

Step 6

Savings, trade-offs and constraints

Develop different scenarios demonstrating savings and service delivery trade-offs, if any, from assumed changes in various programmatic factors.

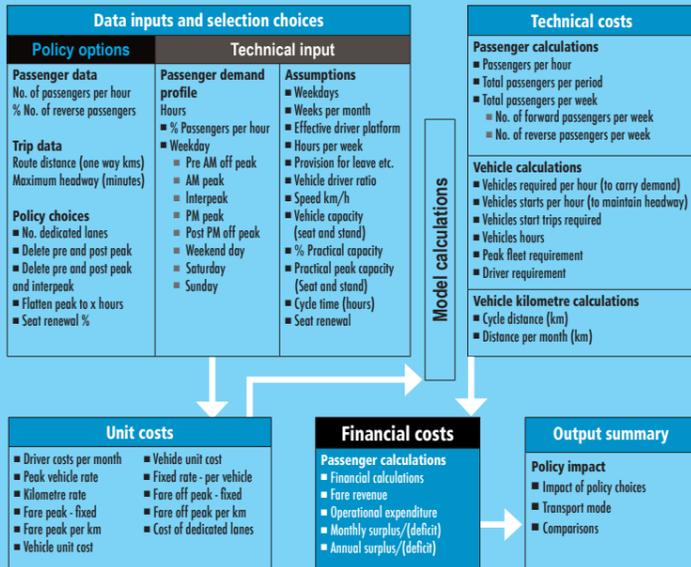
- Factors could include changes in the price of inputs, increases in operational efficiency (i.e. changes in activities/processes), strengthened programme design (i.e. changes in quantity, quality, beneficiary targeting), or programme rationalisation (i.e. logic analysis)

- Differentiate between "cash" and "non-cash" savings
 - Cash savings generally result when budgeted funds may be released in the forward estimates (i.e. MTEF) to be reallocated for other priorities or to reduce aggregate spending. This will generally occur when a programme is reduced in size or reach, or closed down, or through cost containment in cross-cutting line items
 - Non-cash savings generally result when the quantity and/or quality of outputs (i.e. service delivery) may be increased or held constant at no additional expense due to operational efficiencies or improved economy in the cost inputs through better pricing or substitution
- Savings must be clearly articulated and mapped to specific budget programmes. Changes in budget programme structure should also be recommended to increase transparency and accountability, where necessary

Step 5

Costing model

The success of this step is dependent on the accuracy and level of detail provided in the preceding steps.



- Understand policy objectives and delivery requirements
- Identify baseline needs
- Identify the range of delivery standards from policy/legislation
- Identify delivery chain and main cost drivers, personnel, capital and operational costs
- Identify assumptions made, especially about the future
- Develop interactive costing model
- Project main cost drivers on the population being targeted by policy

The costing model will be used to dynamically predict financial and service delivery impacts of improved economy in prices of inputs, efficiency in resource deployment and utilisation for activities/processes, reduced cost of outputs, rationalisation of programmes that are not cost-effective in relation to outcomes achieved and application of alternative delivery chains for key programme elements.

Step 4

Expenditure analysis

This is a complex and extensive body of work and requires in-depth understanding of budget and expenditure data. A thorough understanding of the BAS system is necessary.

- Develop a detailed understanding of existing expenditure on each programme
- Explain the flow of funds for a particular programme through a mini public expenditure tracking desktop study
- Explain the difference between an implementation programme and a budget programme and how to map the one to the other
 - Be able to construct walkover tables using Excel
- Understand the Standard Chart of Accounts, BAS and PERSAL structure and data
 - Identify sources of data: economic classification, item, responsibility, project data, management accounts
- Identify the main cost drivers for the programme, distinguishing between personnel, capital and operational costs

Expenditure analysis

Total by item cost codes			Summary codes			2012			2013						
1/001	/001	1 Accommodation	Accommodation	1 623 717,82	4,0%	2 525 086,39	5,0%	1/001	/001	1 Accommodation	Accommodation	1 623 717,82	4,0%	2 525 086,39	5,0%
1/002	/002	2 Admin & Subsistence	Travel and subsistence	492 531,24	1,2%	726 373,08	1,4%	1/002	/002	2 Admin & Subsistence	Travel and subsistence	492 531,24	1,2%	726 373,08	1,4%
1/003	/003	3 Advertisements	Advertisements	713 295,15	1,8%	731 175,00	1,5%	1/003	/003	3 Advertisements	Advertisements	713 295,15	1,8%	731 175,00	1,5%
1/004	/004	4 Banqueting	Catering	32 224,35	0,1%	96 424,46	0,2%	1/004	/004	4 Banqueting	Catering	32 224,35	0,1%	96 424,46	0,2%
1/005	/005	5 Conference Fees	Conference fees	-	0,0%	460 372,42	0,9%	1/005	/005	5 Conference Fees	Conference fees	-	0,0%	460 372,42	0,9%
1/006	/006	6 Interpreting	Communication	47 495,14	0,1%	96 090,80	0,2%	1/006	/006	6 Interpreting	Communication	47 495,14	0,1%	96 090,80	0,2%
1/007	/007	7 Printing	Printing and stationary	19 532,68	0,0%	152 256,81	0,3%	1/007	/007	7 Printing	Printing and stationary	19 532,68	0,0%	152 256,81	0,3%
1/008	/008	8 Remuneration	Salaries and wages	287 263,96	0,7%	29 813,01	0,1%	1/008	/008	8 Remuneration	Salaries and wages	287 263,96	0,7%	29 813,01	0,1%
1/009	/009	9 Recording	Recording	-	0,0%	4 500,00	0,0%	1/009	/009	9 Recording	Recording	-	0,0%	4 500,00	0,0%
1/010	/010	10 Sitting Fees	Board allowances	31 595,72	0,1%	194 162,39	0,4%	1/010	/010	10 Sitting Fees	Board allowances	31 595,72	0,1%	194 162,39	0,4%
1/011	/011	11 Translation	Communication	2 202,83	0,0%	-	0,0%	1/011	/011	11 Translation	Communication	2 202,83	0,0%	-	0,0%
1/012	/012	12 Transport: Air	Transport	618 543,70	1,5%	707 891,40	1,4%	1/012	/012	12 Transport: Air	Transport	618 543,70	1,5%	707 891,40	1,4%
1/013	/013	13 Transport: Hire	Transport	138 464,18	0,3%	98 451,33	0,2%	1/013	/013	13 Transport: Hire	Transport	138 464,18	0,3%	98 451,33	0,2%
1/014	/014	14 Transport: Private	Transport	99 138,89	0,2%	356 133,91	0,7%	1/014	/014	14 Transport: Private	Transport	99 138,89	0,2%	356 133,91	0,7%
1/015	/015	15 Legal Costs	Legal services	-	0,0%	-	0,0%	1/015	/015	15 Legal Costs	Legal services	-	0,0%	-	0,0%
1/016	/016	16 Transfer	Transfer	12 302 049,68	30,6%	13 675 593,44	27,2%	1/016	/016	16 Transfer	Transfer	12 302 049,68	30,6%	13 675 593,44	27,2%
1/017	/017	17 Website	Communication	-	0,0%	-	0,0%	1/017	/017	17 Website	Communication	-	0,0%	-	0,0%
1/019	/019	19 Acting allowance	Staff benefits and allowances	480 027,25	1,2%	155 371,75	0,3%	1/019	/019	19 Acting allowance	Staff benefits and allowances	480 027,25	1,2%	155 371,75	0,3%
1/020	/020	20 Annual bonus	Salaries and wages	1 099 424,05	2,7%	830 282,81	1,7%	1/020	/020	20 Annual bonus	Salaries and wages	1 099 424,05	2,7%	830 282,81	1,7%
1/021	/021	21 Allowances other	Staff benefits and allowances	645 199,73	1,6%	1 158 592,51	2,3%	1/021	/021	21 Allowances other	Staff benefits and allowances	645 199,73	1,6%	1 158 592,51	2,3%
1/022	/022	22 Basic Salaries	Salaries and wages	16 916 159,30	42,0%	20 772 144,91	41,3%	1/022	/022	22 Basic Salaries	Salaries and wages	16 916 159,30	42,0%	20 772 144,91	41,3%
1/023	/023	23 Employer Contr: Medical	Staff benefits and allowances	1 166 048,82	2,9%	1 455 855,17	2,9%	1/023	/023	23 Employer Contr: Medical	Staff benefits and allowances	1 166 048,82	2,9%	1 455 855,17	2,9%
1/024	/024	24 Employees Contribution P	Staff benefits and allowances	2 558 538,60	6,4%	2 995 644,61	6,0%	1/024	/024	24 Employees Contribution P	Staff benefits and allowances	2 558 538,60	6,4%	2 995 644,61	6,0%
1/025	/025	25 Employer Contr: UIF	Staff benefits and allowances	87 281,44	0,2%	113 631,97	0,2%	1/025	/025	25 Employer Contr: UIF	Staff benefits and allowances	87 281,44	0,2%	113 631,97	0,2%
1/026	/026	26 Housing Subsidy	Staff benefits and allowances	666 733,17	1,7%	2 092 686,12	4,2%	1/026	/026	26 Housing Subsidy	Staff benefits and allowances	666 733,17	1,7%	2 092 686,12	4,2%
1/027	/027	27 Leave Gratuity	Staff benefits and allowances	231 556,03	0,6%	855 109,64	1,7%	1/027	/027	27 Leave Gratuity	Staff benefits and allowances	231 556,03	0,6%	855 109,64	1,7%

This step is particularly important for efficiency analysis and modelling the financial impact of programme redesign or rationalisation.

Step 7

Report writing

It is important to write a concise report that flows logically and has a clear structure. The report should present a cogent argument based on sound technical analysis.

- Produce the final report (hard copy and electronic)
- Use the following format: One-page summary, three-page executive summary and 25-page report
- Use as many appendices as necessary
- Emphasise the implications of the research; no need to defend the methodology
- Write like a journalist
- Present the report as a critical communication tool in government
- Prepare a PowerPoint presentation that can be used to present the model and report
- Provide electronic copies of the programme logical analysis, expenditure analysis and costing models
- Provide a manual for the costing model
- Keep each version of the report and be prepared to write a few versions

Step 1

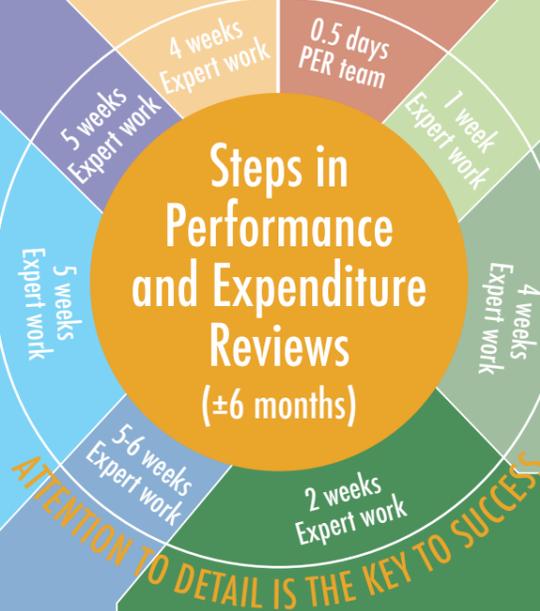
1A Inception meeting

Performance and Expenditure Review team present.

- Consultant briefed on expectations
- Process confirmed
- Timelines discussed
- Performance monitoring and payment schedule discussed
- Possible pitfalls in sector identified
- All possible sources of data identified: expenditure, policy, strategic, business
- Available data handed over
- Additional contacts that can assist, recognised and access arranged

- Logic analysis assesses the manner in which the programme is supposed to achieve its intended outcome and whether in light of relevant theory and experience it is likely to achieve those outcomes cost-effectively.
- Programme intent analysis assesses whether programme costs can be reduced if intended beneficiaries are redefined or the programme's pace of implementation is changed.
- Efficiency analysis focuses on saving money by reducing the cost of delivery through operational changes while maintaining quantity and quality of outputs.
- Economy analysis assesses whether the best price is obtained for the inputs.

Steps in Performance and Expenditure Reviews (±6 months)



Step 3

Indicators

This body of work requires some skill in the development of indicators and gathering relevant administrative information. This step is critical in order to assess quality of outputs, efficiency in resource utilisation and economy in procurement.

- Based on the delivery chain, define indicators which will demonstrate whether programme delivery is happening successfully
 - Focus on developing indicators in key leverage areas.
 - Not every step of the chain needs to have an indicator
 - Indicators should preferably be quantifiable
- Identify data sources, preferably existing sources, to report on actual indicator achievement
- Define a baseline value for indicators
- Set performance targets
- Avoid perverse incentives and consequences

Indicator measure

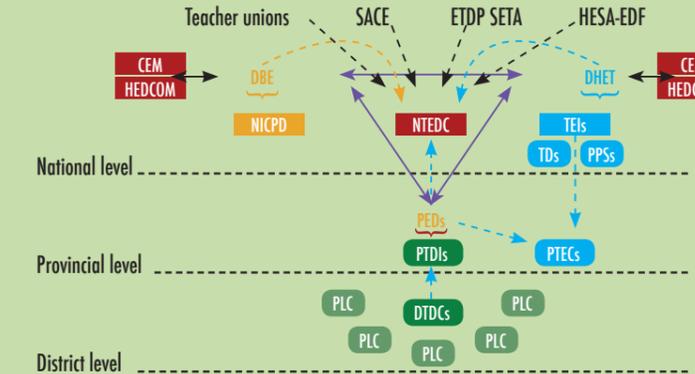
Level	Indicator measure
National DBE	Accessible, user-friendly policy document/s Comprehensive implementation plan Detailed implementation budget Survey stakeholder awareness Vacancies in NICPD critical posts Accessible, user-friendly assessment tool Accessible user-friendly courses & materials Monitoring readiness/effectiveness evaluation report Baseline study and evaluation plan
Provincial education departments	Survey stakeholder awareness Vacancies in PTDI critical posts Accessible user-friendly courses & materials Accessible, user-friendly physical training space Number of courses provided per year against target Vacancies in DTDC critical posts Vacancies in PLCs critical posts
District offices	Number of courses provided per year against target Accessible, user-friendly physical training space Effective database in place Number of meetings per year against target No. and % of programmes not reporting on monitoring system
Schools	Continuous improvement in department results

- For logic analysis we want to be confident that there is a plausible link between the programme outputs and outcomes, hence the performance indicators must also focus on specific outcomes attributable to the programme, ideally immediate (i.e., first level effects of outputs) and intermediate outcomes (i.e., benefits to specific beneficiaries/recipients and changes in behaviour/choices resulting from the programme's outputs).

1B Institutional analysis

Workshop with PER team and other project partners present.

- Understand linkages between policy, programme design, budgeting, the delivery chain in programme implementation, reporting and monitoring and evaluation in your sector (bearing in mind that funding flows can differ markedly from the delivery chain)
- Construct a flow chart that plots the main policy and oversight decision points
- Construct a flow chart that indicates the flow of funds in the sector
- Construct a flow chart that shows the citizen/customer/client perspective
- Identify possible pitfalls in sector you have selected to examine and identify all possible sources of data: expenditure, policy, strategic, performance, administrative



- Identify the policy intent of the programme
- Do a situational analysis describing what the programme currently does, for whom, and where to bring about change
- Describe the programme logic i.e. the theory of what should be done by the programme to bring about change
- List the assumptions which were made about the consequences of certain actions (e.g. if the programme does x, then y will happen)
- Identify possible improvements to the programme design
- For every programme element, outline the delivery chain
- Construct a log-frame of the programme with activities, inputs, outputs, intermediate outcomes and impacts
- Do a work breakdown structure for the programme
- Clarify assumptions about causal mechanisms - why certain activities and outputs will result in certain outcomes

- It is important that the full extent of the programme is clearly articulated. Plot both the status quo and indicate possible inefficiencies and/or lack of effectiveness/meaningful outcomes.
- For logic analysis interrogate activity/process, output and outcomes to assess the plausibility of the presumed links using high quality performance indicators and data. The aim is to answer the questions, "should this programme continue to exist and how can it be fixed, or should it be closed-down?"
- For efficiency and economy analysis interrogate the inputs and activities/processes. Analysis of this part of the chain of delivery is critical to identify savings in input costs (i.e., personnel, good and services) as well as operational efficiency opportunities (i.e., programme design).

Chain of delivery

Impacts	Towards the realisation of schooling in 2025	
Outcomes	Improved quality of teacher education and development in order to improve the quality of teachers and teaching	
Outputs	Individual and systematic teacher development needs are identified and addressed	
Intermediate outputs	Overall policy for INSET	Costed implementation plan
Process/activities	Refining of INSET policy	Develop roll-out plan
Process/activities	Piloting	Determine phasing-in process
Process/activities	Stakeholder consultation	
Inputs	Curriculum and assessment specialists	Planners and project managers
Inputs	Multi-disciplinary team	
Responsibility	PR 3 teachers...	DBE and PEDs
	National Department of Basic Education	
Current programme elements	Develop/refine INSET policy	Develop INSET implementation strategy

Etc.