



Province of the
EASTERN CAPE
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**THE CHARTERED INSTITUTE OF GOVERNMENT FINANCE, AUDIT AND
RISK OFFICERS (CIGFARO) EASTERN CAPE BRANCH**

TOPIC: PREPARING USEFUL AND RELIABLE ANNUAL PERFORMANCE REPORTS

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SERVING OUR COMMUNITIES BETTER



OUTLINE

➤ **PURPOSE**

➤ **ENGAGING WITH ANNUAL PERFORMANCE REPORT**

➤ **CONCLUSION**


BRIEF INTRODUCTION

“What gets measured gets done. If you don't measure results, you can't tell success from failure. If you can't see success, you can't reward it. If you can't reward success, you are probably rewarding failure. If you can't see success, you can't learn from it. If you can't recognise failure, you can't correct it. If you can demonstrate results, you can win public support” (Osborne & Gaebler. 1992. Reinventing Government).

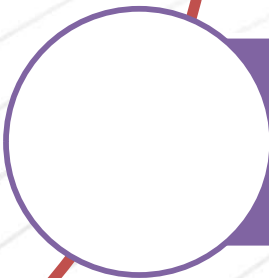
INTRODUCTION: ENGAGING WITH APR-AS AN ULTIMATE OUTPUT



Bad strategy + good implementation
= doing wrong thing perfectly



Good strategy + bad implementation
= doing right thing poorly



Good strategy + good implementation
= doing right thing perfectly

PURPOSE

Many institutions focus on **compiling annual reports** at year-end. However, **useful and reliable** reports are built *throughout the planning, implementation, monitoring and reporting* cycle.

Key Areas to be Explored:

- » Understand the purpose of Annual Performance Reports.
- » Distinguish between useful and reliable performance information.
- » Identify common causes of audit findings.
- » Understand the importance of evidence-based reporting.
- » Apply practical measures to improve reporting quality.

WHY DOES APR MATTER?: APRSAS ACCOUNTABILITY INSTRUMENTS

☒ An APR is more than a *compliance requirement*. It is the *institution's official account* of its *performance* and a *reflection* of its *governance maturity* and *credibility*.

☒ Ultimately APR:

- » Demonstrate accountability for public resources.
- » Inform decision-makers and oversight bodies.
- » Promote transparency and good governance.
- » Measure service delivery achievements.
- » Strengthen public confidence.

ENABLERS

Reliable and Useful APRs Are Built on Strong Foundations

Key Enabler	Why It Matters	Key Actions / Requirements	Risk if Absent
Governance	Provides oversight and accountability for performance reporting.	Active oversight by Accounting Officer, Audit Committee reviews, Internal Audit assessments, performance review forums.	Weak accountability, recurring audit findings, poor decision-making.
Leadership Commitment	Sets the tone for performance management and reporting.	Management ownership of performance information, ethical leadership, regular performance reviews, accountability for results.	Poor reporting culture and lack of ownership of performance information.
Strategic Planning	Ensures that indicators and targets are meaningful and measurable.	SMART indicators, realistic targets, approved Technical Indicator Descriptions (TIDs), alignment between Strategic Plan, APP, AOP and SDBIP.	Poorly defined indicators and unachievable or ambiguous targets.
Performance Monitoring	Enables early identification and correction of performance issues.	Monthly and quarterly reviews, variance analysis, corrective action plans, management oversight.	Underperformance identified too late, inaccurate reporting.
Evidence and Records Management	Supports the reliability and auditability of reported achievements.	Complete supporting evidence, document management systems, proper filing and retention practices, audit trails.	Inadequate supporting evidence and incomplete records.
Internal Controls	Ensures accuracy, completeness and consistency of reported information.	Data verification, quality	

LEGISLATIVE AND REGULATORY FRAMEWORK

REPORTING REQUIREMENTS

Key frameworks include:

- » Constitution of the Republic of South Africa
- » Public Finance Management Act (PFMA)
- » Municipal Finance Management Act (MFMA)
- » Treasury Regulations
- » Framework for Managing Programme Performance Information (FMPPI)
- » Strategic Planning and APP Frameworks

The legislative framework requires public institutions *to provide performance information* that is both *useful and reliable*. Compliance alone is *not sufficient*; the information must *withstand audit scrutiny* and support informed decision making.

CHARACTERISTICS OF USEFUL AND RELIABLE PERFORMANCE INFORMATION

Two essential dimensions for high-quality Annual Performance Reports



USEFULNESS

Information is useful when it is meaningful and relevant to decision-makers and stakeholders.

CHARACTERISTIC	WHAT IT MEANS	KEY QUESTION
1 Relevant	Information relates directly to the institution's mandate, objectives and service delivery priorities.	Are we reporting information that matters?
2 Measurable	Performance can be quantified or objectively assessed.	Can achievement be measured consistently?
3 Consistent	Indicators and targets are reported consistently throughout the planning and reporting cycle.	Is the information consistent with the APP and Strategic Plan?
4 Understandable	Information is clear, simple and easily interpreted by stakeholders.	Can users understand what is being reported?
5 Comparable	Information can be compared over time or across programmes.	Can performance trends be analysed?



RELIABILITY

Information is reliable when it is accurate, verifiable and supported by evidence.

CHARACTERISTIC	WHAT IT MEANS	KEY QUESTION
1 Valid	Measures exactly what the indicator intended to measure.	Are we measuring what we intended to measure?
2 Accurate	Reported figures are correct and free from error.	Are the figures correct?
3 Complete	All required information and records are included.	Is anything missing?
4 Verifiable	An independent reviewer can confirm the achievement.	Can AGSA reach the same conclusion?
5 Supported by Evidence	Reported achievements are supported by credible documentation.	Do we have sufficient supporting evidence?



KEY MESSAGE

Performance information is of little value if it is useful but unreliable, and equally ineffective if it is reliable but not useful.



THE GOAL

High-quality Annual Performance Reports require information that is both useful and reliable to promote accountability and improve service delivery.

BENEFITS OF USEFUL AND RELIABLE INFORMATION



Enhances accountability and transparency



Improves decision-making and planning



Strengthens oversight and audit outcomes



Builds public trust and confidence

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KEY PLANNING REQUIREMENTS

Foundation for Useful and Reliable Performance Reporting

1

SMART INDICATORS



Indicators should be SMART to ensure clarity and measurability.

- S** Specific
- M** Measurable
- A** Achievable
- R** Relevant
- T** Time-bound



WHY IT MATTERS

SMART indicators create clarity, focus and enable accurate measurement.

2

CLEAR TARGET DEFINITIONS



Targets must be clearly defined in terms of quantity, quality, time, and beneficiaries (where applicable).



WHY IT MATTERS

Clear targets remove ambiguity and make performance easier to assess.

3

TECHNICAL INDICATOR DESCRIPTIONS (TIDs)



TIDs explain the meaning of the indicator, calculation method, data source, frequency, and reporting responsibility.



WHY IT MATTERS

TIDs ensure consistency in measurement and support reliable reporting.

4

DEFINED DATA SOURCES



Identify and document credible sources of data that will be used to measure and verify achievement.



WHY IT MATTERS

Reliable data sources improve the accuracy and verifiability of information.

5

ASSIGNED RESPONSIBILITIES



Clearly assign ownership for planning, data collection, monitoring, verification and reporting.



WHY IT MATTERS

Accountability drives ownership and improves the quality of performance information.

6

REALISTIC TARGETS



Targets should be challenging yet achievable, based on evidence and past performance.



WHY IT MATTERS

Realistic targets promote credibility and motivate performance.



KEY MESSAGE

Good planning today leads to credible performance tomorrow. These requirements ensure that performance information is useful, reliable and audit-ready.



PLAN WELL. MONITOR CONTINUOUSLY. REPORT CONFIDENTLY.

Strong planning is the foundation of effective implementation, accurate monitoring and trustworthy reporting.

THE PERFORMANCE MANAGEMENT VALUE CHAIN

From Planning to Audit & Oversight

A reliable Annual Performance Report is built throughout the year, not at year-end.



Every step in this value chain is critical.



Weakness in one step weakens the entire process.



Together, we create credible Annual Performance Reports.


Findings Frequently Raised by AGSA

- » Inadequate supporting evidence.
 - » Inaccurate reported achievements.
 - » Material inconsistencies.
 - » Poorly defined indicators.
 - » Incomplete records.
 - » Misinterpretation of targets.
 - » Material adjustments during audits.
- » These findings continue to appear across many public institutions and often indicate **weaknesses in internal controls, monitoring systems and evidence management practices.**

FINDINGS FREQUENTLY RAISED BY AGSA

AGSA FINDING	DESCRIPTION	POSSIBLE ROOT CAUSE	RECOMMENDED CORRECTIVE ACTION
Inadequate Supporting Evidence	Reported achievements cannot be verified due to missing or insufficient evidence.	Poor record management and evidence filing practices.	Establish an evidence management system and maintain complete supporting documentation.
Inaccurate Reported Achievements	Performance achievements reported do not accurately reflect actual performance.	Weak verification and quality assurance processes.	Implement management review and verification before reporting.
Material Inconsistencies	Differences exist between reported information and supporting records.	Lack of data reconciliation and oversight.	Conduct regular data validation and reconciliation exercises.
Poorly Defined Indicators	Indicators are unclear, ambiguous, or not measurable.	Inadequate planning and indicator development.	Develop SMART indicators and detailed Technical Indicator Descriptions (TIDs).
Incomplete Records	Required records are missing, incomplete, or unavailable for audit purposes.	Ineffective document management practices.	Strengthen record-keeping procedures and assign accountability.
Misinterpretation of Targets	Officials misunderstand the intended meaning or calculation of targets.	Inadequate guidance and communication.	Provide training and ensure targets are clearly defined and documented.
Material Adjustments During Audit	Significant changes are made to reported information during the audit process.	Weak internal controls and insufficient pre-audit reviews.	Perform internal audits and quality assurance reviews before submission.

AVOIDING YEAR-END REPORTING CHALLENGES

 **Why It Matters:** Quarterly monitoring enables organisations to *track performance, identify challenges early*, and ensure *reliable reporting* throughout the year. Good practice includes:

- » Monthly tracking of targets
- » Quarterly performance reviews
- » Early identification of risks
- » Continuous evidence verification
- » Corrective action implementation

QUALITY ASSURANCE AND INTERNAL CONTROLS

THREE LEVELS OF ASSURANCE

First Level: Programme Managers

Second Level: Monitoring & Evaluation Units

Third level: Internal Audit & Audit Committee

Reliable performance reporting requires a robust assurance model. **Each level** provides an opportunity to **detect and correct errors** before information is included in the **Annual Performance Report**.

STRATEGIES FOR IMPROVEMENT BUILDING RELIABLE APR

Improvement in *annual performance reporting* does not require *complex interventions*. *Consistent application* of *sound management practices* often yields significant improvements in *reliability and audit outcomes*.

- » Improve planning quality.
- » Strengthen indicator development.
- » Standardise evidence requirements.
- » Strengthen record management.
- » Conduct quarterly verification.
- » Empower M&E units.
- » Enhance internal audit reviews.
- » Strengthen accountability mechanisms

CONCLUSION AND KEY MESSAGE

USEFUL + RELIABLE = CREDIBLE

Key Takeaways

- Reliability begins with planning.
- Monitoring must be continuous.
- Evidence is critical.
- Quality assurance cannot be optional.
- Annual reports are accountability tools.

Final Reflection

- 📖 Annual Performance Reports should not *merely tell a story of achievements*; they should provide a *credible, evidence-based account* of how *public resources* were utilised to *improve service delivery* and *create public value*.

CONCLUSION

- ◇ Reliable performance reporting is not about producing a good report. It is about producing a report that faithfully reflects reality, withstands independent scrutiny, and enables citizens to hold institutions accountable.