sup>14</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 39 & 46.

<sup>15</sup> *Ibid*, p. 46.

<sup>16</sup> In the Eastern Cape Department of Health 2007/08 Operational Plan and the 2005/06 – 2009/10 (Revised for 2006/07) Strategic Plan this programme is named the Health Science Training and Development. I am assuming the department is referring to the same programme as the outlined priorities and plan activities are the same between these documents despite the change in the programme's name. For more information see the Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 247 – 301.

<sup>17</sup> Eastern Cape Department of Health, Annual Report 2005/06, pp. 282 & 111.

<sup>18</sup> See Part A, Question 8 for more information.

<sup>19</sup> Section 195(1)(e) of the *South African Constitution* states that 'People's needs must be responded to.' Section 2 of the *Public Finance Management Act Implementation Guideline, 2000*, notes that departmental Accounting Officers 'must have regard for the usefulness and appropriateness of planned outputs,' (p. 8). It is clear that the department cannot comply with these legislative and constitutional requirements, nor be accountable for failing to do so, without providing an account of its external service delivery environment. See also *Public Service Regulation, 2001*, regulation C.1(a).

<sup>20</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 13-18

<sup>21</sup> *Ibid*, p.17.

<sup>22</sup> *Ibid*, p. 20.

<sup>23</sup> According to the South African Constitution, national, provincial and local spheres of government must "provide effective, transparent, accountable and coherent government for the Republic as a whole." In addition, all spheres of government must "cooperate with one another" by, amongst other things, coordinating their actions. *South African Constitution*, Chapter 3,

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Section 41(1)(c) and (h)(iv). Section 195(1)(e) of the *Constitution* states that ‘People’s needs must be responded to, and the public must be encouraged to participate in policy-making.’ In addition, 195(1)(g) states that ‘transparency must be fostered by providing the public with timely, accessible and accurate information’. See also *Public Service Regulations*, 2001, regulation C1(b).

<sup>24</sup> *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 4, Part B, subsection 3, p. 65. See also *Treasury Regulations*, 2005, regulation, 5.2.2(d)

<sup>25</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, p. 150.

<sup>26</sup> Because an accounting officer may delegate responsibilities to an official, in terms of section 44(1)(a) and 2(c) of the *Public Finance Management Act*, it is important that the strategic plan identify all officials responsible for strategic objectives. Any official who wilfully or negligently fails to exercise the power or perform the duty delegated to him/her commits an act of financial misconduct in terms of section 81(2) of the PFMA.

<sup>27</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 27 - 29

<sup>28</sup> *Public Service Regulations*, 2001, regulations C1 (a) – (f).

<sup>29</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 30 – 31.

<sup>30</sup> *Ibid*, p. 210.

<sup>31</sup> *Ibid*.

<sup>32</sup> *Public Service Regulations*, 2001, regulation, B1(b).

<sup>33</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 11 – 13.

<sup>34</sup> See Part A, Question 11 for more detail regarding strategic objectives and activities.

<sup>35</sup> *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section Four, Part B, 3.5.5. See also *Treasury Regulations*, 2005, regulation 5.2.2(d).

<sup>36</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 33 – 34.

<sup>37</sup> *Ibid*, p.38

<sup>38</sup> For example, in the case of objectives outlined in the HIV/AIDS sub-programme, *Ibid*, p. 136

<sup>39</sup> *Ibid*, pp. 136 & 138.

<sup>40</sup> *Ibid*, p.151.

<sup>41</sup> *Ibid*, p. 231.

<sup>42</sup> *Ibid*, p.212.

<sup>43</sup> “Part B must also reconcile the department’s performance targets to the budget—analysing what pressures the department expects to emerge and what it intends doing to ensure that it, nevertheless, achieves its service delivery objectives.” *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004 Section 4, Part B, 3.7 and 4.7, pp. 67-8.

<sup>44</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 318 - 323

<sup>45</sup> The department must illustrate what it is doing to implement its capital investment, maintenance and asset management plans as set out in its Five-year Strategic and Performance Plan. This information should be provided for the coming year, and the two outer years of the MTEF period. *Ibid*, Section 4, Part B, subsection 5, pp. 68 - 69. See also *Treasury Regulation*, 2001, regulation 5.2.2(c).

<sup>46</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 305 - 308

<sup>47</sup> Eastern Cape Department of Health, Strategic Plan 2005/06 – 2009/10, Revised for 2006/07, pp. 222 - 226.

<sup>48</sup> Eastern Cape Department of Health, Annual Report 2005/06, p.233.

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- <sup>49</sup> Ibid, p. 255.
- <sup>50</sup> *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 4, Part B, subsection 6.1, p. 69.
- <sup>51</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, p. 318.
- <sup>52</sup> Ibid, Section 4, Part B, subsection 6.2, p. 70.
- <sup>53</sup> Eastern Cape Department of Health, Annual Performance Plan 2006/07 - 2008/09, p. 100.
- <sup>54</sup> *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 4, Part B, subsection 6.3 and 6.4, p. 70.
- <sup>55</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, p. 324
- <sup>56</sup> See the Division of Revenue Act 2007 for more information, available at <http://www.info.gov.za/gazette/acts/2007/a1-07.pdf>
- <sup>57</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, p. 325
- <sup>58</sup> *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 4, Part B, subsection 7.1, p. 71.
- <sup>59</sup> Ibid, Section 4, Part B, subsection 7.2, p. 71. See also *Public Service Regulations*, 2001, regulation, B.1(c).
- <sup>60</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp.122 - 124
- <sup>61</sup> *Framework and templates for provincial departments for the preparation of Strategic and Performance Plans for the 2005-2010, and Annual Performance Plans for the 2005 financial year*, National Treasury, 16 August 2004, Section 4, Part B, subsection 7.3, p. 71.
- <sup>62</sup> Ibid, Section 4, Part B, subsection 7.4, p. 71. See also *Public Service Regulations*, 2001, regulation B1(c).
- <sup>63</sup> Ibid, Section 4, Part B, subsection 8.1 and 8.2, p. 72.
- <sup>64</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, pp. 330 – 357.
- <sup>65</sup> Ibid, p. 31.
- <sup>66</sup> Ibid, p. 36. See also pp. 52, 66, 72, 77, 177, 182, 188, 190, 195, 211, 226, 236, 241, 282, 289, 304.
- <sup>67</sup> Ibid, pp. 52, 66, 72, 77, 176, 182, 188, 190, 210, 225, 241, 282, 288, 304.
- <sup>68</sup> Eastern Cape Department of Health, Annual Performance Plan 2007/08 – 2009/10, p. 145.
- <sup>69</sup> Treasury Regulation 5.2.2(d).
- <sup>70</sup> See Part B, Questions 3, 4 & 5 for more detail.
- <sup>71</sup> *Public Service Regulations*, B1(b).
- <sup>72</sup> Eastern Cape Department of Health, Operational Plan, 2007/08, p.13.
- <sup>73</sup> Ibid, p. 14.
- <sup>74</sup> Ibid, pp. 22, 25 - 26, 250 – 251.
- <sup>75</sup> Ibid, pp. 66, 74 – 75.
- <sup>76</sup> Ibid, p. 30, 37, 39, 40, 42, 51, 66 – 67, 70, 78 – 79, 83, 85, 114 -115, 160 - 161.
- <sup>77</sup> Ibid, p. 82.
- <sup>78</sup> Eastern Cape Provincial Government Budget Statements II, 2007/08, p. 59.
- <sup>79</sup> Treasury Regulations, 2005, 5.2.2(d).
- <sup>80</sup> Eastern Cape Department of Health, Operational Plan, 2007/08, p. 17.
- <sup>81</sup> Ibid, p. 75.
- <sup>82</sup> Ibid, p. 268.
- <sup>83</sup> Ibid, p. 124.
- <sup>84</sup> See Part B, Question 3 and 4 for more on the implications of the operational plan's activities not being specific and coherent.
- <sup>85</sup> Because an accounting officer may delegate responsibilities to an official, in terms of section 44(1)(a) and 2(c) of the PFMA, it is important that the strategic plan identify all officials responsible for strategic objectives. Any official who wilfully or negligently fails to exercise the

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power or perform the duty delegated to him/her commits an act of financial misconduct in terms of section 81(2) of the PFMA.

<sup>86</sup> See Part A, Question 8 for what the likely impact of this will be.