

Eastern Cape Department of Health

Strategic Plan Evaluation: Annual Performance Plan 2008/09- 2010/11

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Key Findings and Recommendations

Finding: Neither the MEC for Health nor the Superintendent-General (SG) clearly outline how the governments policy priorities and shifts in health policy have influenced the development of the 2008/09-2010/11 Annual Performance Plan (APP).

Recommendation: Both the MEC and the SG need to ensure that they clearly articulate in the APP how the government's policy priorities, and shifts in policy have influenced the Department's strategic planning as a failure in this regard is likely to result in disjuncture between the Department's outputs and its policy priorities. It is also important to articulate these issues as they will enable the legislature, oversight and citizens to hold both the MEC and the SG accountable for the implementation of policy priorities and service delivery more generally.

Finding: While both the MEC and SG do mention that the APP has been integrated with broader planning frameworks at international (e.g. Millennium Development Goals), National (e.g. National Health Council Priorities) and sub-national (e.g. Provincial Growth and Development Plan) levels, it is not clear how this has been done within the plan itself.

Recommendation: The Department needs to ensure that it clearly integrates these frameworks into its own planning if it is to progressively achieve the critical development goals provided within them.

Finding: There is a lack of coherence between the Department's long (Five-year Plan), medium (Annual Performance Plan) and short term planning (Operational Plan). While the Department's broad strategic goals and objectives outlined in the OP are consistent with those provided in the APP, these are not consistent with those provided in the Five-year Plan. Several strategic goals, and their associated strategic objectives, which appear in the Five-year Plan do not appear in either the APP or the OP.

Recommendation: It is important to ensure that there is consistency between long, medium and short term planning as any disjuncture between plans could result in goals not being achieved and basic health care needs met. The Department therefore needs to ensure that it clearly articulates in both the APP and OP how goals and objectives provided in the Five-year Plan will be progressively achieved through short and medium term planning.

Finding: The priorities outlined for each programme for the MTEF in the APP are often too vague and ambiguous to be meaningful. In addition, many of these priorities are not discernibly linked to any planned activities or measurable objectives, so it is impossible to assess whether or not they are valid or achievable.

Recommendation: In the APP the Department needs to ensure that it provides priorities for each programme which are clearly linked to measurable objectives which are valid and achievable.

Finding: The APP fails to provide a progress analysis for all of the Department's programmes and main sub-programmes. This is troubling because, without being able to assess past performance, it is not possible to assess the appropriateness and reliability of the plans for these sub-programmes going forward. Even where a progress analysis has been included and does give some indication of what has been done so far in achieving strategic objectives, much of the information provided is vague and therefore difficult to measure against any meaningful standard.

Recommendation: The Department needs to ensure that it provides a detailed progress analysis for each of its programmes and main sub-programmes. This is important as it allows officials within the Department, oversight and citizens to evaluate current programme objectives in terms of past performance.

Finding: The Department does not include planned measures to improve the quality of service delivery for each programme and main sub-programme. Even where it does do this, the measures it includes are vague and not clearly linked to planned activities or measurable objectives.

Recommendation: The Department needs to ensure that planned measures to improve the quality of service delivery are linked to planned activities and measurable objectives.

Finding: While the Department has done well to ensure that all its planned activities are time-bound, it has not costed all of these activities in the OP.

Recommendation: To ensure that it reconciles its plans with its available budget, the Department needs to ensure that all activities are costed.

Finding: While the Department does not indicate how it plans to address issues raised by the Auditor-General (AG) in the 2006/07 audit report, it does clearly integrate its Audit Improvement Plan into both the APP and the OP.

Recommendation: The Department needs to ensure that it continues to prioritise the implementation of strategies aimed at improving financial management in the Department and in turn its audit outcome.

Finding: Where the Department does include measures to improve compliance with the Public Finance Management Act (PFMA) these are often vague and not clearly linked to measurable objectives and planned activities.

Recommendation: The Department must ensure that it clearly articulates measures it plans to implement to improve compliance with the PFMA which are clearly linked to planned activities and measurable objectives.

Finding: The Department does not indicate which officials are responsible for each strategic objective.

Recommendation: The Department should indicate which officials are responsible for each strategic objective so that these officials can be held accountable for their realisation.

Finding: It is clear from the 2008/09-2010/11 APP that the Department only has a limited understanding of its internal and external service delivery constraints. It has failed to properly assess the extent of these constraints or even show if they have been taken into account in the drawing up of the plans.

Recommendation: The Department needs to conduct regular needs analyses so that it has an adequate understanding of the health care needs in the province. This will allow the Department to draw up well-informed plans and will also assist the Department in motivating for additional resources once its audit record improves. The Department also needs to ensure that it conducts annual skills audits and aligns its plans with its capacity to deliver.

Finding: The Department provides very little indication that it has consulted with internal or external stakeholders when drafting its 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: While the Department has done well to include information on its revenue as well as its expenditure, it does not clearly reconcile this information with its performance targets. There is no narrative in the APP which shows that the Department has based performance targets on past spending performance and available budget.

Recommendations: For each programme and sub-programme the Department should include a narrative outlining how it has spent its allocations, how it intends to overcome problems with expenditure and how it intends to improve expenditure in future based on the available budget. The Department needs to reconcile its planned performance targets with its budget to ensure that these targets are not a mere wish list but are in fact achievable.

Finding: The Department does not provide a revenue collection plan in the APP and, other than indicating how much revenue it collected in 2007/08, it does not provide any indication of how much revenue it is responsible for collecting.

Recommendation: The Department must provide a detailed account of how much revenue it is responsible for collecting. This account must then be accompanied by a revenue collection plan.

Finding: In the APP the Department does not provide a detailed list of time-bound and costed infrastructure projects. There is also little information on the progress of projects outlined in the Five-year Plan or any of its current maintenance projects in the plan.

Recommendation: The Department must include a time-bound and costed list of infrastructure projects which also details the progress made in each of these projects. This is important as it not only allows officials and oversight to monitor these projects but also provides an indication of how a significant portion of the Department's budget will be spent.

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: There is no indication of any partnerships with the other Social Needs Cluster Departments (Social Development and Education) in the APP. This is a worrying omission as the Department is supposed to partner with these departments on issues such as HIV and AIDS to enhance the impact of its interventions.

Recommendation: The Department needs to detail the nature and extent of partnerships with other Departments as they are jointly responsible and accountable for the implementation of those projects.

Finding: While the Department does indicate how much money it has transferred and intends to transfer to municipalities over the MTEF period, there is no indication of what this money will be used for or the conditions attached to it.

Recommendation: It is vital that the Department gives a detailed account of the Service Level Agreements entered into with local authorities and the expected outcomes of

projects as it is responsible for monitoring compliance with such agreements and is jointly accountable for the delivery of these services in collaboration with local authorities.

Finding: While the Department does provide a narrative outlining its Public Private Partnerships the information included in that narrative is largely inadequate to meet the requirements for the plan. The narrative provides no information on the costs involved in these partnerships or the amounts transferred to these partners thus far.

Recommendation: It is vital that the Department provide a detailed account, including budgets and expenditure, of the projects it has outsourced to private and/or non-governmental organisations. 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 and effectively.

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.¹ 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. 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.²

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

² *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.

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".³ 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 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.

³ *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 1.4. "Overview of planning, budgeting and reporting documents", 1. Five-year Strategic and Performance Plans, p. 15.

Theme 1: Policy priorities and strategic objectives

Requirements

- 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.⁴
- 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.⁵
- 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.⁶
- 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 to evaluate the Department's plans to progressively realise citizens' rights within available resources.
- Strategic plans must be integrated into macro planning frameworks for departments to give effect to national and sub-national policy priorities, as well as

⁴ 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).

⁵ 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 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).

⁶ *Public Service Regulations, 2001*, Chapter 1, Part III, Regulation, B.1(b).

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.⁷

- One-year plans must be integrated into longer-term planning frameworks 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

Findings

In the Annual Performance Plan (APP) the MEC for Health is required to clearly outline the policy priorities which have guided the Department's planning. This is of vital importance because it is these priorities which should reflect the Department's commitment to their constitutionally mandated responsibility to address the most pressing healthcare needs of people living in the province. It is the MEC's responsibility to articulate this commitment as she is ultimately accountable to the provincial Executive Council, the legislature and most importantly the public for the implementation of these priorities through effective oversight, planning and maintenance of service delivery.

In her foreword to the 2008/09 APP, the MEC for Health, Nomsa Jajula, fails to adequately outline how the Department's policy priorities have been coupled with this year's plan. In her foreword she only briefly mentions some of the policy priorities which have directed the development of the plan. For example, the MEC simply mentions that the Department will focus on issues relating to infrastructure management, human resource management and the development and strengthening of health systems but does not expand on these.⁸ She does not provide an adequate account of the policy priorities or how these have influenced the development of the APP.

One inadequacy in her account which is of particular concern is that the MEC only briefly mentions some of the most pressing health needs in the province and does not provide an account of how the Department has planned to overcome these. Particularly worrying in this regard is the fact that the MEC has paid only scant attention to how the Department intends to manage current crises such as TB, HIV and AIDS, or the Department's human resource crisis.

Without a clear articulation of the Department's policy priorities and how these have guided planning, it proves difficult to assess the Department's plan in relation to its policy

⁷ 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, among 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).

⁸ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, pg. 12.

direction. This is of importance as it now proves difficult to hold the MEC and her administration accountable for the Department's performance, or lack thereof, in achieving its policy promises.

Yet this responsibility does not only rest with the MEC, the Superintendent-General is also required to provide an account of changes to the Department's strategic direction due to policy or Programme shifts. This should then be accompanied by a clear commitment to the achievement of important performance targets. By doing so, the Superintendent-General takes responsibility for his/her Department's re-aligned policies or programme shifts and maintains lines of accountability.

In his endorsement of the APP, the Superintendent-General (SG), Lawrence Boya, does briefly outline how policy shifts have influenced the Department's strategic objectives. Among other things, he states that the Department will undertake to improve planning through the implementation of the Integrated Planning Framework designed by the National Department of Health; improve their information systems through the integration of DHIS, PERSAL and BAS systems into a Business Intelligence Unit; and continue to implement the Service Transformation Plan. He also discusses how the strategic imperatives of the Department, which are informed by the National Health Systems Priorities, have guided the development of the APP. He mentions, for instance, how the Department intends to develop a Clinical Services Plan; implement an Audit Improvement Plan; and strengthen corporate governance and accountability.⁹

What he does not do, however, is provide a detailed account of how these policy shifts will improve service delivery or how these improvements will be measured. While the SG does mention some of the policy shifts which have influenced the development of the APP and the Department's strategic direction, making narrow reference to plans that will be developed and implemented, he does not identify clear performance targets relating to the implementation of these plans. For example, the SG mentions that the Department will implement an integrated HR plan, including a HR turnaround plan. He refers to the fact that the plans have been developed and that these need to be reviewed in the light of changes to the macro HR planning, but fails to give any indication of what these plans will entail or provide any measurable performance targets for their implementation.¹⁰

These are critical omissions as they serve not only to constrain the Legislature's and other oversight bodies' abilities to maintain oversight, they also restrict the SG's ability to monitor the implementation of such plans by officials to whom tasks have been delegated.¹¹ Therefore, while the SG does provide a more detailed account of the Department's strategic direction than the MEC, it remains deficient.

In addition to the Department's own policy and planning frameworks, strategic plans need to be integrated into broader planning frameworks so that departments can give effect to both sub-national and national policy priorities, as well as international

⁹ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, pp. 30-37.

¹⁰ Ibid, p. 36.

¹¹ While the SG refers to an "integrated HR Plan" which presumably contains in-year performance targets and milestones, the failure to provide these within the APP and Operational Plan of the Department result in oversight bodies and the public being unaware of such targets and therefore incapable of monitoring and establishing the extent of in-year progress.

undertakings (such as the UN Millennium Development Goals). This is a critical aspect of planning as it is the provincial departments who are key drivers of service delivery.

Importantly, both the MEC and the SG do make mention of the importance of macro planning frameworks in the development of the APP. In her foreword, the MEC discusses how the APP has been developed through joint planning with the Social Needs Cluster Departments, consultation with external stakeholders and the articulation of planning with the health goals as outlined by the Provincial Growth and Development Plan (PGDP), High Impact Priority Projects and the Millennium Development Goals (MDG)¹². Similarly, in his endorsement of the APP the SG briefly outlines how the Department's policy direction has been guided by several broader policy resolutions, including the policy direction of the National Department of Health, Provincial Executive Committee resolutions and the five priorities set by the National Health Council which inform the Department's strategic objectives.¹³ These priorities include:

- Development of Service Transformation Plan;
- Strengthening of Human Resources for Health;
- Improving Quality of Care;
- Strengthening priority Health Programmes, with specific focus on health lifestyles, national TB crisis management plan, accelerated HIV prevention, and strengthening Maternal Child and Women's Health programmes; and
- Strengthening physical infrastructure.¹⁴

In this respect the APP is ostensibly integrated with broader planning frameworks in so far as the Department has mentioned that these broader frameworks have influenced planning. The problem is that this is where it ends and, other than a cursory mention of some of the goals relating to the PGDP and MDG, there is little clear integration of these frameworks with the Department's strategic plans.

By not aligning its strategic plans with broader frameworks such as the PGDP and the MDG, it may prove exceedingly difficult for the Department to deliver services in line with these frameworks and in turn progressively achieve the development goals provided within them.

In terms of consistency between the Department's own plans, (i.e. the five-, three- (APP) and one-year plans) one-year plans must be integrated into longer-term planning frameworks to give effect to long term strategic goals. In this regard there is one issue of particular concern. The broad strategic goals and objectives outlined in the Operational Plan (OP) are consistent with those provided in the APP, but the strategic goals and objectives found in these plans are not consistent with those outlined in the Five-year Plan. The Five-year Plan provides nine strategic goals while the APP and OP only provide five. This was an issue raised by the PSAM in the 2007 SPE, when it was found that the 2007/8-09/10 APP only had four strategic goals provided in the Five-year Plan. This year the strategic goals which do appear in the APP do not correlate directly with those which appear in the Five-year Plan. For example, In the Five-year Plan the Department provides one of its strategic goals as "Provision of Integrated Human

¹² Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, pp. 12-13.

¹³ Ibid, pp. 34-37.

¹⁴ Ibid, p. 34.

Resource and Development service to become an employer of choice". This strategic goal is then supported by several strategic objectives which include:

1. To develop and implement HR planning, management and development systems.
2. To develop and implement a staff care customer centre.
3. To implement results-driven Performance Management System.
4. To provide education and skills development programmes to all health staff.
5. To implement programmes for the attraction, retention and appropriate management of essential HR skills.¹⁵

In the APP and the OP however, this strategic goal does not exist and the only strategic objective which relates directly to human resources is: "To facilitate effective recruitment, development and retention of Human Capital".¹⁶ This is but one example of how the Department's strategic goals and their corresponding strategic objectives are clearly not consistent between plans.

This is a troubling discrepancy as it results in an inevitable disjuncture between the Five-year Plan and the APP and OP. This is problematic as the successful implementation of the APP and OP should result in the realisation of the goals in the Five-year Plan. Obviously this is unlikely to be the case if the strategic goals are inconsistent between plans.

Not only is it necessary for there to be consistency in strategic goals and objectives between plans, there also needs to be consistency within plans. 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.

In this respect the Department has done fairly well. For each of the Department's five strategic goals there is a set of strategic objectives which, if achieved, should result in the realisation of the strategic goals. For example, the Department's fifth Strategic Goal - "Effective governance and accountability" - should be realised if the following strategic objectives are achieved:

1. To develop and implement strategies and systems of enterprise wide risk management and internal audit.
2. To develop and implement systems for improving compliance and good governance.
3. To develop and implement coordinated programmes of anti-fraud and corruption.
4. To build a culture of ethical conduct and service¹⁷.

Even though there is a direct correlation between strategic goals and objectives in the Department's plans, they are only meaningful if coherently linked to specific planned activities and outcomes. For this to happen, the Department needs to ensure that it

¹⁵ Eastern Cape Department of Health, Strategic Plan 2005/06-2009/10, p. 13.

¹⁶ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 32.

¹⁷ Ibid, p. 33

assigns appropriate strategic goals and strategic objectives to each programme and main sub-programme.

In the APP the Department does not assign specific strategic objectives and strategic goals directly to each of its programmes. What the Department does do for each programme, though, is outline priorities for each programme for the MTEF period. While this is undoubtedly a valuable aspect of the APP, many of the priorities included in the plan are far too ambiguous to be meaningful. For example, for the District Health Services Programme the Department lists “consideration of the burden of diseases”¹⁸ as one of the programme key priorities. Yet there is no indication of what “consideration” involves or what the outcome of this consideration will be. In other words, this priority and many others like it are not discernibly linked to any planned activities or measurable objectives. So it is impossible to assess whether or not they are valid or achievable.

While the Department has not assigned its broad strategic goals and objectives to each of its programmes, it has done well to clearly do so for each sub-programme. For example, for the HIV and AIDS sub-programme the Department has stated that “A functional and effective primary Health Care driven Provincial Health System that provides an integrated and seamless package of health services in an equitable, accessible and affordable manner” and “To consolidate the implementation of the Priority Health Programmes to improve health outcomes” as its strategic goal and associated strategic objective respectively.¹⁹ So in theory, if the Department achieves the targets set for each of its measurable objectives for this sub-programme then it should progress towards achieving the aforementioned strategic goal and its corresponding strategic objective.

The link between the Department’s broad strategic goals and objectives and each sub-programme is an important one. By coupling specific strategic objectives and strategic goals with each programme and sub-programme, oversight bodies and citizens should be able to meaningfully assess the Department’s performance in achieving its goals and objectives. The problem here, however, is that the strategic goals and their corresponding strategic objectives are so broadly sketched that it proves difficult for oversight bodies to determine if and how the successful achievement of measurable objective for each sub-programme will contribute directly to the achievement strategic goals and objectives.

¹⁸ . Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 125.

¹⁹ Ibid, p. 191.

Theme 2: Performance and monitoring

Requirements

- By indicating both progress and what still needs to be done 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.²⁰
- 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 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.²¹
- Performance targets for each strategic objective and activity must be included in the Department's strategic plan. These targets must be measurable and observable 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.²²
- 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.²³
- 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 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.

²⁰ *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).

²¹ *Public Service Regulations*, 2001, Chapter 1, Part III, Regulation C.1 (a) – (f).

²² *Treasury Regulations*, 2005, 5.2.3(d).

²³ *Public Service Regulations* of 2001, Chapter 1, Part III B(1)(b).

- To address weaknesses identified by the Auditor-General, 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.²⁴
- 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. 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.²⁵

Findings

In its APP the Department is required to provide an account of its progress in achieving its strategic objectives for each sub-programme. In this progress analysis the Department should outline both what it has done and what it still needs to do to achieve these objectives. This is an important aspect of the plan as it allows both officials within the Department and oversight bodies to evaluate current programme objectives in terms of past performance.

While the Department does provide a progress analysis for many of its main sub-programmes in the 2008/09-2010/11 APP, there are several instances where this is not done. This is troubling because, without being able to assess past performance, it is not possible to assess the appropriateness and reliability of the plans for these sub-programmes going forward.

Even where a progress analysis has been included and does give some indication of what has been done so far in achieving strategic objectives, much of the information provided is vague and therefore difficult to measure against any meaningful standard. For example, under the Specialised Services Sub-programme the Department states: "Mental Health Review Boards, listed and designated facilities are functioning well".²⁶ However, the Department does not provide any indication of what "functioning well" means, how functioning is measured and against what standard. It therefore proves impossible for either the department or oversight bodies or citizens to adequately monitor programme performance in terms of the largely inadequate progress analyses.

In addition to a detailed progress analysis the Department should, for each sub-programme, identify its main service delivery constraints as well as the measures it intends to take to overcome them. This is an important aspect of the Department's strategic planning as it outlines specific measures the Department will take to improve

²⁴ *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 8.1 and 8.2, p. 72.

²⁵ 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 power or perform the duty delegated to him/her commits an act of financial misconduct in terms of section 81(2) of the PFMA.

²⁶ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 231.

the quality of service delivery, including improved access to services, improved standards and improved service delivery systems.

In the APP the Department does outline, for each of its sub-programmes, some of the constraints hindering service delivery as well as the measures planned to overcome them. The inclusion of this information is commendable as it indicates that the Department is aware of the impact of both internal and external constraints on its ability to deliver services. That said, the Department's analysis is by no means an extensive or complete account of the issues hindering service delivery. For example, stating that "work backlogs on suspense accounts and old balances"²⁷ is the only finance and financial management constraint hindering service delivery in the Financial Management Services sub-programme overlooks the myriad issues relating to financial management and which have resulted in the Department receiving eight audit disclaimers from the Auditor-General in the last ten years. The same could be said for most of the other constraints highlighted in the APP where the Department fails to give a frank account of how these constraints hinder service delivery in the province.

The proposed measures to overcome service delivery constraints are equally poor. For example, simply stating that "Work procedures will be reviewed and staff appropriately trained"²⁸ does not give sufficient indication of how the Department intends to implement specific strategies to address shortcomings in the Financial Management Services Sub-programme. Simply stating that certain measures will be taken to address constraints does not mean that they have been included in planned activities.

In the APP the Department also needs to outline how it plans to improve service delivery more generally. While some of the Department's programmes and main sub-programmes include planned quality improvement measures, this has not been done for all programmes and main sub-programmes. It is important to include these measures in the plan as they provide the basis for assessing the Department's efforts to improve the quality of service delivery – especially for programmes and sub-programmes which have performed poorly in the past. But even where the Department does include quality improvement measures these are often inadequate as they only indicate what should be done and do not provide any indication of how they will be implemented or what the improvement to service delivery will be. For example, for the Emergency Medical Services Programme the Department has provided "Enforce compliance with legislation (HPCSA, PDP and other prescripts)",²⁹ but does not give any indication of *how* it intends to enforce compliance with legislation or precisely what the improvement in direct service delivery will be. It is therefore not possible to determine if the Department's service delivery improvement measures are appropriate or even to monitor their implementation.

Once the Department has provided a broad account of what it has done and how it intends to improve service delivery, it needs to include performance targets for each strategic objective and activity in both the APP and the OP. For this information to be useful, however, the objectives need to be linked to appropriate indicators and targets which, in turn, need to be measurable and observable. It then follows that, for a performance indicator for a strategic objective to be regarded as measurable and valid, it

²⁷ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 74

²⁸ Ibid, p. 24.

²⁹ Ibid, p. 209.

should be possible to determine, by using the relevant performance indicator, when the objective has been achieved. Put another way, if the Department implements all planned activities or outcomes, targets should be achieved and in turn objectives should be realised. This is a critical relationship as oversight bodies and citizens can only monitor the Department's performance if objectives are clearly linked to planned activities and outputs.

In the APP a table is provided for each programme and main sub-programme which lists objectives, associated performance measures or indicators and targets for the entire MTEF period. For the most part the Department has done well to link appropriate indicators to objectives and most of these indicators are, within reason, measurable.

This is an improvement on the 2007/08-2009/10 APP where it was reported by the PSAM that, "Some of the Department's performance indicators are problematic...in that they are vague and do not match up to the stated targets", and, in some instances, "[there were] no indicators for a proposed objective" at all.³⁰ The absence of an extensive needs analysis (I return to this issue later), however, makes it impossible to assess whether or not the list of measurable objectives are appropriate and – just as critically – whether or not targets are sufficient to adequately meet the need for service delivery in the province.

In its OP, the Department has done fairly well to ensure that programme objectives are clearly linked to indicators, targets and planned activities or outputs. That said, there are some programme objectives, indicators and targets which are only tenuously linked to planned activities or outputs. For example, for the Community Health Services sub-programme the Department provides "improve nurse work load at PHC services" as one of its measurable objectives. It then provides "average work load per nurse" as the indicator; "35-40" as the target; and "monitor the nurse clinical workload and submit quarterly report to NDOH and National Treasury" as the output.³¹ The problem here is that it is largely unclear how the Department intends to measure workload and what the target figure represents. One could assume that the target of "35-40" represents the maximum number of patients a nurse should see each day. But there is no way of knowing for certain what this number represents. It is important that the Department rectifies problems such as this in future, as performance can only be monitored if objectives, indicators, targets and activities are clear and specific.

In addition to clear links between objectives, targets, indicators and planned activities, the latter need to be time-bound and costed. In the OP the Department has included quarterly in-year time frames for each of its planned activities. While the Department has done fairly well to include this information, the vagueness of many of the indicators, targets and planned activities or outputs renders some of this information arbitrary. For example, for the TB hospitals sub-programme the Department states: "To ensure functionality of TB hospitals", as a sub-programme objective and "bed utilization rate" as the indicator. The Department then provides a target of 95 percent which should be progressively achieved throughout the year (first quarter, 70%; second quarter, 75%; third quarter, 80% and final quarter, 95%).³² What is missing, however, is an outline of

³⁰ Public Service Accountability Monitor, Eastern Cape Department of Health Strategic Plan Evaluation 2007/08, p. 11.

³¹ Eastern Cape Department of Health, Operational Plan 2008/09, p 181.

³² Eastern Cape Department of Health, Operational Plan 2008/09, p. 287.

the activities which should result in these targets being achieved, and there is no indication of how the Department intends to improve bed utilisation rates. If planned activities or outputs are vague it proves difficult to monitor performance throughout the year. This example is particularly problematic as this objective has been allocated a substantial budget of R70.82 million and, by not linking planned activities to these targets, there is no way of telling how this budget will be spent.

The Department also needs to ensure that planned activities are costed. While the Department has provided a budget for most of its planned activities, there are several examples of activities which have not been costed.³³ This is a worrying omission as the Department needs to indicate that it has budgeted for each activity. Without this information it proves impossible to monitor the Department's performance in implementing these activities throughout the year or whether it has budgeted appropriately.

While the Department has generally done well to cost most of its activities, the poor management of these financial resources continues to be one of the major factors hindering service delivery in the province. Over the last ten years the Auditor-General (AG) has issued the Department with eight audit disclaimers and one adverse opinion. When issuing these opinions the AG highlighted a number of issues relating to poor financial management systems which have contributed directly to the misappropriation and fruitless and wasteful expenditure of financial resources. It is therefore critical that the Department's APP include a detailed strategic plan to deal with issues raised by the AG.

As part of the situational analysis in the APP the Department includes a section which outlines the outcomes of the Auditor General's (AG) report.³⁴ This section, however, only provides a summary, in dot point form, of some of the reasons given by the AG for issuing an adverse opinion in 2006/07 and does not provide a detailed plan for addressing these issues.

The Department has, however, developed an extensive Audit Improvement Plan aimed at improving its audit opinion.³⁵ While the Department has not provided a copy of this plan in the 2008/9-2010/11 APP, it has reiterated its commitment to its implementation in both the APP and the OP. In his endorsement of the APP the SG states that:

Financial management remains a major concern in the department. The lack of competent capacity has contributed to poor financial management. The negative audit outcomes have necessitated that we aggressively address the skills and capacity challenge. To that effect, a plan to address capacity building for financial management will be implemented and the audit improvement plan will be cascaded to the districts and will be resourced...³⁶

³³ See for example, Eastern Cape Department of Health Operational Plan, pages: 29, 47, 51-57, 61, 85-87, 107, 112, 116, 123, 13-131, 142, 147, 150, 151, 157, 167, 186, 193, 208, 210, 214, 215, 218, 221, 226-229, 231, 232, 234, 237, 238, 241, 250, 268, 283, 316, 319, 321, 330.

³⁴ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 26.

³⁵ A copy of this plan was provided in the 2007/08-2009/10 Annual Performance Plan , pp. 332-357.

³⁶ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 35.

In the APP, this plan has clearly informed the strategic objectives of the Health Administration Programme and its implementation is provided as a priority for each of its sub-programmes. This is most evident in the Financial Management Services Sub-programme where key objectives of the plan are outlined, linked to an appropriate performance indicator and time frame.³⁷ In the OP these measurable objectives are then time-bound and costed³⁸.

The integration of the Audit Improvement Plan into the Department's strategic plans is a welcome addition as it allows the Department, oversight and civil society to monitor the implementation of the plan; although it remains to be seen whether or not its implementation will result in an improved audit outcome in the short term.

One issue which inevitably results in adverse audit opinions is non-compliance with the Public Finance Management Act (PFMA). It is therefore essential that the Department clearly indicate how it intends to improve compliance with the Public Finance Management Act (PFMA) for each of its programmes and main sub-programmes.

In the APP the Department does list issues relating to the non-compliance with the PMFA as some of the constraints hindering service delivery in each programme and sub-programme. The problem here is that the measures outlined to overcome these issues are often limited, vague and difficult to measure. For example, simply providing "work backlogs on suspense accounts and old balances"³⁹ as the only financial management constraint for the Financial Management Sub-programme somewhat downplays many of the issues affecting financial management. Then, providing that "work procedures will be reviewed and staff appropriately trained" does not provide an adequate indication of what this involves or how it will be measured.

For many of its programmes and some of its sub-programmes the Department provides some indication of how it intends to improve compliance with the PFMA. For example, for the Health Facilities Management Programme, the Department provides the following as its strategy to ensure the implementation of the PFMA:⁴⁰

- Financial systems and controls, risk analysis sampling done monthly to ensure adherence and compliance to the PFMA.
- Training of all non-financial officials on the PFMA.

Although this is a welcome aspect of the plan where it does occur, it needs to form part of every programme and sub-programme. Ensuring compliance with the PFMA could also be integrated more fully into the Department's plans by ensuring that for each programme and sub-programme, specific measurable objectives, indicators and targets are provided for compliance. While not a holy grail, ensuring compliance with the PFMA should go a long way to improving financial management in the Department.

Finally, to ensure that strategic objectives are realised, departments should assign responsible officials to strategic objectives. This should be done so that the relevant

³⁷ Ibid, pp. 78-79.

³⁸ Eastern Cape Department of Health, Operational Plan 2008/09, pp. 145-150.

³⁹ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 74.

⁴⁰ Eastern Cape Department of Health, Annual Performance Plan 2007/08-2009/10, p. 288.

officials can be held accountable for performance. In neither the APP nor the OP is a responsible official identified for each strategic objective. This is only done for the Health Administration Programme's plans in the APP and OP where the strategic objectives which inform individual chief directorates' performance are outlined. This is a glaring omission on the part of the drafters of the APP and OP.

Theme 3: The context of planning

Requirements

- 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 to indicate how organisational capacity or constraints were factored into its strategic plan.⁴¹
- 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.⁴²
- The usefulness of the Department's strategic plan is largely determined by the extent and depth of consultation with staff in its development. Staff who 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.⁴³

⁴¹ 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*, 2001, Chapter 1, Part III B.2 (a) – (d) and *Treasury Regulations*, 2005, regulation 5.2.2(b).

⁴² 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).

⁴³ 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, among other things, coordinating their actions. *South African Constitution*, Chapter 3, Section

Findings

The Department's ability to implement its strategic plan is determined, to a large extent, by its Human Resource (HR) capacity. It is therefore critical for the Department to provide an account of its internal organisational environment in its strategic plan, and to indicate how organisational capacity or constraints were factored into its strategic plan.⁴⁴

In Part A of the APP a table outlining of the number of posts, the number of posts filled and the vacancy rate by occupational category is given. This is, however, not done for each programme and main sub-programme. It is vital that the plans provide the critical vacancies by programme and sub-programme as the HR needs of each of these differs depending on function. In addition, planned measures to overcome the HR crisis in each programme and main sub-programme would largely depend on specific need. For example, the HR needs of the Financial Management Services Sub-programme differ significantly from those of the TB Control Sub-programme in terms of the skills needed for each sub-programme as well as the types of constraints.

For each sub-programme the Department does list HR as one of the constraints which impacts on the functioning of the sub-programme. While this is an important aspect of the plan, the APP only provides a vague description of the kinds of HR issues each sub-programme faces. The Department uses descriptions such as "inadequate budget" and "recruitment and retention of professional staff"⁴⁵ to loosely describe these Human Resource constraints. It then fails to provide a description of the impact these constraints have on the functioning of each sub-programme. The measures given to overcome staff shortages are then vague and generic. For example, under the District Hospital Management Sub-programme, the Human Resource constraint is described as "Recruitment and retention of professional staff especially in rural areas". The measure to overcome this constraint is then given as "Filling of critical vacancies in District Hospitals is targeted to facilitate the development and implementation of management systems".⁴⁶ In this example, just as in the rest of the plan, there is no indication of the impact of critical staff shortages on District Hospital Management or how they plan to attract and retain staff.

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, Chapter 1, Part III, Regulation C.1(b).

⁴⁴ 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*, 2001, Chapter 1, Part III B.2 (a) – (d) and *Treasury Regulations*, 2005, regulation 5.2.2(b).

⁴⁵ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, pp. 58 & 232.

⁴⁶ *Ibid*, p. 171.

Strategic plans should also 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.

While the Department does provide a broad situation analysis at the beginning of the APP and for each sub-programme, these do not amount to a rigorous needs analysis. For example, the situation analysis at the beginning of the APP, which most closely resembles a needs analysis as it outlines the demographic profile, socio-economic profile and the epidemiological profile (causes of admissions to hospitals, causes of death and mortality rates), is clearly inadequate. The data is broad, and most often gathered from secondary sources such as the Medical Research Council.

The Department does not provide a clear indication of what the province's health needs are and how these have been taken into consideration in drawing up the plan. For example, the Department indicates that Pulmonary Tuberculosis is the leading cause of admission to hospital and third in the list of leading causes of mortality in the province.⁴⁷ What the situation analysis does not do, however, is indicate the number of people infected with TB (let alone the strain of TB), the number of people being treated for TB or the number of people who need to receive treatment. This is just one example of the critical shortage of meaningful data and the same could be said for every aspect of the situation analysis.

It is unclear, then, how the Department has factored in provincial health needs when drawing up the plan. This shortcoming becomes blatantly clear when looking at the situation analysis for each sub-programme. Take the HIV and AIDS Sub-programme as an example: this programme provides a comparatively extensive situational analysis with information on aspects of the programme such as the number of facilities offering Voluntary Counselling and Testing (VCT) and the number of patients registered to receive ART. What the situational analysis does not do is provide any indication of the number of people who actually need Antiretroviral Therapy (ART). For most of the other sub-programmes the situation analysis simply amounts to a progress analysis and gives no indication of need. The shortage of extensive and meaningful data renders many of the Department's targets meaningless. Without knowing how many people need to receive ART, for example, there is no way of knowing if the Department's targets actually relate to the need for treatment in the province.

The fact that the APP is not based on a needs analysis is highly problematic. If the Department does not base planning on a rigorous needs analysis, there is no way of knowing if planned activities are targeting the most pressing issues in the province. This also means that there is no way of adequately measuring the Department's performance as there is no baseline with which to compare.

This is not to say that the Department does not have access to detailed data on the health needs of people in the province. In 2005 the Eastern Cape Government

⁴⁷ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 17.

commissioned the Fort Hare Institute of Social and Economic Research (FHISER) to conduct a Rapid Assessment of Service Delivery and Socio-Economic Survey (RASS) to get a picture of service delivery and service delivery needs in the province. The survey, conducted between November 2005 and June 2006, covered more than 12 000 households in the province and collected data on aspects of service delivery such as health, housing, education and sanitation (to name but a few). Ultimately the aim of the survey was to gather critical baseline data which would inform government planning,

Despite the fact that the RASS has been available to the Eastern Cape Government since the end of 2006, there is no indication in the Department of Health's strategic plans that it has been used to determine objectives and targets. This is troubling as the information provided in the RASS would provide an invaluable resource in developing plans which could efficiently and effectively target the most pressing health needs in the province.

Another essential part of any rigorous strategic planning is extensive consultation with stakeholders. The only indication that the Department had consulted with staff and/or external stakeholders when drafting the APP appears at the end of the endorsement of the plan by the HOD in a one-page summary outlining the process of developing the 2008/09-2010/11 plan. In this summary the HOD briefly mentions that the Department held "strategic conversations" with senior managers; held a strategic management seminar at the Fish River Sun; conducted a joint planning session with the Social Needs Cluster Departments; met with senior clinicians to determine clinical targets for 2008/09; and consulted with external stakeholders as part of the STP process.⁴⁸ What the HOD does not do in this overview of stakeholder consultation is give any account of what the purpose of these consultations were, what the outcomes of the consultations were and how these outcomes directed planning.

Without an extensive discussion of the input stakeholders had in directing planning in every aspect of the plan it is impossible to tell if the Department actually considered these inputs at all. This means that it is impossible to know if the Department's planning has targeted the most pressing needs of the communities they serve or if planning was done on an ad hoc basis. Consultation with both internal and external stakeholders is of vital importance as they are the ones who have first-hand experience of the service delivery environment and could provide invaluable insight into the most pressing health needs in the province.

Theme 4: Costing and expenditure

Requirements

- 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

⁴⁸ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 38.

MTEF projections and corresponding service delivery targets.⁴⁹

- 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.⁵⁰
- 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.⁵¹
- 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.⁵²

Findings

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

⁴⁹ "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.

⁵⁰ 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*, 2005, regulation 5.2.3(e).

⁵¹ *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.

⁵² *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 6.2, p. 70.

objectives are met.⁵³ To this end, 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.⁵⁴

In the APP, the Department provides a summary of its budget allocations, for the three years preceding 2008/09 as well as budget estimates for the MTEF period. This is not only done for the total budget allocation but is also done for each programme, main sub-programme and conditional grants.⁵⁵

The Department not only needs to give a clear indication of its revenue, but also a summary of its expenditure. This is done throughout the APP. In part A of the APP the Department gives a brief summary of trends in provincial health expenditure and spending per person in the province.⁵⁶ The Department then provides a similar summary of expenditure for each programme and several key sub-programmes such as HIV and AIDS.

While the Department has done well to include information on its revenue as well as its expenditure, it does not clearly reconcile this information with its performance targets. There is no narrative in the APP which shows that the Department has based performance targets on past spending performance and available budget. In this way, the plan lacks the necessary information to make a detailed assessment of the Department's expenditure performance or how the Department intends to enhance the efficiency and efficacy of expenditure in future.

For each programme and sub-programme the Department should include a narrative outlining how it has spent its allocations, how it intends to overcome problems with expenditure and how it intends to improve expenditure in future based on the available budget. The Department needs to reconcile its planned performance targets with its budget to ensure that these targets are not a mere wish list but are in fact achievable.

Departments should also provide a summary of the revenue which they are responsible for collecting and 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 to ensure that it is (a) actually collected and accounted for and (b) transferred to the relevant fund for redistribution.

⁵³ "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.

⁵⁴ *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.

⁵⁵ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, pp. 28-29, 314-321.

⁵⁶ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 27.

In the APP the Department provides very little clear indication of how much revenue it is responsible for collecting, other than indicating how much it collected in 2007/08, and does not provide a revenue collection plan. Without this information or any clear planning, it is unlikely that the Department will be able to collect revenue efficiently.

For every department, 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 to ensure effective expenditure tracking, performance monitoring, reporting and risk management.

The Department has an entire programme responsible for the management of its infrastructure. The Health Facilities Management programme is responsible for the provision of new infrastructure as well as the upgrading and maintenance of existing infrastructure. The APP therefore provides an extensive breakdown of its capital expenditure which outlines the sources of revenue for capital expenditure (equitable share and grants), by type (i.e. major capital, minor capital, maintenance, equipment and equipment maintenance), and by programme.

What the Department does not do, however, is provide a detailed list of time-bound and costed infrastructure projects. The APP provides little information on the progress of projects outlined in the Five-year Plan or any of its current maintenance projects. While the Department does provide some indication on the number and type of projects it is involved in,⁵⁷ there is no way of determining where these projects are taking place, how much each costs or when they will be completed.

The biggest problem with the Department's planning as it relates to infrastructure is that they continue to base their planning on the controversial Service Transformation Plan. The STP has been the centre of much controversy since it was first announced in 2006. Since then the Department has failed to act with transparency in the development or implementation of the plan. In March 2008 the Department was told by the provincial executive committee to put the STP on hold until it could prove that it had conducted extensive consultation with all stakeholders.⁵⁸ Looking at current planning documents the Department seems to have ignored this and continues to implement the plan. Without transparency it is impossible to know whether or not the STP is based on a full assessment of need in the province or if its objectives and planned activities are valid, time-bound and costed. Most importantly, however, without transparency it is impossible to hold the Department to account for the implementation of the plan.

⁵⁷ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, pp. 298-300.

⁵⁸ See for example: "Pressure mounts to prove consultation on health services plan", The Herald, 11 March 2008; "ANC, unions order Health Department to scrap plan", Daily Dispatch, 04 March 2008; "Health plan back in the firing line", Daily Dispatch, 20 February 2008.

Theme 5: Conditional grants

Requirements

- 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 they are not wasted. This is especially true of supplementary funds given to departments to address specific, high-priority needs. 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.⁵⁹

Findings

While the Department does detail which conditional grants it receives as well as the corresponding amounts,⁶⁰ there is no indication of where and how it will spend these grants. In terms of the Division of Revenue Act, conditional grants can only be used for their intended purpose – usually high priority services such as HIV and AIDS. If the Department does not outline in the APP how it will use its conditional grant, then it is impossible to know whether or not the Department has planned to use these allocations appropriately. This then also makes it difficult to monitor performance relating to conditional grants.

A similar trend emerges in the Department's lack of detailed planning with regard to the use of donor funds. While the Department outlines who its donors are, the amount of funding and the intended outcomes of the funding, it gives no indication of which projects will benefit from funding or how the money will be used. Once again this is problematic as it proves difficult for officials, oversight and citizens to monitor the use of this funding.

Theme 6: Partnerships

Requirements

- 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 its part of any agreement.⁶¹
- While the Department may need to work with local authorities to operate clinics, build houses, etc., the Department retains responsibility for the management of

⁵⁹ *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.

⁶⁰ Eastern Cape Department of Health, Annual Performance Plan, 2008/09-2010/11, pg. 314.

⁶¹ *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.

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.⁶²

- 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.⁶³
- 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.⁶⁴

Findings

The Department says virtually nothing about their partnerships with other Departments other than a brief mention by the HOD when he stated that:

Joint planning with Provincial Departments in the Social Needs Cluster was held to set and determine cluster targets to be implemented jointly by all Social Needs Cluster Departments. This session took place on the 07-09 November 2007 and the intention was to ensure that the Eastern Cape Department of Health engages its social partners when determining priorities and targets for the 2008/09-2010/11 MTEF period.⁶⁵

There is no indication of this joint planning with the other Social Needs Cluster Departments (Social Development and education) in the APP. This is a worrying omission as the Department is supposed to partner with these Departments on issues such as HIV and AIDS to enhance the impact of its interventions. Without strong partnerships and clearly formulated plans based on co-operation, the Department's ability to deliver services in several key areas is limited. This may also result in the duplication of tasks, or the failure of objectives being met as the Department is unclear of its role in joint projects.

⁶² *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 7.2, p. 71. See also *Public Service Regulations*, 2001, regulation, B.1(c).

⁶³ *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.

⁶⁴ *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 7.4, p. 72.

⁶⁵ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, p. 38.

The Department may also need to work with local authorities to operate clinics, hospitals, etc. Even so, the Department retains responsibility for these projects, most especially for the funds transferred to these 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.

While the Department does indicate how much money it has transferred and intends to transfer to municipalities over the MTEF period,⁶⁶ there is no indication of what this money will be used for or the conditions attached to it. It is vital that the Department gives a detailed account of the Service Level Agreements entered into with local authorities and the expected outcomes of projects as it is responsible for monitoring compliance with such agreements and is jointly accountable for the delivery of these services in collaboration with local authorities. The Department is not absolved of responsibility once funds are transferred. Without an adequate account of these partnerships it is not possible to monitor service delivery at the municipal level and to hold responsible officials accountable for their actions.

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.

While the Department does provide a narrative outlining its Public Private Partnerships the information included in that narrative is largely inadequate to meet the requirements for the plan. The narrative provides no information on the costs involved in these partnerships or the amounts transferred to these partners thus far. While the narrative does provide some information on conditions of existing partnerships and the requirements for partnerships in progress much of this information is out of date. For example, the Department discusses the progress made in the “upgrading and refurbishment of the existing Port Alfred Hospital and the Settlers Hospital in Grahamstown and the establishment of co-located private hospital facilities”, but states that the official signing of the agreement is scheduled to take place in December 2006. It is now the 2008/09 financial year: surely the Department should be able to provide more up-to-date information on the progress of this project.

Based on the Department’s narrative, one could only provide a tenuous assessment of PPPs, at best. This is of concern as these PPPs involve millions of rands of tax payers’ money; without detailed information on budgets, transfers, agreements and progress, there is no way stakeholders and oversight can adequately monitor these projects.

⁶⁶ Eastern Cape Department of Health, Annual Performance Plan 2008/09-2010/11, pp. 139-140.

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.