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REPUBLIC OF SOUTH AFRICA

DEPARTMENT: PERFORMANCE MONITORING AND EVALUATION



State of management practices in the Public Service

Results of management performance assessments

for the 2012/13 financial year

22 July 2013

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Minister's Foreword

In 2009, the Government established the Department of Performance Monitoring and Evaluation (DPME) to strengthen the use of monitoring and evaluation to improve performance. DPME has since introduced various tools and systems to monitor and evaluate progress towards achieving the priority outcomes, including the outcomes system of delivery agreements, the Front Line Service Delivery Monitoring Programme, the National Evaluation System, the Management Performance Assessment Tool (MPAT) for monitoring the state of management practices in national and provincial departments, and the Municipal Assessment Tool (MAT) for monitoring management practices and service delivery at municipal level. This report provides a detailed picture of the state of management practices of all 156 national and provincial departments for the 2012/13 financial year.

The MPAT assessment is designed to build internal monitoring and self-evaluation capacity. The assessment process involves the Head of Department and senior management of departments undertaking a self-assessment against 31 standards, and then providing evidence to justify their assessment. The self-assessments are subjected to an external peer moderation process where senior public servants with experience in the key performance areas covered by the standards evaluate the self-assessment against the evidence provided.

This report is the culmination of close collaboration between DPME, the Department of Public Service and Administration (DPSA), National Treasury, and all Offices of the Premier (OtP). This collaboration highlights government's commitment to the establishment of an effective administrative centre of government.

The results of the 2012/13 assessments show that, whilst some departments made some strides, there has not yet been sufficient improvement in the level of compliance with regulatory frameworks and policies, a picture that correlates with the findings of the Auditor-General. The results point to weaknesses in human resource management in particular. There are also weaknesses in financial management and governance and accountability. However, it is also encouraging to note that there are at least some departments that are operating smartly (at level 4) in each of the 31 management standards. This indicates that it is possible for all departments to get to that level.

The results of these assessments indicate that more needs to be done by departments to improve the quality of their management practices. It is the responsibility of Accounting Officers to implement improvements in this regard. In addition, Ministers and MEC's must ensure that these improvements are implemented and that Accounting Officers are held to account in this regard.

One of the reasons for producing this report is to provide Parliament and Provincial Legislatures with information which they can use to monitor improvements in management practices in departments. The results also provide an opportunity for administrative policy departments (such as National Treasury and DPSA) to evaluate the effectiveness and appropriateness of policies in areas of low compliance or to initiate support measures to improve understanding and compliance in these areas.

I would like to express my appreciation for the collaboration of the DPSA, National Treasury, the OtPs, the Public Service Commission, and the Office of the Auditor General on this initiative. I further would like to extend my appreciation to the moderators for their commitment and professionalism, and last but not least to the departments that participated in the assessment process in a manner which was honest and frank about the challenges.

Minister O.C. Chabane

July 2013

Acknowledgements

The successful implementation of the Management Performance Assessment Tool (MPAT) has involved a collaborative effort between a number of institutions and individuals. The contributions of the Offices of the Premier in supporting implementation, the Department of Public Service and Administration and National Treasury have been key to the successful implementation of MPAT n 2012/13. Their efforts to improve the robustness of the tool and the MPAT assessment process have been invaluable.

The active participation of national and provincial departments and the role of their MPAT coordinators are acknowledged. The Department of Performance Monitoring and Evaluation is indebted to the moderators that came from national and provincial departments. They dedicated a great deal of their time to the MPAT process. The professional integrity they displayed in moderating the MPAT self-assessments is testimony to the fact that there are many good public servants motivated to serve the public.

Support from the Canadian Treasury Board Secretariat (TBS) and Canadian International Development Agency (CIDA) was instrumental in the development of MPAT. The support of the German Development Agency “Deutsche Gesellschaft für Internationale Zusammenarbeit” (GIZ), as well as the Independent Monitoring Performance Expertise Centre (IMPEC) is also acknowledged.

In addition we would like to acknowledge the contribution of the Technical Assistance Unit of the National Treasury, the University of the Witwatersrand School of Public and Development Management and the Public Affairs Research Institute (PARI) for their contributions to this report.

Acronyms and Abbreviations

AGSA	Auditor General of South Africa
DPME	Department of Performance Monitoring and Evaluation
DPSA	Department of Public Service and Administration
EA	Executive Authority
EC	Eastern Cape
FS	Free State
GP	Gauteng
HOD	Head of Department
HR	Human Resources
LP	Limpopo Province
M&E	Monitoring and evaluation
MP	Mpumalanga
MPAT	Management Performance Assessment Tool
MPSA	Minister of Public Service and Administration
MTSF	Medium Term Strategic Framework
NC	Northern Cape
NT	National Treasury
NW	North West Province
OAG	Office of the Accountant General
OPSC	Office of the Public Service Commission
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PSA	Public Service Act
SMS	Senior Management Service
WC	Western Cape

Executive Summary

The effective and efficient translation of inputs into outputs through good management practices is important for improving service delivery. 'Management performance assessment' involves assessing the quality of these management practices. It contributes to improving government performance and service delivery by developing a culture of continuous improvement through moderated self-assessments and sharing of good practice.

The "Management Performance Assessment Framework" is based on reviews of similar management performance assessment methodologies from other countries. Lessons from international experience indicated that such methodologies can make a significant contribution to improving the performance of government, particularly if the leadership of the departments being assessed take ownership of the assessment process and the findings, if the results are made public thus encouraging competition between departments, if the management of departments implement and monitor improvement plans, and if policy departments implement support programmes.

The MPAT does not include assessment of the results of policies and programmes, which is done through other mechanisms, including through the monitoring and evaluation of the implementation of the delivery agreements for the priority outcomes. Furthermore, it does not include assessment of the performance of individual officials, which is done in terms of the individual performance management and development system managed by the DPSA. However, each component of performance assessment (individual, management, and programme or policy results) is an important element of an overall performance monitoring system.

The MPAT is a tool that benchmarks good management practice. It assesses the quality of management practices across a comprehensive range of management areas, from supply chain management to strategic planning. In each management area, performance is assessed against management standards established with the relevant transversal departments (e.g. NT for financial management and supply chain management and DPSA for human resource management and development).

The MPAT process has three distinct phases, namely, self-assessment and internal audit validation; external moderation and feedback; and performance improvement and monitoring. The self-assessment is a key part of the MPAT process as it provides a department with an opportunity to reflect on its management practices and identify areas where it is doing well and areas where it needs to improve. The self-assessment must involve senior management of the department who during a single sitting can focus their attention on the state and quality of management practices in their department.

The results locate departments in terms of four progressive levels of management performance against standards in each of 17 management areas. A department which scores at level 1 or 2 for a particular management area is non-compliant with the minimum legal prescripts in that management area, and is performing poorly in terms of its management practices in that management area. A department which scores at level 3 is fully compliant with the legal prescripts in that management area. A level 4 department on the other hand is fully compliant and operating

smartly in terms of its management practices in that management area. In such cases, good practice case studies have been produced and are being disseminated through learning networks.

In June 2011 Cabinet gave a mandate to the Department of Performance Monitoring and Evaluation (DPME) to implement management performance assessments for all national and provincial departments on an annual basis.

In line with Cabinet resolution, the first MPAT assessment was conducted in 2011/12 with 103 out of 156 national and provincial departments completing the self-assessment. The report submitted to Cabinet in May 2012 showed that, in general, many departments had low levels of compliance with legislative requirements and that many of them were not working smartly.

The MPAT process has heightened the level of awareness about management practices. Many departments have implemented improvement plans to address identified areas of weakness and to ensure that their management practices become both compliant and smart. DPME, National Treasury and the DPSA should evaluate policies in areas of low compliance and/or provide additional support to departments to improve levels of compliance.

For the 2012/13 assessment cycle, all 156 national and provincial departments completed and submitted self-assessment ratings. The assessment process also requires that departments upload evidence on the MPAT web-based system to substantiate their self-assessment ratings. This evidence was moderated by a panel of external peer moderators. The moderated scores were sent to all departments and further opportunities were made available to all departments to contest the moderated scores and provide additional evidence.

The results of the 2012/13 assessment indicate that, whilst some departments made some strides, there has not yet been any significant improvement in the average level of compliance with regulatory frameworks and policies, a picture that correlates well with the findings of the Auditor-General.

When the results were statistically analysed together with other external data such as audit results, it was found that human resource management and development has a very strong influence on the general administrative performance of a department. However, the 2012/13 results indicate that, in general, departments scored worse in human resource management and development than in other areas of management. The weak results of departments in this area suggest that a renewed effort is required to strengthen human resource management and development in the public service. This finding supports the main thesis in the chapter on building a capable and developmental state in the National Development Plan, which is that the key challenge is one of lack of capacity in the public service.

The statistical analysis also found that continuity and stability in the Senior Management Service also has a strong influence on the quality of management practices. This is not surprising, as frequent changes in administrative leadership are disruptive to the fostering of good management practices.

Given the detailed processes of internal and external checks on evidence provided by departments, it can be argued that the results are credible and provide a fairly accurate picture of the state of management practices across national and provincial departments.

The results indicate that in certain areas of management, weaknesses are evident across the public service. In 9 out of 29 management areas assessed, the majority of departments are not yet compliant, let alone working smartly.

With regard to the standards related to Governance and Accountability:

- a) 80% of departments are non-compliant in service delivery improvement requirements (service charters, service standards and submission of service delivery improvement plans to the DPSA). This situation is an anomaly, given that improving service delivery is a priority of government.
- b) 76% of departments are non-compliant with ensuring that they had policies and systems in place for promoting professional ethics, which includes submission of financial disclosures to the PSC. In addition, 64% of departments are non-compliant with the legal/regulatory requirements for fraud prevention. This is of concern given Government's commitment to combating corruption.

With regard to the standards related to Human Resources Management:

- a) 74% of departments were assessed as non-compliant with the DPSA directive that their approved organisational structure reflects funded posts only.
- b) 88% of departments were assessed as non-compliant with human resource planning requirements, which include submission of human resource plans and progress reports to the DPSA. Sound human resource planning is critical for service delivery and for budgeting.

With regard to Financial Management:

- a) 52% of departments were assessed as non-compliant with the requirements for demand management. Sound demand management is a prerequisite for good financial management and supply chain management as it requires departments to develop procurement plans informed by needs assessments and accurate specifications of the goods and services to be procured.
- b) 60% of departments were assessed as non-compliant with the requirement to have processes in place for detecting and preventing unauthorised expenditure, addressing audit findings and communicating findings to responsible officials.

The consolidated average MPAT results can easily obscure the good management practices that occur in a number of departments. DPME therefore commissioned the drafting of case studies to highlight these good practices and make them available to departments to adopt, if they wished to do so. The case studies are intended to encourage sharing of knowledge, and enable continuous improvement.

We have found that the MPAT assessment process has stimulated changes in the way management practices are implemented in most departments. Although some departments initially viewed MPAT as a compliance checklist, the departments interviewed in the case studies related how MPAT has assisted them to identify gaps between what they were doing and what they should be doing. During

the self-assessment process, some Heads of Department became aware of these gaps and instructed senior management to take immediate action (and not wait to develop an improvement plan later).

1. Introduction

1.1 Background

The Management Performance Assessment Tool (MPAT) is one of several initiatives to improve the performance and service delivery of national and provincial departments. MPAT is a structured, evidence-based approach to the assessment of management practices.

In October 2010, Cabinet mandated the Department of Performance Monitoring and Evaluation (DPME) to lead the development and piloting of a management practice assessment tool, working collaboratively with the Department of Public Administration (DPSA), National Treasury and the Offices of Premier. Independent bodies, namely, the Auditor-General of South Africa (AGSA) and the Office of the Public Service Commission also contributed to the development of MPAT.

DPME officially launched MPAT in October 2011 and reported the MPAT 2011/12 self-assessment results to Cabinet in June 2012. A total of 30 national departments and 73 departments from eight provinces participated in the first round of MPAT assessments in 2011/12. DPME published the results of national departments on its website and held feedback sessions with departments and provinces. In June 2012, Cabinet approved, inter alia, the implementation of MPAT for the 2012/13 financial year, in all national and provincial government departments. Subsequently, for the 2012/13 financial year, all (156) national and provincial departments participated in the MPAT assessment process.

1.2 Purpose and structure of the report

This report presents the MPAT results for the 2012/13 financial year. The purpose of the report is to inform Cabinet, Provincial Executive Authorities, policy departments and oversight bodies about the state of management practices in the South African public service, the improvements being made and the common challenges experienced by departments. Most importantly, the report is intended for the Executive Authorities, Accounting Officers and senior management in departments to note challenges, initiate corrective actions and inculcate a culture of continuous improvement. The remainder of the report is organised into the following sections:

Section 2: provides an overview of the MPAT framework, the modifications made for the 2012/13 assessment cycle, and outlines briefly how MPAT was implemented in the 2012/13 cycle.

Section 3: discusses the consolidated MPAT results (that is national and provincial departments combined) and comparisons across provinces and national departments. It analyses the results for each Key Performance Area measured by MPAT and the common challenges experienced by departments.

Section 4: looks beyond the MPAT results and discusses how departments have experienced the implementation of MPAT. It identifies good management practices that have been elaborated through a number of case studies.

Section 5: outlines the key conclusions and recommendations.

2. Overview of MPAT

2.1 Concept of MPAT

MPAT is a tool to benchmark good generic management practices. It assesses the quality of management practices across a range of management areas. The theory underpinning MPAT is that the quality of management practices – how we plan, how we manage staff, finances and infrastructure, how we govern ourselves and how we account for our performance – has a significant influence on the quality of outputs produced, the outcomes achieved, and ultimately, the impact our services have on society.

The introduction of MPAT was motivated by Government's commitment to improved service delivery and improved government performance and achievement of the 12 priority outcomes that Government has set for itself for the current term of office. A key requirement for government to deliver on its mandate is to ensure an efficient, effective and accountable public service. Weak administration is a recurring theme across the priorities of government and is leading to poor service delivery. Some examples of this include: textbook delivery problems in some provinces; shortages of anti-retrovirals (ARVs) in some provinces; and undermining of the small business development policy through non-payment of suppliers within 30 days.

Transversal administrative departments, such as National Treasury and the DPSA, as well as the Auditor-General of South Africa (AGSA) monitor compliance within their legislative frameworks, whereas MPAT focuses on more comprehensive monitoring of management practices. The annual MPAT assessments reflect the state of management practices at the time of the assessments and serve as a precursor to the findings of the AGSA.

MPAT provides a broader picture of the quality of management practices than AGSA's audits, which focus primarily on compliance with the regulatory frameworks. Compliance is necessary, but in itself is not sufficient to lift the quality of management. MPAT therefore seeks to encourage departments to be efficient and effective in their application of these management practices. This means assessing whether departments are working smartly and continuously seeking improvement. MPAT also aims to share good practice.

The National Development Plan (NDP) identifies the need to build a professional public service and a capable and developmental state. Without a professional and capable public service that delivers high quality public services, many of the objectives of the National Development Plan will not be achieved. The management practices that MPAT seeks to reinforce are the basics of good public administration and professionalism.

It must however be borne in mind that MPAT only focuses on management processes related to converting inputs into outputs and does not focus on assessing whether the right outputs are being produced to achieve desired outcomes and impacts. A risk therefore exists that departments may be producing the wrong outputs very efficiently and effectively. It is therefore also important to assess outcomes and impacts when assessing the overall performance of a department (DPME is monitoring this through the outcomes system.) How a department performs in achieving its own

targets for outcome and impact indicators in its strategic plan and annual performance plan should also be considered.

2.2 MPAT standards for 2012/2013 cycle

The overall framework for MPAT 2012/13 has not changed from the previous year. MPAT covers the following four Key Performance Areas:

- Key Performance Area 1: Strategic Management
- Key Performance Area 2: Governance and Accountability
- Key Performance Area 3: Human Resource Management
- Key Performance Area 4: Financial Management

Within these four KPAs there are 31 standards which are based on existing policies and regulations. Following an extensive review of the MPAT framework in 2012, some modifications were made to the standards to improve their clarity. New standards were added for expenditure management, health and wellness and the promotion of access to information.

MPAT identifies four progressive levels of management performance. Each management practice is assessed and scored against these four levels of performance. The table below illustrates the four levels.

Level	Description
Level 1	Department is non-compliant with legal/regulatory requirements
Level 2	Department is partially compliant with legal/regulatory requirements
Level 3	Department is fully compliant with legal/regulatory requirements
Level 4	Department is fully compliant with legal/regulatory requirements and is doing things smartly

A department that scores at Level 1 or Level 2 for a standard is non-compliant with the minimum legal prescripts and is performing poorly in terms of its management practices in that management area.

On the other hand a department that scores at Level 3 is compliant with the legal prescripts in that management area, whilst a Level 4 department is compliant and operating smartly in terms of its management practices in that management area. In such cases, good practice case studies are developed and disseminated through learning networks.

In many standards, departments need to meet multiple requirements within each level to be scored at that level. If one requirement in a level is not met, the department's score will default to the

lower level. In the example below (see overleaf), to be scored at Level 3, a department must meet the requirements to:

- i) provide all new employees with a Code of Conduct;
- ii) provide training on understanding and applying the Code of Conduct; and
- iii) all SMS members must complete financial disclosures that are signed by the EA and submitted to the PSC on time, as well as disciplinary action taken for non-compliance.

If one of these requirements is not met, the department is scored at Level 2. The improvement plan of the department would accordingly need to focus on achieving the Level 3 requirement it did not meet, so it can improve to Level 3 in the next assessment round.

Complying with the legal prescripts (Level 3) is essentially a minimum requirement for departments although all departments must work towards operating at Level 4 – being fully compliant and working smartly. It is only when a critical mass of departments operate at Level 4 that we will achieve the goal of “an efficient and effective public service” (outcome 12) or a “capable and developmental state”, as envisioned in the National Development Plan. For example, getting departments to procure smartly would result in better service delivery by suppliers and contractors, and savings from reducing corruption and increasing value for money.

The 2012/13 MPAT assessment results show that in each of the standards, at least some departments manage to operate at Level 4. Departments not yet at Level 4 in a standard are encouraged to interact with colleagues from departments that achieved Level 4 for information on how they can improve their management practice.

Each MPAT standard is defined according to these four levels. The framework also identifies the documents that departments are required to submit as evidence as well as the criteria to be used during an external moderation process that follows self-assessment.

2.4 Performance Area: Ethics

2.4.1 Standard name: Assessment of policies and systems to ensure professional ethics

Standard definition: Departments have systems and policies in place to promote ethical behaviour and discourage unethical behaviour and corruption.

Standards	Evidence Documents	Moderation Criteria	Level
<p>Department has no mechanism or standard of providing/ communicating the Code of Conduct to employees</p> <p>Less than 25% of SMS members completed financial disclosures, these were signed by EA and submitted to PSC by due date</p>			Level 1
<p>Department has a mechanism or standard of providing/ communicating the Code of Conduct to employees</p> <p>At least 75% of SMS members completed financial disclosures, these were signed by EA and submitted to PSC on time (31 May of every year)</p>	<ul style="list-style-type: none"> Mechanism or standard of providing Code of Conduct to employees-such as training and induction programme Report that financial disclosures have been submitted to PSC 	<ul style="list-style-type: none"> Moderators to verify existence of mechanism or standard PSC secondary data to verify submission of SMS financial disclosure 	Level 2
<p>Department provides all new employees with a Code of Conduct</p> <p>Department provides training on understanding and applying the Code of Conduct.</p> <p>All SMS members completed financial disclosures, these were signed by EA and submitted to PSC on time, and disciplinary action taken for non-compliance</p>	<ul style="list-style-type: none"> Report confirming that new employees received Code of Conduct Attendance register of training conducted List showing number and percentage of SMS financial disclosures submitted to PSC, and date of submission Report on disciplinary action for non-compliance 	<ul style="list-style-type: none"> Moderators to verify distribution of Code of Conduct, and training PSC secondary data to verify submission of SMS financial disclosures Verify that disciplinary action has been taken for non-compliance 	Level 3
<p>Level 3 plus:</p> <p>Department analyses financial disclosures, identifies potential conflicts of interests and takes action to address these</p>	<p>Level 3 plus:</p> <ul style="list-style-type: none"> Document showing that analysis has been done and kind of action taken 	<p>Level 3 plus:</p> <ul style="list-style-type: none"> Moderators to verify that actions to address specific risks emanating from the assessment of the disclosures are appropriate 	Level 4

2.3 Implementation of MPAT 2012/2013

2.3.1 MPAT implementation process

The implementation of MPAT follows three phases as illustrated in Figure 1:

- Self-assessment and internal validation
- External moderation and feedback
- Improve and monitor

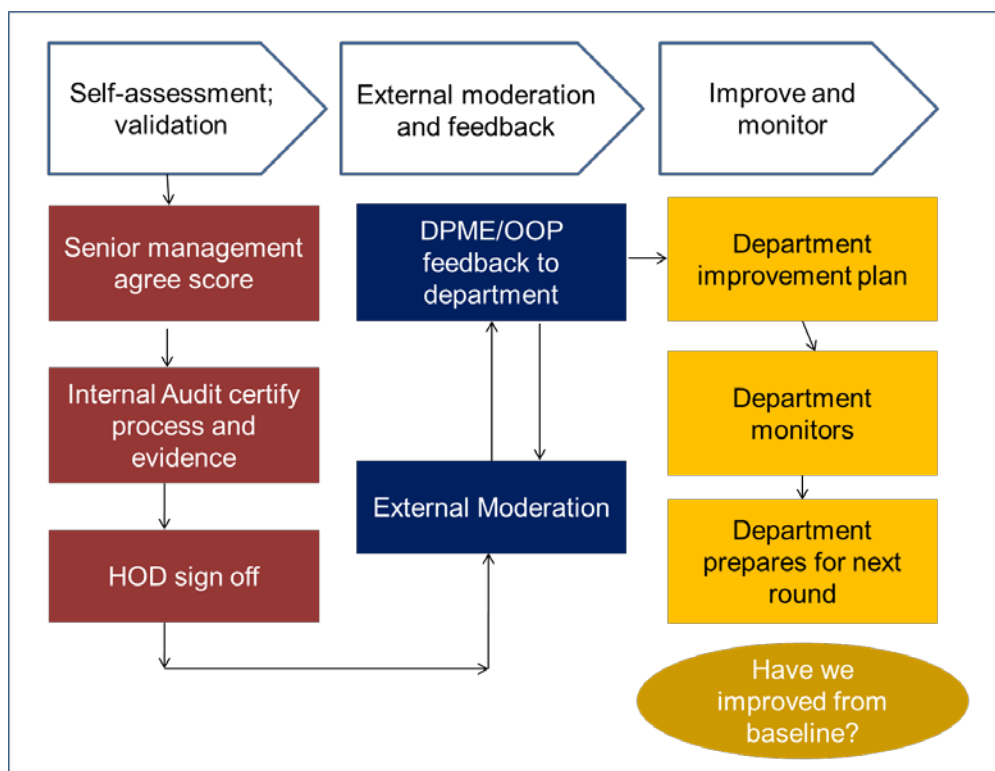


Figure 1: MPAT Implementation Process

Self-assessments

Departments conducted their self-assessments using a web-enabled system between September and November 2012 with the assistance of DPME and the Offices of the Premier.

Moderation and feedback

The external moderation was conducted from 26 – 30 November 2012. The moderators were drawn from the DPSA, National Treasury, Offices of the Premiers and officials from national and provincial departments that have expertise in the management practices assessed by MPAT. Most of the moderators had served in the previous MPAT cycle and so were familiar with MPAT and the moderation process. Moderators were given the evidence prior to the moderation week in order to

prepare adequately for moderation. The moderation process was greatly enhanced by lessons learnt from the piloting of the moderation process in 2011/12.

All departments received feedback on their moderated scores in January 2013 and had the opportunity to engage with DPME on their moderated scores and provide additional evidence if necessary. The final scores were communicated to departments in April 2013 and the feedback phase concluded in May 2013.

Given the thorough moderation and feedback process, the final scores reflected in this report can be considered to be generally credible and to provide a fairly accurate reflection of the state of management practices in government departments.

2.3.2 Participation in MPAT

All 156 national and provincial departments participated in MPAT 2012/13, representing a substantial increase over the number of participating departments in the 2011/12 MPAT cycle (Table 1). This increased level of participation can be attributed to the Cabinet decision making MPAT mandatory for all departments, and to the time invested by DPME and the Offices of the Premier to raise awareness of and support for MPAT and to train departmental MPAT coordinators.

Table 1: Departments submitting self-assessments 2011/12 and 2012/13

	Number of departments submitted self-assessments in 2011/2012 cycle	Number of departments submitted self-assessments in 2012/2013 cycle
National Departments	30	42
Eastern Cape	5	13
Free State	11	13
Gauteng	6	13
KwaZulu-Natal	0*	14
Limpopo	12**	12
Mpumalanga	11	12
Northern Cape	12	12
North West	3	12
Western Cape	13	13
TOTAL	103	156

Notes:

* KZN self-assessment was received after due date and not included in the 2011/12 results report

** LP completed self-assessments but the results were not included in the 2011/12 results report

The self-assessment process has internal checks built into the process, namely:

- a discussion at senior management level of the self-assessments undertaken by KPA managers;
- validation by internal audit; and
- final sign-off by the Head of Department.

Departments were encouraged to follow this process so that their self-assessments would be rigorous and credible. As can be seen from Table 2, 110 departments (71 per cent) followed the process through to sign-off by the Head of Department by the due date. Ten departments followed the process through to the internal audit stage and 19 of the departments followed the process through to the senior management discussion stage.

Twenty-seven departments only completed the self-assessment process up to the KPA manager stage. This means that in these departments, there was no senior management discussion of the scores that KPA managers assigned to their respective KPAs, nor was there any internal audit verification and sign-off by the Head of Department. However, through the feedback and challenge period many of the latter departments managed to get their Head of Department to sign off. For the 2013/14 assessments DPME will ensure a strict approach to ensure departments meet agreed deadlines.

Table 2: Number of departments completing main stages of self-assessment (Data from MPAT system as at 31 March 2013)

Stage in self-assessment process	Number	Percentage
HOD sign-off	110	71%
Internal Audit verified	10	6%
Senior Management discussed	9	6%
KPA Managers' self-assessment	27	17%
Total	156	100%

3. Consolidated MPAT results 2012/13

This section of the report discusses comparisons between the 2011/12 and 2012/13 assessments as well as the consolidated MPAT results for the 156 departments that participated in the MPAT assessment process for the 2012/13 financial year. The MPAT results for individual national departments are discussed in detail and a scorecard for each national department is available.

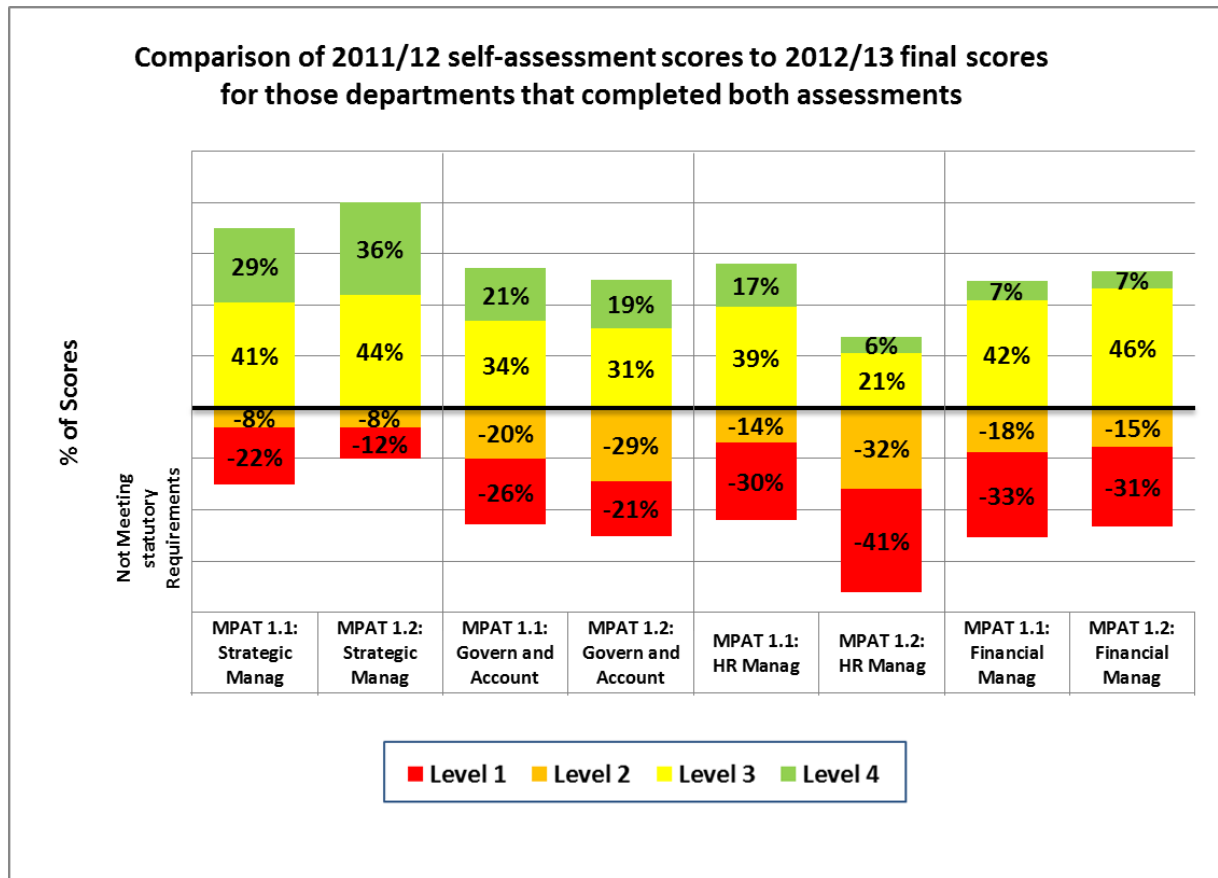
3.1 MPAT results for Key Performance Areas

3.1.1 Comparison of results for 2011/12 and 2012/13

As MPAT is intended to be a tool for monitoring progress, a comparison of the MPAT 2012/13 results with the results of the previous year was made. However, it should be noted that MPAT 2011/12 only reported on the results of self-assessments (the moderation process was only piloted in 2011/12 and moderated results were not produced). Furthermore, some changes were made to the MPAT standards for the 2012/13 cycle. The degree to which the two sets of results can be compared is therefore limited. (The 2012/13 assessment results provide a baseline for moderated assessments and year-on-year comparisons will be made in future.)

Nevertheless, the comparison between MPAT 2012/13 final results and MPAT 2011/12 self-assessment results is shown in Chart 1. Only the scores of those departments that participated in 2011/12 were used in the analysis. Due to the reasons given above, this comparison should be approached with caution.

Chart 1: Comparison of MPAT 2011/12 and 2012/13 scores

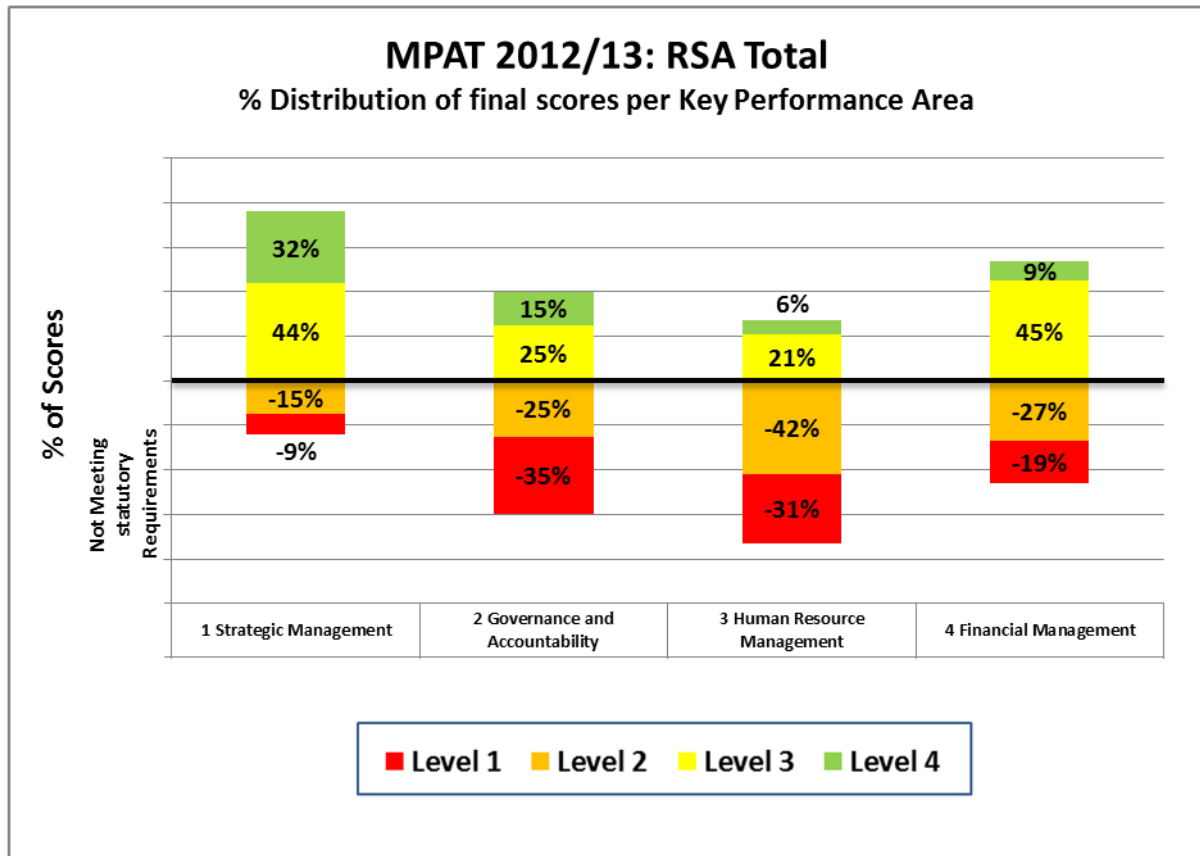


In comparing the MPAT results 2012/13 to the previous assessment, both Strategic Management and Financial Management improved. These improvements could be the result of increased awareness of compliance requirements following the 2011/12 MPAT assessments. DPME also presented the results of the 2011/12 assessment to Cabinet and various Provincial Executive Councils. This was instrumental in ensuring that the Executive in many instances gave more focus and attention to monitoring improvements in basic management and administration. In a number of provinces the Offices of the Premier coordinated the development and monitoring of improvement plans. At national level the Forum for South African Directors General actively monitored compliance to certain management and administrative issues. At an oversight level DPME also presented results to some Portfolio Committees in Parliament which required departments to present improvement plans to them. It is important that this monitoring of basic administration and management should be extended to ensure more visible improvements in management practices going forward.

3.1.2 Results for 2012/13

Chart 2 shows the MPAT scores for all national and provincial departments for 2012/13, according to the four Key Performance Areas. The results for each performance standard within these Key Performance Areas are discussed in subsequent sections of this report.

Chart 2: MPAT 2012/13 results per KPA (RSA total)



Strategic Management is the Key Performance Area in which departments performed best, followed by KPA 4: Financial Management and KPA 2: Governance and Accountability. Departments were weakest in the Key Performance Area of Human Resource Management.

- Departments performed best in the Key Performance Area of Strategic Management. Here 76 per cent of departments’ scores were at Level 3 and Level 4, meeting the legal/regulatory requirements for Strategic Management. This suggests that departments are beginning to institutionalise their strategic management practices which include strategic planning; annual performance plans; and monitoring and evaluation. An encouraging 32 per cent of departments’ scores were at Level 4. These departments are using strategic management practices to manage their departments more effectively and so improve the performance of their departments.
- Key Performance Area 2: Governance and Accountability comprises standards that underpin good governance in the public service. These include practices pertaining to service delivery improvement; management structures; functioning of audit committees; professional ethics;

fraud prevention; internal audit; risk management; and financial and non-financial delegations.¹ 40 per cent of departments' scores were at Level 3 and Level 4. Sixty per cent of departments' scores were below Level 3, indicating that they were non-compliant with legal and regulatory requirements for Governance and Accountability. Problematic areas include service delivery improvement and promoting professional ethics. These are discussed in further detail later in Section (3.2.2) of the report.

- The MPAT results for Key Performance Area 3: Human Resource Management were very weak with only twenty-five per cent of departments' scores at Level 3 and Level 4. These results indicate that very few departments are operating within the human resources legal/regulatory requirements and policies that are intended to foster good human resource management in the public service. Given the centrality of human resource management in building a capable state to deliver on the National Development Plan, human resource management practices must be improved.
- Key Performance Area 4: Financial Management focuses on supply chain management and expenditure management practices. Fifty-four per cent of departments' scores were at Level 3 and Level 4. Although the results for Financial Management are better than those for KPA 2 and KPA 3, there is cause for concern as nearly half of departments did not meet the legal/regulatory requirements for two important areas of financial management, namely, supply chain management and expenditure management. These standards are prescribed in the Public Finance Management Act (PFMA) and Treasury Regulations, and as many as 46 per cent of departments were therefore not complying with the PFMA and Treasury Regulations with regard to these standards.

¹ MPAT 2012/13 introduced a new standard for the Promotion of Administrative Justice Act (PAJA) for self-assessment only, so PAJA is not included in the final results. The results for the standard of Corporate Governance of ICT have been excluded from the analysis as departments did not have sufficient opportunity to implement the new ICT Governance framework approved by Cabinet.

3.2 MPAT results by management standard

This section of the report analyses the performance of departments against each of the MPAT standards. This allows for a disaggregated picture of management performance so that administrative policy departments can identify areas where policy implementation support or policy adjustments may be required.

3.2.1 KPA 1: Strategic Management

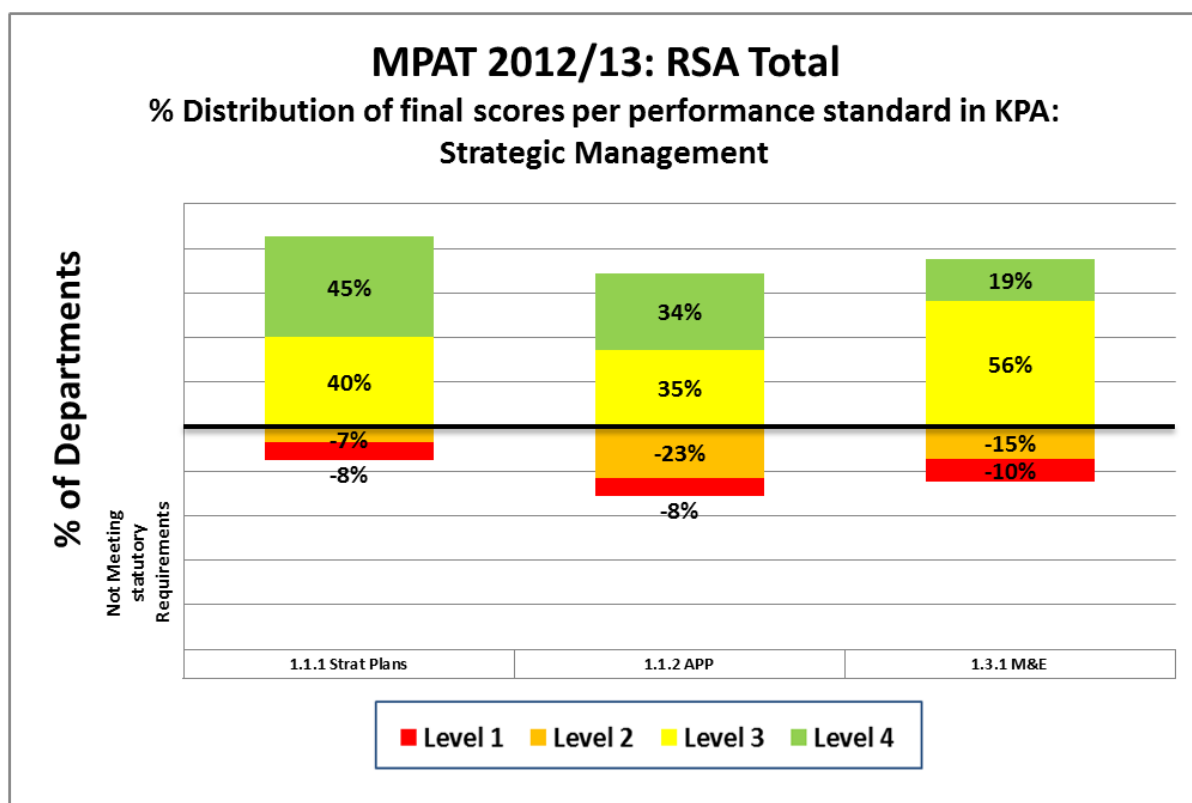
Strategic management is the comprehensive collection of on-going activities and processes to systematically coordinate and align resources and actions with mission, vision and strategy throughout the organisation. It goes beyond the development of a strategic plan. Strategic management includes the deployment and implementation of the strategic plan throughout the organisation, the measurement and evaluation of results, and the implementation of improvements based on monitoring and evaluation. Effective strategic management involves using information on the organisation's performance to revise the strategy and inform annual performance plans.

This Key Performance Area comprises the following standards that were crafted to determine the extent to which managers use strategic management activities as tools for effective management in their departments:

- Strategic Plans
- Annual Performance Plans
- Integration of monitoring and evaluation into performance and strategic management

Chart 3 below shows the combined results of national and provincial departments for Strategic Management, by MPAT standards.

Chart 3: MPAT 2012/13 Results KPA 1: Strategic Management (RSA total)



Departments' results in KPA 1 were the strongest for strategic plans, with the vast majority meeting or exceeding the legal/regulatory requirements for strategic planning. Departments did not perform as strongly on Annual Performance Planning, with over one-third operating below Level 3. Despite some departments not having a monitoring and evaluation policy or framework in place and/or standardised data collection and management mechanisms, the meeting of the monitoring aspect of the M&E standard is widespread. However, only 19% of departments indicate that they periodically undertake evaluations of major programmes.

Strategic Plans (Standard 1.1.1)

The objective of this standard is to determine whether a department uses strategic planning to inform the definition of its core business, objectives and indicators and strategic plans as tools to guide strategic long-term (5-year) deployment of resources. MPAT assessed the extent to which strategic planning is based on sound information and analysis, alignment with national and/or provincial strategic priorities and Outcome Delivery Agreements, and whether departments review their performance against their plans.

The MPAT results indicate the widespread institutionalisation of strategic planning as a management practice in the public service. A total of 85 per cent of departments met or exceeded the Level 3 standards set for strategic planning. Of these, 45 per cent of departments operated at Level 4 and showed evidence of actively reviewing their strategic plans and making adjustments to respond to significant shifts in the environment. The vast majority of departments set priorities and endeavour to focus their resources on these priorities and work towards agreed results.

There is however still room to improve the quality of strategic plans, as the MPAT moderation process found that some departments need to pay more attention to defining measurable strategic objectives. The Auditor-General raised similar concerns in the audit of national and provincial departments for the 2011/2012 financial year, noting the deterioration in the quality of strategic objectives over preceding years. The Auditor General's most common material finding for departments was that departments did not set performance targets that were specific or that could be measured meaningfully.

The challenges in crafting realistic and measurable strategic objectives may be a reflection of how departments conduct their situational analysis that is intended to capture the key external issues and trends impacting on institutional performance (external environment) as well as the organisational (internal) environment. A well-informed, evidence-based situational analysis is a prerequisite for developing realistic and measurable strategic objectives as well as the strategic application of resources.

The strategic plan is one of the most critical planning documents as it serves as the foundation for other planning and budgeting processes, for example, the Medium Term Expenditure Framework (MTEF), the annual performance plan and the annual departmental budget. It also informs the human resources plans and demand management plans of departments. Departments whose strategic plans did not meet the Level 3 standard are less likely to operate effectively and deliver relevant services efficiently. With these departments, there is the risk of wasted human and financial resources resulting in poor value for money.

Annual Performance Plans (Standard 1.1.2)

The objective of this standard is to determine the extent to which departments adequately capture how they plan to realise their goals and objectives in a given financial year and over the MTEF as set out in their strategic plans. In elaborating upon this, the annual performance plan should set out performance indicators and quarterly targets for budget programmes (and sub-programmes where relevant).

MPAT assessed the alignment between the Annual Performance Plan and Strategic Plan, and the quality of plans in terms of Treasury Guidelines. The standard also requires departments to submit quarterly reports to the relevant Treasury on time.

Sixty-nine per cent of departments met the legal/regulatory requirements for Annual Performance Plans (Level 3 and Level 4), and 34 per cent of departments did better than meeting the legal and regulatory requirements for Annual Performance Plans (Level 4). These departments successfully translated their strategic objectives into annual and quarterly targets linked to indicators, as well as timeously submitted their quarterly reports to the relevant Treasury. The departments that operate on Level 4 demonstrated that they analysed their quarterly performance and used their quarterly reports to improve their performance. There is, however, still room for improvement in the quality of indicators and target setting.

Thirty-one per cent of departments did not meet the legal/regulatory requirements for Annual Performance Plans. The absence of linkages between the departmental strategic plan and the annual performance plan was a common challenge detected when assessing the quality of annual

performance plans. There were instances where annual performance plans were developed with limited or inconsistent reference to strategic objectives or medium term targets set out in the strategic plans.

Monitoring and Evaluation (Standard 1.3.1)

The objective of this standard is to determine departments' ability to conduct monitoring and evaluation thereby producing useful and reliable information to inform decision-making and management.

A total of 75 per cent of departments met the Level 3 or 4 requirements for monitoring and evaluation, which means that they have Monitoring & Evaluation policies or frameworks in place and implement processes and procedures for collecting, managing and storing data that support performance monitoring. Departments placed the responsibility to produce good quality performance information with line managers, rather than abdicate this responsibility to a central strategic planning unit. However, the quality of data remains a challenge for many departments. This is consistent with the concerns raised by the Auditor-General on the usefulness and reliability of performance information produced by departments. The implication of poor data quality is poor strategic and operational decision-making.

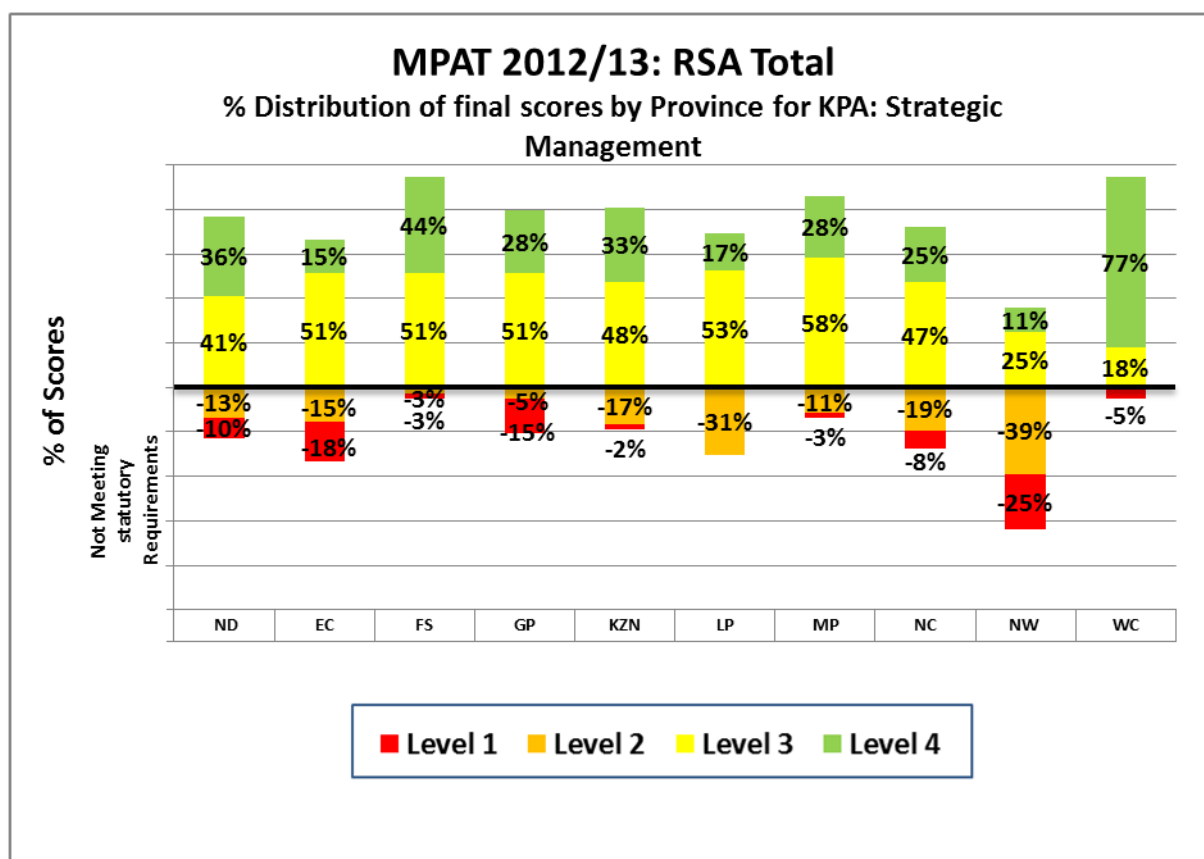
It appears that many departments have a challenge distinguishing between "evaluation" and "monitoring" and consequently submitted quarterly monitoring reports as evidence for conducting evaluations. Only 19 per cent of departments performed at Level 4 on the monitoring and evaluation standard. These departments showed evidence of planning or conducting at least one evaluation of a major programme. As a possible consequence of the misconception of the distinction between monitoring and evaluation, monitoring is often prioritised at the expense of evaluation both in terms of creating departmental competence and capacity as well as implementation.

Evaluations are necessary for government to determine whether or not their policies and programmes are relevant, achieving the intended results, and being delivered efficiently. The lack of evaluation suggests that many departments are at risk of implementing policies and programmes that are inefficient, ineffective or not relevant to the needs or problems that there are intended to address. The recently approved National Evaluation Policy Framework is intended to reduce this risk.

Comparison across provinces and national departments

Chart 4 shows the comparison of the MPAT results for KPA 1: Strategic Management, for the nine provinces and national departments. Note that the results of the individual national departments have been consolidated under the heading 'ND'.

Chart 4: Provincial comparison: KPA 1 - Strategic Management



The Western Cape, Free State and Mpumalanga were the three provinces that performed best in KPA 1 Strategic Management, while departments in the North West province performed very poorly in strategic management practices. Five provinces performed better than national departments in strategic management, on average.

The MPAT results for the Western Cape, Free State and Mpumalanga were very positive. In the Western Cape and the Free State 95 per cent of departments' scores were at Level 3 and Level 4. Seventy-seven per cent of Western Cape departments' scores were at Level 4, as were 44 per cent of Free State departments' scores. Mpumalanga had 86 per cent of departments' scores at Levels 3 or 4. Twenty-eight per cent of Mpumalanga departments' scores were assessed at Level 4. In KwaZulu-Natal, 81 per cent of its departments' scores were at Level 3 or 4.

There is room for improvement in strategic management practices in the national departments and in the provinces of the Northern Cape, Gauteng and Limpopo. Among national departments, 77 per cent of strategic management scores met the Level 3 or 4 standards for strategic management, with 36 per cent of departments' scores at Level 4. The results for the Northern Cape were similar to those of national departments. Although the results of Gauteng were positive, they can be improved by focusing on addressing the specific challenges of the individual departments that did not meet the legal/regulatory requirements for strategic management. In Limpopo, 70 per cent of departments' scores were at Level 3 or 4. With a focused improvement plan, all departments in Limpopo should be able to meet the legal/regulatory requirements for strategic management.

Improvement is also needed in the Eastern Cape where 31 per cent of departments did not meet the legal/regulatory requirements for strategic management.

North West should be cause for concern as only 36 per cent of departments' scores in this province were at Level 3 or Level 4.

3.2.2 KPA 2: Governance and Accountability

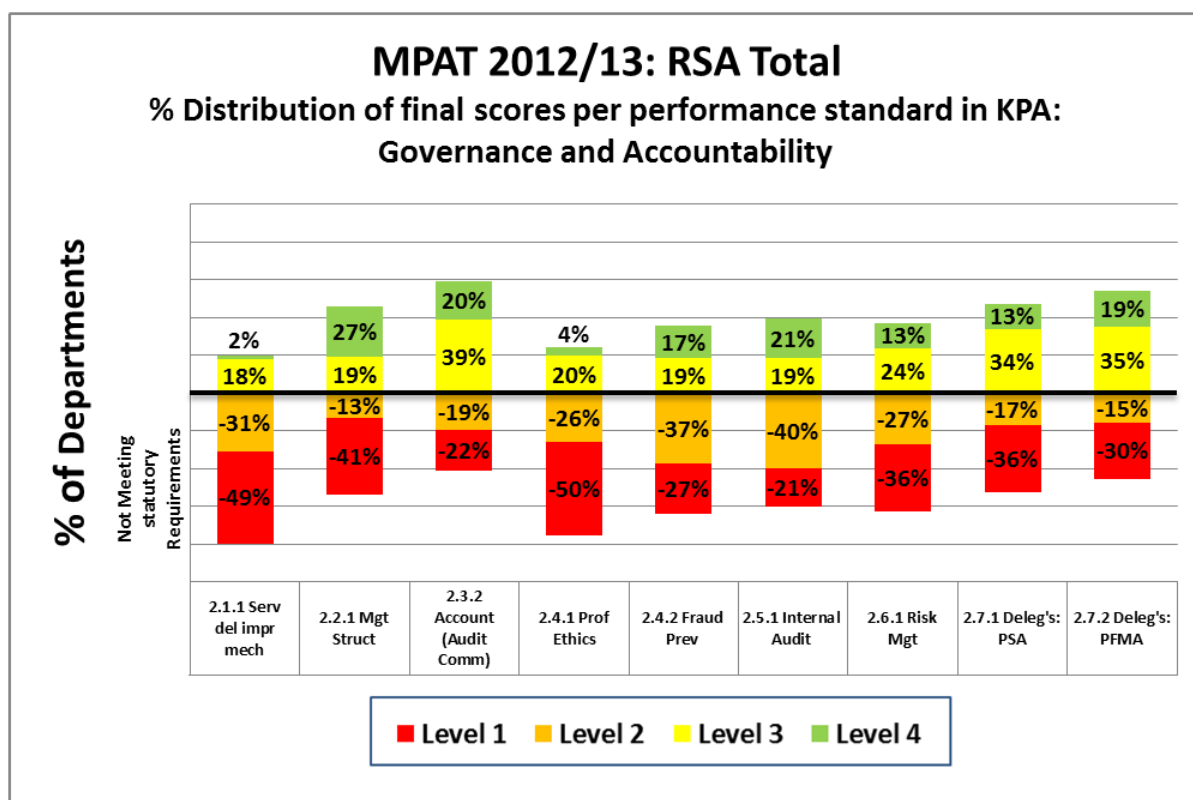
Key Performance Area 2: Governance and Accountability focuses on a select number of management practices that underpin good governance and promote accountability in public administration. Effective governance and accountability are necessary to ensure that adequate checks and balances are in place to minimise mismanagement and corruption and also improve efficiencies in delivery of services. This area promotes the value add of oversight structures as well as encouraging that the leadership in departments actively respond to their recommendations and findings.

The Key Performance Area covers the following standards in MPAT:

- Service delivery improvement mechanisms
- Functionality of management structures
- Assessment of accountability mechanisms (Audit Committees)
- Assessment of policies and systems to ensure professional ethics
- Fraud prevention
- Assessment of internal audit arrangements
- Assessment of risk management arrangements
- Approved Executive Authority and Head of Department delegations in terms of the Public Service Act and Public Service Regulations
- Approved Head of Department delegations in terms of the PFMA
- Corporate governance of ICT (not included in final results)
- Compliance with PAJA (not included in final results)

Chart 5 shows the combined results of national and provincial departments for Governance and Accountability, by MPAT standards.

Chart 5: MPAT 2012/13 Results KPA 2: Governance and Accountability (RSA total)



The overwhelming majority of departments did not meet the legal requirements for service delivery improvement and promoting professional ethics. Other areas of concern are fraud prevention, internal audit arrangements and risk management.

Service delivery improvement mechanisms (Standard 2.1.1)

All departments, irrespective of the nature of their functions, are required by the public service regulations to have an approved service delivery charter, adhere to their published service delivery standards, and service delivery improvement plans. However, 49 per cent of departments did not have a service delivery charter or service standards. A further 31 per cent of departments partially met the legal/regulatory requirements. Some of these departments had draft service charters and standards, while others had approved charters and standards, but did not display them or did not have service delivery improvement plans. Only 20 per cent of departments met the legal/regulatory requirements for service delivery improvement. This is a terrible indictment of management's commitment to service delivery improvement. Only 2 per cent of departments are monitoring their compliance to their own service delivery standards and using the information to improve their business processes and the quality of their service delivery to their clients. This finding also goes a long way to explain why there are on-going problems with the quality of service delivery in many parts of the public service.

It became clear from the evidence reviewed during the moderation process that a number of departments did not understand the policy requirements for service standards and service delivery improvement. They believed that these only applied to departments that deliver services directly to

the public, for example, Home Affairs. Departments that provide services to other departments often do not consider these departments as service recipients or clients. Departments also do not consider it necessary to develop standards for services rendered to internal departmental clients. This narrow interpretation of service delivery is not useful for the public service. Units that deliver internal services, for example, recruitment, have a significant impact on a department's performance, as do departments that provide services to other departments. The development of a service-oriented culture in the public service requires a broader understanding of service delivery than that reflected by many departments in this MPAT assessment.

The generally poor performance of departments in relation to this standard should be a cause for concern for the DPSA, which is the custodian of the Public Service Regulations which cover service delivery improvement. DPSA needs to carry out a thorough evaluation of the reasons for the widespread non-compliance with the service delivery improvement regulations and the reasons why so few departments are monitoring their compliance with their own service delivery standards.

Functionality of management structures (Standard 2.2.1)

Formal terms of reference for management structures are important in that they define roles and responsibilities and the extent of decision-making authority of these structures. Government departments typically have several management structures, for example, EXCO and MANCO. Holding meetings as scheduled helps to build a 'rhythm of management' and order in departments.

46 per cent of departments met the requirements for management structures, and of these 27 per cent were assessed at Level 4. In addition to having formal terms of reference for their structures and holding scheduled meetings, these departments demonstrated that they took decisions, documented these and followed through on them. Their senior management meetings focussed on the strategic priorities of the department and the commitments made in their Annual Performance Plan. Some departments even went further by discussing and allocating responsibilities for intergovernmental priorities and resolutions emanating from external structures such as Clusters, FOSAD and Outcome Implementation Forums.

For those departments which scored below level 3, management structures operate in an ad hoc manner, without formal terms of reference and/or scheduled meetings. This was the case in the 41 per cent of departments assessed at Level 1 and the 13 per cent of departments assessed at Level 2. Departments that operate in an ad hoc manner are less likely to make well-informed decisions as decisions tend to be made 'on the run'.

Assessment of accountability mechanisms (Audit Committees) (Standard 2.3.2)

Audit Committees are established to play an oversight role for the system of internal controls, risk management and governance within departments. The value-add of this committee is to evaluate the organisation and provide feedback on a continuous basis with regard to whether the departments are able to achieve their set goals and objectives in an effective and economical manner. It is however the responsibility of management, as part of continuous improvement, to proactively act upon recommendations that emanate from the Audit Committee.

The majority of departments had audit committees in place that were constituted according to National Treasury requirements. In 39 per cent of departments (Level 3), audit committees functioned on the basis of an audit charter and met as scheduled. Nineteen per cent of departments were assessed at Level 4 as they demonstrated that their audit committees reviewed management responses to audit issues, and reported on these, or that the audit committees had positive feedback on their functioning from stakeholders. It is however of concern that 41 per cent of departments did not meet the legal/regulatory requirements for Audit Committees. This has implications for internal controls, risk management and governance within departments.

Assessment of policies and systems to ensure professional ethics (Standard 2.4.1)

This standard focuses on how departments communicate and provide training on the code of conduct to new employees as well as the existing staff in ensuring that the values and principles governing public administration are continuously upheld. This area also includes the requirement for senior managers to disclose their financial interests in line with the Financial Disclosure Framework.

Twenty per cent of departments were assessed at Level 3 – they proactively promoted the code of conduct with their employees and ensured that all SMS financial disclosures were submitted to the Public Service Commission on time. These departments also took disciplinary action against senior managers who failed to submit their financial disclosures. The 4 per cent of departments assessed at Level 4 went the extra step and analysed financial disclosures to identify potential conflicts of interest and take action to address these.

Seventy-six per cent of departments did not meet the legal/regulatory requirements for ensuring professional ethics. Fifty per cent of departments were assessed at Level 1 – they had no mechanisms in place for communicating or providing the code of conduct to their employees, or they had fewer than 75 per cent of their senior managers filing their financial disclosures on time.

While government has made a strong commitment to combating corruption and misconduct in the public service, that so many departments did not meet the standards for ensuring professional ethics is cause for concern.

Fraud prevention (Standard 2.4.2)

This standard deals with the extent to which departments have put in place mechanisms for preventing, detecting and resolving fraudulent activities. Fraudulent activities have a bearing on delivery of services, misuse of public resources, and negatively impact on the reputation of departments as well as the confidence of citizens as recipients of services.

Thirty-six per cent of departments met the legal/regulatory requirements for fraud prevention. The 19 per cent of departments assessed at Level 3 had approved fraud prevention plans, whistleblowing policies and managed to provide feedback to the Public Service Commission on cases referred from the Anti-Corruption Hotline. Seventeen per cent of department were found to be operating at Level 4 – they showed evidence of taking disciplinary action and/or instituted criminal or civil proceedings where fraud and corruption occurred.

There were many departments (64 per cent) that did not meet the legal/regulatory requirements for preventing fraud and corruption. Twenty-seven per cent did not have a fraud prevention plan, even in draft form. These departments operate without a conscious effort to prevent fraud and corruption, and without strategies to root out corruption if it exists. Thirty-seven per cent of departments were assessed at Level 2 – these were departments that had a draft fraud prevention plan that was awaiting approval. The Level 2 category also contained departments with approved fraud prevention plans, but without a whistle-blowing policy and/or which failed to give feedback to the Public Service Commission on referred cases from the Anti-Corruption Hotline.

The high level of non-compliance by departments in the areas of internal audit and risk management also weakens the fight against fraud, corruption and wastage of public funds. It is incumbent upon Accounting Officers to demonstrate strong leadership in strengthening governance arrangements through the application of effective, efficient and transparent systems of financial and risk management and internal controls as stipulated in the PFMA.

Assessment of internal audit arrangements (Standard 2.5.1)

The capacity and capability of Internal Audit units to discharge their oversight function are pivotal for assurance and providing advisory services on internal control, risk management and corporate governance within departments. Furthermore, it is incumbent upon management to act on recommendations from Internal Audit.

Sixty-one per cent of departments did not meet the legal/regulatory requirements for Internal Audit (Level 1 and Level 2). Of these departments, 40 per cent partially met the legal/regulatory requirements for Internal Audit (Level 2). These departments had suitably qualified officials, or carried out the internal audit function through a shared service or sourcing arrangement. However, they did not subject their internal audit function to an external quality review every five years, as is required by the Institute of Internal Auditors.

Nineteen per cent of departments were assessed at Level 3 – they had suitably qualified internal audit capacity, an approved three year strategic internal audit plan and a rolling annual plan, the internal audit unit operated on the basis of a charter and generally complied with the standards of the Institute of Internal Auditors. The 21 per cent of departments assessed at Level 4 demonstrated that management acted on the recommendations emanating from internal audit reports and followed up on actions taken.

A well-functioning internal audit unit is essential for detecting issues and risks early and bringing them to the attention of management. This can minimise the number of issues that find their way into the Auditor-General's report. Weak internal controls within departments have been identified by the Auditor General as one of the major factors leading to poor audit outcomes and the role of a strong internal audit in alleviating this problem is crucial. It is equally important for management to give the findings of internal audit functions the necessary attention. Management needs to see internal audit as a partner in the quest to entrench good governance in departments.

Assessment of risk management arrangements (Standard 2.6.1)

Government departments, like any organisation, face a variety of internal and external risks, for example, operational risks, financial risks, and reputational risks. It is essential that departments are proactively identifying, assessing, managing and reporting on risks to enhance their organisational performance. Risk management is also central to good corporate governance.

Thirty-six per cent of departments met the legal/regulatory requirements for risk management. They had the basic risk management elements in place and carried out the risk management function in accordance with the Risk Management Framework of the Office of the Accountant-General. 13 per cent of departments were operating at Level 4 – they demonstrated management action to address the risks, and that these actions were commensurate with the risks identified.

Sixty-three per cent of departments did not meet the legal/regulatory requirements for risk management. Of these, 36 per cent were at Level 1 – they had not conducted a risk assessment, or claimed they did but could not substantiate their claims.

These findings show that the culture of risk management has not yet taken root within many departments and portrays a lack of understanding and appreciation of its importance.

Approved Executive Authority and delegations in terms of the Public Service Act (PSA) and Public Service Regulations (Standard 2.7.1)

This standard covers how Executive Authorities delegate decision making authority for their PSA powers to various levels in their departments. The standard requires that the delegated functions be clear, with conditions and be signed off on each assigned delegation to minimise the risks.

Departments must have appropriate delegations in place so that they can operate efficiently and in compliance with the Public Service Act and Public Service Regulations. The DPSA issued a framework to guide departments in their delegations.

According to the above mentioned framework delegations of power have some of the following advantages:

- The workload of EAs, HODs and other managers are reduced , enabling them to devote more attention to strategic issues;
- The speed, quality and flexibility of decision-making improves because the decisions are closer to the work at hand and time does not have to be allocated for referring the matter to a higher authority;
- Improved initiative and job satisfaction amongst middle and junior level managers as they are made to feel part of the effort to manage the department and being prepared to assume greater responsibilities;
- Employees are encouraged to exercise judgement and accept responsibility, which adds to their self-confidence and willingness to take initiative;
- Capacity development of support services practitioners and line officials; and
- Building institutional memory at various levels in the department.

Forty-seven per cent of departments met the legal/regulatory requirements for public administration delegations. Thirty-four per cent of departments had delegations in place that were compliant with the Public Service and Public Service Regulations and consistent with the DPSA framework (Level 3). Thirteen per cent of departments were assessed at Level 4. These departments, in addition to the minimum requirements of the DPSA delegations framework, demonstrated effective use of delegations to appropriate levels in the organisation and to regional offices. Thirty-six per cent of departments do not provide evidence of having any delegations in place (Level 1).

Seventeen per cent of department's delegations did not comply with the Public Service Act and Public Service Regulations (Level 2). In the case of one province (Northern Cape) no Executive Authorities had delegated powers to their Heads of Department as all delegations had been withdrawn by the Office of the Premier. A common problem with delegations was that departments did not document the delegations or capture them in a delegations register, and the conditions of the delegation were not always specified. Other challenges related to delegations not being signed off by both the Executive Authority and the Accounting Officer making such delegations not legally binding. Some delegations as signed by predecessors were in former names of departments and they were not reviewed.

By not delegating authority to the appropriate levels, departments experience delays in decision-making as decision-making becomes over-centralised. The absence of delegations especially of those matters pertaining to human resources has a major impact on departments' ability to recruit and fill vacancies.

Approved Head of Department delegations in terms of the PFMA (Standard 2.7.2)

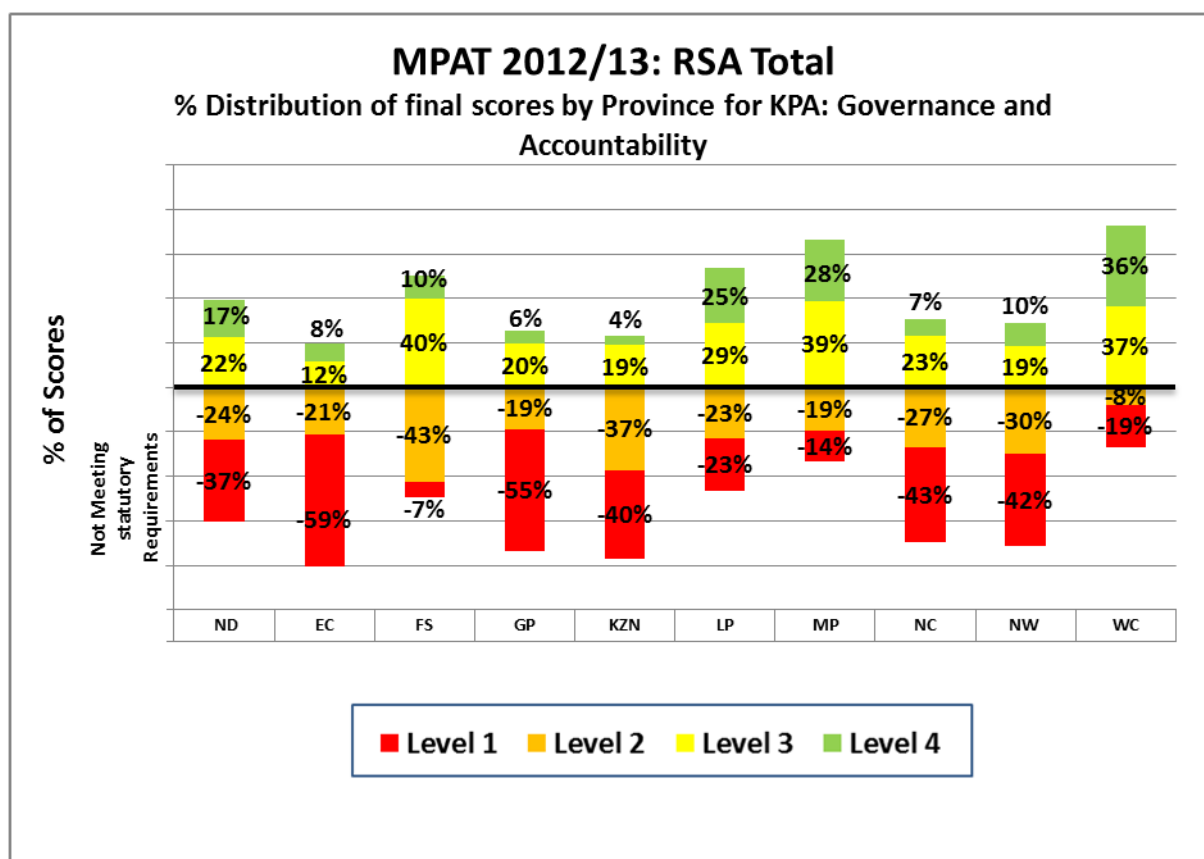
The results for delegations in terms of the PFMA were marginally better than the results for PSA delegations. Fifty-four per cent of departments met the legal/regulatory requirements for delegations for financial administration (Level 3 or Level 4). Thirty-five per cent were assessed at Level 3 – they had financial delegations in place that were aligned to Treasury guidelines and the approved departmental structure. Their delegations register was approved and there was evidence of delegation from the Accounting Officer to the Chief Financial Officer and to other officials. Nineteen per cent of departments met the standards at Level 4. These departments demonstrated that delegations were made at the appropriate level.

Forty-five per cent of departments did not have delegations in place or their delegations were not aligned to Treasury guidelines (Level 1 and Level 2). Departments that have not effectively delegated run the risk of delays in financial administration (for example, processing of payments within the prescribed 30 days) as a result of over-centralised decision-making. There is also the risk of delegating at too low a level, giving officials financial responsibility that is not commensurate with their position and competencies.

Comparison across provinces and national departments

Chart 6 shows the comparison of the MPAT results for KPA 2: Governance and Accountability, for the nine provinces and national departments.

Chart 6: Provincial comparison KPA 2: Governance and Accountability



The Western Cape, Mpumalanga, Limpopo and the Free State were the only provinces where 50 per cent or more of departments' scores in KPA 2 were at Level 3 and 4 – meeting the legal requirements in this Key Performance Area. The results for the other provinces were weak, and on aggregate, national departments fared marginally better than the weaker provinces.

In the Western Cape, 73 per cent of departments' scores were at Levels 3 or 4 – meeting the legal/regulatory requirements, with 36 per cent of departments' scores at Level 4. In Mpumalanga, 67 per cent of departments' scores were at Level 3 or Level 4 in KPA 2.

The results of the remaining provinces and national departments were not good. The Eastern Cape, the worst of the provinces, only had 20 per cent of departments' scores at Level 3 or Level 4, followed by KwaZulu-Natal at 23 per cent, Gauteng at 26 per cent and North West at 29 per cent, whilst only 39 per cent of national departments' scores were at Level 3 or Level 4.

3.2.3 Key Performance Area 3: Human Resource Management

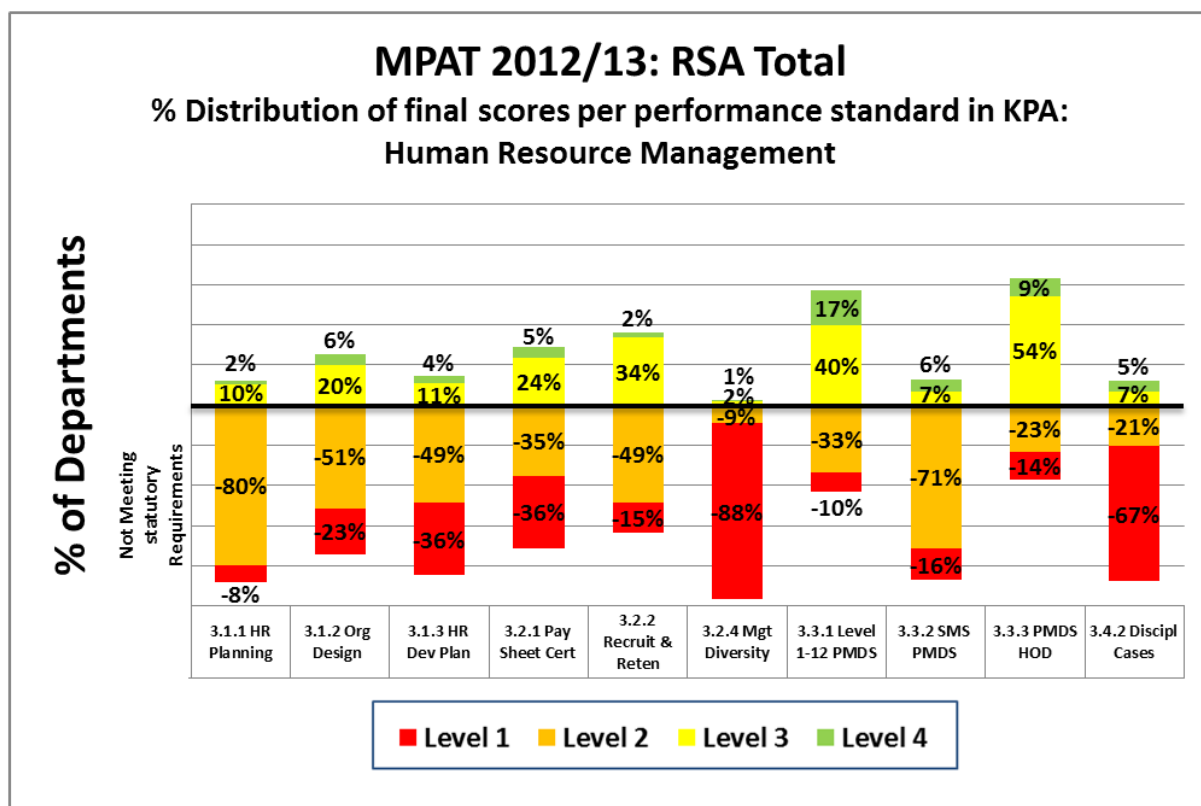
The quality of human resource management practices has a profound influence on the overall performance of the organisation, and its delivery of services in particular. A significant proportion of the Government's budget is spent on human resources, and it is therefore imperative that the state derives value for money from the investment in human resources in the public sector.

Key Performance Area 3: Human Resource Management covers the following standards:

- Human resource planning
- Organisational design and implementation
- Human resource development planning
- Pay sheet certification
- Application of recruitment and retention practices
- Management of diversity
- Implementation of Level 1-12 Performance Management System
- Implementation of SMS Performance Management System
- Implementation of HOD Performance Management System
- Management of disciplinary cases

Chart 7 shows the consolidated national and provincial results for Key Performance Area 3, by MPAT standards.

Chart 7: MPAT 2012/13 Results: KPA 3 - Human Resource Management



The MPAT results for Human Resource Management overall were not positive. Departments were especially weak in meeting the standards for human resource planning, management of diversity, implementation of the Performance Management and Development System for the Senior Management Service, and managing disciplinary cases. Departments, however, achieved good results for standards relating to the performance management of Heads of Department and officials below the Senior Management Service.

Human Resource Planning (Standard 3.1.1)

Human resource planning aims to ensure the best fit between employees and jobs, while avoiding workforce shortages and surpluses. All departments are therefore required to develop their MTEF Human Resource Plan that addresses both current and future workforce needs to achieve organisational objectives. Departments are also required to annually implement their human resource plans, and continuously monitor, evaluate and revise their existing approved human resource plans. MPAT assesses whether departments comply with and implement the human resource planning requirements.

Only 12 per cent of departments met the legal/regulatory requirements for Human Resource Planning (Level 3 or Level 4) and only 2 per cent of departments met the standards at Level 4. For Human Resource Planning, 88 per cent of departments did not meet the legal/regulatory

requirements. Of these departments, 80 per cent were at Level 2. These departments failed to submit their human resource plans or their implementation (progress) reports to the DPSA in accordance with the prescripts.

Poor human resource planning practices pose a risk to departments of a mismatch between their human resources profiles and their service delivery models. This ultimately has a negative impact on the department's performance and its service delivery.

Organisation design and implementation (Standard 3.1.2)

A department's organisation structure must be underpinned by simple design principles. Logical functional groupings, balance of responsibilities and clarity of processes are critical to enable successful design and implementation. Every organisational structure must, therefore, be approved by the relevant Executive Authority after consultation with the Minister for Public Service and Administration. MPAT assesses whether departments comply with requirements for consultation, approval and funding of their organisational structure.

Seventy-four per cent of departments did not meet the legal/regulatory requirements for organisational design. Twenty-three per cent of department did not have an approved organisational structure (Level 1). A further 51 per cent of departments had approved organisational structures, but have unfunded posts on PERSAL, and a substantial number of posts additional to the establishment (Level 2). Having unfunded posts on PERSAL is contrary to an explicit instruction from the DPSA to remove all unfunded posts from PERSAL.

If departments do not have approved organisational structures, it becomes difficult to manage a department effectively. Posts are not filled substantively and people act in positions for inordinate lengths of time. This makes for an unstable organisation. One of the problems identified during the moderation process was that organisational structures were not always aligned to the departmental budget and this meant that departments were carrying posts for which there was no funding. The presence of unfunded posts on PERSAL also makes it very difficult for government to monitor its real vacancy rate.

Human Resource Development Planning (Standard 3.1.3)

Human Resource Development Planning is important in keeping the employees' competencies aligned with the goals of the department. Due to the growing demands on the public service for efficient and effective service delivery, there is a need for departments to adopt strategies that respond to the development of skills and transfer of knowledge and experience which ultimately improve performance. MPAT assesses whether departments have a Human Resource Development Plan that is approved and implemented.

Departments did not perform well on standards for human resource development plans. Only 15 per cent of departments met the legal/regulatory requirements for human resource development plans (Level 3 or Level 4) and 85 per cent did not meet the legal requirements (Level 1 or Level 2). Of those departments that did not comply, 49 per cent were at Level 2 – they had human resource development plans, but did submit their annual implementation plan and/or their monitoring and evaluation reports to the DPSA as required by prescripts. There may be confusion between the DPSA

requirements and the requirement for departments to report to PSETA. A number of departments submitted their PSETA reports as evidence of implementation of their human resource development plans when the Public Service Regulations require reports submitted to the DPSA. Developing skills (capability) in the public service remains a huge challenge and it is essential that new thinking be injected into the issue of skills development in the public service.

Pay sheet certification (Standard 3.2.1)

Every department must keep full and proper records of its financial affairs in accordance with all prescribed norms and standards. MPAT assesses whether departments have a process in place to manage pay sheet certification and quality control. The pay sheet certification aims to ensure that the correct employees are paid at the correct paypoint in order to avoid fruitless expenditure.

Seventy-one per cent of departments did not meet the legal/regulatory requirements with regard to pay sheet certification. They did not have documented processes to ensure that pay sheets are signed off correctly, as required by Treasury Instructions, or they failed to submit the signed pay sheets within the required 10 days. Twenty-nine per cent of departments succeeded in meeting the regulatory requirements for payroll certification. One department conducted an annual on-site check to verify the existence of officials. This is a good practice that other departments may wish to emulate.

While pay sheet certification may appear bureaucratic, the standard is necessary to ensure that the state is paying only those who should be paid, and paying them the correct amount. It assists in identifying and eliminating “ghost workers” from the system and avoiding fruitless expenditure. The sign-off system is also necessary for departments that have staff in dispersed locations and a high level of staff movement between locations.

Recruitment and retention (Standard 3.2.2)

Recruitment and retention are not only human resource issues but an important part of the department’s strategy. The recruitment of the correct employees is crucial as it reduces the costs incurred by a department in dealing with poor performers. Retention is essential to obtain return on investment in employees. MPAT assesses whether departments have recruitment practices that adhere to regulatory requirements and retention strategies that are in line with generally acceptable management standards.

Thirty-six per cent of departments met the legal/regulatory requirements for recruitment and retention (Level 3 or Level 4). They showed evidence of implementing good recruitment practices, for example, having in place standard operating procedures for recruitment and managed to fill vacant posts from the previous 12 months within a 4 month time frame. These departments also conducted exit interviews of employees who were leaving the department.

Sixty-four per cent of departments did not meet the legal/regulatory requirements for recruitment and retention. They did not manage to fill 90 per cent of vacant positions from the previous 12 months within the 4 month timeframe required by the standard. From the evidence provided for the moderation process, it appears that departments experience delays in obtaining qualifications

verifications from the South African Qualifications Authority (SAQA). Departments also raised the problem of bottlenecks with obtaining security clearances from the Department of State Security.

A major shortcoming in the performance of departments in the area of retention is that they did not conduct an analysis of exit interviews to understand why employees were leaving. Most departments did not conduct assessments of the working environment to understand what made employees productive and what made them unproductive. Without this kind of evidence, departments are not able to develop effective strategies to retain employees, especially those with scarce skills who leave the public service.

Management of diversity (Standard 3.2.4)

This standard assesses whether departments have management practices that support the management of diversity. Diversity management is a broad concept and the standard focuses on Government's targets for female employees in the Senior Management Service and targets for employees with disability. In addition, the standard assesses the extent to which departments meet the requirements set out by the DPSA with regard to the Gender Equality Strategic Framework and the Job Access Strategic Framework.

Ninety-seven per cent of departments did not meet the requirements set out in the standards for management of diversity and of these 88 per cent were at Level 1. This means that they did not submit a Job Access Strategic Framework Implementation Report and/or a Gender Equality Strategic Framework Implementation Report to the DPSA, as required by DPSA issued frameworks. From the moderation process, it was evident that these departments were not aware of the policy requirement for these frameworks and the submission of reports to the DPSA.

An area of concern is that most departments have not met the minimum targets of 50 per cent women in the Senior Management Service, and 2 per cent of employees being people with disabilities. A number of departments did not provide evidence to indicate that they had a strategy in place to achieve these equity targets. These targets were set by Government to promote employment equity and not only to prohibit unfair discrimination against women and people with disabilities, but to ensure that departments have access to their talents and skills. From the evidence available for moderation, it appears that several departments were unaware of the requirement to report progress to the DPSA and believed that it was sufficient to only report progress to the Department of Labour. This overlap and duplication of reporting on employment equity should be addressed by DPSA.

Implementation of Level 1-12 PMDS (Standard 3.3.1)

The aim of performance management is to optimise every employee's output in terms of quality and quantity, thereby improving the department's overall performance and service delivery. MPAT assesses whether departments implement the Performance Management and Development System (PMDS) for all employees at salary level 1-12, within the requisite policy provisions.

The vast majority of departments have an approved Performance Management and Development System (PMDS) in place for employees on remuneration levels 1-12. Ten per cent of departments did not have an approved PMDS in place (Level 1). Fifty-seven per cent of departments met the

legal/regulatory requirements (Level 3 or Level 4). They implemented the PMDS in accordance with their PMDS policy. There was evidence that these departments conducted annual assessments and mid-term performance reviews based on signed agreements or work plans of employees. The focus of the PMDS implementation for many departments however, is on assessments for performance bonuses. Only 17 per cent of departments operated at Level 4 and demonstrated that they used the outcomes of performance assessments for further development of employees and for managing poor performance. By not actively managing poor performance, departments do not improve their performance and settle for mediocre performance.

Perhaps the emphasis of the current PMDS is for using it as a tool for rewarding employees, and perhaps there is not sufficient emphasis on using it as a tool for improving performance.

Implementation of SMS Performance Management System (excluding HoDs) (Standard 3.3.2)

The performance management and development process should play a key role in effective management development. The key purpose of performance agreements, reviews or appraisals is for supervisors to provide feedback and enable managers to find ways of continuously improving their performance. MPAT assesses whether departments implement the SMS PMDS within the requisite policy provisions.

The manner in which departments implement the Performance Management and Development System for the Senior Management Service is a cause for concern. Eighty-seven per cent of departments did not meet the legal/regulatory requirements for this standard. Of these, 16 per cent had no performance agreements in place for the current cycle (Level 1) and 71 per cent had performance agreements, but these had not been signed either by individuals or their supervisors by the due date (Level 2). Furthermore, these departments did not take disciplinary action for non-compliance. Departments on Level 2 also did not provide evidence of having conducted mid-term reviews. Taking disciplinary action for non-compliance is a regulatory requirement and the failure to do so reinforces a lack of accountability on the part of senior managers. Senior managers in departments occupy positions of responsibility and are meant to provide leadership, not only in their respective departments, but in the wider public service. It is therefore imperative that their performance is managed effectively.

Implementation of Performance Management System for Heads of Department (Standard 3.3.3)

Implementation of the performance management system for Heads of Department is better than that of the Senior Management Service. Sixty-three per cent of departments met the legal/regulatory requirements for implementation of the PMDS for Heads of Department. In these departments, the Heads of Department had signed performance agreements that were duly lodged with the Public Service Commission, and submitted the relevant documentation for their performance assessments. Fourteen per cent of departments were assessed at Level 1, meaning that the Head of Department did not submit a signed performance agreement to the Executive Authority. In 23 per cent of departments, the Head of Department submitted a signed performance agreement to the Executive Authority, but these were not yet submitted to the Public Service Commission.

The moderation process identified delays in annual performance assessments of Heads of Department, and mid-term reviews not being completed. Also, departments tended not to

incorporate recommendations from the Public Service Commission on the performance agreements that are aimed at improving these performance agreements. The manner in which the performance of the Head of Department is managed sets the tone for managing performance in the rest of the department, and for inculcating a culture of performance in the department and in the public service. It is therefore essential that the necessary steps are taken to improve performance management of Heads of Department.

Management of disciplinary cases (Standard 3.4.2)

Discipline is one of the most critical aspects of labour relations. It is essential for effective service delivery to have a disciplined workforce. MPAT assesses whether departments manage disciplinary cases within the prescribed policies and ensure implementation of recommendations.

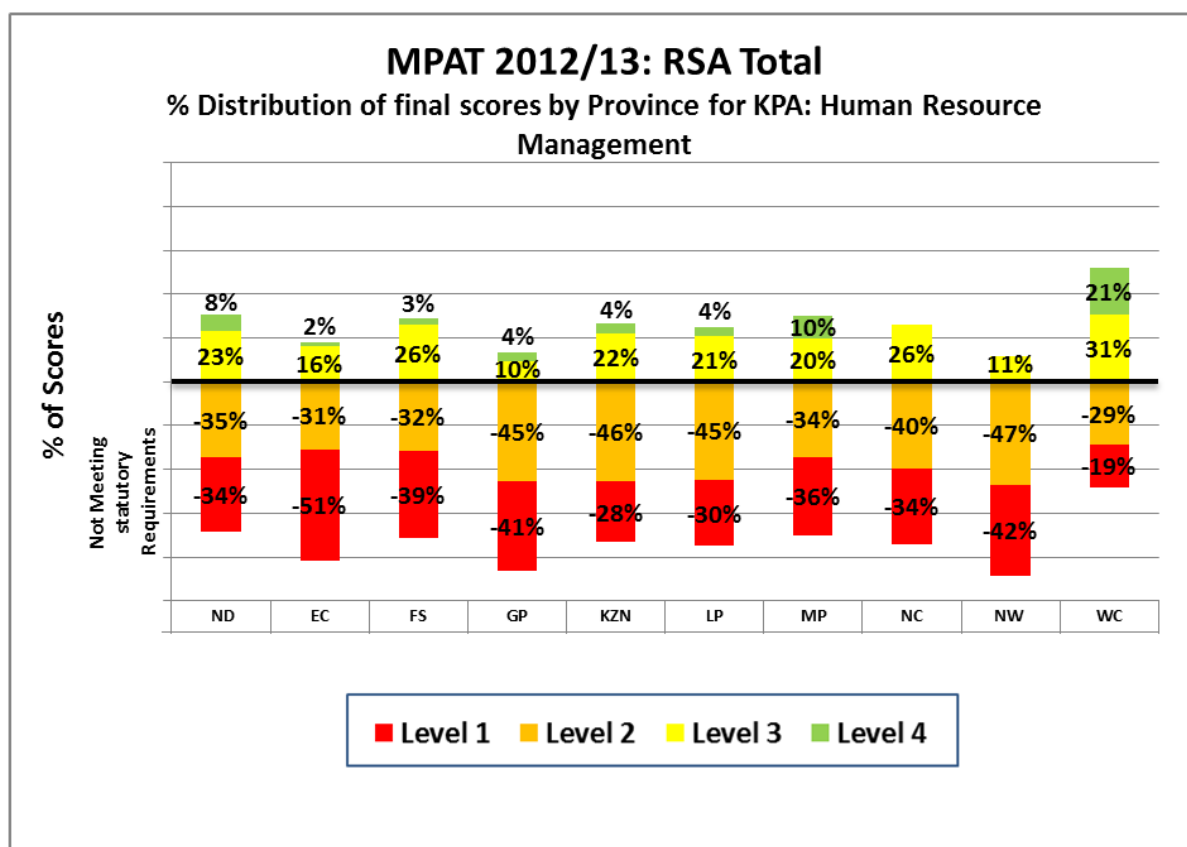
The management of disciplinary cases by departments is problematic. Only 12 per cent of departments met the legal/regulatory requirements for the management of disciplinary cases (Level 3 or Level 4). This means that 88 per cent of departments did not meet the regulatory requirements for the management of disciplinary cases.

Sixty-seven per cent of departments were assessed at Level 1 – they did not finalise their disciplinary cases within the 90 days required by policy. Twenty-one per cent of departments did not capture all disciplinary cases on PERSAL, as required by policy. The reason for departments not meeting the standards requires further investigation. Some of the issues that emerged during the moderation process were that a number of departments lacked the investigative capacity and capability to finalise disciplinary cases within the 90 day window, and that some cases were too complex to finalise within the prescribed period. Lack of access by labour relations officials to PERSAL to capture disciplinary cases on the system was also identified as a problem. If disciplinary cases are not captured on PERSAL, there is the risk that officials move to another department and the recipient department has no knowledge of prior misconduct. It is also makes monitoring of the management of disciplinary cases across the public service very difficult.

Comparison across provinces and national departments

Chart 8 shows the comparison of the MPAT results for KPA 3: Human Resource Management, for the nine provinces and national departments.

Chart 8: Provincial comparison - KPA 3: Human Resource Management



The overall results for KPA 3: Human Resource Management were weak. The Western Cape was the only province that had more than 50 per cent of departments' scores at Level 3 and Level 4.

As noted in the preceding section of this report, the overall performance of departments in the Key Performance Area of Human Resource Management was weak. The Western Cape, the best performing province in this Key Performance Area, only had 52 per cent of its departments' scores, on aggregate, that met the regulatory requirements for human resource management (Level 3 or Level 4) and 21 per cent of departments showed evidence of good human resource management practices that went beyond compliance with the regulatory requirements (Level 4).

The North West Province, Gauteng and the Eastern Cape appear to be experiencing serious difficulties in implementing good human resource management practices. In the North West, only 11 per cent of departments' scores for human resource management were at Level 3 and none at Level 4. In the case of Gauteng, 14 per cent of departments' scores were at Level 3 and Level 4, while in the Eastern Cape, 18 per cent of departments' scores were at these levels.

Although the results for national departments and other provinces were better than the results for the North West, Gauteng and the Eastern Cape, the results for national departments and these other provinces were still weak.

It is beyond the scope of this report to identify the underlying causes for the poor results in the Key Performance Area of Human Resource Management. There are however, indications that

departments have difficulty in interpreting and applying the relevant human resource policies and prescripts.

3.2.4 Key Performance Area 4: Financial Management

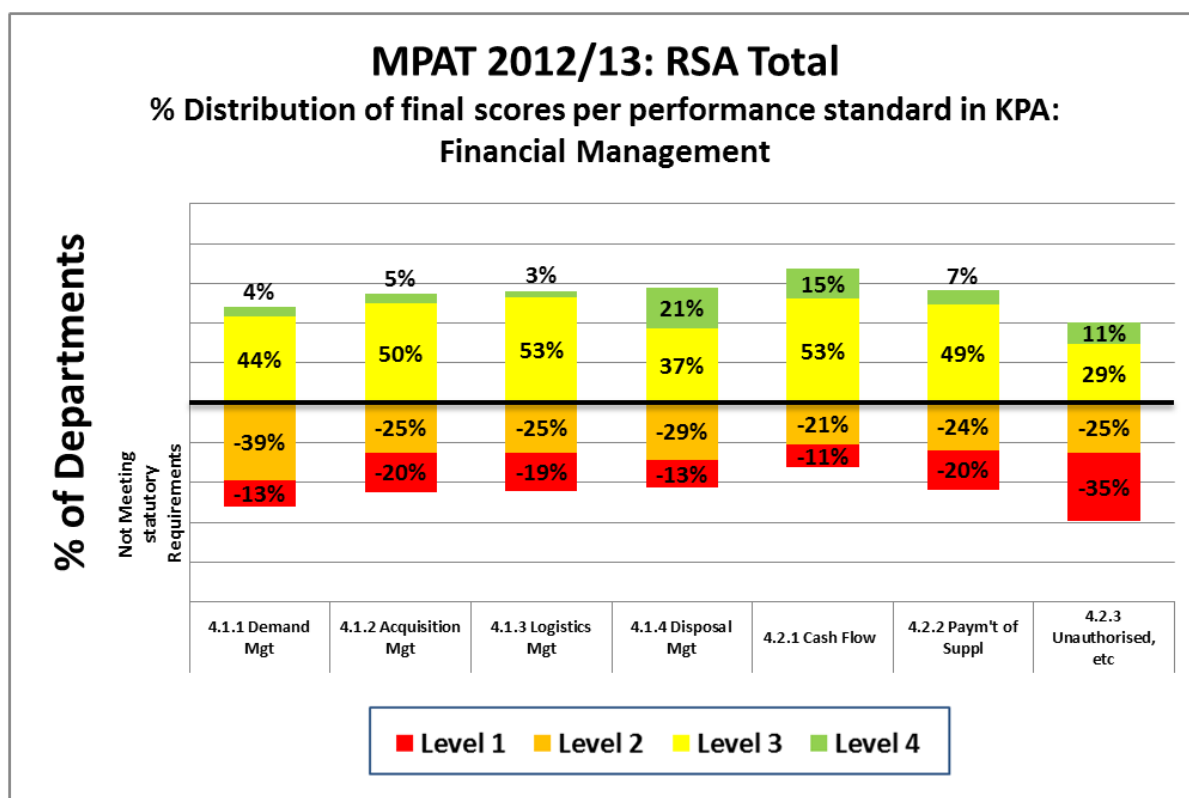
The effective, efficient and economic use of public finances is essential for growth and development of the country. Whilst there have been pockets of excellence with some departments obtaining clean audit opinions, the pace of public financial management improvement has, to a great extent been too slow. The negative world economic outlook requires departments to be even more efficient in how they utilise public funds, and to reduce unauthorised, irregular, fruitless and wasteful expenditure.

Key Performance Area 4: Financial Management covers supply chain management and expenditure management practices and complements the monitoring done by National Treasury through the Financial Management Capability Maturity Model. Key Performance Area 4 has the following standards:

Supply Chain Management	Expenditure management
Demand Management	Management of cash flow and expenditure vs. budget
Acquisition Management	Payment of suppliers
Logistics Management	Management of unauthorised, irregular, fruitless and wasteful expenditure
Disposal Management	

Chart 9 shows the consolidated national and provincial results for Key Performance Area 4, by MPAT standards.

Chart 9: MPAT 2012/13 Results: KPA 4 - Financial Management



In KPA 4: Financial Management, departments performed best in cash flow management and disposal management. However, the overall results for KPA 4: are unsatisfactory as on average, only half of departments met the legal/regulatory requirements. The management of unauthorised, irregular, fruitless and wasteful expenditure, in particular was weak. All areas in this Key Performance Area are in need of improvement.

Demand management (Standard 4.1.1)

Demand management represents the planning phase of a department’s supply chain management (SCM) system and is linked to the broader departmental plans. The demand management cycle culminates in the production of a demand management plan which is informed by a needs analysis. A needs analysis is in turn informed by a department’s strategic objectives and operational commitments. Demand management plays a crucial role in ensuring that a department is able to acquire the goods and services that it needs to attain its objectives.

Forty-eight per cent of departments met the legal/regulatory requirements (Level 3 or Level 4). The 44 per cent of departments at Level 3 had procurement plans in place that met Treasury requirements and submitted their plans on time. These departments met the legal/regulatory requirements and have the potential to become Level 4 departments if they adopted the good practices set out in the standards for Level 4. Only 4 per cent of departments were assessed at Level 4. In addition to a procurement plan, these departments had a demand management plan that covered all procurement within the department irrespective of monetary value. There was also

evidence of these departments developing sourcing strategies and regularly reviewing their procurement plans.

Fifty-two per cent of departments did not meet the legal/regulatory requirements. Thirteen per cent of departments were assessed at Level 1 as they did not have a procurement plan covering the department's procurement of goods and services above R500,000. Submitting a procurement plan to the relevant Treasury within the required time frame proved to be a challenge for a number of departments as 40 per cent of departments had procurement plans, but did not manage to submit these to the Treasury on time, and were therefore assessed at Level 2. This category of departments should be able to meet the legal/regulatory requirements if they manage to submit their procurement plans on time.

It is necessary to get departments to improve their demand management practices. Poor demand management has implications for efficient, economic and effective procurement. It means that departments are not thinking of the best ways to obtain value for money. Poor demand management also contributes to end-of-financial-year expenditure spikes.

Acquisition management (Standard 4.1.2)

Acquisition management focuses on the implementation of a department's demand management plan. This standard assessed compliance with frameworks that regulate the actual acquisition of goods and services, from advertising of bids, the completeness of the supplier database and the bid committees to supplier performance.

Fifty-five per cent of departments met the legal/regulatory requirements for acquisition management (Level 3 or Level 4). These departments had processes in place for effective and efficient management of the acquisition process. These processes include the existence of a supplier database that met Treasury requirements, functioning Bid Committees and codes of conduct signed by Bid Committee Members and SCM practitioners. The 50 per cent of departments assessed at Level 3 have the potential to lift their performance to Level 4 by ensuring that they maintain an updated database reflecting performance of suppliers.

There are still too many departments that did not meet the legal/regulatory requirements for acquisition management. Twenty per cent of departments were assessed at Level 1 as they did not have supplier databases in place. A further 25 per cent were assessed at Level 2. These departments either had supplier databases that did not meet National Treasury requirements and/or their Bid Committees were not functioning effectively. Some departments had no information on their suppliers beyond a name and address, and could not provide evidence of rotation of suppliers.

If departments do not have supplier databases or databases do not meet National Treasury requirements, there is a risk of procuring from unsuitable service providers, lack of transparency in procurement processes and potential for fraud and corruption.

Logistics management (Standard 4.1.3)

Logistics management is concerned with management and safeguarding of assets which are classified as inventory. Departments are encouraged to employ measures that optimise

stockholdings to minimise costs and ensure uninterrupted delivery of goods and services. MPAT assessed whether departments have documented and implemented stockholding policies.

Fifty-six per cent of departments met the legal requirements for logistics management (Level 3 or Level 4). They had documented processes for setting inventory levels, placing orders, receiving, inspection and issuing of goods. Of these only 3 per cent of departments were assessed at Level 4. These departments had policies in place to optimise their stock holdings.

Forty-four per cent of departments did not meet the legal requirements for logistics management. They either had no documented processes in place, or they had documented processes, but there was no evidence of implementing these processes. From the evidence assessed during the moderation process, it appeared that a number of departments thought that the nature of their operations did not require inventory management perhaps in the same way as would be the case with a provincial health department. Currently, the National Treasury requirements do not cater for different types of departments and there may be a case for clarifying the requirements to departments. The importance of inventory management should not be under-estimated, especially in departments that have large stock holdings. Good inventory management can optimise stockholdings and minimise costs incurred by departments.

Disposal management (Standard 4.1.4)

Disposal management represents the last step in the supply chain management process. The process must ensure the attainment of the principles of efficiency, economy and effectiveness enshrined in the PFMA. MPAT also assessed whether departments, in the process of disposing of their goods, have due regard to financial, social and environmental factors.

Fifty-eight per cent of departments met the legal/regulatory requirements for disposal management (Level 3 or Level 4). These departments had disposal policies or strategies and implemented them; their disposal committees were established and functioning; and they maintained databases of redundant assets. Of these 21 per cent were assessed at Level 4. In addition to meeting the standards at Level 3, these departments demonstrated that they considered a range of factors (financial, social and environmental) in their decisions to dispose of assets. In disposing of assets, Level 4 departments considered the possible market value of the assets to ensure that asset pricing was linked to the market; some departments identified social beneficiaries such as schools to donate computers that learners can use to improve their technology skills, and considered the environmental impact of the assets/goods to be disposed.

Forty-two per cent of departments did not meet the legal requirements for disposal management (Level 1 and Level 2) as they had no disposal strategy or policy or they did not implement their disposal strategies effectively. Some of the challenges experienced by these departments include the absence of a duly appointed disposal committee and/or the absence of records of decisions made by disposal committees. Some departments did not have disposal committees and erroneously believed that the function could be carried out by a disposal unit. With the absence of effectively functioning disposal committees, there is the risk that disposal decisions are not made transparently and these decisions may not be in the interests of the state. Another problem is that these departments did

not regularly update their database of redundant, unserviceable and obsolete assets. They run the risk of disposing of assets prematurely, at a cost to the state.

Management of cash flow and expenditure vs. budget (Standard 4.2.1)

This standard focuses on the requirements of Section 40(4) of the PFMA for departments to submit cash flow projections to the National Treasury prior to the beginning of the financial year and reports of anticipated revenue and expenditure every month. Furthermore, it assesses whether departments have mechanisms in place to prevent under/over expenditure and spending spikes.

Sixty-eight per cent of departments met the legal/regulatory requirements for cash flow management (Level 3 or Level 4). Fifty-three per cent of departments met the legal/regulatory requirements at Level 3 – they submitted their cash flow projections in time to the relevant Treasury and spent their allocations within their cash flow projections. Fifteen per cent of departments were assessed at Level 4. In addition to meeting the legal requirements at Level 3, these departments regularly reviewed their expenditure against their budgets and took action to prevent under- or over-spending. Some had processes in place to manage spending spikes in February and March each year.

There was still a core of departments that did not manage their cash flow effectively. The 21 per cent of departments assessed at Level 2 submitted cash flow projections, but these were not submitted to Treasury on time. The quality of cash flow projections was poor and these departments did not spend in line with their cash flow projections. Often, cash flow projections are done on a linear basis – the annual budget divided equally over 12 months. The moderation process found that a number of departments provided a variety of reasons for their deviation from the planned projections, which tend to point to underlying weaknesses in operational planning. Examples of reasons provided by departments include delays in the recruitment process; delays in payment of accruals; slow progress in the delivery of projects; poor planning of projections; and delays in procurement processes.

As the requirements for cash flow projections are strictly regulated and departments cannot receive funding without these projections, all departments should have cash flow projections. Eleven per cent of departments were assessed at Level 1 as they failed to provide evidence of their cash flow projections and provided expenditure reports instead.

The consequences of poor cash flow and expenditure vs. budget management are well-known. There is a risk that the state borrows money that is not spent, thus incurring additional interest costs. There is also the risk of departments spending for the sake of spending their budgets by the end of the financial year. The weakness in cash flow management is perhaps a reflection of weak operational planning within the public service and implementation plans not being adequately costed with a reasonable degree of accuracy. Weak operational planning also impacts negatively on the quality of procurement planning.

Payment of suppliers (Standard 4.2.2)

Delays in the payment of suppliers have been a major source of concern for government, given the devastating impact on business, especially small and medium enterprises. Treasury Instructions

require departments to submit monthly exception reports on compliance with the 30 day requirement, and also require Accounting Officers to put in place the necessary processes to improve departmental compliance. The MPAT standard on the payment of suppliers refers to the timely submission of exception reports and improvements in processing of invoices.

Fifty-six per cent of departments met the legal/regulatory requirements for payment of suppliers within 30 days (Level 3 or Level 4). Of these, 7 per cent of departments were assessed at Level 4. These departments proactively investigated the reasons for non-payment within the 30 day timeframe and took steps to prevent recurrence. It is disturbing that only 7% of departments do this.

Nearly half of departments did not submit exception reports to Treasury when they should have done so, or did not submit the exception reports to Treasury on time. However, according to National Treasury, there was an improvement in exception reporting for the period January to December 2012.

Some of reasons for departments not paying suppliers within 30 days are the absence of systems to track and monitor invoices as they are paid; lack of departmental capacity and critical controls; weaknesses in the internal control environment; and inappropriate delegations leading to centralised payment for goods that are delivered on a decentralised basis.

Management of unauthorised, irregular, fruitless and wasteful expenditure (Standard 4.2.3)

This standard assesses whether a department has documented processes and mechanisms in place to detect and prevent irregular, unauthorised, fruitless and wasteful expenditure. The PFMA requires the Accounting Officer to take effective and appropriate steps to prevent unwanted expenditures and in this regard departments were assessed to check whether they have these measures in place and that disciplinary steps are being taken against negligent officials.

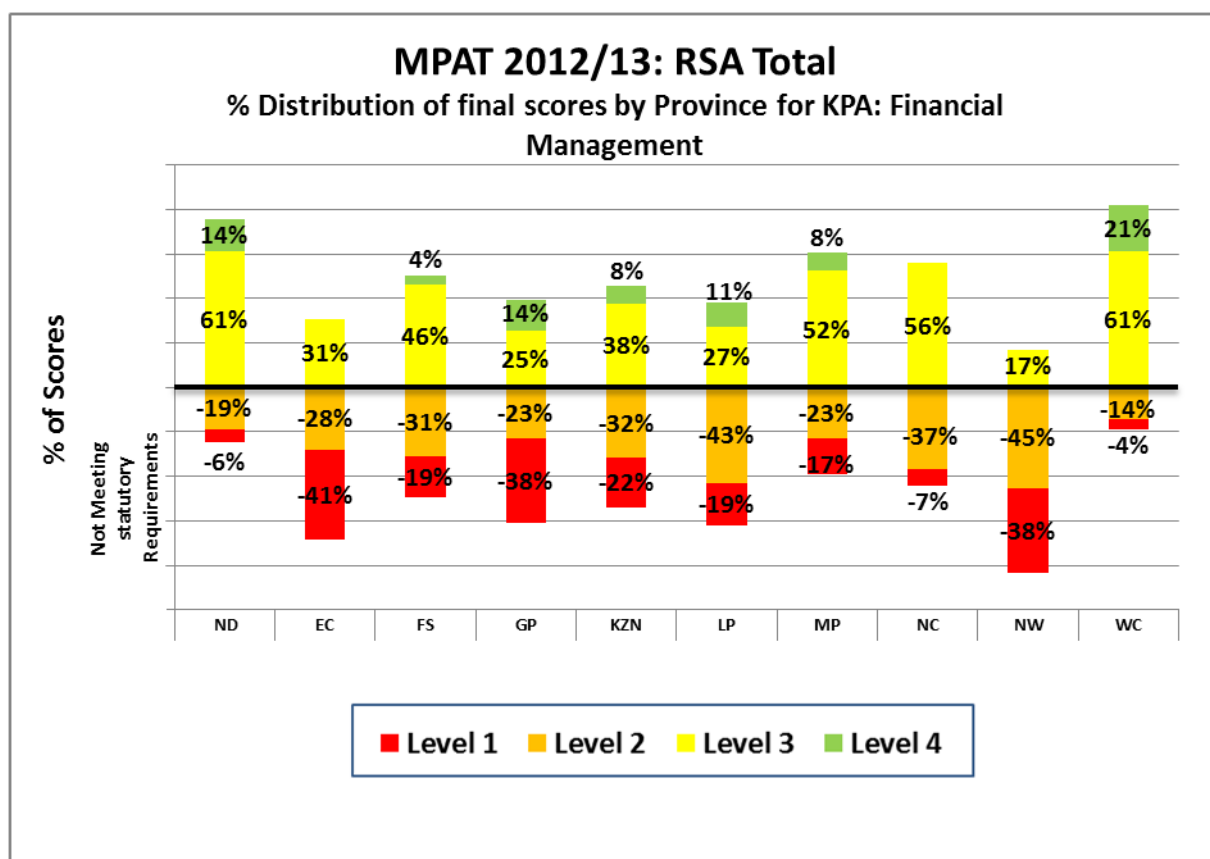
The management of unauthorised, irregular, fruitless and wasteful expenditure is weak as 60 per cent of departments did not meet the legal/regulatory requirements of the standard. Thirty five per cent of departments did not have processes in place to prevent and detect such expenditure (Level 1) and 25 per cent had a documented process in place, but did not address audit findings or take disciplinary action against negligent officials (Level 2).

Forty per cent of departments met the regulatory requirements (Level 3 or Level 4). They had a process in place for detecting and preventing unauthorised expenditure, addressed audit findings and communicated findings to responsible officials. Eleven per cent of departments achieved a Level 4 result. These departments were proactive in analysing the problems and introducing preventative measures. The MPAT results are consistent with the Auditor-General's findings on unauthorised, irregular, fruitless and wasteful expenditure in the public service.

Comparison across provinces and national departments

Chart 10 shows the comparison of the MPAT results for KPA 4: Financial Management, for the nine provinces and national departments.

Chart 10: Provincial comparison - KPA 4: Financial Management



The Western Cape and National Departments performed substantially better than other provinces in the Key Performance Area of Financial Management. Results for Mpumalanga, though not as good as results for the Western Cape and National Departments, were in a positive direction. North West province, the Eastern Cape and Limpopo were the weakest of the provinces in Financial Management, while the results for remaining provinces (Free State, Gauteng, KwaZulu-Natal and the Northern Cape) were somewhat better than the results for the three weakest provinces.

The performance of the Western Cape in the Key Performance Area of Financial Management was well above the performance of other provinces. Sixty-one per cent of departments' scores in the Western Cape for financial management were at Level 3 and 21 per cent of scores were at Level 4. Overall, financial management in departments in the Western Cape is on a sound footing. Attention should be paid to lift the performance of those departments that have not yet met level 4 requirements in that province.

The results for national departments were mostly positive, with 75 per cent of departments' scores at Level 3 and Level 4. The trajectory for National Departments is in a positive direction. Nineteen per cent of departments partially met the legal/regulatory requirements (Level 2) and have the potential to improve their results in the next MPAT cycle. There are, however, a small percentage of departments that appear to have seemingly intractable problems with financial management. These

departments are ones that have been identified in consecutive years by the Auditor-General for very poor audit outcomes.

The North West province was by far the weakest province in terms of financial management. Only 17 per cent of departments' scores were at Level 3 and none at Level 4. This means that 83 per cent of departments' scores were at the level of non-compliance with the legal/regulatory requirements for financial management. The results for the Eastern Cape are also of concern where 69 per cent of departmental scores reflect non-compliance with the legal/regulatory requirements for financial management.

3.3 Summary of MPAT 2012/13 results

Departments' results in KPA 1 were the strongest for strategic plans, with the vast majority meeting or exceeding the legal/regulatory requirements for strategic planning. Departments did not perform as strongly on Annual Performance Planning, with over one-third assessed below Level 3. Some departments do not have a monitoring and evaluation policy or framework in place and/or standardised data collection and management mechanisms and many departments are not evaluating their programmes.

The overall results for Governance and Accountability were not positive. The overwhelming majority of departments did not meet the legal requirements for service delivery improvement and promoting professional ethics. Other areas of concern are fraud prevention, internal audit arrangements and risk management.

The MPAT results for Human Resource Management were weak. Generally, departments were especially weak in meeting the standards for human resource planning, management of diversity, implementation of the Performance Management and Development System for the Senior Management Service, and managing disciplinary cases. Departments, however, achieved relatively good results for the standards relating to the performance management of Heads of Department and officials below the Senior Management Service.

In KPA 4: Financial Management, departments performed best in cash flow management and disposal management. However, the overall results for KPA 4 are unsatisfactory as on average, only half of departments met the legal/regulatory requirements. The management of unauthorised, irregular, fruitless and wasteful expenditure, in particular is weak. All areas in this Key Performance Area are in need of improvement.

4. Looking beyond the MPAT scores

4.1 MPAT in context

DPME commissioned a detailed statistical analysis of the 2012/12 MPAT results to determine the following:

- What are the relationships among the MPAT standards and with the Key Performance Areas (KPAs)?
- How do provincial and national departments fare on the KPAs?
- Do MPAT standards correlate meaningfully with relevant external criteria?
- Are some MPAT standards particularly important in relation to salient external criteria?

The details of this statistical analysis is available. The key findings from the statistical analysis are as follows.

The MPAT standards are reliable in measuring the four Key Performance Areas they were designed for. This means that the standards within a given KPA do contribute to measuring the domain of management compliance reflected by that KPA. It follows that departments that do well on one standard within a KPA are likely to perform well on other standards within the same KPA. However, good performance in one KPA does not necessarily imply good performance in other KPAs.

The perception that provinces are the main reason why the public service overall is under-performing is not supported in general, since national departments only came out third on average across the KPAs. The weakest of national departments' KPAs is Strategic Management. This can be attributed to the focus by National Treasury on strengthening strategic planning within provinces. A similar support programme for identified national departments would be worthwhile.

It emerges that MPAT scores also significantly predict performance on available external criteria. In particular, departments tend to perform better on the Auditor-General's performance indicator of meeting more than 80% of their targets when they perform well on certain standards in MPAT. These standards are strategic planning, monitoring and evaluation, fraud prevention, disposal management and controlling unauthorised expenditure. Compliance with certain MPAT standards evidently has a positive effect on performance, and identifying these for attention is an important benefit within the MPAT mechanism.

Other correlations were also revealing. For instance, SMS stability (the proportion of DGs and DDGs in office for more than three years) was strongly correlated with strategy, planning and various financial controls. And while these were in turn good predictors of the AG's audit outcome, this influential outcome was even more strongly predicted by having good performance management for HoDs and other staff levels. Interestingly, attention to disability representivity is also a signal of a soundly managed department.

The centrality of monitoring and evaluation, organisational design, fraud prevention and performance management were noted, in the sense that these standards correlate broadly with several other standards and may be seen as a “lateral” type of standard that is less specific to any one KPA. Advanced analysis confirmed the importance of HR-related standards for achieving results: recruitment and retention, HoD performance management and development, and management of disciplinary cases.

The analysis also uncovered an important relationship among KPAs. Strategy (informed by M&E) shapes departmental governance and finances. But these do not bear directly on the department’s ultimate performance, but rather via its human resources. This finding aligns to the National Development Plan which places emphasis on a capable state being central to development.

4.2 Case studies

The consolidated MPAT results can easily obscure the good management practices that occur in a number of departments. DPME therefore commissioned the drafting of case studies to highlight these good practices and has made these case studies available for other department to learn from and adapt to their own circumstances.

Nine case studies were documented on the MPAT 2011/12 cycle and released in 2012/13 (these are available on the DPME web site). A further ten case studies have being documented on the MPAT 2012/13 cycle.

4.3 How departments experienced MPAT

DPME also commissioned a study on the experiences of departments in implementing MPAT and the value MPAT adds to departmental management and performance.² Officials from national and provincial departments were interviewed, some of whom were directly involved as MPAT coordinators in their department or province, while others had only indirect involvement such as providing information for the MPAT assessment.

The case study found that there were variations in how departments implemented MPAT and a number of departments experienced difficulty in uploading evidence. Concerns about interpretation of the standards and evidence documents were also raised by departments.

However, the overriding experience of departments is that MPAT precipitated changes in the way management practices were implemented. Although they initially viewed MPAT as a compliance checklist, departments interviewed in the case study related how MPAT has assisted them to identify gaps between what they were doing and what they should be doing. During the self-assessment process, Heads of Department became aware of these gaps and instructed senior management to take immediate action (and not wait to develop an improvement plan later).

² The case was written by Salim Latib and Anne Mc Lennan from the Wits Graduate School of Public and Development Management for the Department of Performance Monitoring and Evaluation (DPME) in April 2013 as part of the MPAT process.

Importantly, the self-assessment process also brought to the attention of Heads of Department areas where they themselves had not paid sufficient attention as Accounting Officers.

According to the interviewees, MPAT drew attention to the gaps in their management information and spurred the introduction of improved management information in the department. This improvement was done not only for the benefit of MPAT, but for meeting other reporting requirements. As one interviewee commented:

“When you have the information, it is not a burden. The first round we couldn’t produce proof. Now we streamline management and performance information. We had started before MPAT but MPAT helps. All documents have to go through the management process. There is a link between what you are doing and performance for assessment.”³

There is evidence that departments are keen to improve their MPAT scores through learning from other departments. However, several interviewees were not aware of the good practice case studies DPME had commissioned.

The study concluded that the legitimacy of MPAT has grown over the past year, primarily due to the attention it has received at the level of Cabinet. No department wants to be singled out for not completing the MPAT process, or for achieving poor MPAT results. The stated intention of Government to link MPAT results to the performance evaluation of Heads of Department in the future has undoubtedly increased the level of commitment to MPAT from Heads of Department.

³ Salim Latib and Anne Mc Lennan, ‘The Management Performance Assessment Tool (MPAT): from compliance checklist to change tool’, April 2013, p.5

5. Conclusions and recommendations

5.1 Conclusions

Conclusion 1: In general, departments have a considerable way to go to meet the legal/regulatory requirements and to move beyond these and do things smartly. Effective human resource management and development is central to the performance of the public service and the weak results of departments in this area suggest that a renewed effort is required to strengthen human resource management and development in the public service. This is an imperative as outlined in the National Development Plan. A relentless effort to build a professional public service is essential for meeting the objectives of the National Development Plan.

Conclusion 2: Continuity in the Senior Management Service enables good management practices in the public service. Frequent changes in administrative leadership are disruptive to fostering good management practices.

Conclusion 3: Although the MPAT results for 2012/13 indicate that there were many departments that did not meet the legal requirements for management practices, there were an encouraging percentage of departments that did. In each of the 31 standards assessed by MPAT, there was at least one department that performed at Level 4 and displayed evidence of being innovative and working smartly. These departments demonstrate that, given the leadership of senior management to drive a culture of performance and improvement, it is not impossible for other departments to implement good management practices and improve their overall performance.

Conclusion 4: MPAT has established itself as a legitimate tool for monitoring and improving management practices in the public service. There is a high level of awareness of MPAT in the public service and notwithstanding some of the challenges raised by departments in implementing MPAT, the majority of departments participated actively in the process and displayed a genuine interest in achieving good results.

Conclusion 5: MPAT is adding value to those departments that have taken it seriously. These departments have used MPAT to identify gaps and have taken action to address these gaps. In this sense, MPAT has moved from being perceived as a compliance checklist, to a tool for initiating organisational change and improvement. MPAT also holds potential value-add for transversal departments to refine their policies and target their support interventions to other departments.

5.2 Recommendations

Recommendation 1: Transversal policy departments, namely, the Department of Public Service and Administration and National Treasury should follow-up on those areas where the MPAT results were especially weak, to ascertain the underlying reasons. These transversal departments should develop appropriate responses, which may include the revision of the regulatory framework, better communication of the legal/regulatory requirements and/or provision of support to departments to implement the requirements.

Recommendation 2: Departments should develop and implement improvement plans to address the areas of weakness indicated in their MPAT results. Departments are also expected to monitor the implementation of these improvements plans and should be requested to submit these plans as evidence in the 2013/14 MPAT cycle.

Recommendation 3: The Department of Performance Monitoring and Evaluation should take steps to ensure that all national and provincial departments are made aware of the good practice case studies that have been developed over the past two years.

Recommendation 4: The Department of Performance Monitoring and Evaluation should convene discussions on the results with oversight bodies, for example, the Auditor-General, portfolio committees and the Public Service Commission. These discussions could assist oversight bodies in identifying areas that require their attention.

Recommendation 5: The Department of Performance Monitoring and Evaluation should convene round-table discussions with those institutions in government charged with capacity development and technical support, for example, PALAMA, the Technical Assistance Unit in the National Treasury and the Capacity Building Chief Directorate in the Office of the Accountant General. Through these discussions, these institutions can identify priority areas for support and capacity development.