Evaluating and Reporting: Accounting for Performance

About this section

This section describes possible approaches to account for performance according to the key requirements of the Regulatory Framework.

In order to be accountable, management teams need to know how well they have managed their resources and services. For this reason District Management Teams need to evaluate and analyse expenditure in relation to services and the needs of the population, as described in the District Health Plan.

Whilst monitoring happens throughout the year, evaluation happens at the end of the financial year. The findings lay the foundation of future service and financial planning.

Figure 5: The importance of evaluation

The figure below outlines some reasons why evaluation is important.

- To see where our strengths and weaknesses are
- To make our work more effective
- To analyse gaps in performance
- To criticise our own work
- To help us see where we are going and whether we need to change direction
- To help us to make better plans for the future
- To be able to improve our monitoring methods
- To be able to share our experiences
- To see if our work is costing too much and achieving too little
- To compare with others
8.1 Accounting for performance

Accounting for performance means reporting on performance. There are many ways of achieving this. One way is a report comparing the operational plan with what happened in reality. The information about expenditure forms a crucial part of this reporting, and when linked to service data and population data it shows whether money is being spent on the right things or whether there is room for improvement in the way services are organised. Section 2 explained the measures of performance, which are efficiency, effectiveness, economy and equity. Indicators, as explained below, best assess these measures.

Efficiency is concerned with relating the outputs to the inputs used. It answers the question: Are services rendered with the best combination and amount of resources?

8.1.1 Assessing efficiency

In order to make health services efficient the following three goals must be achieved:

Goal 1: Prevent any waste of resources.
Goal 2: Produce each output at least cost, maintaining an acceptable standard.
Goal 3: Produce the types and amounts of outputs that people value most.

The relation between inputs and outputs determines efficiency. Examples of indicators of efficiency are:
- Average cost per visit
- Average number of clients seen per nurse
- Referral rate of patients to higher levels of care
- Average length of stay
- Bed occupancy rate.
8.1.2 Assessing ef f e c t i v e n e s s

Effectiveness refers to the extent to which targets are met.

Some important effectiveness indicators for districts could be:
- Tuberculosis cure rate
- Peri-natal mortality rate
- Rate of malnourished children below the age of 2 years.

Assessing service programmes falls outside the scope of this document.

8.1.3 Assessing equity

Equity is about fairness. It is when people with equal need, have equal access to resources and services.

There are two measures of equity that districts could assess. These are:
- Expenditure per capita (that is, the total expenditure divided by the number of people in the target population). This tells about access to resources (supply).
- Utilisation of services (average number of visits per person per year). The norm that has been set by the National Department of Health is 2.9 visits per person/year. This tells about both access to resources and how the services are used (both supply and demand). Note that utilisation can also be viewed as an indicator of efficiency.
8.2 Accounting for performance by using a District Health Expenditure Review

An approach has been developed to assist DMTs to get a clear picture of the effectiveness of resource allocation, of equity, efficiency and sustainability. It is called the District Health Expenditure Review (DHER). It is a situation analysis and is conducted annually. It requires the grouping of all expenditures for public health services in the district and an analysis of these per cost centre. Importantly, the DHER provides management teams with the performance indicators they require to include in their annual report and forms the basis for service and financial planning for following years.

(See Addendum 4 which shows the grid that represents the indicators per criteria and per cost centre as is suggested by the Guidelines to conduct District Health Expenditure Reviews.)
8.3 The Annual Report

An annual report performs both managerial and political functions. It is also a means of accountability and transparency.

The PFMA requires an annual report. The annual report of the district should reach the provincial / municipal office in time to compile a combined report to reach the Treasury within two months of completion of the financial year. The annual report summarises performance in relation to the District Health Plan and is made up of four parts:

Part 1 - General Information

This section is a summary of the district health plan. It therefore covers aspects such as the situation analysis, the strategic direction, priorities and strategies.

Part 2 - Human Resource Management

This section includes a brief outline of the organisational structure and key functions. It also includes a prescribed range of Human Resource information.

Part 3 - Programme Performance

This section outlines the following:
- Outputs and service delivery trends
- Transfer payments and compliance to proper financial management principles
- Indicators of efficiency, effectiveness, equity and economy.

Part 4 - Financial Information

This section includes financial statements and other financial information such as:
- Annual financial statements consisting of:
  - A balance sheet
  - An income statement
  - A cash flow statement
  - Applicable notes.
- Appropriateness of internal control measures and the quality of in-year management.
- Notes on:
  - Tariff policies
  - Free services rendered
  - Any material losses recovered or written off
  - Any material losses through criminal conduct, unauthorised, irregular, fruitless and wasteful expenditure
  - Use of foreign aid assistance.
Good performance in this phase

The following measures would indicate good performance in this phase:

✔ Financial performance is evaluated according to indicators of effectiveness, efficiency, equity, and economy.

✔ The expenditure review is done at the closing of the financial year. Findings are reported to the community and the provincial office by means of an annual report. The findings are used in service and financial planning.

✔ The annual report is available within two months of closing the financial year.
## Key indicators for the District Health Expenditure Review

### Criteria

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### Key:

- **Per capita** - per person
- **Catchment population** - the total number of people making use of or potentially may use a facility.
- **Standard line item** - a category in a budget that represents an expense such as personnel, administration, stores (supplies), etc.
- **Inputs** - funds or resources that are made available for certain services
- **Utilisation** - a measure of how often a service is used
- **Revenue** - money received and earned from sales of medicines, contraceptives, services and fees
- **PDE** - Patient Day Equivalent where 1 in-patient day = 3 outpatient visits.