

APPENDIX G: GOOD PRACTICE CASES



MPAT

Management Performance
Assessment Tool

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RESEARCH APPROACH AND SUMMARY OF LESSONS FROM THE CASES¹

This summary provides an overview of the good practice cases, the research approach and strategies for improving management practice in departments. For the first time, the MPAT 2013 report combines lessons from the 16 good practice cases with the MPAT data. All 16 cases selected reflect improvements in 8 standards across the four KPAs (see Table 1). They include a mix of national and provincial departments, and of service and policy departments. The idea behind this was that it would be possible to identify some of the organisational processes and practices that contribute to improving management quality.

This is bearing in mind that MPAT is premised on the following understanding:

Improved management practices are the key to an improved public service and will contribute to improving service delivery through providing a holistic picture of the quality of management practices within a department or municipality, against common standards. This information can be used by management to inform improvements and can be used by transversal departments to provide support where it is needed most (MPAT Users Guide, p1).

In this regard, the cases attempt to explore the conditions for, and enablers of, compliant management practice and improved performance. The idea behind this year's analysis is to:

- Identify quality management practices or processes that do seem contribute to improved performance
- Provide practical do's and don'ts for management compliance (in terms of describing and documenting the process, templates and innovations used in each of the cases)
- Signal system trends (by identifying the cross case learning that will assist departments to improve compliance and management performance in the future)

MPAT is based on the understanding that compliance with management regulations should lead to improved management performance, and over time, improved service delivery outcomes. Monitoring compliance with key regulatory requirements enables departments to identify management strengths and weaknesses and thereby to improve practice. This improved performance, it is hoped, will in time contribute to better service delivery outputs, outcomes and impacts. MPAT focuses on management practice: governance, strategy, finance and human resources, and uses an input-output model to monitor compliance. Departments must provide evidence of regulatory compliance and this is moderated.

The results from 2012 suggest that there is organisational learning and improvement initiated by the MPAT process. The process of tracking compliance raises awareness about what should be done and what is not being done. This in itself enables proactive departments to make relevant adjustments to their management process. The MPAT process may in the long term lead to a growing understanding of the ways in which

¹ The case study research and qualitative analysis was undertaken for the Department of Performance Monitoring and Evaluation (DPME) by a team of researchers from the Wits School of Governance at the University of the Witwatersrand led by Professor Anne Mc Lennan (<http://www.wits.ac.za/wsg>).

effective and operational management systems and procedures contribute to and enhance performance and service delivery. In addition, the learning process linked to MPAT, enables the identification of management processes that improve practice and performance. This includes accountable leadership, monitoring, ensuring compliance and consequences.

Table 1: Good practice cases

KPA 1: STRATEGIC MANAGEMENT		TITLE
1.3.1 Monitoring & evaluation	National Department: Trade & Industry (dti)	M&E as a daily practice in a learning organisation
	Eastern Cape: Economic Development, Environmental Affairs and Tourism (DEDEAT)	A man with a four year plan
KPA 2: GOVERNANCE & ACCOUNTABILITY		TITLE
2.1.1 Service delivery improvement	National Department: Home Affairs	Learning by doing
	Eastern Cape Rural Development and Agrarian Reform	Drive with reflection and passion
2.6.1 Risk	National Department: Mineral Resources	Mobilising and Mainstreaming
	North West: Agriculture and Rural Development	From theory to practice
2.4.2 Fraud	National Department: Mineral Resources	Procedure and details matter
	North West: Department of Agriculture and Rural Development	Mobilisation and internal cooperation
KPA 3: HUMAN RESOURCE MANAGEMENT		TITLE
3.1.2 Organisational development	National Department: Energy	Rome wasn't built in a day
	Northern Cape: Social Development	Positioning to deliver for the war on poverty'
3.2.2 Recruitment & retention	National Department: GCIS	Going beyond the call of duty
	Northern Cape: Roads & Public Works	on the road to improvement
3.4.2 Disciplinary process	National Department: Mineral Resources	Building responsible managers: leave 10111, I can do this myself'
	KwaZulu Natal: Department of Economic Development, Tourism and Environmental Affairs	The cunning fox: picking a path through the mountain of challenges
KPA 4: FINANCIAL MANAGEMENT		TITLE
4.2.2 Payment of suppliers	National Department: Energy	Expeditiously expediting
	Northern Cape: Social Development	Commitment and capability: pushing the boundaries

The approach adopted by the DPME is rooted in strategic and quality management approaches which focus on the measurement of standards and performance. Any type of performance framework is about achievement, or being successful, but successful at what? In the case of the MPAT model, the primary focus is on meeting defined standards in each of the KPAs. The four KPA areas comprise the primary aspects of management embedded in public service delivery and the standards specify levels of performance. In terms of the

model, success is evidenced in achieving level 3 and 4 compliance as this means departments are performing according to set management standards.

The notion of performance does extend beyond the organisation's ability to achieve its stated management goals to service delivery (in relation to use of resources and the extent to which all stakeholders benefit - that is outcomes). Embedded in this approach are two issues - doing the right thing and doing things right. Doing the right thing is defined by the overall strategy of government. Doing things right is, in part, defined and measured by MPAT. They are processes that are inextricably linked as there is no point in obtaining results that don't matter. MPAT however focuses on the management practices and performance which links inputs and activities to outputs to outcomes and ultimately to impact.

Good practice and performance across the KPAs is an essential part of improving service delivery and achieving the objectives of government. The four management KPAs are interdependent and form part of the overall service delivery system by turning inputs into outputs. Effective performance in each of these KPAs requires a focus on the management practices - policy, leadership, organising and resourcing, capacity and service orientation - required to achieve results in each KPA (see Figure 1). Improving performance requires institutional capacity development focused on the process and culture of management and leadership, organisation and resource systems, and service and leadership. Figure 1 provides a framework for analysing the management practices that links the compliance good practices to lessons for improved performance. This framework was used to guide the data collection (see Appendix A)

Figure 1: Analytical framework for good practice cases

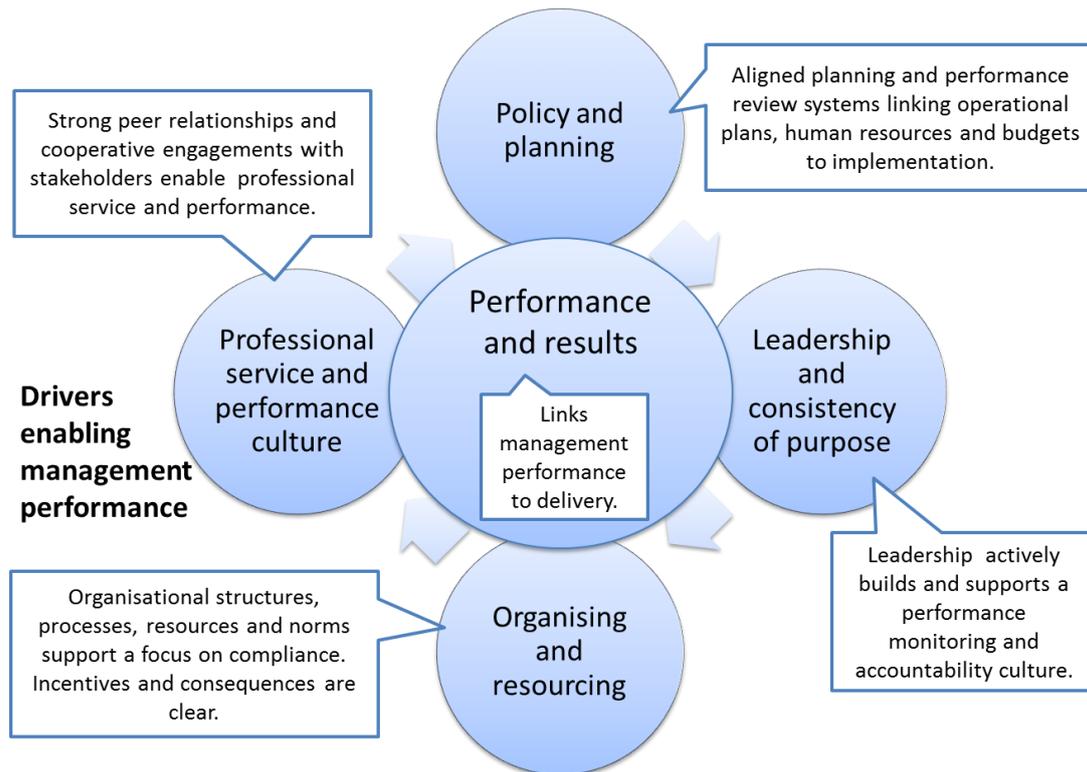


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The research process involved visits to the departments and interviews with the officials responsible for the good practice. These were then written up into cases and returned to the department for further comment and corrections. A stakeholder workshop involving the good practice departments, the Department of Performance Monitoring and Evaluation (DPME) and policy departments was held on 3 June 2014 to share and discuss the findings from the research.

The research process led to the identification of four essential management practices that drive or enable management performance (Figure 2). These are aligned policy, planning and performance review systems; dedicated leadership and consistency of purpose; organisational structures and resources which enable performance; and a professional and accountable performance culture. The need to comply works as a source of innovation. Using factual evidence and data in engagements with internal and external stakeholders drives change. Communicating these lessons (see Figure 3) enables a dialogue on what areas need attention.

Figure 2: Drivers enabling management performance



Accountable leadership and consistency of purpose builds a committed performance monitoring culture by setting the tone and following through. The cases show that smart practices are sustained when management (and peers) apply pressure by holding people responsible and requiring them to account. This requires consistent oversight, attention to detail and leading by example. A passionate champion often gets the ball rolling by noticing a gap and introducing an innovation. In almost all the cases, improvements are driven by a strong manager, champion or team that lead and monitor the process. Attention to detail is a critical part of this process.

The lesson is that consistent political and administrative leadership sets the tone and is integral to building a committed compliance and performance culture.

Policy and planning provides a foundation for addressing needs. In this regard, they drive improved practice but only if they are actively adapted to the department's operating context. Inconsistent policy regulations can slow delivery by enmeshing department in unnecessary compliance processes. Plans need to be based on evidence and an honest review of challenges and objectives. Effective planning requires a clear, well-communicated objective and tasks, as well as an alignment of strategic and operational process. Target setting is an important part of aligning strategic and operational processes without conflating them. This enables a focus on intended outcomes based on due assessment of available resources.

The lesson is to set targets and stick to them. Plans should be adapted to departmental conditions and aligned to operational processes, specifically HR and finance.

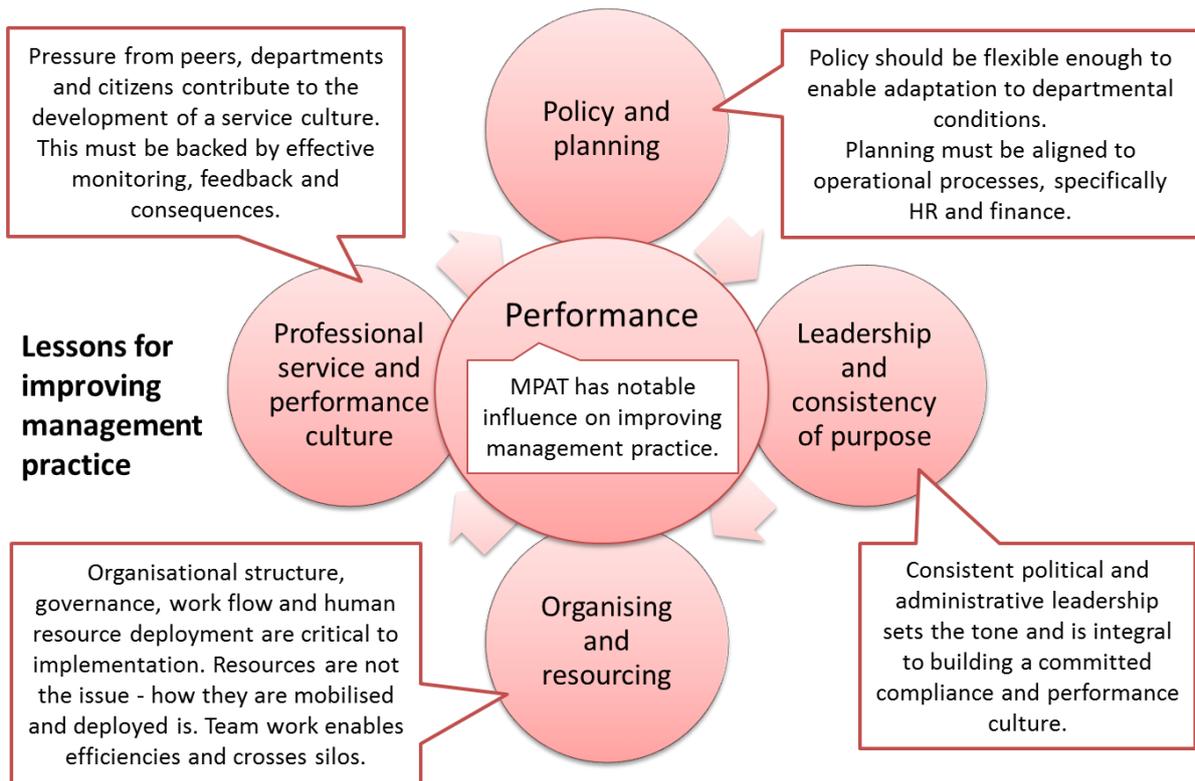
Organisational and resourcing systems which support and enable compliance, innovation and performance are drivers of improvement. In particular, needing to do more, with less, enables innovation and improvement. The cases demonstrate that departments are effective when they have to take responsibility for a set of activities without the allocated resources. The need to do take on additional task results in good practice as departments innovate and develop tools that cross traditional silos. The required teamwork creates efficiencies and places people at the centre of change. A focus on operational processes and work flow also drives improvement. The right people, with the right skills, using the right tools and systems are a fundamental to service delivery. In particular, management tools and systems can: a) provide people with the necessary steps to meet targets and improve quality; b) ensure consistent documentation of processes; and c) track and monitor performance against set time-frames, enabling pro-active responses to be taken before deadlines are missed.

The lesson is that organisational design, governance, work flow and human resource deployment are critical to implementation. Resources are not the issue - how they are mobilised and deployed is.

A **professional and accountable service culture** is a requirement for successful delivery. Smart departments hold people to account and ensure that employees understand the personal and organisational consequences of not doing what is required. Peer pressure, from institutions such as FOSAD, or citizens, or oversight institutions, is a strong driver of improvement of service delivery. In most cases, the incentive to improve comes from peers, citizens or political leaders asking tough questions about performance. Effective and consistent monitoring for learning and action based on evidence is critical to sustaining improvement. This requires a predictable learning and review process which forms part of daily management practice.

The lesson is that a professional culture is supported by peer pressure and cooperative engagements with stakeholders which enables performance backed by monitoring, feedback and consequences.

Figure 3: Lessons for improving management performance



In the following sections, the good practice cases are described under each of the KPA areas.

Appendix A: Interview guide

Policy and Planning

- What is the policy related to the area? How is it interpreted? Is it still relevant?
- How does the department plan? Who is included in the process? What are the links between strategy and plans in relation to the KPA and the standard being documented?

Leadership and consistency of purpose

- Does the department have a clear philosophy on performance and core values?
- How involved are the leaders/management in the implementation of good management practices?
- What processes exist to ensure that there is a consistency or purpose and consequences for non-performance?

Organizing processes and resources (in relation to the standard)

- Do organisational processes support a focus on compliance and performance?
- What are these processes and norms and how do they work?
- Are the resources (employees, finance, facilities) needed to reach the targets set available and efficiently used?
- Are the ways of working and managing regularly evaluated on effectiveness and efficiency? Are adjustments made when things can be done better and/or easier?

Development and involvement of staff and stakeholders

- Do staff have the knowledge, skills, will and space to perform? Do they include relevant stakeholders as required? How?

Service and citizen focus

- Do citizen or stakeholder needs inform management practices?
- How is this done?
- Do they evaluate and monitor services?

Results

- How are results measured and is progress monitored? Can the department specify the intended result (input, outcome or impact) in relation to the standard? Can it be linked to specified results?

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. Effective monitoring allow for early warning signals.

Compliance with respect to the key performance area of Strategic Management is monitored through three standards. Two of these speak to the broader area of Strategic Planning, which is the existence and quality of Strategic Plans and Annual Performance Plans (APP). The third relates to the larger area of Monitoring and Evaluation (M&E). The cases selected for KPA 1 focus on the M&E standard which is 'the department's ability to do M&E, produce useful and reliable information and use this information to inform performance improvement'. Smart compliance requires evidence of departmental M&E frameworks; links to the APP; no findings by the Auditor-General (AG) in the reliability of performance information; and at least one major evaluation should be conducted or planned.

The Department of Trade and Industry (the dti) registered a solid upward trend with regard to the KPA 1 in 2013. The dti developed its M&E system over a number of years, taking its cue from policy-frameworks emanating from the centre for government. It customised these frameworks to provide for its own complex organisational structure which is split between 8 divisions in the department and 14 public entities that it supports. Their chosen M&E system contains strong elements of decentralisation to the programme and implementation agencies and divisions, while maintaining an effective coordinating capability at the core of the department in the Office of the Director General (DG).

The Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) attracted positive attention by improving its compliance rating with in KPA 1. It improved its compliance from a level 3 to 4 for M&E and moved from a level 2 to 4 in the other two standards. The DEDEAT adopted a different strategy to the dispersed approach evident in the dti. In this department M&E is led by a strong motivated champion whose plan is put the M&E system into place over a period of four years.

The strong message from these cases is that M&E is the thread that ties together strategy, planning, resources planning and management (budgets, financial management and HR); performance management (organisational and individual); as well as governance (reporting and accountability). M&E is not always recognised for the integrative role that it plays in organisations, but when done properly brings together the different parts of the management and performance endeavour. The challenge is to ensure balance between the different components.

SOME LESSONS FOR GOOD PRACTICE IN MONITORING AND EVALUATION

Policy and planning

M&E is as much part of every manager's responsibility as is the adherence to the Public Finance Management Act (PFMA) with respect to financial management, or the Public Service Act with respect to Human Resources management. It cannot come fully to its right as the system that feeds evidence based decision-making as long as it remains the preserve of a few technical experts. It is when organisations are imbued with evaluative thinking right through all its activities that the benefit of the hard, detailed work regarding quality of information and so forth really pays off.

A professional service and performance culture

M&E is first and foremost about humans. Although methodological considerations and electronic systems tend to dominate in conversations of the M&E technical experts, to institutionalise a successful M&E system the attention needs to turn to those who have to feed the system, maintain the system and validate the system through their regular use and reliance on the system. Leadership, management and staff need to be taken along the journey and must at all times be convinced of the utility of the system, in order for it not to be seen as an additional administrative burden that adds little or no value to the execution of key responsibilities.

A learning culture is conducive to perpetual improvement, as well as problem solving and innovation. Ongoing capacity development is essential. Capacity is, however, not just training. It is also built through experience, open communications and exchange, as well as the confidence that is the side-product of a trusting relationship between professionals.

The role of leadership

Supportive leadership (both politically and administratively) is a sine qua non to make progress with the institutionalisation of a performance management system. Of equal importance is a relationship of trust that has to develop between the leadership and the technical experts/ managerial teams. The choice of champion is critical. Substantive knowledge is necessary, but more importantly commitment, wisdom and grit in the presence of significant resistance is necessary. Introducing an M&E system in any organization is a large scale change management exercise, and all the requisite competence to drive organizational change is also necessary in this situation.

Organising and resourcing

Under-resourced M&E units, often comprising a single person at directors or deputy director's level, make it impossible for those units to provide the necessary support to line-managers to institutionalise M&E throughout departments. Theirs have become a perpetual struggle to coordinate the collection of information and produce the different series of management reports on a monthly, quarterly and yearly basis. As the work of public entities is increasingly integrated into departmental APPs these reporting requirements are not sustainable. Where there is more substantial resources dedicated to M&E, such as in the decentralised system of the dti much more meaningful development and cultural change can be achieved than mere compliance.

MONITORING AND EVALUATION

DEPARTMENT OF TRADE AND INDUSTRY: M&E AS A DAILY PRACTICE IN A LEARNING ORGANISATION²

The Department of Trade and Industry (the dti) registered a solid upward trend with regard to the overall KPA of Strategic Management in MPAT 2013. Its ability to meet the requirements level on the Monitoring and Evaluation (M&E) standard warrants a closer look at praxis, structure, systems and culture in the department that allowed it to register this achievement.

The dti has developed its M&E system over a number of years, taking its cue from policy-frameworks emanating from the centre for government. It customised these frameworks to provide for its own complex organisational structure which is split between 8 divisions in the department and 14 public entities that it supports. Their chosen M&E system contains strong elements of decentralisation to the programme and implementation agencies and divisions, while maintaining a very effective co-ordinating capability at the core of the department, in the Office of the Director General.

The dti is in the process of developing a strong culture of “evaluative thinking” across all layers of the organisation, moving M&E thinking to the core of management activity, because of their attention to matters of integration and alignment across various management systems and day-to-day management activity as well as a deep commitment to capacity development. This involves moving beyond the perception that M&E is the reserve and sole responsibility of a small group of technically/ methodologically focussed people, detached from the mainstream day-to-day operational responsibilities of policy making and implementing them through creative programmes and projects.

Taking (i) effective leadership and management; (ii) a learning culture that is striving towards achieving both operational and intellectual excellence; and (iii) excellent internal organisational communications as points of departure, the dti has come up with a number of innovations with respect to institutionalising M&E across the department and the relevant entities. The four notable ones that receive attention in this case study is (a) the publication of its Standard Operating Procedures (SOPS) for Planning and Reporting, ensuring standardisation across the dti family re matters related to strategic management and reporting; (b) its internal rating system that connects the discussion re organisational performance with that of individual performance; (c) the assessments and guidance provided by the Strategy Unit to guide the Operations Committee re realisation of strategy, adaptation to be made as well as lessons to be learnt; and finally (d) its multi-year Evaluation Plan, that allowed it to be one of the early departments out of the blocks when the National Evaluations Plan became a reality.

² This case study was written by Hanlie Robertson (and edited by Professor Anne Mc Lennan) from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

Context and background

The Department of Trade and Industry (the dti) is a critical player in achieving South Africa's objectives with respect to economic growth and job creation. It is concerned with transforming the economy into a dynamic and globally competitive one, working towards creating an investment environment, *inter alia* through industrial development, that is attractive from an economic perspective, whilst simultaneously encouraging the broadening of economic participation across different population groups and segments in our society, and a more egalitarian spread of the spoils of such economic growth. As such the dti is geared towards supporting the Minister for Trade and Industry whose delivery and performance agreement relates to Outcome 4 (Decent employment through inclusive growth) in terms of the Government's Programme of Action. The dti has lead department status for sub-output 2.3 *Sector strategies to support growth of labour intensive industries*; sub-output 4.1 *Support for exports and import competing sectors*; sub-output 4.2 *Increased share of World Trade*; as well as sub-output 6.1 *Reduced constraints and improved support to SMMEs and Co-ops* in the Programme of Action.

The dti is responsible for administrating 45 bodies of diverse legislation, including the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); the Companies Act, 2008 (Act No. 71 of 2008); the Copyright Act, 1978 (Act No. 98 of 1978), Consumer Protection Act, 2008 (Act No. 68 of 2008); the Liquor Act, 2003 (Act No. 59 of 2003) and the Lotteries Act, 1997 (Act No. 57 of 1997) to mention but a few by way of example.

Much of the work of the dti is done through the running of incentive schemes, e.g. the 12I Tax Incentive, which aims to support investment in manufacturing assets to improve the productivity of the South African manufacturing sector. This scheme alone approved 12 projects to the value of projected investments worth R10.2 billion during the 2012/13 financial year. Likewise, investment worth R1.3 billion was secured from the Business Process Services (BPS) Incentive Programme and 4 500 jobs created through this vehicle. These incentive schemes are responsible for the bulk of the financial expenditure of the department and as such attract significant attention from oversight bodies such as the Office of the Auditor General and Parliament and specifically the Portfolio Committee for Trade and Industry. The need for proper information to use in these accountability processes has therefore been long established, and the utility of information for decision-making is equally well appreciated.

Understanding the practice

Due to its wide remit, the dti is structurally complex. It is organised in eight divisions, and supports 14 public entities. To ensure workability in this complexity its philosophy is one of decentralisation with strong integration capability at the centre of the department. The Group Chief Operating Officer (GCOO) and the various strategy and reporting units situated in her office is a critical part of this integrative capacity.

The dti sets high store at capacity development. This orientation is guided by their Mission Statement in which they set out to "*continually improve the skills and capabilities*" of the department in order to "*effectively deliver on its mandate*". The promotion of a "*professional, ethical, dynamic, competitive and customer-focused working environment*" is elevated to one of the department's strategic objectives. During

the medium-term period covered in this particular reporting cycle “ensuring strengthened leadership and capacitating the department” has been one of the dti’s key focal areas. With a staff retention rate of 94%, and no recent changes at the helm, the dti can be deemed a stable department, with considerable organisational memory and maturity. The organisation has developed a reputation of being an employer of choice in the public sector. As such it attracts high calibre applications and it is able to keep its vacancy rate down to about 8%, notwithstanding the relative small pool in which it is hunting for undersupplied skills, and where it competes in many instances with the private sector for those skills.

The dti has recently revised the organisational values it wants to inculcate. Previously the emphasis was on “delivery”, “trust” (and respect) and “integrity”. Deeming that they have adequately internalised those, the bar has now been raised to focus on “Operational excellence”, “intellectual excellence” and “quality relationships” as key values to be pursued. Terminology used quite widely to describe the culture of the organisation include: learning organisation; continuous improvement, information rich; results-driven; compliant; innovative; and embracing of change/flexible. With qualities in its organisational culture such as these, the dti is no stranger in raking in the awards: Best government department for setting up new systems to improve service delivery; best help desk; best internship programme, etc. etc.

These features obviously serve the department well in terms of scoring well in the MPAT process, a process that has compliance at its core, and is premised on a learning and continual improvement approach. It is the improvement that the dti has shown since the previous cycle in terms of the three standards/ indicators that governs and measures “Strategic Management” that has made it a logical choice to focus on this case for public service-wide learning. With respect to compliance around issues of its Strategic Plan it has improved its performance during the past two cycles from meeting only the level 2 requirements, to meeting the highest level requirements set at level 4.

With respect to issues of the Annual Performance Plan it has moved up from meeting level 2 requirement to level 3 requirements, and with respect to M&E it has moved up from level 3 requirements to the level 4 requirement, i.e. “At least one evaluation of a major programme is conducted or in process or planned”. What has made all the difference with respect to meeting this requirement, is the existence of the department’s multi-year evaluation plan, and that it has subjected, *inter alia*, its Business Process Services Incentive scheme to an evaluation under the National Evaluation Plan, facilitated by the DPME during the period 2012/13.

The three notable innovations with regard to M&E that receive attention in this case study is (a) the publication of its Standard Operating Procedures (SOPS) for Planning and Reporting, ensuring standardisation across the dti family re matters related to strategic management and reporting and providing for an internal rating system that connects the discussion re organisational performance with that of individual performance, (b) the assessments and guidance provided by the Strategy Unit to guide the Operations Committee (Opscom) re realisation of strategy, adaptation to be made as well as lessons to be learnt; and finally (c) its multi-year Evaluation Plan (MYEP), that allowed it to be

one of the early departments out of the blocks when the National Evaluations Plan (NEP) became a reality.

Policy and planning

A number of key documents, the most important of these being are used to achieve alignment and coherence among the in the different planning, performance management and reporting structures and processes of the dti.

- The Departmental Policy for Managing Organisational Performance;
- The Departmental Standard Operating Procedures for Planning and Reporting (SOP); as well as
- The Monitoring and Evaluation Framework for the dti

The Departmental Policy for Managing Organisational Performance seeks to bring about harmonisation, integration and alignment between planning, budgeting as well as performance management and reporting (both organisational and individual) processes. It seeks to align the dti's processes with the prevailing government-wide processes in this regard. The scope of the policy includes strategic plans, annual performance plans, business plans, divisional operational plans as well as individual performance agreements.

Astute enough with regard to policy implementation, the dti did not leave the issue of organisational performance at the policy level, but took the extra step by developing and approving in 2011 *the SOPs for Planning and Reporting* in support of the organisational performance management policy. The SOPs are guidelines to facilitate uniformity with respect to the development of strategic plans, business plans and performance reports within the decentralised system, in order to ensure that the department effectively and efficiently fulfils its legislative mandate and overcoming a silo's mentality, promoting synergy across the organisation. It also firmly paved the way to align individual performance with that of the organisation.

The departmental M&E framework aligns the dti M&E effort with the overall government-wide M&E results-based/ outcomes-based approach. The framework flows from a good analysis re the prevailing M&E practices in 2013, including the fact that M&E practices up to that point was largely driven by the need for compliance with National Treasury regulations, rather than embedded in a desire for service delivery improvement, good management practice and an institutional culture appreciative of the associated learning that comes with M&E.

Leadership and consistency of purpose

The dti has benefitted from a fairly stable leadership over the years, and where changes took place, because of its culture that appreciates flexibility and are quick to adapt to change, any negative effects were quickly mitigated. Officials provide glowing testimony, unprompted, regarding the critical role of the leadership in making the M&E system work in the dti. Leadership gives direction, they cultivate the specific organisational culture and above all, use the information derived from the M&E system for decision-making and learning re its policy areas. In the words of some of the officials:

"We may be ahead of the curve now, but it is because our Minister always believes in continuous improvement..."

“One of the successes we have had in the department is that we have had very supportive leadership. The turn-around times from our DG and Minister are a day or two on average. There is a lot of trust. The assurance that we give them is based on the processes and the credibility of the processes we have going up and down. In return they trust us. There is a lot of trust....”

Because of the commitment of leadership and strong political will to integrating a strongly coordinated approach through the Strategy Unit re strategy and M&E, there is general adherence to timelines and general respect to that office when it requests information.

Questioned about possible reasons for the remarkable organisational culture of professionalism, one of the reasons proffered, and which enjoyed complete support by all participants to the discussion, was that it all boils down to intrinsic motivation. *“People are not forced to comply. The people know what the goal is at the end of the day. They understand that their actions and inactions impact on meeting that goal, as well as the perception re the dti”* - a reputation that is deeply treasured by the employees.

Organising and resourcing

A distinction is made between the operational M&E which is the monitoring of the implementation of the APP, MTSF, etc., and which takes place in the office of the GCOO³, more specifically in the Strategy Unit and programme monitoring and evaluation. In terms of the Economic Research Policy Co-ordination Unit that is where the Minister’s agreement on outcome 4 and the Annexure B of the outcomes agreement is actually monitored. That is where the M&E impact assessment unit is also housed.

The evaluation function is structurally separated from the Strategic Planning and Performance Monitoring component, which is responsible for monitoring and reporting on overall organisational performance against the Strategic and Annual Performance Plans. Known as the Impact Assessment Unit (IAU), and lodged together with the Chief Economist, they are responsible for carrying out programmatic evaluations. They work according to a multi-year evaluation plan (MYEP). This invention of the MYEP seeks to address a situation in the department where evaluation studies were commissioned independently by different divisions in the department, without a coordinating central platform that could set standards and provide quality assurance in a systematic way.

This plan is used by the Executive Board of the Department (ExBo - the senior administrative decision-making structure) for selecting those programmes to be proposed for inclusion in the National Evaluation Plan. The IAU now provides technical support to the various divisions with regard to evaluation studies and also assists them with setting up the various decentralised divisional M&E platforms in compliance with the GWM&ES. It is also they who (a) ensure that evaluations feed into the departmental decision-making hierarchy, including divisional ExCos, the Operations Committee (Opscom) and ExBo, and (b) preserve the various evaluation reports for institutional memory.

³ A Public Entities Oversight Unit provides a similar service as to quality control and coordination re the 14 public entities’ operational planning and reporting to the Minister, than what the Strategy Unit in the GCOO does for the 8 divisions of the department. In addition they ensure that the public entities’ initiatives are aligned with the Strategic Plan/ strategic objectives of the department.

Capacity and involvement of staff and stakeholders

As already mentioned, the dti appreciates learning and capacity building. With the organisational values now including operational excellence, the organisation is empowering its employees on a large scale, believing that it is only when you are an expert at your job that significant impact on the challenges we face, can flow from that.

The organisation employs well-qualified staff (including MBAs, MBLs, statisticians, economists, experienced administrators and managers) with ample experience (gathered around the interview table in preparation of the case -- at directors and chief directors levels - average relevant experience per individual was in the region of 15 - 20 years, both within the public sector and elsewhere)⁴. By way of example, as one of the persons involved in M&E and research in the department describes her own career experience:

"I am an old dog here...part of the furniture. I have been 13 years with the dti. Prior to that, I was ten years with the Chamber of Mines as a statistical analyst. Labour statistics on top of that.... My background is economic policy. I have been an economist since 2001. I have been part of ALL the micro-economic reform policies in government in the new administration democratic government. From the introduction of the GEAR, the integrated manufacturing strategy, the first draft of the industrial policy in 2005, up to now the new policies now in government. 13 years on... having had that policy experience, I was seconded to the Policy Co-ordination and Advisory Service (PCAS) in the Presidency, to assist with the economic accelerated shared growth initiative (ASGISA). Part of my exposure there was to the early evolvement of the Government-wide Monitoring and Evaluation unit."

And then it sets out empowering employees for their jobs; training; international exposures; sabbaticals; and so forth are the norm.

With respect to M&E, the decentralisation of the M&E functions obviously assists in mobilising additional capacity for M&E, more than the typical arrangement of a small M&E unit attached to the DGs office results in. For example, the IAU, is staffed by a director, two deputy directors and two assistant directors. During the past year the dti has also appointed a CFO as well as a Chief Economists, who, each in their own way, contributes greatly to the overall dti M&E system.

However, the dti goes much further in the deliberate building of capacity for this function, and does so in a particularly strategic and coordinated manner. Personal development plans are completed in April for all employees and then used to plan for coordinated and synchronised learning of groups of employees, aligned with the strategic needs of the organisation. Training opportunities at reputable institutions are pro-actively identified by the Learning Academy. As this approach was illuminated: *"it is not that you go on one course, and I go on another."*

In the case of M&E, for example, the training provided by the CLEAR facility at Wits P&DM/Wits School of Governance embedded the 10 Step approach to designing and implementing an M&E system in the dti, and indicator development takes place according

⁴ Around the interview table, at directors and chief directors levels relevant and appropriately senior experience per individual was in the region of 15 - 20 years, gained both within the public and private sector, within the dti and elsewhere in government.

to the training provided by Stellenbosch University regarding that aspect. All M&E practitioners in the dti also belongs to the South African Monitoring and Evaluation Association (SAMEA) to ensure continued professional development and learning also through that network.

External capacity is contracted to undertake Evaluations. Financial support for this has in the past been accessed in some cases from DPME but that tap might have run dry, and evaluations have to be budgeted now in the normal way as departmental activities.

In the philosophy of the dti, M&E is about performance improvement: delivering services better to their user publics, better targeted, perpetually removing obstacles, be that red tape etc. Many of the data collection activities for programme monitoring and evaluations access their “beneficiary” communities directly through surveys, focus group discussions and so forth.

Results

Evidence abounds of thorough institutionalisation of the processes associated with integrated performance management - both within the department, as well as through the political system. Direct feedback from departmental role-players that underlines this perspective, include:

“The systems that have been put in place in the dti since 2009 -- when National Treasury released its guidelines -- to create structure and processes in terms of governance, e.g. reporting and monitoring, have obviously shaped the way that which we use these reports for decision-making.”

“These SOPS have become an institutionalised process over the last few years. We are reporting now against our APPs and SPs and the Minister’s commitments and there is the internal rating process. It is quite a rigorous process. There are different levels of engagement. It starts from a divisional perspective. They will collate their reports and have a review process with the DDGs to assess their progress, but importantly, ‘What is the corrective action if they have not met targets or if they are lagging targets?’ ...”

“The culture in the department is that it is a learning organisation - very professional! Because you can take feedback provided in the system of internal rating and say: ‘Well, these are the areas that we need to improve on, and these are the corrective actions we have to take in order to improve....’ That is what we stress. A lot of the time in other government departments, monitoring is used as a punitive measure. And I think the dti is one of the few departments that use M&E for improved decision-making. When we award incentives, this management information is used to make an assessment and make the right decisions.”

“We have a very rigorous Portfolio Committee. The report we generate here, we present to the Committee. These reports range from performance reporting, to implementation of incentives, to matters on legislation and various other aspects. They have been really rigorous in using those reports to check the department and keep it on track. To make sure we are performing...”

Examples are easily come by of where information derived from the various M&E activities are thoroughly used. With regard to the programme M&E it is inter alia used for informing policy change, and for accountability purposes, vide the Minister’s commitments in terms of the outcomes-based approach. For example, the guidelines with respect to the incentive schemes were rapidly changed on the feedback from the information was clear

that if they continued on the same patch, the objectives originally set for this scheme would not be realized. Parliamentary questions can also now be answered with less running around or looking for the necessary statistics.

The collection and capturing is increasingly tweaked to allow for manipulation of data according to the variables that interest different user groups, e.g. an analysis for the NCOP that comments on how many women in a given province have been assisted through a specific policy intervention. Or reporting regarding Black Economic Empowerment in another province. With the integrated information management system starting to be rolled out, it is just getting better and faster. Obviously once utility for M&E results are established in different internal and external user communities of the organisation, the M&E system virtually starts feeding on its own “successes” and those managing it are becoming savvier in terms of anticipating the needs of the user community, by analysing the trends for use.

Lessons Learned

Supportive leadership (both politically and administratively) is a *sine qua non* for the implementation and integration of an organisation-wide M&E system into any organisation.

“Political will and leadership are crucial. If you get the buy in from leadership, it is easy going from thereon. Then you have to advocate and communicate the importance of M&E.”

The human element is the most important, notwithstanding the perception that technical considerations are dominant re M&E. The dti has stepped back from the brink in an earlier period where, because of different leadership and management approaches, performance was over-emphasised at the cost of the softer issues. That tendency is now firmly in check, with the human element restored as the most vital of considerations. As it was very eloquently put:

“My advice to other departments would be in as much M&E is a focus on the hard issues/ structures, systems and skills, it is also important re leveraging people. The input into your system is dependent on people understanding WHY they are doing it and more importantly why THEY are doing it. How it benefits the department and then that cascades back to how it impact public service as a whole. That bigger picture gets lost, since every one focuses on their minute little area and feels that they are an expert in their area. But it is incumbent on M&E practitioners, to TOGETHER with leadership and management bring that bigger picture back to everybody to understand why we are doing this.”

Capacity building is essential. Training and development is done in a strongly co-ordinated way, building on the annual Personal Development Plans (PDPs) for all staff. Key training partners and service providers are identified by the dti’s Learning Centre. Rather than sending one or two trainees on ad hoc training expeditions, a significant number of participants are sent on courses that meet the organisational needs. Such training cohorts of strategically placed staff that have been exposed to the same training and education finds it easier to embed their learning back into the organisation, since they form a support network to one another. The dti approach to training allows for the building of critical mass, around approaches and systems that are compatible with the overall

direction of the department, and avoids paradigmatic and more superficial clashes in the systems and thinking that are introduced in the department via training opportunities.

Open and frequent communication: Open communication in the department leads to a culture where people are informed and thus empowered.

"We have regular newsflashes – if there is an EXBO meeting, whatever is discussed, a summary, the EXBO Statement is prepared and is e-mailed to everybody - quite an innovation. We keep employees informed, even at OPSCOM level. Other departments I have come from, a lot of these things are not as transparent as you would like them to be..."

A learning culture is conducive to perpetual improvement, as well as problem solving and innovation. As it was communicated:

"With a learning culture there is always innovation....Capacity building is key. If you skill people in your department, nurse the learning culture, you will bring innovation."

Integration and alignment: A golden thread is woven into the fabric that makes up the dti family. Critical in giving direction is the commitments of the Minister to the government priorities. That is translated into the strategic plan and annual performance plans, right through all layers, down to the discussion on personal performance plans. This logic is supported by the necessary structural arrangements. Mechanisms have also been put in place to ensure that the entities who are essentially the implementing arms are included in this logic, e.g. by divisions including some of the public entity key deliverables in their reporting. But it also boils down to complete institutionalisation and integrating M&E with daily work responsibilities. As Busi puts it:

"Look at M&E as a daily thing. It is not a once a month, once a quarter thing where it is an adventure. It should be part of your daily work, because if you do that, you won't find yourself at the end of the year asking 'what happened?' Also, if you have a directorate M&E, you have a strategy person, finance person, the linkages between those three people needs to come into play."

Never satisfied with current levels of performance, and always open to learning from others, the dti is the first to acknowledge that there is still room to improve re its M&E system and praxis. The experience with M&E in East Africa, most notably Kenya, has been identified as a worthy benchmark to aspire towards. The department's move towards establishing a more sophisticated, integrated information management system as well as embracing more complex, but automated electronic systems are taken cautiously, learning from those within the South African system who has already moved down that road, e.g. COGTA KZN, and, being ever mindful re the balance between technical aspects and the "softer" issues, such as the human factor, to consider.

MONITORING AND EVALUATION

EASTERN CAPE DEPARTMENT OF ECONOMIC DEVELOPMENT ENVIRONMENTAL AFFAIRS AND TOURISM (DEDEAT): A MAN WITH A FOUR YEAR PLAN⁵

In round 1.3 of the MPAT assessments, the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) attracted positive attention by noticeable improving its compliance rating with respect to the overall Key Performance Area of Strategic Management. It improved its compliance from an already satisfactory level 3 for M&E in the previous year's MPAT assessments, and also raised its performance from a low base (level 2) on the other two strategic management indicators to a level 4. Its ability to score a perfect hat trick this round meeting the requirements of the 4th level on all the strategic management indicators, including the Monitoring and Evaluation standard, must be recognised as remarkable progress over a short space of time. This improvement demands that we scrutinise the DEDEAT experience closer, trying to identify the success factors or levers that drives such improvements.

The underlying philosophy and approach taken in the DEDEAT's *Policy for the management of organisational performance information*, formally adopted in August 2012 is that of the strengthening and auditing of non-financial performance information in order to bring it on par with the strong systems of financial management information and the auditing thereof as embraced in the system of public administration in South Africa.

Context and background

As the name implies, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) in the Eastern Cape, is responsible for a wide -- but inter-related -- remit and a critical player in the quest to grow the economy of one of the poorest and most under-developed provinces in the country. Six public entities report through the DEDEAT to the Executive and Legislature. As is the case with all provincial departments, the DEDEAT functions within a web of intergovernmental relations and accountability frameworks. Many of the vertical relations include reporting on different hierarchies of policy priorities, as well as compliance with various government rules and regulations pertaining to the Public Service.

Since the configuration and combination of functions at provincial and national departments do not mirror one another exactly, the DEDEAT reports to no less than three different line departments at national level - Economic Development, Environmental Affairs and Tourism. Fortunately, in recent years the reporting burden for provincial departments seems to have been reduced since national departments demands fewer ad hoc reports and are increasingly turning towards National Treasury and StatsSA to draw down the information they need from the provincial departments.

⁵ This case study was written by Hanlie Robertson (and edited by Professor Anne Mc Lennan) from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

The requirement for a system of reliable performance information in the DEDEAT is seen as an extension of the evolving conversation in government that moves from policy and strategy to implementation and the management thereof. Reliable performance information becomes the medium of interpreting progress against the policy and adopted strategic and operational plans.

In August 2012 a policy that provided for the integration and alignment of strategic planning, performance management and auditing of performance information was formalised in the DEDEAT under the title: *Policy for the management of organisational performance information*. The development thereof was championed by the Office of Strategy and Information Management (OSIM). The adoption of this policy was the start of the upward trajectory in complying with the MPAT requirements with respect to the M&E standard, but also the other two standards pertaining to Strategic Management. It is not only in terms of MPAT that the department's efforts for better management have been recognised. It would appear that financial management has also improved simultaneously.⁶ During the past year the DEDEAT was the only Eastern Cape department to feature among the list of best performing departments compiled by the South African Institute of Government Auditors (SAIGA).

A mere 2 years earlier, the culture in the department with respect to performance management was described as being "horrible", with little to no accountability for non-performance. It is told that there were no rules and procedures, no management controls at that time governing performance management information and nobody was held accountable for non-performance. The Auditor General was forced, for financial year 11/12 to issue a disclaimer on the reliability of the performance information collected by DEDEAT. Some support for performance management was mouthed by the HOD of the time, but with little of that translating into a push from the top to hold people accountable.

Even now, two years later - while formally complying with all MPAT requirements and being recognised for that - the new performance culture is still very fragile and being built one convert at a time. The entire endeavour is largely driven by a very small group of dedicated "believers" - those people who know that for purposes of good governance and performance improvement a reputable performance management system is a *sine qua non* -- in the face of high-levels of resistance to being closely monitored and held accountable for performance on the basis of hard evidence. A clear distinction is made in DEDEAT between individual and organisational performance. This is one of the areas identified for further improvement.

⁶ The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) was the only Eastern Cape department to feature among the list of best performing departments compiled by the South African Institute of Government Auditors (SAIGA). The department was announced as the best performing financially in the category of those concerned with economic development across the country, scoring 92.87% against an average for all provincial departments in this area of 87.56%. DEDEAT also finished 10th out of all departments in terms of the combined score achieved over the past 10 years and had the 19th highest percentage overall of both national and provincial departments for financial administration.

Understanding the practice

With respect to planning, two years earlier there was only department specific information in the DEDEAT's strategic planning. Nothing from the 6 implementing public agencies filtered into the department's strategic plan. The compulsory indicators from national were not in the APP since it was argued that they belonged to the work of the entities and had nothing to do with the Department. Obviously this practice gave rise to an accountability gap with respect to the work of the public entities and raised questions regarding where their performance information should be kept.

The department, although it has run 5 year policy implementation programmes, for example re industrial policy, has never done any evaluations. Mid-term evaluations for policy and strategy improvement are an unknown process for the DEDEAT.

Policy and Planning

Performance monitoring in the South African system of government can potentially be stimulated from two different sources. The first being the Government-wide Monitoring and Evaluation System (GWM&ES), driven from the Department of Performance Monitoring and Evaluation at the centre of government. The other is from the Office of the Auditor General. The Auditor General is required to conduct audits of performance against pre-determined criteria. In South Africa, the Public Audit Act no. 25 of 2004 makes it clear that the Auditor General must conduct audits of performance information (AOPI) for all organs of state. The Auditor General and National Treasury began phasing in AOPI during the 2005/2006 financial year. The drive for auditing of performance information in the public sector is intended to ensure that results are verified and validated before being presented in the Annual 530l Report. The AOPI process is aimed at enhancing the public confidence in the performance results and improves the overall image of the public sector.

In terms of the Public Finance Management Act (PFMA) (as amended), the Accounting Officer must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The development and implementation of credible systems in the department that can ensure the effective, efficient, economical and transparent use of resources is an integral part of monitoring the performance of the department.

The underlying philosophy and approach taken in the DEDEAT's *Policy for the management of organisational performance information* is that of the strengthening and auditing of non-financial performance information in order to bring it on par with the strong systems of financial management information and the auditing thereof as embraced in the system of public administration in South Africa.

Interestingly, for all the conceptual understanding of the important role players regarding the connection between Strategy, M&E and Performance, integration between M&E,

Performance and Strategic Planning is not specifically mentioned⁷ as one of the benefits to be derived from the implementation of the Departmental policy for the management of organisational performance information. What is highlighted as potential benefits are:

- The establishment of a culture of good governance regarding organisational performance;
- Increased accountability;
- Ensuring credibility, accuracy, completeness, and validity of reporting; as well as
- Creating awareness of the importance of the management of performance information.

The challenges identified in many state organs with the auditing of non-financial information served as inspiration for the development of this policy. The emphasis on performance auditing as emanating from the work of the Auditor General, rather than monitoring and evaluation with a more learning approach as promoted through the GWM&ES more than likely is as a consequence of the professional background of the incumbent General Manager: Strategy and Information Management - Tyron Boucher.

Tyron, trained as an accountant, started out his career in large consultancy firms, attending to both private sector and government clients. He made the move to join the Eastern Cape Provincial Treasury, with responsibility for Public Entity Oversight and governance. In the Provincial Treasury he also assisted with the monitoring and evaluation of provincial budgets, moving to, and running the Strategy Office in the Eastern Cape Treasury - experiencing first hand and learning to appreciate the integrative logic between strategic planning, budgeting and M&E. In the process the Strategy Office - which was at the risk of becoming a “post office” - was turned into a recognised value-adding unit. That stint was a perfect learning opportunity, honing all the skills that he would need to integrate into his role in the DEDEAT, when he joined it 2 years ago, just as MPAT 2012 was being rolled out - strategy, planning, entity oversight, M&E and finance - to mention but a few. However, that is not the only qualities he had to call on. His own commitment is to put in inhumanly long hours of hard work and fighting up-hill battles with colleagues. He hints at what makes him buckle down under adverse circumstances: *“an inner drive to want to succeed at whatever I have committed to ... and I like challenges!”*

Tyron is systematically putting in place a turn-around strategy; the implementation plan of what he thinks will occupy him for four years. The implementation of this turn-around strategy has been planned in four broad stages:

- Establishing credible information for reporting to the public: Putting in place policy and rules, internal controls and procedures regarding performance management information; formulating the technical indicator descriptors and securing managerial sign-offs against those; instituting quarterly reporting on performance according to these and moved on to evidence-based reporting (with strict quality controls instituted and consequences to non-performance) - Year 1;
- Improving the integrated planning process across the department and the six public entities, in order to, inter alia, also make provision for the collection of performance

⁷ Although it could conceivably be indirectly implied in terms of “creating a culture of good governance of performance management”.

information on the entities. Much work went into fixing the APP. M&E developed as an integral part to the planning process - Year 2;

- To improve the way the organisation reports, specifically with respect to evaluations. Evaluations Policy to be developed and signed off, as well as rolling out to start. 13 Evaluations are planned for the next three years. Getting organisational commitments accepted as part of managers' personal performance agreements - Year 3;
- Exit strategy: leaving a self-sustaining, capacitated system in place - Year 4.

Leaders make a difference

No individual department in the Eastern Cape Province can be understood and analysed without taking heed of the historical formation of that province from a number of different former entities: Transkei, Ciskei, the Cape Province, and so forth. The province has yet to form a single "cultural" entity and the historical differences are still carried forth in the various government departments. It is also a very political province, where politics reach deep into the "professional" public service.

Nevertheless, in the case of the DEDEAT they have benefitted from stable political leadership who is supportive of the issue of performance management, and the associated activities. The Head of Department (HOD)'s expectation from his Executive Manager is: *"I don't care WHAT you have to do, but the situation has to be fixed"*. A change in HOD at the end of 2012, 6 months into Tyron's appointment, has contributed to a more supportive environment for performance management. The serving HOD, reported to be a "much better" manager with wide public sector experience gained nationally as well as in the Eastern Cape Province, has been instrumental in moving the agenda of aligning the organisational and individual performance management systems forward. The culture of holding people accountable is also growing under his leadership.

Sadly the DEDEAT is not benefitting from the leadership and technical expertise re M&E from the Premier's office. A rather dysfunctional relationship between these two government departments seems to be the order of the day. An opinion voiced on this issue was: *"Frankly, in terms of M&E, the Premier's Office in the Eastern Cape is nowhere... they are trying, but they are trying to do too many things at the same time, and not being focussed"*. Information collection efforts with a view to the formulation of a provincial M&E policy has yet to pay dividends to the departments who have contributed to this process. The Department is proceeding with its initiatives blind-sided in terms of the overall direction that province might be taking.

Organising processes and resources

M&E and strategic planning is closely linked - almost being treated as different sides to the same coin. They report to the same person, and further share the same "open plan" work space. The Unit is located within the Office of the HOD, providing direct strategic support to that office. A Portfolio Management Office (PMO) has also been set up by the HOD, and the M&E unit has close cooperative relations with them as well, and foresee that this will be specifically important re contract management of evaluators once the evaluations will start in full force.

At the moment that unit is also involved in ex ante infrastructure project evaluations and evaluations of other key departmental projects. A system which will include GPS capability is also currently being developed in order to integrate the work of Strategic Management with that of the PMO to have a single line of connection from ground level activities right through to strategic level. This system will also assist with managing matrix work relations across the department and public entities. Obviously such a system, especially in an under-developed, rural province will prove to be useful for political leadership to account to the citizenry when they are out and about amongst their constituents, e.g. for EXCO outreach events.

A disjoint prevails between officials responsible for performance management and the work undertaken by the Human Resources officials in terms of the personal performance management and development dispensation.

A 3-year evaluation plan has prioritised 13 initiatives that the departments want to evaluate. Two of these is scheduled for the next financial year (one policy evaluation, and the other an organisational evaluation of one of the entities). Money had to be “wrangled” from the departmental budget for these. For the remainder alternative funding has to be secured for those. The Department will inter alia look towards the Presidency for financial support to carry out evaluations. Outside evaluators will be sourced to undertake these evaluations, but there is a desire that the M&E Unit will really be working closely with whichever evaluators get appointed.

Capacity and involvement of staff and stakeholders

The M&E function - completely understaffed, and overcommitted in tasks -- is located in the Office of Strategy and Information Management, in the Strategy Management directorate.⁸ The M&E function is performed by a single manager at deputy director level. The Office also accommodates the IT and Knowledge Management functions. The M&E function entails managing (and often doing) monitoring and reporting on strategic plans and annual performance plans on a quarterly, half-yearly and annual basis (as determined in the reporting schedule) across the department and its six public entities. Given the under-resourcing they are struggling on the M&E side, and the Office as whole has to get quite hands-on during peak periods, e.g. preparing seven quarterly performance reports every three months. This practice is not sustainable. Requests for additional M&E staff have yet to pay off.

Programme managers have started buying-in, seeing the utility/ potential of a performance monitoring system for reporting and decision-making purposes, as well as performance improvement. However, the more prevalent attitude is still one of questioning the purpose for such narrow scrutiny that focusses on outputs and outcomes in relation to strategy. Managers tended to be more inclined with reporting on events and activities largely devoid of linkages made to strategic directions. Now they are compelled

⁸ The office of Strategy and Information management comprises of a Director: Strategy Management which in turn is supported by a Manager: Strategic Planning (DD) and one Assistant manager - AD), M&E (1 manager = DD (level 12) PLUS a Director: IT & Knowledge management who is supported by a manager (level 12 DD); 1 Assistant manager level 10 (AD) plus 2 other officials (level 7), who are responsible for managing the resource centre.

to do it differently. The change effort is complicated by some ethnic orientations regarding age and gender, in which it seems that older male employees swallow very hard at being asked by either younger, or female managers to provide evidence re their doings or being reprimanded for lack of performance. They do not take kindly to processes which they deem are “putting them under the microscope”.

Although the primary users of the M&E system is intended to be political and administrative leadership, the DEDEAT is planning to make part of its system also accessible to the citizenry to address their interests re progress in their respective areas.

Lessons to be learned

The perpetual under-capacitated status of M&E in departments can be explained in terms of the historical development in government. Until very recently the emphasis has been on the early parts of the planning process - strategic planning; policy formulation and so forth, but with little attention to the implementation of these plans, and particularly the tracking and management of progress, e.g. through monitoring, and ensuring that the right things are monitored. Consequently most government departments are struggling with M&E units that are grossly under-resourced and under-capacitated.

It is very important to get everything documented and everybody on the same page. For example, in this case it was important that through the development of descriptors, a common understanding is created of what exactly is expected. This common understanding is formalised through a signing off process by all parties, and after that a strict process of monitoring and enforcement according to those agreed standards has to follow. Taking this part of the process forward into people’s individual performance agreements is the cherry on the cake.

The prevailing tendency to de-link performance management systems on the organisational and individual levels needs to be addressed and organisational performance and individual performance ought to become integrated. Human Resources Management need to be aligned with the strategic management and organisational performance management systems just as is the case with budgeting and financial management. This year will be the first time in the DEDEAT that SMS member’s performance agreements will be aligned to the strategic objectives of the department. On lower levels this is still not the case, and the contracting and signing-off is structured in such a manner that the link towards strategic objectives have been broken. In its current form it gives rise to perverse rewarding of individual performance in the absence of demonstrable organisational performance against set strategic priorities.

When it comes to problems of de-linking it is also problematic that the M&E activities in DEDEAT is not aligned to, nor informed by or guided by a provincial M&E Strategy. It would appear as if the DEDEAT’s model is sought by peers as an example to emulate, but it finds itself in a communications vacuum from the side of the Premier’s Office on these matters. It raises questions as to whether the DPME’s message in its interaction with the Premier’s Office is actually filtered down to the provincial line departments.

Advice on success factors:

“The message that needs to be put it there is that it is hard work and too few hours in the day. Roll up your sleeves and wing it. .. And a thick skin. It was an uphill battle. People just did not want to be held responsible.”

“When I joined the department I did not know much about MPAT because I was in Treasury, rather than Strategy Management when it was implemented. My goal was never to get a 4 for MPAT, but I knew that for purposes of good governance and performance improvement we HAD to get a reputable performance management system going. M&E and good governance goes together”.

KPA 2: Governance and Accountability

Governance and Accountability (G&A) comprises activities linking management structures, accountability and ethics to service delivery improvements. Effective governance and accountability in the organisation of structures, delegations and resources ensures checks and balances to minimise mismanagement and improve efficiencies in the delivery of services. Effective governance and accountability enables political and administrative leadership in departments to respond effectively to the findings and recommendations of oversight committees.

The broader performance areas are 1) service delivery improvements, 2) management structures, 3) accountability, and 4) ethics. Within these areas, over twelve (12) standards have been established on the foundation of existing legislation and regulations. The assessment for 2013 reveals that there are substantive overall improvements in KPA 2 across government departments and provinces. Good practice cases in this KPA focused on three standards:

1. SDIPs - Departments have an approved service delivery charter, standards and service delivery improvement plans and adheres to these to improve services.
2. Prevention of Fraud and Corruption - Departments have measures and the requisite capacity in place to prevent and combat corruption
3. Risk Management - Departments have basic risk management elements in place and these function well.

These standards are chosen on the basis that they reflect areas of continual concern for government and areas of weakness from previous MPAT reports. Departments were chosen on the basis that their experiences might provide useful insights on improving management practices or that that registered significant progress in the standard identified. The cases selected are:

- Service Delivery Improvement Mechanisms: The Eastern Cape Department of Rural Development and Agrarian Reform- *Drive with reflection and passion.*
- Service Delivery Improvement Mechanisms: The National Department of Home Affairs - *Learning by doing*
- Risk Management: The National Department of Mineral Resources-*Mobilising and Mainstreaming*
- Risk Management: The North West Department of Agriculture and Rural Development - *From theory to practice*
- Prevention of Fraud and Corruption: The North West Department of Agriculture and Rural Development - *Mobilisation and internal cooperation*
- Prevention of Fraud and Corruption: The National Department of Mineral Resources - *Procedure and details matter*

Learning from the cases suggests that it takes time to move towards higher levels of excellence in governance and accountability. Departments recognise that they are on a journey, part of which, is to secure a clean governance and accountability environment, as may, for example, be reflected in the reports of the Auditor-General. Compliance is only the first step in the journey of securing optimal governance and accountability for the use of public resources and authority. There is a willingness to share information on how

compliance matters are contribute to change in society. Within this space, there is a sense that not all matters of full compliance can be achieved at one time and a more incremental learning approach would provide a basis for deeper replication and success.

SOME LESSONS FOR IMPROVING PRACTICE IN GOVERNANCE AND ACCOUNTABILITY

The cases are chosen on the basis of their potential learning value for the wider public service and not because they resemble best practice on a specific standard. The title of each case captures the central learning thread of each of the captured practices. In each instance, we look at policies and planning around the standard, capacity and involvement of officials, the role of leadership, the manner in which implementation unfolds and the impact of the practices on the work of the Department. Even though it's difficult to generalise specific experiences to the wider public service and to Governance and Accountability in general, the following lessons are derived from the cases documented for the 2012-2013 financial year. These are captured in accordance to the broad areas of analytical description that informed the practice documentation process. For brevity purposes, in each area we summarise the three to four most important learnings emanating from the documented experiences.

Policy and planning

Mainstreaming governance and accountability into operational actions: Success in the establishment of specific governance and accountability related practices in on the foundations of ensuring that those in the delivery process understand the relevance of particular exercises and activities for their work. Where Corporate Services officials were able to make the link between compliance and actual day-today work place improvements, they succeeded in securing senior-level buy-in. In these instances, emphasis was on substantive governance analysis and not on endless process and the creation of added management structures. In such instance, compliance activities are integrated into ongoing operations and hence a feature of Annual Performance Plans.

Governance compliance establishes the foundations for substantive dialogue: Even though there might not be initial buy-in on specific standards, exercises towards compliance and related debates often serve to facilitate dialogue on the substantive rational for specific instruments. However, the manner in which instruments are interpreted vary and require some accommodation of the fact that standards are achieved in different ways and hence suggest the utility of accommodating different types of compliance related evidence.

Separate the strategic from the operational: There are areas which are substantively operational in nature and often don't and should not require full engagements from senior that have to deliver on their own APP's. Where a distinction has been made between operational level and strategic issues there is deeper buy-in and engagement by senior officials. A key strategy in some instances is the practices have having strategic management meetings as separate to operational level meetings.

Governance is expensive and internal cooperation allows for efficient implementation: Existing standards imply added human resources and budgets within Departments. As this is not always possible or even desirable, Departments are establishing alternative strategies to facilitate compliance through cooperative engagements between different

units. Even as there is a push for bigger compliance budgets and added human resources to secure implementation, it may well be prudent to consider more creative institutional approaches - including the possibility of single Governance and Accountability units incorporating all compliance functions.

Capacity and involvement

Moving beyond the generic: Even as there is a tendency to replicate national norms and standards for governance and accountability in a generic manner, the evidence points to the importance of ensuring that these are contextualised for the work of Departments. In instances, where examples of the consequence of failure are used, there is deeper appreciation within Departments on the importance of compliance.

Building interest and engagements through substantive reflection: Many of the existing standards and norms are predicated on participation of officials within Departments. Such an approach is often less than optimal and practices suggest that it's better to focus on generating value adding documents as a basis for active buy-in. Substantive and relevant people often don't have the added time to attend meetings that are beyond their scope of active delivery and hence would engage if documents speak to the substance of what they are required to produce or deliver.

Appropriate frameworks, coupled with experience are essential for effective implementation: Too much attention is sometimes focused on having the proper frameworks in place and too little on experiences necessary for governance and accountability related practices, such as in audit and investigative processes. Compliance in some areas is reliant on experience and hence important to ensure proper knowledge exchange to build experience and to retain skilled individuals for detailed work, such as in the case of work-flow analysis for SDIP's.

Creating a culture of learning and change: Workshops on G&A issues have been strategic for most departments. However, the experiences also point to the importance of having day-to-day advisory capacity on areas of uncertainty in compliance processes. Where there are trained champions (i.e. Ethics Advisors) and proactive engagements with managers on challenges, compliance is optimised.

The role of leadership

Prevention through consistent actions and success: Even though success is partially achieved through the building of awareness on policies, more is achieved when individuals recognise that actions are taken for even the most basic infringement of policies. The knowledge that each individual may be subject to a thorough investigation serves as an immense deterrent to those who might be tempted to breach governance and accountability rules. Consistency from seniors often serves to build a delivery culture within public institutions.

Standards are crucial to productivity improvements: Where political and administrative leadership articulate standards that should be achieved, creativity unfolds. Establishment and adherence to standards cannot be left to officials as they are often conservative and minimise effort by establishing easily achievable standards. Evidence suggests that when

Ministers and others articulate people's concerns in delivery processes and when they establish certain benchmarks, greater efforts unfold on ensuring delivery at a higher level.

Building a compliance culture requires securing demonstrable senior level support: Current practices suggest that champions who succeed in efforts to ensure compliance work at securing substantive leadership support. Rather than act in a reactive manner, such individuals often work at bringing on board seniors at critical moments in their efforts to drive change and to affirm the importance of specific governance and accountability related activities. Building the confidence and understanding of the HoD has proven fundamental to success in a number of instances.

Having a champion who engages passionately matters: Even outside of having individual with initial substantive knowledge of a compliance issue, the evidence suggest that appointing key champions for specific governance and accountability issues have an impact on performance. Governance is a shared responsibility and allocating responsibility beyond the confines of individual operations responsibilities can be effective where governance related resources and capacities are limited.

Organisation and resourcing

Attention to details and proper procedure: Governance and accountability issues are subject to wider scrutiny and embody a high level of sensitivity. Failures are often experienced because there has been a lack of attention to detail and a failure to follow proper institutional practices. Building such a culture takes time and often reliant on ensuring that data is properly stored and managed and that there is appreciation for specific procedures (not bureaucracy).

Securing dedicated capacity for engagements: The overwhelming view across Departments that specific standard adherence practises require that there be dedicated human and financial capacity. In instances, where such dedicated capacity exists, there is much to suggest deeper levels of engagement. However, there are deep variations in perspectives on the resources required and the number of personnel needed for coordinative action. Further engagements are needed are needed on the costs of governance and accountability practices across government and how this may be optimally managed.

Workflow analysis is crucial to improvements: Detailed work-flow or production related analysis appear to contribute well to performance where these are utilised. Even as this might be most relevant in the area of service delivery improvement, current practices suggest that they help to optimise other practices within the governance and accountability process. Where there is systematic reflection on flows and the manner in which work unfolds, there is deeper appreciation of risk, fraud, intern-audit priorities, information that needs to be stored, amongst others.

SERVICE DELIVERY IMPROVEMENT PLANS (SDIP)

THE NATIONAL DEPARTMENT OF HOME AFFAIRS: LEARNING BY DOING⁹

Service improvements in the delivery areas of the Department of Home Affairs have long been the subject of wider public discourse. Outside of the need for Departmental compliance with national standards and related requirements, service improvement efforts unfolded since the Department's formal establishment. With varying levels of success, the Department has over the past years managed to secure wider public recognition on its efforts and is proclaimed in wider media to have registered improvement and citizen satisfaction success in specific service delivery areas. Although the Department has been slow in compliance with national requirements on the production of service plans and related charters, there have been many change initiatives to suggest that it has achieved much and is modestly moving towards higher levels of excellence. In appreciating the scale of delivery, there is acceptance that a more incremental and learning oriented approach would provide the basis for success in the Department.

This case broadly reflects on the experience and approach used to drive delivery on the basis of specific standards. In particular, it captures the substantive efforts that were focused on ensuring deeper levels of engagement on securing buy-in and on ensuring that the delivery process is supported by detailed work-flow analysis. Of particular significance are efforts that were put in place to facilitate speedy delivery in a context where there is a need to insure security and information credibility. Central to the Home Affairs strategy was a realisation that change in service delivery would require that efforts be integrated into the operational work of service focused units and that the process unfolds on the basis of learning by doing. The case demonstrates the importance of detailed technical work on the work flow process and the importance of securing buy-in from internal stakeholders within the delivery process. It also further highlights the importance of real quantifiable data as a measure for success and the importance of linking these to the perspective of service recipients.

Context and Background

Whilst the move towards documenting its service improvement strategy for wider compliance is more recent, the Department of Home Affairs has engaged in service improvement change efforts since initial formation as an integrated National Department. Whilst not achieving a high score on the Management Performance Assessment Tool (MPAT), it is evident the Department has engaged in service improvements at a substantive level, with limited time to engage in matters of compliance, including the production of a Service Charter.

"We are currently focusing on the matter of the Service Charter and we looking at what other Departments are doing....this is a complex process."

During the early stages of institutional building, it was widely recognised that there was a need to move towards an integrated system for the delivery of civic services, from the base of separate systems of varying quality and information credibility. This initial momentum on integrating desperate civic level information established recognition that

⁹This case study was drafted for the Department of Performance Monitoring and Evaluation (DPME) Management Performance Assessment Tool (MPAT) practice case series by Mr. Salim Latib (edited by Professor Anne Mc Lennan), from the Wits School of Governance (WSG), at the University of the Witwatersrand, Johannesburg, South Africa.

overall system development and improvement would be essential to active and improved delivery and client experiences.

During the early years, there was an articulate disconnect between internal improvement efforts and client experiences. In face of which, pressures for change encouraged deeper reflections of action that are needed to improve citizen experiences with basic civic services. Given the wider interest in improvements, a turnaround team, inclusive of representatives from National Treasury, Department of Public Service and the Public Service Commission was established. A key strategy of the turnaround team, during the initial stages, was to engage in change processes in key high impact areas of the Department. In this respect, work unfolded in the area of Identity Document (ID) processing and delivery, with the support of a consulting company. The initial work that was undertaken established the standards for other areas, such that it served to establish a momentum for further change in other delivery areas. Even as the Department has prioritised further improvements in birth registration and the issuing of ID documents as part of its SDIP, there is appreciation of the importance of spreading the positive experiences to other areas of delivery. This has promoted efforts directed at ensuring that a service improvement strategy unfolds on the basis of coordinative efforts from the centre of the Department.

By all accounts, Home Affairs is a huge Department with service offices across the country and globally. There has generally been an expansion on the Department's footprint across the country, from just over 200 offices in 2006 to well over 400 in 2013. Its footprint has also expanded by way of 'connections' established at health centres for the registration of births. The Department employs over 9000 individuals, with over 70% engaged in direct service delivery. In view of the scale of service delivery work, this remains a priority for the Department and reflected in the recent establishment of a Departmental specific learning Academy.

Understanding the practice

The story of changes for enhanced service delivery is fairly complex as it spans a number of years and periods of leadership change. Rather than provide a narrative for each period or the overall time based trajectory of change, the approach here is to capture the essential components of the change process, by way of a descriptive analysis of planning for service improvements, the role of leadership and participation in the change process, and the manner in which the approach was organised and resources made available.

Policy and planning for service improvement

Rather than initiate an all-encompassing improvement strategy, the driving change team focused efforts on initiating improvements within particular delivery areas.

"Our strategy was to pick a major product and turn it around to build public confidence and build internal capacity...we worked with Princeton to document our experience...this has resulted in operations management being introduced across government."

The basic turn-around motivation was that there was a need to secure quick-wins as a basis for wider improvements in Home Affairs services. The consequence of this was that the Department initially focused its improvement resources and capacity on the provision of civic services.

In contrast to Departments where the approach was to articulate a wider service improvement policy, Home Affairs focused attention on looking at a specific service area as a basis for improvements. Building on this strategic orientation, initial efforts were

focused on securing buy-in to a more detailed turnaround effort from unions and staff. As anxieties emerged around the implications of turnaround actions, time was devoted to securing agreement that actions will not result in any cut in staff numbers.

“Our improvement efforts must also be understood in the context of the fundamental responsibility we have to secure data and ensure credibility of information...we had to facilitate the opening of the country and at the same time as ensuring security...this was the innovation needed...a constant battle, we made progress in services, but need to expand to other areas.”

On the back of commitment to retention of personnel and with a team that understood the importance of driving change from within the framework of established public service rules, the Department contracted a consulting company to assist with detailed planning work. In practice, this entailed a participatory exercise of operationally mapping the current service delivery system and working on methodologies that would service to shorten delivery times.

“We have a DG currently who is numerical...this is useful as it gets us to focus on the numbers and evidence...we can do things differently...we were fortunate to have Ministers who were drivers of change...the current Ministers is committed to modernisation and understands that this requires resources. They establish huge standards for us.”

Of particular importance in this was the commitment towards modernisation and the use of new information technologies. The overall policy trajectory was hence one of ensuring that the function of service improvement is led from the relevant sections of the Department, on the foundations of internal participation and on the basis of sound technical analysis of the workflow process.

Capacity and involvement

Even as there is a propensity to explain some level of success on the basis of new technologies in delivery, the improvement process in some Home Affairs services was largely predicated on the active involvement of official's at all levels of delivery. The turn-around team and appointed consultants constantly worked with officials on the steps within the delivery process and how these could be improved.

“The turn-around team and consultants had to work with officials throughout the process...so we were involved in all stages ...we are using the learnings to influence the strategy for introducing the smart cards. The turnaround for the smart card is three days...we learned from the consultants...the role of consultant is now limited”

The change process was largely incremental and based on constant learning and internal mobilisation. In addition to active communication to build awareness of the need for improvements and the fact that it will not result in staff cut-backs, efforts were focused on securing constant inputs and buy-in for changes. Core to the ID improvement effort was initiatives directed at simplifying the delivery process and instituting performance improvements. Rather than impose these improvements, the strategy was to ensure that individuals remained involved in identifying changes that would help in productivity and on establishing performance that would help to achieve quicker turnaround times.

Key to involvement in the change process was initiatives directed at enhancing capacity of front-line staff and on promoting transparency on performance. In addition to widening training on service delivery, the Department initiated actions directed at publicising work flows and performance related data. In practice, this meant that sections and units were able to visually see their turnaround time periods relative to other sections and units. In

practice, this initiative entailed construction of a team approach to delivery. Performance meetings together with initiatives directed at recognising performance assisted in sustaining efforts and for ensuring that non felt threatened by the change process.

“Lots of learning had to take place, we send many people for training during the change process...moving away from the old way of doing things...this has led to us establishing the Home Affairs Academy.”

A key element of the change process was the introduction of tracking system, within which information became accessible to clients and to managers. Through the system, it became possible for all to appreciate where there were delays and for actions to be taken on improving processes and speeding up delivery where needed. Accountability of official's began to shift away from hierarchical accountability towards accountability for performance on the basis of data that is available to all internally and in some instances to the wider public.

“We must acknowledge that we still have huge gaps. We still have a lot of work to be done to get staff to appreciate service delivery and to have a customer centric view...we still have a long-way to go...the lessons from the surveys are feeding into this process and gives us very good feedback.”

Leadership over service delivery improvements

Involvement in service improvements from Directors-General and Ministers have always been integral to service improvement efforts. Given the wider public discourse, senior leaders remained directly engaged with matters relating to service improvements and in fact served as key champions and drivers for the processes. Within Home Affairs, this often translated into visible actions on the part of both the administrative and political leadership.

Since the initial turn-around effort, the Director-General focused attention on ensuring that there was appreciation for the need to change and that resource are made available to secure the overall change efforts. Given the commitment made to achieve certain delivery standards for civic services, such as the provision of ID documents within sixty days, the head of Department remains constantly involved in assessing the data and monitoring of progress to achieve the established standards.

The drive at the level of the political leadership of the Department has always been central to the turn-around strategy and in ensuring that changes are visible.

“The big change came around 2006, when the Minister requested the assistance of Treasury, DPSA and the OPSC.”

Not only were Ministers interested in the data around delivery times, but they often involved themselves in encouraging change in the front-line of service delivery, through the active mobilisation of staff around a common vision of service improvement. Ministers were particularly important in processes directed at securing the culture change needed through actions directed at ensuring that they remain visible at service points across the country. Ministers and their deputies often visited delivery centres and played a key role in promoting improvements in the front office interactions with clients. The Department has also introduced a system where Senior Managers are made responsible for particular Provinces. Their contact numbers are distributed and people are able to call them directly.

“Performance of each office and each official is established through the track and trace system...we are able to engage with actual data within the framework of the APP.”

Organisation and resourcing the improvement process

The change process for service improvements unfolded on the basis that changes in some targeted areas would eventually result in change in other areas. The overall perspective is that visible improvements in delivery of civic services, would eventually translate into visible delivery in other areas.

“During the early times, we recognised the importance of bringing in operational management skills...we saw the need for modernisation...we introduced an online verification system and the tracking system...we rolled out the project, consultants only assisted.”

Prior to the World Cup in 2010, the focus was primarily in civic services. In practice, this entailed moving capacity from a Service Delivery Improvement unit in the corporate services section to civic services.

“As a result of the turnaround, we brought the Service Delivery Branch, which was responsible for provinces together with Civil Services...we brought this together to have an overall view of the delivery process...a bird’s eye view...this alignment was important to drive this process...”

Hence, the initial strategy of fully integrating the service improvements effort, into the ongoing operational work of prioritised section within the Department. As progress was registered in the initial targeted area, there was recognition that this needs to be spread across the Department and that service delivery improvements are needed across all delivery areas. Building on the positive experiences in civil services, changes were also initiated in immigrations and, in particular, on the processing of VISA applications for the world cup in 2010. Skills developed for detailed process analysis and for driving cultural change proved to be central in establishing a more effective system for the processing of VISA applications. Given the number of VISA applications processed and the ability to improve delivery in a context of increased security concerns, the Department demonstrated a high level of capability.

As part of the change strategy, the Department also committed resources towards changes in the front-office set-up of many of its delivery centres. Included in this process, was the establishment of mobile units for service delivery and on ensuring that all offices have appropriate connections to the IT based verification systems. The introduction of new modern technologies for verification thus consumed resources for service improvements and remained central to success as it facilitate flows that were central to reducing the turn-around times. Whilst service charters were not a central feature of the process, the Department had established commitment to services within a specific time frame through its tracking system and through publically stated targets on the time it takes to provide key civic services.

In the 2012/2013 SDIP the Department has listed all of its civic services, together with the service standards - in the form of the time it would take to process a particular application. In addition to the qualitative standards, it has now also started the process of introducing qualitative standards for delivery, including issues related to staff engagements with members of the public and the further role out of systems for managing queues at Home Affairs Offices. Queue management systems have been introduced in some offices and, pending initial assessments, will be rolled out to further offices. As part of the efforts to improve delivery quality, the Department has also conducted satisfaction surveys and data is used to support improvements. As part of these efforts, front-line staffs are provided with training opportunities and incentives have been established for improvements in delivery quality.

The incremental targeted approach to service improvement meant that the Department focused its attention on priority areas on the basis of wider public concern, rather than on establishing a strategy that focused on compliance in all areas. Organisationally, this meant that, outside of overall Strategic Planning, there was no central resource or capacity for driving service improvements across all delivery areas. This gap has been recognised and the more recent shift has been towards re-establishing a section that deals with service delivery across the whole Department. Even as the Department has broadened the focus to other areas of delivery, there is a sense that change should slowly shift to other areas and that a targeted step-by-step orientation would be much more effective than an overall diffused strategy in a context of limited available resources.

The Department has established a systematic framework for looking at complaints. A unit dealing with this also collates the data and this is used for learning and for introducing further changes. At front-offices, individuals have been appointed to assist people when there are challenges and for dealing with complaints with responsible managers.

Impact and value of practice

By all accounts, Home Affairs service improvements have resulted in the meetings of very specific standards on the turnaround time for services delivered. In the past it took an average of over 250 days to deliver and ID document. This has since been reduced substantively to an average of around 27 days, well below the benchmark of 6 to 8 weeks that the Department has established.

“In terms of our information, we now have 80% of people happy with the services and 20% not so happy...this was the opposite before...we did a customer survey and things are looking good.”

The success achieved in the delivery of ID documents has translated into the establishment of similar benchmarks in other areas and the incorporation of new innovations for the future. A number of modalities have been developed to broaden access and delivery to client groups and change initiatives have become part of the overall culture of the Department.

The general view is that initial efforts in specific value-add areas created the foundations for learning and incremental change. Whilst there have been areas of resistance, the overall ethos of the Department has changed and strides are being reflected in other areas of work. The challenge for the future relates to the Departments engagement with matters within immigration and, in particular, the manner in which it engages with refugees. Even as there is a keenness to ensure better service delivery, there is an ingrained awareness that better client satisfaction needs to be balanced with the imperatives of ensuring that systems are secure and that security imperatives within Home Affairs functions are not compromised.

Conclusions and lessons learned

Officials in Home Affairs remain modest to the success achieved and well aware that the journey for better service delivery continues and likely to evolve as new challenges are confronted. However, building on the initial experiences, there is growing commitment to a more structured approach to improvements and hence the adoption of wider and all-encompassing strategies and activities, as may be reflected in a full SDIP. The approach to be taken is likely to be informed by some of the lessons learned.

- *Establishing a targeted and incremental approach to change:* Improving delivery is a complex process and often success needs to be registered in a targeted and focused manner. In choosing a specific area for immediate improvement and for driving

change, the Department was able to create the foundations for deeper change across all delivery areas. Rather than engage all areas through wider policy, the approach was to focus on specific services and engage with staff on changes that can be instituted to improve productivity.

- *Workflow analysis is crucial to improvements:* To improve delivery, it proved to be fundamentally important to build an understanding, from the perspective of those involved in delivery, on all of the steps and activities within the delivery process. Building such analysis (production and operations management) was crucial to initiatives to speed up processes and to establish alternative approaches to meet established standards.
- *Standards are crucial to productivity improvements:* By establishing very specific standards on delivery times for specific products, such as ID document, the Department established a momentum around solutions to meet such standards. This served to create a momentum on measurement, transparency on what is and can be achieved and served to encourage team work and improvement reflections.
- *Creating a culture of learning and change:* Even as changes were introduced, there was appreciation of the fact that some changes would have unintended consequences and hence a culture of constant improvement and change would need to be established. Such an approach served to ensure that individuals respond to challenges and find more creative approaches to delivery that a central model would not be able to encompass.

Even as there might be other lessons that can be derived from the experience, the above are identified as important for others within the public service and the wider public sector. Of particular importance in this experience is the move from the specific to the general. Without the more detailed experiences in a particular targeted area it would not have been possible to visualize the role of a more centrally coordinated strategy for service improvements. Given the experiences, the Department is now able to translate learning on how change can be driven in other areas of delivery. Even as changes continue to unfold in areas where standards have been met, the approach now is to move learning in other areas of work.

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SERVICE DELIVERY IMPROVEMENT PLANS (SDIP)

EASTERN CAPE DEPARTMENT OF RURAL DEVELOPMENT AND AGRARIAN REFORM: DRIVE WITH REFLECTION AND PASSION¹⁰

The Eastern Cape Department of Rural Development and Agrarian Reform established its Service Delivery Improvement Plan (SDIP) and Service Charter in a context of limited knowledge and information on the process for establishing and using such instruments for service improvements. Central to compliance and substantive action was the appointment internal champion for the process and for generating the SDIP. Reflections on the experience, suggest that the SDIP process has had a substantive impact on the manner in which agricultural support services are delivered and the approach that officials take towards their areas of responsibility. The basic have been established for change and the Charter and Plan now stands as the backbone for the continuing journey towards service excellence.

The case reflects on the experience in generating the SDIP and the manner in which a service improvement focus has been mainstreamed in the work of the Department. It traces the approach by which the Department established its delivery standards and the framework established to ensure consistent follow up on intended improvements. Core to the strategy has been a willingness to engage with passion on the substance of what is intended and to drive change through active learning. Even outside of having the required experience in the production of the SDIP and related Charter, there was a willingness to engage with the issues and intention embodied in the nationally established norm. The case demonstrates the importance of learning by doing and the significance of a having a champion to ensure success that goes beyond mere formalistic compliance.

Context and background

The move towards introducing a SDIP and Charter were, in part, driven by the reality that the Department did not perform well in past Management Performance Assessment Tool (MPAT) assessments. The Head of Department was concerned that non-compliance was reflecting badly on the overall status of the Department in the province and nationally and hence requested that this area be championed by a specific official within the Department.

When the relevant official was designated as the Champion for the SDIP, there was no foundation to build upon, as the Department had not done this in the past and there was limited knowledge and information on what was required.

"...I came from an Audit background and actually had no idea what was required....I asked many questions and received good assistance from the Office of the Premier...I was never exposed to any session on SDIP or received any training on this."

The Department has a number of agriculture and rural development services that it provided directly to specific sector clients and to affected general citizenry. Even as it engages in many frontline delivery issues, there was, in the past, no real systematic

¹⁰ This case study was drafted for the Department of Performance Monitoring and Evaluation (DPME) Management Performance Assessment Tool (MPAT) practice case series by Mr. Salim Latib, Wits School of Governance at the University of the Witwatersrand, Johannesburg, South Africa.

approach towards establishing service standards or any form of benchmarking on its approach and standards in service delivery.

The Department employs over 3000 people, many of whom are in the frontline of delivery and based in three district offices and in specifically established delivery units within municipalities in the Province. In addition to having a regulatory role and a responsibility for research in its terrain of focus, the Department provides day-to-day veterinary services and agricultural extension services to commercial and subsistence farmers.

Understanding the practice

To appreciate the practice and related actions that unfolded on the SDIP and related Service Charter, the descriptive analysis follows the story from the perspective of the process and the substance of what unfolded at the level of planning and at an operational level. This is done with a view towards ensuring that there is coverage of the central issues that shaped how the Department achieved compliance and how the SDIP process has become a part of ongoing reflection and action within the Department.

Policy and Planning for Service Improvement

Work on SDIP was predicated on an overall analysis of the challenges facing the Department, as embodied in previous MPAT analysis. The Department established a systematic approach towards responding to these challenges. According to the Departmental Official responsible for monitoring:

“We looked at all of the areas and challenges that arose from previous MPAT and established an approach to ensure that we deal with each of the areas systematically...we had to understand the requirements and ensure that we respond appropriately”.

When the Department started the process on developing its SDIP and Charter, the Office of the Premier had completed an analysis of service delivery based on the Batho Pele framework. The analysis, whilst positive, revealed some of the challenges that were of significance to the delivery of service within the mandate of the Department and hence provided a useful basis for initiating an improvement plan.

“During the Batho Pele we consulted with farmers and got a good understanding of the challenges confronting farmers and the issues of concern...we used these to advise Departments on the areas that they need to worry about. The issues that worry people on the ground”

Even though there was strong commitment towards ensuring compliance with national norms and standards, the process within the Department unfolded on the basis of establishing a consensus on the need for such a plan. Initial engagements on the policy unfolded with the Executive Management Team of the Department. Reflecting on the process, the champion faced the reality of having to drive forward an area that she was not familiar with.

“ Not only did I have to familiarise myself with what is expected, I had to present to Managers on what the SDIP is about and many reflected confusion on what was required...it took time to explain what was needed and hence to drive the process.”

The initial commitment from the Senior Management established the foundations for driving a process of establishing the SDIP. On the outset, the approach was to ensure that there was a direct link between the SDIP and Annual Performance Plans. However, given that many were not familiar with the SDIP and the idea of a Service Charter, it became

necessary to assist reflections by identifying service areas and engage with officials on standards that could be established.

The Champion arranged a broad workshop with internal stakeholders, including those within districts and municipalities. This workshop served to provide the foundations for establishing a working understanding of what the SDIP entails and the standards that need to be established. Within this process, many participants noted that they were already meeting certain standards, but that there was a need to identify these and establish a basis for monitoring improvements. During this process, there was also reaffirmation of the need to ensure that the SDIP is linked to the Annual Performance Plan (APP) and to data collected for monitoring and evaluation purposes. Whilst the SDIP would be reported on separately, the approach was one of ensuring that there is a link with quarterly reports generated on the APP.

Capacity and involvement

A key element of the approach to driving the SDIP was building awareness and ensuring effective buy-in at all levels. To this end, the Champion worked determinedly to ensure that there was awareness of what is required within an SDIP and the significance of this for the work of the Department.

"I was inspired by my own experience during interactions with a car dealer...I saw a breakdown in service delivery ...a failure to implement a service charter, I had to remind them of their failure....this experience made understand the importance of a service charter."

In addition to securing management commitment through the relevant structures and with the support of the HoD, substantive attention was focused on securing the buy-in of those involved in direct service delivery. This was done through active participatory workshops, during which people were required to identify all of the direct value-adding service areas and were encouraged to articulate the standards that can and needs to be achieved. As part of which, officials were engaged with to identify the standard that exist, but remain undocumented and the standards that would be achievable over a period of time.

"What I saw in that room was an excitement to participate and produce a good product. People were very enthusiastic....it was good, as it allowed us to understand the reality of what goes on at the municipal level."

Through an interactive process, individuals were able to identify the service areas that need to be prioritised, the challenges these embody and the progressive manner in which a higher standard would be achieved. During these interactions, an understanding was also established on the differential relevance of standards in rural versus urban areas.

"We were clear that this process will take time and that people will learn as the process will unfold...let them go to the pain of learn as we move along..."

Careful attention was also focused on ensuring that the plan was realistic and that improvement can be generated progressively over a period of three years. Each component was also encouraged to appoint an SDIP coordinator. As part of the review process, workshops are arranged on a quarterly basis to establish progress and to engage on some of the challenges.

As consultations on the SDIP do not only focus on matters relating to progress, outside of considerations of the challenges in achieving certain standards, there was and continues to be a high level of engagement from officials. Of particular importance, is the fact that the SDIP process served to open channels for people to voice their concerns on issues that

prevent them from achieving objectives and the service standards established. Through this process, officials are able to identify the structural and resource challenges they face. Beyond the opening of spaces for dialogue on delivery internally, the SDIP process also served to open channels for wider public accountability. Many of the stakeholders have welcomed the publication of the service charter and have begun to engage with the Department on the basis of articulated standards.

“During consultations, we had people go line by line and comment on the standards that we were putting forward.”

Members of the public are now aware of the channels for reporting on problems they face and are increasingly engaging with relevant officials on the commitment made. Through the SDIP, the Department also identified the channels and time-line for the resolution of problems that clients and citizens confront in their interactions with Departmental officials.

Leadership over service delivery improvements

The initial drive for the SDIP and related Charter emanated from the concern that the Department was not complying with national norms and standards. In particular, with the requirement that the Department produces a SDIP that clearly established standards for the delivery of its services. However, from the initial push towards compliance, emerged a growing interest in the substance of how the SDIP could assist in driving change within the Department.

The line of communication with the Head of Department (HOD) on the SDIP was open and there was direct senior-management interest in the standards established. This was reflected in the fact that the HOD engaged with the standards that were initially documented and urged the changing of some standards so that there would be improvements in service delivery. In addition to demonstrating direct commitment to the plan, the HOD also sought to ensure that reports be presented at management meetings for discussion.

By linking the SDIP directly to the APP, the continual role of senior officials was secured. Not only were managers engaged with on the basis of their delivery according to plan, but were also engaged with on the basis of the commitment made for improvements in their delivery areas. This required that they also work with the relevant individuals to ensure that there is monitoring on the level of compliance and that they engage with all officials within their sections on the desired standards, the work flows in the delivery chain and on strategies to be established to ensure that there is compliance with established standards.

In addition to serving as the overall political custodian of the SDIP, the Member of the Executive Committee (MEC) with responsibility of the Department engaged in dialogue with officials on establishing the required standards. During the initial consultation that unfolded, the MEC participated and provided guidance on some of the concerns expressed to her by stakeholders.

“To my surprise, the MEC joined us on the second day. This was very helpful to get things of the ground and show the high level interest in the work.”

Such political guidance served to assist reflections on the part of officials, many of whom did not really accept that there were challenges in the delivery process and hence a need for a more systematic approach to service improvements.

Organisation and resourcing the improvement process

Given the work of the Department and the challenges of ongoing delivery in a context of limited resources, there was no initial strategic focus on the systematic development of an SDIP. It was historically presumed that service delivery and related improvements remain the responsibility of official's involved in programme delivery and most often, it was assumed to be embodied within existing plans. However, as the HoD noted that there was no compliance, the responsibility for ensuring that an SDIP was produced was allocated to an individual with responsibilities for auditing. This drive served to establish a momentum, as the responsible individual was deemed senior enough to engage with others on the production of the SDIP and had the skills to engage in the substance of what was required.

A key element in the drive towards producing the SDIP was ensuring that senior managers focus on the issues and that they do buy into the process. To ensure that this happens, a link was established with overall progress reporting and the work done within monitoring and evaluation. Within this process, there is also acceptance that the production of the SDIP, together with relevant standards was the first step in the process for ongoing improvements and that as the process unfolds; details on what this would mean in practice will be engaged upon.

"We receive feedback from farmers directly...we get feedback from the ground from extension workers...we go there and we see people in action and the manner in which things are changing...we also sit with officials to understand what is happening."

Given the scope and reach of the Department, a small and modest budget of approximately R 400 000 was set aside for the work on the SDIP. This reality of a small budget and limited personnel, encourage the SDIP Champion towards using other internal resources and opportunities to drive forward the plan and the change process. She engaged with other units and existing forums so as to utilise them for achieving the wider objective. As the budget was limited, it also became necessary to have a more target approach and to ensure that initial engagements result in a wider spread of attention.

Impact and value of practice

The Departmental perspective is that there has been a visible change in the manner in which people are approaching their work and a higher level of awareness on the importance of establishing standards for delivery. Initial anecdotal and systemic feedback from specific client groups reflects that people are generally satisfied with the service levels and that there is increased positivity in actual delivery experiences. In some instances, the Department has recognised that it's able to extend services in certain areas, due to efficiency improvements in the delivery process.

As a result of the produced SDIP, there is also a greater focus on the monitoring aspects of the Department work. Although, the focus, in the past, has been on generating narrative reports that could not be verified on the basis of actual data, there is a growing shift towards generating actual data on services rendered. It is generally accepted that this process will take time and that the SDIP needs to be seen as a long-term approach rather than a short term strategy for service improvements.

Conclusions and lessons learned

Even as there is modesty on the part of the official's, in terms of what has been achieved within the SDIP development process, there are some critical lessons that can be learned from the experience of the Department of Rural Development and Agrarian Reform.

- ***Compliance establishes the foundations for substantive dialogue:*** Even though the initial focus in the process was on compliance with nationally established norms and

standards, the dialogue that unfolded, allowed for engagement with the substantive rationale for the introduction of an SDIP. The generalizable lesson is that compliance can create the foundations for wider reflection and hence the possibility of positive and impactful changes in the delivery process.

- ***Appreciating that change takes time:*** To officials involved, the development of an SDIP is only one step in the process of affecting change. Hence, there is a need to view the initiative as part of a change process and hence important to appreciate that the full success of the SDIP would only be seen over a period of time. Governance improvements must be contextualised as a process and hence there is a need to engage with the details of what is intended over a period, rather than be focused only on the compliance related elements.
- ***Having a champion who engages passionately matters:*** Of importance to process success was the fact that, the responsibility for compliance was allocated to someone who is passionate about service delivery. Even though the person knew little of what was required, she engaged on the substance and on building the required support, as a way of ensuring that the product adds value and is taken seriously by officials in the Department.
- ***Securing demonstrable senior level support:*** Even though senior's primary interest was on securing compliance, efforts were focused on ensuring that the commitment was translated into active demonstrable support. At critical moments efforts were focused on ensuring that the HOD and the MEC engaged with the process so that all would take the matter seriously and ensure that it is incorporated as a feature in their work.

Even as there might be other lessons that can be derived from the experience, the above stand as the central features of how the Department moved from compliance towards substantive action within the SDIP process. Dialogue on service delivery has emerged as a norm within the Department and has resulted in substantive reorientation within the governance process. Reporting practices have shifted and increased attention is now being focused on ensuring that work flow is appreciated and that there is more visible and measurable data on delivery standards to be achieved.

For the future, the Department remains committed to working with the produced SDIP and the Charter in the efforts to enhance service delivery. Dialogue within the SDIP process are being used to ensure that there is appreciation on the relationship between resources made available within the Department and the challenges of delivering in accordance to established standards.

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PREVENTION OF FRAUD AND CORRUPTION

THE NORTH WEST DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT: MOBILISATION AND INTERNAL COOPERATION¹¹

In a 2011 Assessment of the State of Professional Ethics in the North West Provincial Government conducted by the Public Service Commission (PSC), it was reported that the Department of Agriculture, Conservation, Environment and Rural Development has established a dedicated anti-corruption unit. However, the same assessment also noted that Department did not have clearly defined strategic objectives for such a unit. This situation has changed over the last few year and evidence suggest that there a more active strategy within the Department, within the constraints of available resources.

Anti-corruption and fraud prevention and management are cross-cutting issues that require active cooperation between different components within a Department. Even as efforts are established for a more coordinated centre for such work, the experience in the Department demonstrates the significance of building internal networks to engage on issues of fraud and corruption. A minimum level of capacity for anti-corruption work only serves to ensure some level of coordination, it does not necessarily translate into having activities to act in instances where corruption has unfolded and where actions are needed.

This case reflects on the manner in which anti-corruption and fraud prevention and related actions are engaged with within the Department. Of particular importance to this experience is the manner in which the function is fulfilled through cooperative engagements between different units across the Department. Even though there are expressed limitations within the approach, it has been central in the efforts to ensure that there is preventative related actions and that investigation unfold in terrain where reports are made on corruption or fraud within the Department.

Context and Background

The Department of Agriculture and Rural Development has evolved to be one of the largest Departments in the North-West Province. It has over 2000 employees and manages four district offices. In addition to a wider policy function, it provides a wide range of agricultural and environmental services across the province. Given the reach of the Department and wide terrain of service delivery, complaints of possible corruption and fraud are not unusual. Whilst not compliant in the past, the Department has moved on the Management Performance Assessment Tool (MPAT) scale and has now achieved a high score.

Even as there has been a decline in the number of reported cases of corruption and fraud, there is recognition that this is an area of importance for the Department if it is to secure a clean audit report.

“We had major challenges with internal control systems...the Auditor General report had many issues and there were cases of conflict of interest in the Department and the leadership recognised that capacity was needed for governance in the Department.”

¹¹ This case study was drafted for the Department of Performance Monitoring and Evaluation (DPME) Management Performance Assessment Tool (MPAT) practice case series by Mr Salim Latib, with the support of Professor Anne Mc Lennan, from the WITS School of Governance (WSG), at the University of the Witwatersrand, Johannesburg, South Africa.

In the absence of resources to fill all required posts within the Department, it has had to engage in the corruption and fraud initiatives in a creative manner. Part of which, was to link fraud related initiatives to the overall risk management process. The Fraud prevention and Anti-Corruption Strategy of the Department provides that *‘the two functions of Fraud Prevention and Risk Management is interlinked ... that the one function cannot be performed without the other as it is a system working like an engine. Therefore to separate the process will ensure for complete lapse and failure in the system’*. However, in practice and in conformity with National norms and standards, the Department has established a separate strategy.

“The function is distributed. All units involved are listed in the strategy document. We rely on this for doing actual implementation. But we are looking at bringing it all together so that we have dedicated capacity....this is important, we need to establish a dedicated unit so that things are taken forward.”

Understanding the practice

In operationalising its Fraud Prevention and Anti-corruption Strategy, the DARD has established an approach that is predicated on active cooperation between a variety of units and that relies on active senior level leadership. To appreciate the coordinated, yet diffused manner in which the strategy is implemented it is important to appreciate the practice at the level of policy, at an organisation level and within the activities directed at ensuring active engagement by all within the institution. This descriptive analysis is used as a basis for extracting some of the key lessons from the experience.

Policy and planning

The latest and updated ‘Fraud Prevention and Anti-Corruption Strategy’ was approved by the Head of Department in March 2011. In essence, the approval served to affirm a strategy that recognises that the infrastructure for prevention and acting against cases of fraud and corruption is distributed within the organisation and involves a number of separate units.

“In our Department we don’t have a dedicated unit for fraud and corruption, we have a number of units dealing with it...different sections deal with different issues...ethics is largely dealt with by people in Human Resources...they also do workshops on the Code of Conduct”

The policy framework adopted by the Department places substantive emphasis on prevention of fraud through active awareness initiatives. However, it does not stop at this point, given the reality that even with the best awareness initiatives that are likely to be perceptions of fraud or lapses on the part of officials. The Strategy hence incorporates details on the process by which investigations should unfold and the initiatives that would be necessary to ensure effective reporting.

“In the beginning we did not receive much input....people were happy with the quality of the document...it was well formulated and well done, so room for comment was limited...but does not mean people are not buying in...I see commitment in the workshops that I hold...I have to turn people away..”

The policy is detailed and includes the framework for ensuring that there is continual monitoring of the terrains where fraud is experienced, as a basis for ensuring that appropriate organisation wide strategies are established. Substantive attention has been focused on producing guide books on the basis of policy and on ensuring that there is awareness of areas of weakness during planning engagements.

Through active awareness and proactive engagements, managers are reminded of areas of weakness when they establish their annual plans. In addition, data collected feeds into management level discussions on adjustment that needed to be reflected to ensure that past mistakes which allowed for fraud to unfold are acted upon.

"We have a culture of working together...we can call upon each other to discuss matters of concern...we have good relationships and I can discuss openly with others...we have a standing agreement to cooperate on areas of commonality in our APP's."

Capacity and involvement on fraud and corruption prevention

Building wider capacity for fraud prevention and deeper awareness has been a central element of success in the Department. The responsible director has produced a small pocket guide book on Fraud prevention and a range of newsletters and guides on ethical conduct. The guidebook and newsletters are distributed widely across the organisation and have been done with minimal available resources.

"I get a lot of call also, people want to know about issues and they want to find out about the importance of disclosure...so there is a high level of buy-in"

In addition to the accessible guide books, a number of workshops are held throughout the year for officials. These workshops benefit from presentations from individuals across the organisation. To ensure that they are effective, attention is focused on ensuring that participants are given very practical examples of instances where fraud has been experienced. Given the practical nature of the workshops and the fact that use is made of creative media (such as video examples), these workshops are highly rated within the Department and often well attended.

"I emphasise prevention in our strategy and therefore place substantive attention on building awareness...I spend more time on this and work at educating people. We place emphasis on educating people on good governance and on compliance with good practices...prevention is better."

Of particular significance in the capacity enhancement process, is the emphasis placed on building wider capacity for investigations. As the Department has limited resources, it becomes crucial that officials assist investigative process by ensuring that data and related information is properly kept. Although championed by the Director: Risk Management, the workshops are delivered in partnership with other directorates that have a critical role to play in acting on cases of fraud and corruption.

Leadership over fraud prevention and anti-corruption activities

Given the commitment of the Departments leadership towards the prevention of fraud and in actions directed at ensuring that actions are taken where necessary, the HoD has established a direct line for those involved in investigations. All investigations on submitted reports are taken to the HoD for approval and hence for taking forward necessary actions.

We had obstacles in the past, but with the new HoD we are moving forward. The HoD has approved a new structure for fighting fraud and corruption. The MEC and HoD are committed to providing us with warm bodies for the function.

At a more operation level, leadership is exercised by the Director: Risk Management and Information technology. The Director is proactive in ensuring that the strategy is implemented and that the required relationships for implementation are sustained. Outside of creating any formal structures, efforts are focused on ensuring day-to-day interaction on both awareness and on investigative actions.

“Different units are also made responsible for putting in place systems to prevent fraud...we emphasise this during the awareness process...”

As part of proactive engagements, there are also efforts towards ensuring that issues pertaining to disclosures are dealt with effectively. In the course of completing the required disclosures, it was noted that some officials were registered as Directors of companies and hence, such registration could create the impression of conflict of interest.

“The Department has requested the Provinces Internal Audit to look at possible conflict of interest. The CFO requests this and we use this to shape actions. We have not really had any challenges. We only have one case in the past, where an employee was picked up by the Public Service Commission, but this was just an error in filling in the form.”

In many instances, individuals would have resigned from such position and often this would not be reflected on the CIPRO system. In developing a proactive support approach the responsible director established a strategy to support individuals in the process of de-registering themselves from system. This has helped and served as proactive step in helping managers to affirm their ethics responsibilities.

“Since our actions, we are finding less and less cases of conflict of interest... our proactive guidance has help people to deregister from companies...we get indirectly involved as can be sued to deduct money from people salaries...it can affect our ethical environment so we get involved...we have an indirect responsibility.”

Organisation and resourcing of the strategy

Coordination and active empowerment for the fraud and anti-corruption function is from the Director: Risk Management and Information Technology. In addition to leading the awareness process, the Director actively mobilises other units and individual for the fulfilment of the function and acts as a clearing house on fraud and corruption incidents brought to the attention of the Department.

Beyond overall coordination, the investigative functions are located within the Security and labour relations units of the Department. As internal capacity for the conduct of investigations is very limited, the responsible official normally draws on capacity in other Departments. Even though this serves to limit completion time for investigation on many cases, this has been the central approach to the conduct of investigations.

“We try best to complete cases within 90 days, but this is difficult...we use people from other Department for investigations. As we don't have control over their time, it becomes difficult to delivery in 90 days. We can't also report on PERSAL as employees that were trained have since left the Department.”

The Department, through the Fraud and Anti-Corruption has established a set procedure for investigations. To ensure that all cases are properly investigated, no matter the merits of each reported instance, the responsible officials, from the Labour Relations unit, has developed an experienced based framework for distinguishing between cases that would take a long-time and those that are easily resolvable.

“Experience matters in my work...you have to know what information is needed and how to go about the investigation...we also need know the system and the procedures so that cases are not dismissed because you don't follow the correct procedure.”

At a strategic level, the Department has a framework for reporting on all cases and for the analysis of areas prone to fraud. This information feeds into relevant meetings and is used

to ensure that proper controls are introduced. The strategy of linking fraud prevention to risk management has proven to be useful as investigative information is often used to point towards areas prone to corruption and fraud. Information derived from particular experiences are sometimes used as practical case studies, for awareness purposes.

Impact and value

The Department is committed to ensuring that it has a clean audit and the perspective is that this can be achieved by a complete reduction of fraudulent activities. The overall view is that because of an established strategy and relative success in investigations, this has created disincentives for fraudulent activities. Indications are that there has been a decline in some areas where fraud has been detected in the past, including, for example the miss-use of government vehicles.

Over the period of implementation, there has been a marked improvement in audit reports and no longer is there a long list of areas of challenge. There is a sense that public confidence in the work of the Department has improved. Cases lodged on the hotline have also declines, hence suggesting positive impact and improved public perception.

Even as there are challenges in ensuring that investigations are conducted within the 90 day period, there have been successes in dealing with reported cases of fraud. In this process it was also noted that in many instances, reports are lodged by individuals who are disgruntled because of internal relationship conflict. All cases are non-the less investigated. Investigative reports are used to shape further strategies in the institution and do hence help to build public confidence.

Conclusions and lessons learned

In this case, the involved individuals were very eager to share some of the detailed work that unfolded in the exercise of building the fraud and anti-corruption strategy and related actions, but most modest when it comes to articulating some of the ingredients for success. On reflections, reference is made to two broad factors. These factors coincide with the descriptive analysis and stand at the centre of this particular experience.

- ***Internal cooperation allows for effective implementation:*** In the absence of the required internal capacity, due to limited budgetary resources, a strategy can be driven through effective coordinated activities between different units. Even as there is an initiative to affirm a new dedicated structure, it's always possible to establish an approach that draws on distributed capacity within the institution.
- ***Appropriate frameworks, coupled with experience are essential for effective implementation:*** Rather than focus too much attention on establishing participative structures, attention was focused on ensuring that documents produced were substantive and reflects hard work on the part of those driving the process. In essence, people engaged with reports produced because they were confident of the work that has been put into documents. Confidence and active cooperation was established through substance. People participated because they were confident of the value of the engagements for their own work.

The Department has substantive experience in the challenges of resolving all investigations within a 90 day period. This experience can provide immense insights into strategies that need to be established to reduce the period for investigations and for resolving fraud and corruption related cases.

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Interview with Departmental officials- May 2014

PREVENTION OF FRAUD AND CORRUPTION

THE NATIONAL DEPARTMENT OF MINERAL RESOURCES: PROCEDURE AND DETAILS MATTER¹²

The Department of Mineral Resources was established in 2009 as part of the reorganisation of national departments. Following on a brief transition period, within which, the Departments support services were provided by the Department of Energy, substantive efforts unfolded towards establishing governance systems and related policies. Although building on some of the approaches inherited from the previously amalgamated Department of Ministerial and Energy Affairs, many of the policies, including for the prevention of fraud and corruption, had to be constructed anew. Whilst the foundations for Fraud prevention and Anti-Corruption are established within relevant Public Service wide legislation and regulations, it proved, in practice, necessary to engage in an internal process towards establishing strategies and activities that are specific to the Departments delivery and regulatory functions. The approach also had to be in line with the capacity realities of the Department and the fact that it takes time to institutionalise new organisational arrangements for effective governance in the Department.

In tracing the experience of the Department in Fraud Prevention and Anti-Corruption, substantive attention is focused on the investigative determination and attention to detail that emerged within the initiatives directed at following up on reported cases of fraud and corruption. Even as such determination and attention to detail stand at the centre of the experience, the role of leadership and initiatives to enhance participation are also explored as collectively these contribute towards the effectiveness of a system. Good practice within the Department on fraud and corruption are predicated on ensuring that there is effective follow through in investigative practices and on ensuring that evidence is properly collated for effective actions within labour relations processes.

Context and background

The Department of Mineral Resources (DMR) was formally established as a stand-alone entity in March 2010. It employees just over 1000 individuals and primarily focuses on matters of policy and regulation over the mining sector. Aside from the detailed mining related inspectorate work which the Department is legally required to undertake, it focuses on the generation of policies and the management of the regulations governing mining and related explorations in the country. Given the institutional development challenges associated with the establishment of internal corporate services for the newly established Department in 2010, many of the governance related implementation initiatives unfolded over the 2011/2012 financial year. Compliance with national norms and standards has taken time to achieve as a result of normal institutional development imperatives.

¹² This case study was drafted for the Department of Performance Monitoring and Evaluation (DPME) Management Performance Assessment Tool (MPAT) practice case series by Mr Salim Latib, with the support of Professor Anne Mc Lennan, from the WITS School of Governance (WSG), at the University of the Witwatersrand, Johannesburg, South Africa.

Given the nature of the work of the Department, there was recognition during initial strategy related compliance initiatives that there are areas of work, beyond corporate and procurement related areas, which embody substantive delivery discretion and hence are inherently prone to the possibility of fraud and corruption. These include the issuing of mining rights and work related to inspections on compliance by mining related companies. There was and hence continues to be a substantive appreciation on the importance of establishing clear policies and strategies to secure ethical and professional practices across all regulatory and delivery areas of the Department.

In early 2010 the Department faced the dual reality of having to ensure continual delivery in a complex and dynamic sector, at the same time has having to develop internal policies that shape the manner in which delivery unfolds. A careful balance was established between institutional building and active external engagement. A key element of driving forward was actions directed at ensuring that the Department moves rapidly forward in securing compliance to nationally established norms and standards, especially those that emanate from Treasury and the Department of Public Service and Administration (DPSA). By establishing a Compliance Office accountable to the Director-General in the initial period, the foundation for focused attention on matters of implementing all compliances related policies is substantively guaranteed.

Understanding the practice

To appreciate the specific and valuable elements of the practices that are relevant for wider learning, the approach here has been to look at specific management related aspects that contributed towards shaping the specific and most valuable elements of the experience. This proved necessary, as such an analytical description allows for the contextualisation of the specific elements of practice that proved to be most valuable in the move towards compliance to regulation and towards actions on fraud and corruption.

Policy and planning for fraud prevention and anti-corruption

Aside from the need to ensure full compliance with norms and standards, there was a strong momentum within DMR on establishing appropriate governance arrangements for active delivery. Even whilst there was temptation towards replicating the policies that emerged from the previously amalgamated Department, the approach was one of ensuring that new and appropriately contextualised policies and strategies are established.

Even though it took time to put in place the required personnel for the driving internal policies, effort unfolded in early 2010 to shape a substantive Fraud Prevention and Anti-Corruption Strategy. The intention of the strategy process was that it would provide a coherent framework for actions within the Department of fraud and related unethical actions. The strategy, as adopted outlines the areas prone to fraud and corruption and the procedures for the detection, investigation and resolution of reported or detected fraudulent activities. To secure the path for action, attention was also focused on securing inputs and active buy-in from trade unions. This proved immensely valuable when investigations were initiated and actions taken against offenders.

“Because we engaged with Union representatives during initial discussion, they supported processes. In fact, in some instances they declined to offer representation to

individuals who committed fraud, knowing that they were part of establishing the required policies.”

Within the overall strategy, there is recognition that, in addition to coordinative capacity for driving forward the approach, it was important to appreciate that a number of diffused units would be party to detailed implementation of the strategy. In the face of limited resources, coordination was also achieved by ensuring that implementation activities are linked to the Departments Risk Management Strategy. During 2012/2013 fiscal year, coordinated implementation was achieved through the generation of an integrative ‘Enterprise wide Risk Management and Fraud Prevention Implementation Plan.

Even as detailed investigative work resides within the Labour Relations section of the Department, the Risk Management unit led overall coordination by ensuring that there is consistent reporting within the structures of the organisation. In so doing, a link was also established with overall planning processes and hence ensuring that instances of fraud feed into shaping delivery approaches of different sections of the Department. Through a more integrative approach, a direct link was established between fraud related experiences and risk management actions that had to be institutionalised by different programme delivery sections within the Department.

Capacity and involvement in fraud prevention

Within the strategy and related implementation plan, substantive attention is focused on securing internal involvement in shaping responses to fraud and corruption. As the approach was linked to risk management, risk champions from different programmes often also served as the primary custodians of the strategies and related actions. Meetings of Risk Champions are held regularly to assess implementation and to engage on areas of common concern. Even though not formally articulated, the Risk Champions often serve as ethics officers within programmes as they often have a deeper understanding of some of the challenges and possible lapses that emerge in the delivery process.

Whilst participation and commitment were established through a consultative internal process on strategies and policies, there was recognition that this would have to be sustained through active awareness workshops, especially for those within District offices of the Department. To this end, workshops are held for all staff and efforts have been put into place to ensure that there is good access to relevant information within the Department.

“Our approach is to prevent fraud and corruption. Hence, we spend time on raising awareness through workshops for all sections. We also share information with new appointees and make sure that everybody is aware of policies and practices within the Department.”

The implementation plan reflects that the Department distributes posters, brochures and articles to all offices, as a basis for building awareness. Even as resources for the initiative are limited, efforts are also established to ensure that there is awareness within the Department and compliance with legislation.

Leadership in preventing and fighting fraud and corruption

In addition to emphasise being placed on active compliance with standards, the Director-General exercised substantive overall leadership over governance issues within the Department.

“The DG is accessible on investigations. This is a sensitive area and sometimes we have to engage the DG directly and keep the Office informed of progress on particular cases. The relationship and support received allows for investigations to unfold without any difficulty.”

The overall coordinative function is located within the Office of the Director-General and there is demonstrable interest in all fraud related investigations. Given the sensitivity of investigative issues, direct protective support is from the Office of the Director-General.

As matters of fraud are closely linked to risks within the work of the Department, the annual risk analysis process is used by the senior leadership to influence and shape strategies. To this end, the policy framework of the Department provides for the conducting of ‘fraud risk assessments’ as a basis for ensuring appropriate management actions to limit and manage risks identified. Active management buy-in is secured through both a strategy and operational level Management Committee. These committees served to review reports generated on risks and fraud experienced.

Given the levels of coordination within the Department, the analysis of areas prone to fraud and possible corruption also feed into the internal audit plans of the Department. A procedure has also been established to ensure active management support when investigations have to be initiated. The strategy established provided that matters of fraud are all brought to the attention of the Chairperson of the Risk Committee and that all investigation unfold on the basis of an instruction from the Director-General, as the Accounting Officer of the Department.

Organisation and resourcing prevention and the fight against corruption

Even as the Department has established the relevant structures for coordination and the exercise of overall leadership over prevention of fraud and corruption, success in the efforts are predicated on established investigative capacities within the Department. As matters of fraud and corruption feature centrally within labour relations activities, detailed investigations are conducted by a skilled labour relations official.

The strategy and plans outline, in clear and concise terms, the actions to be taken to prevent fraud and corruption. These include matters relating to physical security, information security and the vetting of officials prior to employment. Adherence to high standards are reflected in the fact that the Department has acted in instances where there has not been full disclosure of past employment histories and where there has been information disclosure breaches.

“We had a case where somebody did not properly reveal his past employment history. We discovered this during the vetting process and acted accordingly. People now know that you can’t do this in the Department and always have to comply with requirement and provide full disclosure.”

Operational success is achieved through established investigative capacities and by way of an insistence that procedures are properly adhered to so that cases are not lost. Because of this attention to detail and proper procedure, there has been very positive success in winning disciplinary cases within the Department. In some instance, Union representatives have also refused to represent workers who have engaged in fraudulent activities. All cases are properly investigated and within the time-frame established. The approach has also been one of ensuring that all cases are investigated, including those that might be considered minor infringements, such as those associated with the use of rented vehicles.

“In our investigations, we make sure we pay attention to details and therefore collect all documentations and evidence in a proper manner so that we don’t face difficulties when we disciplinary steps are taken...we have been very successful in all our investigations because of this.”

Given the reputation for detailed and complete investigations, this has served to establish an ethos within the Department of ensuring that all actions are beyond reproach. There is confidence that all investigations will be able to stand the test of wider oversight and can, where relevant, be used to pursue criminal prosecution. On one instance, internal investigation results are being used to pursue a criminal case and there is confidence that the case will be won on the basis of the thoroughness of the conducted investigation.

In addition to having established a clear framework for investigations and for reporting on these to the Public Service Commission (PSC), the Department has also established relevant data bases for the capturing of information relating to fraud and corruption. It has established procedures for ensuring that there is disclosure on the part of officials and for the use of such information for the conduct of investigations.

Impact and Value

Awareness engagements have been central to efforts to reduce fraudulent actions on the part of officials. In addition to outlining actions not deemed appropriate, they often serve to guide people on actions deemed ethical in areas of uncertainty. However, the larger impact on the institution arises from the fact that investigations are conducted in a very thorough and detailed manner. In recognition of which, the incentives for corrupt and fraudulent actions have been substantively reduced.

At a wider societal level, and specifically in the areas prone to fraud and corruption, there is recognition by client groups that they would not be able to encourage fraud on the part of officials. Mining companies and others are increasingly aware that officials from DMR will be subject to detailed investigation if there is any suspicion of fraud or an attempt to influence decisions on the issuance of certificates or licences.

There is also increased awareness within the Department of the wider potential impact of seemingly small acts of fraud. Through the awareness process, officials are able to highlight the wider consequences to them if they compromise on elements relating to the regulations governing the conduct of mining operations. Wider accountabilities to the society and the workers within the mine also serve to ensure that connections are made on the possible consequences when rules are bent to serve particular economic interests within the sector.

Conclusions and lessons learned

Although the propensity within the Department is to reflect on the experience as purely one of ensuring compliance and on 'doing our job', the engagements and practices point towards three specific lessons for governance and public service practice across government.

- ***Moving beyond the generic:*** Within the strategy and implementation process, there has been substantive focus on areas that are prone to corruption within the specific terrain of work of the Department. Rather than engage with fraud and corruption in a generic manner, the Department has moved the process forward by reflecting on terrains of weakness and hence the importance of establishing strategies to deal with these areas. Of particular significance in this respect is the conduct of fraud risk assessments.
- ***Attention to details and proper procedure:*** There is substantive recognition that investigative work on governance lapses requires detailed investigative work and the collation of appropriate evidence. In addition, there is awareness of the importance of following proper procedures in investigation as these are fundamental to disciplinary hearings and to instances where cases are taken forward for criminal action. Attention to detail and the following of proper procedures in the governance process are often key to successful actions and do serve as a deterrent to those who might consider bending rules for private gain.
- ***Prevention through consistent actions and success:*** Even though success is partially achieved through the building of awareness on policies, more is achieved when individuals recognise that actions are taken for even the most basic infringement of policies. The knowledge that each individual may be subject to a thorough investigation serves as an immense deterrent to those who might be tempted to breach governance rules.

Building an effective system for fraud prevention and anti-corruption takes time and is subject to ongoing learning. Even as practices are affirmed, there is recognition that as experiences unfold, adjustments may be needed. Within such an orientation and ongoing reflection, there is a sense that the individuals involved must ensure that they have a good knowledge of external experiences and of work within the Department and changes that could result in new areas of challenge for the fraud and anti-corruption strategy.

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RISK MANAGEMENT

THE NATIONAL DEPARTMENT OF MINERAL RESOURCES: MOBILISING AND MAINSTREAMING¹³

The Department of Mineral Resources was established in 2009 as part of the reorganisation of national departments. During the transition period, the corporate services of the Department were provided by the Department of Energy, as part of a shared service support services agreement. On becoming a stand-alone entity in 2010, the Department took on board all of the functions expected of a full-fledged Department, including the responsibilities of having to manage its own governance arrangements, of which Risk Management is deemed central. Since initial formation, the Department engaged in a process of analysing the risk faced and concomitant the strategies needed for managing risks as part of ongoing operations. It has built wider appreciation for the risk management function and mobilised all sections of the Department for the exercise of risk responsibilities and for systematic reporting on the risks faced.

This case reflects on the manner in which risk management unfolded, including the role of leadership in the process, participation from within the Department and the lessons that can be learned from various aspects of the experience. Central to the success were the efforts directed at building a conceptual appreciation of the importance of focusing on the risks faced within the programmatic work of the Department and the need to ensure that the risk are managed so as to prevent delivery failures and challenges associated with institutional governance.

Context and Background

The Department of Mineral Resources (DMR) was formally established as a stand-alone entity in March 2010. It employees just over 1000 individuals and primarily focuses on matters of policy and regulation over the mining sector. Aside from the detailed mining related inspectorate work which the Department is legally required to undertake, it focuses on the generation of policies and the management of the regulations governing mining and related explorations in the country.

Given the institutional development challenges associated with the establishment of internal corporate services for the newly established Department in 2010, many of the governance related initiatives unfolded over the 2011/2012 financial year. Even as there was awareness of the importance of incorporating the risk management functionality, it has taken time for the Department to establish, as required by regulation, full functional capacity for driving the risk analysis process and for securing risk management as an integral function of all managers.

¹³ This case study was drafted for the Department of Performance Monitoring and Evaluation (DPME) Management Performance Assessment Tool (MPAT) practice case series by Mr Salim Latib, with the support of Professor Anne Mc Lennan, from the WITS School of Governance (WSG), at the University of the Witwatersrand, Johannesburg, South Africa.

During the 2011/2012 financial year, an initiative to identify, categorise and design strategies to manage risks unfolded under the guidance of an official accountable to the Office of the Director-General. This initial process served to build deeper interest within the Department and hence contributed towards the full adoption of the relevant structure for risk management across the Department. It also established the basis for more detailed management engagement with risk across each of the programme areas. Rather than start on a blank slate, the team engaged with past efforts and reports of the Auditor-General, amongst others, to establish a listing of risks that confront the Department.

Understanding the practice

Even as it important to appreciate the overall evolution of the risk management functions within the Department since its formation in 2010, the approach here is to construct an analytical description of various elements that collectively contribute towards the successful incorporation and management of the function.

Policy and planning for risk management

As the foundations for risk management were already established prior to the separation between the mineral and energy components of the previous Department, there were already some elements of the policy foundations for the work within the Department. Using past experiences, it was hence relatively easy for DMR to establish the broad policy parameters for risk management. However, given initial capacity challenges and the need to work in an optimal manner, the approach was one of ensuring that the risk management function is closely aligned to the fraud prevention and anti-corruption functions within the Department. Although it's recognised that these are separate matters, the approach was one of ensuring that there is closer coordination.

During 2010 the Compliance Office of the Department led a process for the establishment of the Risk Management Committee. The establishment of which was fundamental to the process of ensuring that there is full oversight over the risk systems and to ensure that risks are identified across all business units.

“Based on the findings of the Auditor-General in, for example, on prospecting fees paid to the Department, we knew that we had to respond to the risks in this process by establishing a common system.”

During this period, the Department also put into place an overall risk policy and strategy. Guided by the policy framework, the Department produces a carefully crafted ‘enterprise wide risk management and fraud prevention implementation plan’. This plan sets out the activities to be engaged upon during a specific financial period, the expected outputs, the responsible office and the time frame for implementation.

Based on initial learning during implementation of the strategy, the Department has instituted a process of separating out operational and strategic level risks. There was a feeling by many at senior levels that this separation is vital and would serve to ensure that senior managers focus on those risks which are strategic, rather than detailed operational risks. The implementation plan outlines the risk analysis process, the crafting of the implementation plan and the process for reporting. Central to the strategy is also the institutionalisation of awareness activities.

Capacity and involvement in Risk Management

In addition to securing leadership commitment and engagements on the risks of the Department, efforts have been established to ensure wider involvement in the risk management process. Building active engagement takes time and hence substantive initial efforts were focused on building a collective understanding of what are risks and the relevance of this for the work of the Department.

It was recognised during the initial stages, that there was a need for there to be risk champions within all of the different sections of the Department. The appointment of such risk champions, at lower levels of the hierarchy, served to provide a pool of individuals who could be engaged with on the substance of what risks are and how they should be thought of in the Department. Risk Champions are appointed from each of the Departments programme areas and generally expected to be at the level of Director.

“Initially we spend a lot of time on building awareness of the function. We had to do some road shows on matters of risk and fraud. People eventually recognised that this was about their work. It helped them do their work better and hence established buy-in needed.”

By all accounts, it took time to build a collective understanding of the process and relevance of the function. There was initially some scepticism on the value of the exercise, but over time an understanding was established on what the process entailed and its significance for ongoing work. As champions began to recognise the likely consequences if risk were not managed, they engaged with colleagues and seniors on these risk, thus building deeper levels of active involvement and interest in the risk register.

“At the first workshop, frankly the quality of the document produced was very weak and I was sceptical of the process and felt out of my depth. As we engaged on some of the details, I began to appreciate the importance of this for operational work within my programme...it is now fully linked to what we do and an essential part of operational actions. We have institute measures that we would not have thought about if it were not for this process.”

Leadership in Risk Management

The risk management function is directly linked to the Office of the Director-General and hence benefits from senior level leadership. During the 2011/2012 financial year there were substantive discussions on the structure and reporting framework of the Risk Management Committee. Even whilst there were perspectives that the Committee should be chaired by an independent external person, the overall perspective was that it was an internal structure and hence primarily established for the management process.

Building on the initial work that unfolded during 2011/2012, the momentum on the work of the Risk Management Committee unfolded substantively for the 2012/2013 financial year. To ensure that there are senior level engagements with the risks of the institutions, the Risk Management Committee has participation from all of the most senior level managers within the institution (Deputy-Directors General) and other critical role players. In addition, efforts were established to ensure that Risk Management is incorporated into the performance agreements of senior officials.

“The Risk Management Committee is chaired by a DDG. We have senior level participation from all Programmes and discussions are substantive. The Committee meets quarterly and considers progress report, prior to their submission to the management Committee and the Audit Committee of the Department.”

Reports generated on the management of risks have now been fully integrated into senior levels meetings chaired by the Director-General. To ensure that all matters are fully discussed and, in particular, progress is reviewed on the actions to be taken on specific risks, a senior level operations meeting has also been established. This helps to ensure that all issues are discussed and that there is engagement on operational level risks. The Director-General takes an active interest in the contents of the risk management action plan and ensures continual follow up on the substance of what is intended within the plan. To ensure appropriate follow-up on matters, reports are also presented to the Departments Audit Committee.

Organisation and resourcing

The risk management and implementation function largely centres on the work the ‘Risk Management Committee’. However, to ensure that the work unfolds in a substantive manner, the Department has appointed a Chief Risk Officer and the function is managed through the Strategy and Risk Management Unit within the Office of the Director-General. Even as there have been some structural changes and staff turnover, implementation has unfolded as there is dedicated capacity for continual follow-up.

Having dedicated capacity for the risk function has proven to be of particular value for the Department, as it serves to ensure that there is day-to-day follow up on the management of risks and engagements with risk champions from all sections. Such dedicated capacity also allows the Department to ensure that relevant workshops are being held to build awareness of the risk function and the management of specific risk identified. Resources are also made available to ensure that the risk function is adequately taken forward and that there is appropriate engagement with the district offices of the Department.

“We now have an established practice for monitoring progress on actions to be taken to mitigate risks. We receive reports from Champions and collate these for submission. We also engage directly with relevant senior managers on risk areas and progress on actions for which they are responsible for. It’s a live function as we constantly face new risks in our operations.”

At an operational level, the responsible unit has established its own risk registry and has developed relevant templates and tools for the risk analysis process. The department uses a manual system for registering risks and for the development of its implementation plan. A process is currently underway to explore and possibly acquire risk management software to enhance risk management activities are currently being explored.

“Our approach has become proactive. We also scan memorandum to look at patterns that are emerging to see new risks, For example, we also have recognised new cross-cutting risks, such as in the area of attracting and retaining scarce engineering skills for the Department.”

Impact and Value

Outside of the policy role of DMR, it plays a very critical role in the monitoring of regulations within the mining sector. A failure to manage risks in some areas of the Department work has the potential of impacting on people's lives. Mining impact on the environment and hence requires that the Department engages in processes of ensuring that it manages the risk that 'environmental impact assessments' are inadequate. In response to which added measures have been put into place to ensure that the Department institutes audits to ensure that mines environmental liabilities are fully funded. The impact of instituting a risk management function is thus, in this terrain, more visible through the more active approach towards ensuring that environmental concerns are appropriately resourced.

As the failure to ensure full compliance on mining regulations has substantive impact on those working within the mining sector, the risk analysis process, has encouraged the Department to institute further measures to deepen its approach to the inspection of mining operations. Given the new measures instituted, there is a direct correlation between the risk analysis process and actions taken to ensure that the work of the Department adds substantive public value. In addition to the management of risks that has a substantive impact on the society, the risk analysis process has also assisted the Department to establish strategies to deal with internal operational risks, such as those associated with high staff turnover in a terrain of scarce engineering skills.

"We take the function very seriously. As you will appreciate we constantly face new risks, For example, we face many risks that we have to act upon in the area of illegal mining. We have to ask ourselves what is happening and what we should do about it as people are losing their lives in this process."

Conclusions and lessons learned

Even as there is recognition of the benefits of risk analysis and management, there is reluctance by officials to point towards the experiences as being substantively successful. However, the practices instituted do suggest that there were actions that unfolded over the period of implementation that could serve as lessons for others within the public service.

- ***Securing dedicated capacity for engagements:*** Within an environment of change, it proved to be vital that there be dedicated capacity for specific functions. In this instance, the appointment of a Chief Risk Officer proved to be of central importance as this person served to ensure that the plan is implemented and that there are ongoing day-to-day engagements on matters related to the risk established in the Department's register.
- ***Building interest and engagements through substantive reflection:*** It takes time to build the interest of individuals within the Department and to ensure that there is an understanding of the relevance of a particular exercise for operational work. This was done through active facilitation and by way of ensuring that people actually understood how a seemingly separate function relates to their day-to-day work. Mainstreaming so that there is wider buy-in takes time and requires that people appreciate the value of a particular exercise for their own work. Outside of such buy-

in, the orientation is often to view such work as an add-on to ongoing Annual Performance Plan related responsibilities.

- ***Separating the strategic from the operational:*** To secure ongoing and senior level interest, a separation between strategic level issues and those that are more operational has proven to be very valuable. Operational and strategic risk were separated and hence allowed seniors to focus attention on higher level issues. To secure interests and engagements on all issues, the Department also instituted Operational Management Committee Meetings (chaired by the Director-General) to engaged with more operational level issues.

Building a functional governance related systems takes time and ongoing effort. The Department itself has adjusted as learning unfolded on the basis of its own experiences. It has also been proactive in its engagements with other role-players, such as National Treasury.

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RISK MANAGEMENT

THE NORTH WEST DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT: FROM THEORY TO PRACTICE¹⁴

The 2008/2009 Annual Report of the Department of Agriculture and Rural Development (DARD) in the North West Province provided that for the year under review ‘various audits indicated that there were significant deficiencies in internal controls in respect of financial management, risk management, compliance with laws and regulations and performance information’. This situation has since 2009 changed substantively and the Department now has a full strategy on its governance areas and related actions for, amongst others, the risk management function. Risk Management has been mainstreamed as an essential part of the Departmental operations and its centrality to work has been recognised in the day-to-day operations of officials and senior managers.

In addition to the drive within the department to ensure that Risk Management is appreciated at a practical level, there has been a drive from within the Provincial Department of Finance Provincial Internal Audit Unit to ensure that all North West Departments take risk management as a substantive element of their overall governance work. This case reflects on the manner in which risk management practices have unfolded within the Department and the lessons that they offer for others across government. Central to the success of the Departments efforts was the actions of the risk champion towards ensuring that there is appreciation of the initiative for work within different operational units. A process that was predicated on ensuring that there was a direct link between risk management theory and actual practice.

Context and background

The Department of Agriculture and Rural Development has evolved to be one of the largest Departments in the North-West Province. It has over 2000 employees and manages four district offices. In addition to a wider policy function, it provides a wide range of agricultural and environmental services across the province. Over the last few years the Department has stabilised and well on its way towards producing a clean audit. Its efforts to stabilise and ensure effective delivery unfolded in a context of limited financial resources and capacity in crucial areas, such as in risk management. It was only in 2009 that the Director for Risk Management and Information Technology Services was appointed. Prior to which, the risk function shifted between different individuals within the Department. Rapid movement towards compliance and active implementation has resulted in the Department achieving a high score on MPAT- a substantive jump from the previous low score.

“When I started in the Department there was not much in place...I had to start from scratch and develop all of the relevant policies. I had to prove to management and

¹⁴This case study was drafted for the Department of Performance Monitoring and Evaluation (DPME) Management Performance Assessment Tool (MPAT) practice case series by Mr Salim Latib, with the support of Professor Anne Mc Lennan, from the WITS School of Governance (WSG), at the University of the Witwatersrand, Johannesburg, South Africa

lower level officials the importance of having proper systems in place in particular areas.”

Although the Directorate: Risk Management and Information Technology Services, is relatively small it managed to mobilise relevant sections in DARD in the effort to ensure that the risk management function is fully incorporated into delivery programmes. Prior to 2009 and the appointment of the Director, the Department attempted to drive the risk analysis process through the appointment of consultants. This initial experience demonstrated that whilst there is some value-add from the work of consultants, it was difficult to drive the process forward if there was no dedicated internal capacity. It was also noted that the consultant’s reports do not demonstrate an understanding on how government operates and the strategies that would be optimal within a public service institution.

Since the establishment of the required Directorate, the risk management function is integrated into the Office of the Head of Department and hence mainstreamed into the overall strategic management of the Department. As the Province has established a shared Audit Committee, the appointment of the Director also provided the basis for ensuring that the Department risk work becomes a feature of reporting within the province, through the Provincial Risk Forum and related Committee.

Work on the management of risk, were, in many respect, driven by the realisation that there was a need to ensure full compliance with national norms and standards and international good practices. In addition, it was noted that, in the past, matters of risk management were raised in the reports of auditors and were hence fundamental towards building management excellence within the Department.

Understanding the practice

There are a number of interrelated factors that contribute to the effective management of the risk function within DARD. Even though it’s possible to single out the immense efforts that were focused on building awareness, the experience suggest that success is also predicated on the manner in which practices became a part of the operational activities of the Department and the way in which risk management unfolds across the province. The descriptive analysis that follows captures the experience at the level of policies introduced, the level of participation, the role of leaderships in the process and the manner in which policies are operationalised.

Policy and planning for risk management

Even as the Department has succeeded in establishing and constantly renewing its Enterprise Risk Management Plan and Strategy, it’s important to appreciate that in the North West province, there is a strong push from the Department of Finance from the Provincial Internal Audit Function on issues of corporate governance and incorporating Risk Management. In addition to establishing a specific Department Strategy, Departments participate actively in a Provincial Risk Management Forum and provide quarterly reports on the risk function within the Department.

The Enterprise Risk Management Plan and Strategy is reviewed each year and signed by the Head of Department. Even though the Chief Risk Officer had been appointed as the main coordinator, the overall perspective within the Department is that the responsibility resides at the most senior levels. Hence, the Plan provides that the risk champions are the Executive Management Team of the Department. In shaping the plans, the emphasis from the Director is that the plan has to be substantive if the support of managers is to be secured. Each year, an updated plan is distributed for comment and inputs prior to its approval by the Head of Department.

The general emphasis is on ensuring that documents are substantive and hence using this to secure commitment. The manner in which documents are crafted generally serve to convince managers that the work is of a high standard and hence direct inputs on the documents are often limited. Active inputs are generally secured in the process of compiling the risk register. This is done annually and generally builds on previous work completed and on internal and external audit reports. As much as is feasible, the work is linked to the Annual Performance Plan of the Department.

“On buy-in within the Department, this is not an issue as people as will buy in when you are knowledgeable about your subject. People can trust the risk programme to provide advice that is objective, sound and unbiased. The Risk Management programme is often required to advise the DG including other stakeholders on various projects. Since 2009 there has been confidence in the function fulfilled.”

Analysis of strategic risks and operational risks, and the production of the risk register have been integrated into annual planning processes. The consequence of this is that when the annual strategic and performance plans are adopted there is full compliance with the requirement that the Department initiates actions to manage each of the strategic and operational risks.

Capacity and involvement in risk function

The Department has elevated the importance of risk management by ensuring that there is active participation from senior levels and hence ensuring that the individuals involved in the management of programmes serves as the ‘risk champions’. High level involvement ensures that the risks related actions are properly owned and accounted for at the most senior levels.

“When people see how risk management relates to their work they support the function...when they see the benefits of risk management they engage...people now start engaging with risk management directly. Whilst the HoD and MEC are supportive of the Risk Management process they no longer need to be prescriptive to its management team to support the risk management process...the foundation has been built.”

Outside of the actions directed at ensuring high level involvement in the Departmental process, substantive attention is focused on ensuring that there is deeper participation on the risk analysis process within the Department. This is done through a combination of awareness activities, workshops and through the active participation of relevant officials during the risk analysis process. A number of relevant brochures have been produced for distribution within the Department and the importance of risk management is featured in Departmental newsletters.

“We go out to all of the offices, including the District to ensure there is awareness and wider participation in the process. Managers are also able to indicate to you the benefits derived and the system challenges that we were able to identify”

One element of immense creativity in the work of the responsible manager has been activities directed at ensuring that there is a practical understanding of matters relating to risk. In this respect, the manager uses real world case studies from other context and video clips that capture the attention of officials. To assist the development of an appropriate strategy and build awareness, the Director also uses a survey to test the level of awareness and overall culture towards risks in the organisation. The results of the survey are not published, but are used to shape awareness initiatives and further actions for the management of risks.

Even as risk analysis workshops are held with each programme area in the Department, the approach has been one of avoiding creating additional structures. Hence, there is no specific additional risk management structure within the Department. The risk register and risk related actions plans are produced for discussion in general management level meetings. In addition to the workshops held with sections, added effort is focused on securing ongoing interactions on a day-to-day basis. The Director proactively engages with managers across the Department in an effort to ensure that the analysis is substantive and that the action plans and reports produced are a reflection of actual work and perspectives of those involved in operational level activities. Outside of added structures, active participation and involvement is secured through substantive day-to-day interactions.

Leadership in risk management

Due to the early recognition of the link between the management of risk and improvements in the audited status of the Department, the Head of Department plays an active role in the risk management function. Whilst relying on the substantive work of the Director, the Head of Department engages constable with the risk register and related action plan.

“The HOD has supported this at a very high level. At one stage, we were all called by the HOD’s Office and told that we have to drop everything and attend a workshop. So there is determination on the part of the HOD to ensure that governance is good.”

The commitment of the leadership within the Department is reflected in the fact that the risk management item remains a fixed agenda item in management level meetings. During these meetings, areas of concern are discussed and engaged upon. As the HOD has to report on these matters within the Province, there are constant interactions on progress and on reports to be presented at the Provincial wide Audit Committee.

As the risk strategy of the Department designates senior managers as risk champions, there is full involvement of these individuals in the risk analysis process and in the generation of the risk register as they report monthly progress. Commitment is also sustained through engagements on the reports within Management Committee Meetings.

These meetings are held on a monthly basis and risk actions are linked to discussions on performance, relative to Annual Performance Plans (APP).

Organisation and resourcing the risk function

Even outside of a fully resourced Risk Management Unit, initiatives have unfolded towards ensuring that the Department is compliant to relevant standards and norms. Due to limited budgets, it has not been possible for the Department to fully establish the structures anticipated in its Risk management Plan. A process is however underway to gradually fill the relevant structure and hence to secure added capacity for Risk Management.

Outside of having the required resources, the responsible Director has had to establish a more creative approach towards ensuring that the Department complies with the requirements related to Risk Management. This has largely been done on the basis of mobilising active involvement of officials from other units and from within specific programmes. In the absence of added capacity, the approach was one of ensuring wider awareness and hence encouraging units to take active responsibility by producing the required plans. To assist the process, attention is focused on ensuring that others are appropriately skilled and hence are able to generate substantive perspectives on the risks faced and the actions that are needed.

As there is only a small modest budget for the risk management function, energies are focused on using many of the available forums to secure actions related to this area of work. Rather than contract external parties, the approach is one of building internal relationships which encourage others to assist with risk related activities. For example, in the area of communication and awareness raising, extensive use was made of the capacity available within the communication section of the Department. Through this approach, a number of brochures were produced and distributed throughout the organisation. In addition the Provincial Internal Audit Function in the North West Province also assists with quality assurance and validation of compliance levels with systems and regulatory frameworks during risk assessments. This process invariably helps the Risk Management programme to stay focused on constant improvement strategies.

At the systematic level, the emphasis has been on using a manual system for the recording of risks and for generating reports. There was some attempt at using the software systems of National Treasury, but this was deemed inadequate and slow for purpose. The approach within the Department is nevertheless systematic and is predicated on the production of a detailed risk register, risk profile and related action plans. Within the framework of an implementation plan, activities are planned for the year and reports are generated for relevant structures, including the Provincial Audit Committee.

“The Department does not use the National Treasury Software system as it is slow, not always accessible and it does not provide for all their reporting needs. The system also has limited options to draw reports that are required to manage and communicate risk information to management. The system is not adaptable to the Department’s needs.”

Impact and Value

Within the Department, the most visible element of the value of the risk management process is the movement that has unfolded towards securing a clean audit. Although a full clean audit has not yet been achieved, there is evidence, within the Auditor General's (AG's) reports that demonstrates that, since the introduction of the function, there has been movement towards a cleaner audit. By way of managing specific risks, there have been changes in controls within the Department and many are now aware of some of the risks that have contributed to negative audit reports. This situation has now changed and internal audit now finds it difficult to find deficiencies.

"The Provincial Internal Audit function in the North West Province struggles to find audit findings on control deficiencies and was forced to change the audit scope to look into other issues. The Department have a strong working relationship with the Provincial Internal Audit team in the Province, and requested them to change their audit scope by assessing systems against regulatory compliance. The Department's control environment and related systems are good."

The details contained within the risk register, suggest that there is appreciation on the link between the management of risks and the impact failures would have on the wider society. It is anticipated that success in managing risks would overtime be reflected in monitoring and evaluation related information. Many units have come to recognise the wider consequences if risks are not managed and hence many initiatives have emerged to ensure that risks are dealt with before they become disasters. For example, the Department has a responsibility with respect to the Meat Safety Act. To ensure compliance it has to address the risk associated with not having the required inspectorate capacity in place. In this instance, actions are being established to ensure that competent technical staffs are appointed and establishing appropriate structures.

Conclusions and lessons learned

There is immense passion and energy from participating individuals when there is wider recognition of success. In this instance, the involved individuals were very eager to share some of the detailed work that unfolded in the exercise of building the risk management function, but most modest when it comes to articulating some of the ingredients for success. On reflections, reference is made to two broad factors. These factors coincide with the descriptive analysis and stand at the centre of this particular experience.

- ***Establish a clear link between theory and practice:*** As there is a propensity to treat matters of compliance as standards outside of the real delivery work of Departments, building support and action was predicated on ensuring that there is a clear link between requirements and the actual work of managers. To establish such a link, the individuals engage in research on areas of challenge and careful use was made of examples and cases that illustrate what is intended within risk analysis.
- ***Hard work and substantive engagement matter:*** Rather than focus too much attention on establishing participative structures, attention was focused on ensuring that document produced were substantive and reflects hard work on the part of those driving the process. In essence, people engaged with reports produced because they were confident of the work that has been put into documents. Confidence and active

cooperation was established through substance. People participated because they were confident of the value of the engagements for their own work.

- ***Passion, knowledge and Innovation:*** A commitment to knowledge and the generation of new ideas by passionate individuals is often central to success. Individuals in this instance enjoy the work and keenly engage in reflective processes for the generation of ideas on improving practice.

The Department has developed a number of brochures and tools to support their work in risk management. Outside of the practices themselves, these tools can be used in other Department and do demonstrate that immense value can be derived from deeper exchanges within particular areas. This Department is also reflecting on how better to manage overall governance functions and how these can be brought together for greater efficiency. The overall perspective is that much of what has unfolded is very specific to the public service and wider sharing opportunities will provide a useful basis for building risk management capacities within government. It was generally felt that risk management training may be better served by the establishment of an active 'risk management network' within government.

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KPA 3: Human Resources Management

Human Resources Management is primarily concerned with how people are managed within organisations, focusing on the plans, policies and systems which maximise performance to achieve strategic objectives. The quality of HRM has a significant influence on the overall performance of an organisation and its ability to deliver services. A major portion of departmental budgets is spent on human resources and effective planning for workforce needs as well as aligning skills, roles and responsibilities to departmental objectives is essential to ensure value for the investment.

Compliance in with respect to KPA 3: HRM is monitored through 11 standards clustered in four key areas: HR strategy and planning, HR resource practices and administration, performance management, and employee relations. These standards are strongly interrelated and one impacts on another. The good practice cases in this KPA focus on three specific standards:

1. Organisational development - Departments comply with the requirements for consultation, approval and funding of their organisation structure
2. Recruitment and retention - Departments have recruitment practices that adhere to regulatory requirements and retention strategies are in line with generally acceptable management standards
3. Discipline Management - Departments manage disciplinary cases within the prescribed policies and ensure implementation of recommendations

Departments were chosen on the basis that their management practices showed significant improvement in the standard identified. The following departments were good practice cases:

- Organisational Design: The Northern Cape Department of Social Development ***'Positioning to Deliver for the War on Poverty'***
- Organisational Design: National Department of Energy ***'Rome Wasn't Built in a Day'***
- Recruitment and Retention: National Department of GCIS ***'Going Beyond the Call of Duty'***
- Recruitment and Retention: Northern Cape Department of Roads and Public Works ***'On the Road to Improvement'***
- Discipline Management: KwaZulu Natal Department of Economic Development and Tourism ***'The Cunning Fox: Picking a path through the mountain of challenges'***
- Discipline Management: National Department of Mineral Resources ***'Building responsible managers: Leave 10111, I can do this myself'***

People performing well are behind the service delivery targets that Departments are meeting. People - individuals, teams, leaders - are what make organisations tick; without people, an organisation is an empty shell. People enable an organisation to achieve its purpose: it is in this light that HRM becomes central. While some departments recognise this and have experienced the benefits, the spectrum of leadership support ranged from being merely cooperative to a very assertive backing of HR function. More needs to be done to bring HRM onto the strategic agenda across the Public Service.

SOME LESSON FOR GOOD PRACTICE IN HRM

However, gaps still remain. High-performing departments require greater flexibility within the policy frameworks to ensure continual improvement in their performance. Generally, internal and external engagement needs to be recognised earlier in planning and implementation processes. Finally, while departments will only benefit from the formalisation of good practice guidelines and tools if they are adapted to their specific context, there needs to be far greater knowledge-sharing and learning in HRM across the public service to build a system-wide culture of high performance in the management of the government's most valuable resource: its people.

Policy and Planning

A comprehensive national policy framework drives compliance: Every aspect of HRM is highly regulated, requiring strict compliance to well-established legislation. These policies provide a solid framework within which HRM operates. Some even outline the steps to reach the set targets, such as DPSA's comprehensive 'Guidelines and Toolkit in Organisational Design', which incorporates all elements of policy compliance within the manual's operational steps. The fact that such policies exist has been an important factor, often a catalyst, in mobilising Departments to improve their management practice, through recognition that compliance is essential. In some instances, this has triggered processes that went beyond compliance because the policy also provided expected standards - such as the completion of disciplinary cases within 90 days - building the causal link between compliance and performance.

National policy provides the foundation for contextual adaptation: External policy guidelines provide the foundation from which Departments can leverage to meet their needs. Adapting these policies to the nuances of each Department's unique operating context is an important aspect of ensuring their relevance to meeting Department-specific objectives. A common thread within high-performing Departments was their focus on evidence-based HR planning and implementation. For example, this approach has driven the GCIS to set ambitious recruitment turn-around targets of just two months, compared to the DPSA four-month standard, and to develop a highly progressive maternity policy specific to its young staff demographic. However, some Departments felt constrained in their ability to adequately adapt policies to their context, due to inflexibilities in the existing national policy framework.

Has HR arrived on the strategic agenda? Departments that recognised the true value of people in the delivery of their services have positioned HR as a key pillar of the strategic agenda. They have ensured that their HR approach supports and develops its staff, and provides the tools and operating environment to perform. Such Departments have been able to make strong links between the management of people and the meeting of organisational objectives. It can be difficult to demonstrate the causal link between HR and service delivery, but if people fulfil the department's purpose, then it is evident that HRM is the key to unlocking people's potential to do this.

Processes and resources

Tools are essential in meeting organisational targets: Departments require people to perform in order to meet the country's many service delivery needs. HR units have developed a raft of tools to ensure people deliver on their targets. Most are internally-developed and informal, but provide the crucial backbone to people's work. Such tools can: a) provide people with the necessary steps to meet targets and improve quality; b) ensure consistent documentation of processes; and c) track and monitor performance against set time-frames, enabling pro-active responses to be taken before deadlines are missed.

Streamlining speeds up delivery: Promoting the use of parallel processes has helped some Departments to significantly cut target turnaround times - such as capturing candidate profiles onto the system as applications are received, or submitting profiles for verification at the time of interviewing. Other effective efforts to cut red tape have included shortening time frames, the use of the open-door policy for immediate sign-off on documents, and up-skilling staff through specialised training to reduce the amount of external input required in HR processes.

Lack of resources is not necessarily a constraint: HR processes are often carried out by small teams with few resources. However, the main resource a Department possesses is its people, who if skilled and driven, can achieve remarkable results with few financial resources. Departments that demonstrated resource innovation, used multiple responsibilities as an opportunity to integrate their work, or trusted internal capacity over outsourcing, reaped the benefits later.

Leadership and consistency of purpose

A high performance culture requires 'top down' engagement: Effective HRM requires the proactive involvement and support of senior leadership. HR units that engaged senior leadership both conceptually and at an operational level managed to ensure leadership's comprehensive understanding of HRM in context. With leadership support in: integrating HRM into strategic planning, providing the tools to deliver, tracking performance and the enforcement of corrective actions for non-performance, Departments create an expectation that people are expected to perform at the top of their game. Such expectation can build a sense of purpose around service delivery to citizens and each individual's contribution to achieving this.

Team spirit at the heart of HR units' successes: while leadership can support, only the HR team can get the work done. HR units that have inspiring, supportive leaders and strong team players who work closely together and are able to engage with people across the organisation are able to optimise their performance. The importance of a 'team' or a 'family' culture in the workplace was not only highlighted by Departments themselves, but was felt by the interview team. The way in which people interact in their work affects the entire HR team's passion, work satisfaction and ability to deliver.

Understanding what drives us: When individuals take full responsibility for delivery, then action follows, particularly when there are consequences for non-delivery and rewards for success. But individuals are also driven by their own work ethics, such as responsibility,

self-respect, perfectionism, humility, and improving the delivery of services. A Department which understands and nurtures what drives people allows them to thrive.

Staff and stakeholder engagement

Invest in competent people: Departments which ensured that HR unit was staffed by competent people and prioritised their up-skilling where necessary, were able to trust in the unit, rather than outsourcing HR matters to consultants. For example, the KZN DEDT HR Unit ensured that its Labour Relations team had a system-wide understanding of HR, and a specialized knowledge of LR to ensure maximum effectiveness in the Department. Maintaining internally-driven HRM processes, such as for organisational design, was highlighted as crucial for people's buy-in and support of HR initiatives.

HRM requires extensive engagement: Management processes for HR can only be implemented effectively if there is a hand-in-hand approach with staff and stakeholders both internally and externally. Consultation and engagement is paramount during HR planning and implementation stages and throughout change management initiatives. Successful HR units take the time to bring everyone on board. Many learn the hard way by initially omitting to consult, but several Departments experienced that it pays off to take the time to go back and rectify this. In particular, where Labour Unions were engaged from the outset, HR units were able to manage relationships, avoid bottlenecks and work more successfully together.

Guiding people to address Service Delivery: HR management requires supporting a culture in which each individual recognises their role in contributing to meeting the objective of quality service delivery. HR can do this by ensuring its own organisational design reflects the needs of communities benefiting from the Departments services, by engaging with the Labour Unions and ensuring staff are afforded the best possible support in carrying out its work, and by promoting the principles and codes that guide the Public Service.

ORGANISATION DEVELOPMENT

NORTHERN CAPE DEPARTMENT OF SOCIAL DEVELOPMENT: POSITIONING TO DELIVER FOR THE WAR ON POVERTY¹⁵

It is truly remarkable what a team of two people can achieve with the right approach, the right tools and the right leadership support. The Department of Social Development (DSD) of the Northern Cape has completed a thorough organizational re-design that has placed it squarely in a position to deliver essential services to communities across the province and ultimately to take up the fight in the war on poverty.

The department began with introspection, recognizing that their organizational Design (OD) structure impeded the effective fulfilment of the organisation's objectives. It was creative in its approach, while remaining true to every step in the DPSA's indispensable Guidelines and Toolkit in Organisational Design. The team took OD beyond its typical internal boundaries and out into communities, asking households directly about their biggest needs, ensuring that this analysis directly informed the design and nuances of the structure itself. This cemented a direct link between the department's objectives, its organizational framework, and the recipients of the department's services. Critically, the process enjoyed the support of dedicated, inspirational senior leaders throughout the four (check) years it took to complete. The OD team saw consultation as a top priority, testing out their designs, presenting their drafts and progress regularly to key decision-makers and formulating the need for specific changes with concrete, well-researched facts and analysis. This process took time, and while the team has exploited this to develop a long-term approach, it has simultaneously maintained a dynamic determination that has ensured its effective completion. Their experience teaches us that:

- If structure follows strategy, one must create a direct and explicit link between OD and meeting the needs of communities
- Leadership support is crucial in change management processes
- Following the DPSA toolkit is essential, allowing the flexibility to be innovative within a clear framework
- Continual consultation to solicit input and to justify decisions based on empirical evidence, ensures organisation-wide buy-in throughout the process

DSD believes there is still room for improvement. It would like to see a leaner top and fatter bottom to its structure, which can be done through regular OD review. It would also like to see greater staff capacity to carry out the OD function in the Department.

Context and background

Back in 2008, the President at the time announced that a War on Poverty campaign would be initiated and run from the office of the Deputy President. The National War Room would bring together government departments and would "work with NGOs and business to identify the interventions required in specific households and implement them as a

¹⁵ This case study was drafted for by Bridget Steffen and Dinesh Budhram from the Wits School of Governance at the University of the Witwatersrand, Johannesburg, South Africa. The series is edited by Professor Anne Mc Lennan.

matter of urgency.”¹⁶ At the provincial level, the Northern Cape Department of Social Development has used the War on Poverty campaign as a foundation on which all its work is based. The Premier for the Northern Cape confirms that:

*“Our Social Development Department is tasked with the responsibility to tackle the daily challenges afflicting the most poor and vulnerable in our society. Clearly the war against-poverty campaign is part of government’s overall attempt to improve the livelihood of our people in general.”*¹⁷

The DSD’s purpose is to ensure the provision of integrated developmental social services.¹⁸ It is driven by a mission to ensure the provision of social protection services against vulnerability and poverty and to create an enabling environment for sustainable development. In the spirit of Ubuntu, DSD’s values relate to non-discrimination, partnering with stakeholders, transparency, accountability and in sharing knowledge and expertise. Rounding these values off is a focus on delivery a quality service to the citizens of South Africa in line with the Constitution.

In the 2012/13 financial year the department had a total budget of just below R532 million.¹⁹ With 1257 staff spread across a head office in Kimberley and district offices in the Northern Cape Province, DSD focuses on four policy priorities: protecting the poor, youth development, crime prevention and building cohesive, caring and sustainable communities. The department’s Balepa War on Poverty campaign is an award-winning programme that determined the basket of services required at the individual household level. The number of beneficiaries participating in socio-economic initiatives grew from 92 to 182 between 2010 and 2012. The number of income generating opportunities created through sustainable livelihoods initiatives grew to 1169 in 2012 from 478 in 2009.²⁰

The Management Performance Assessment Tool (MPAT) of the South African government revealed that the department performed well in the area of organization design. The department’s MPAT score improved from 3 in the previous year to 4 in the current analysis. This achievement shows that beyond implementing an approved organization structure that is in line with the Medium-Term Expenditure Framework, the department has also ensured that the structure is based on an assessment of functions and that it has been reviewed periodically.

The need for change - ‘Our structure was unable to deliver’

Following the elections in 2009, President Jacob Zuma made a speech in which he outlined his service delivery plan. The government’s Medium Term Strategic Framework translated the election manifesto into 12 outcomes for “An efficient, effective and development oriented Public Service and an empowered, fair and inclusive citizenship”. The Delivery Agreement, which combines commitments made by key government departments to improve on service delivery, includes Human Resource Management and Development as one of its key strategic areas in meeting this objective.

¹⁶ State of the Union Address, Thabo Mbeki, February 2008

¹⁷ State of the Province Address by the Premier, 21 February 2014

¹⁸ Annual Report DSD: Northern Cape, 2012/13

¹⁹ *ibid*

²⁰ *ibid*

In addition, the new Outcome to Health initiative was launched, which required a clean-up of the PERSAL system. For the Northern Cape's DSD, it was these key policy developments, alongside the War on Poverty campaign that began the process of change in the design of their organizational structure, which in its previous form, was unable to deliver on these outcomes.

The MEC at the time solicited recommendations from the department; he wanted to find creative solutions that would ensure compliance. This led to the creation of 480 new posts. Later in 2010 (check), a new MEC inherited these posts, which had remained vacant. Thereafter, at a major strategic planning workshop in which HR featured prominently on the agenda, he questioned the viability of the posts. Following a vacancies study by the OD team, a resolution was passed to abolish them and to begin a formal OD process of decentralisation.

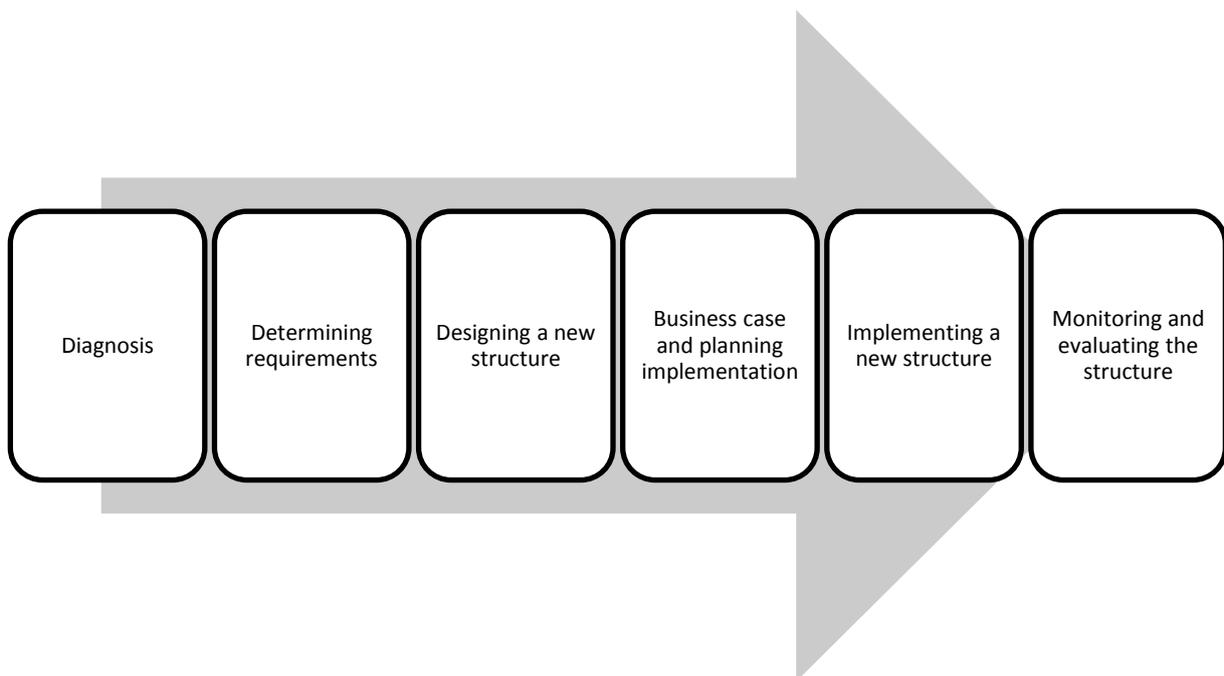
"The new MEC held a two-day strategic planning for the next five years. He wanted everything to be presented, it was a great moment for the department; it was the best strategic planning the department has ever done."

Understanding the practice

Policy Compliance through the use of effective tools

OD policy is effectively guided by the DPSA's 'Guide and Toolkit on Organisational Design', which outlines six major phases in the OD process, underpinned by good project management and change management processes.

The major steps in an effective organisational design process



In addition, the Framework for Managing Joint Programmes provides the principles and mechanisms for managing joint/crosscutting programmes, and several directives and circulars stipulate that the DPSA must be consulted during OD processes, and must approve any new OD structure before implementation.

The Northern Cape's DSD OD planning process ensured policy compliance by following the DPSA's Guide and Toolkit to the letter. They found this useful in guiding their planning processes and in ensuring consultation at every stage. In addition, the OD team used a new nationally-developed generic Social Welfare OD structure as a starting point. However, they were acutely aware of the need to adapt this to their specific context in order to ensure effective service delivery.

One step at a time - A planning process directly linked to service delivery needs

From the outset, the Northern Cape DSD explicitly aimed to build an organizational structure that would be in the best possible position to deliver services to its citizens province-wide. This service delivery focus informed the entire analysis, planning and decision-making process in determining what the new DSD structure would look like.

Northern Cape in the Context of Social Development

Northern Cape is the largest province in South Africa, requiring social welfare teams to cover vast distances to diagnose and meet the diverse and often critical needs of often sparse populations. The now dwindling diamond industry, which was the economic backbone of the province, has left widespread poverty and inequality in its wake. One town, De Aar, has one of the highest rates of Foetal Alcohol Syndrome in the world.

Employing this user-centred method required an unusually hands-on, externally-focused approach for a team that is typically viewed as desk-bound and internal in focus. As one OD team member recalls,

"We needed to look at the issues to develop the structure, to work out what should really influence our HR numbers. Our structure was developed to address specific issues in the different areas of the province. We spent a few months assessing and analysing the situation. Those from the communities were in the best position to give us the information we needed, including their challenges, which influenced our organisational structure."

The OD team visited communities across the province and conducted surveys to get a comprehensive understanding of the needs. With the facts gathered and the subsequent analysis of the organisation's HR needs, the OD team was able to present a strong case for every aspect of the new design of the structure.

The design focused on decentralization and strengthening the capacity of the districts, increasing the number of social workers at the coal face and developing a leaner provincial management. Each step was presented to the MEC for sign-off, ensuring he was informed throughout the process.

At a second strategic planning session in which their plans were presented, the OD team initially met with resistance. Crucially, the MEC made a speech that justified, with the facts and analysis, what the Department was planning to do.

Recognising internal capacity and the importance of consultation

The department made a conscious decision that the entire OD process would be handled internally because they possessed the requisite capacity and no consultants were brought in. While the team was small, they were experienced, and their responsibilities and experience beyond OD ensured an integrated approach.

The OD team was proactive in ensuring involvement from the whole department. It consulted senior management, particularly the MEC, throughout the process. It held one-on-one sessions with senior management and the executive to analyse needs, plans and implications. Junior and middle management were also an integral part of the fact-finding process. The OD team went to each district to identify and test managers' needs.

"We spent several days in each district to know exactly the functions and duties of each post. We did boardroom meetings where we plotted manager's needs and made unscheduled visits to employee's workstations to get a sense of how they were utilized, to get employees views as well. We also tested OD efficiency and effectiveness through looking at resources, customer care, ergonomics etc."

Towards the end of the process, the team conducted briefings and consultations with unit-based teams and once the structure was drafted, the OD team briefed all managers, justifying the decisions that had been made. The team realized that where resistance to the process existed, it was often because managers feared that they would lose their jobs. The Head of Department (HOD) assigned management teams to take responsibility for being change agents to influence those within their domain, and the consultation sessions were used to address these fears and misconceptions directly.

"Manager's fears were dealt with in those sessions. You have to be a change agent in those discussions, you don't just want to change the structure, you want managers to own the structure."

Once the structure was drafted, the department consulted the labour unions and presented its proposals. It was able to base its presentation on the extensive fact-finding and analysis, which ensured the unions' support.

Engaging leadership and strengthening accountability

The department has a strong philosophy of working closely as a team and going beyond the call of duty. One official described the Northern Cape's DSD as a family. This approach, with its open door policy was important for the OD process, ensuring leadership was approachable, but also willing to immediately resolve any issues directly with those involved. The OD team nurtured this relationship further by inviting senior management engagement at a very practical level. Senior managers took part in conducting surveys at community level to understand people's needs on the ground, which forced them to consider its implications for their department.

Ultimately, the MEC was instrumental conceptually and in terms of implementation. As one HR official commented,

"The guidance given by the MEC has allowed the department to really safely come to a situation of implementation. In my role, I often see the negligence to discuss support roles at strategic planning because the strategic direction takes precedent... What was important was we had senior management support, we weren't fighting against them. That's how we could succeed."

Giving OD a place at the strategic table had implications not just for OD but for the coherence of the department as a whole. It ensured that the OD plan was developed with clear links to the overall strategic plan as well as the budget, which ensured its feasibility and made it indispensable in the implementation of the department's objectives.

"There was a good link between the budget, the HR strategy and the strategic direction of the department."

Concrete Results

OD progress was closely monitored by the senior leadership by affording it high strategic priority and through its own pro-active engagement with the process. OD was given a fixed agenda item in monthly senior management meetings, where the team was expected to report on progress against every stage of the process. On an annual basis, the team was also required to present their progress to the Executive Committee against the resolutions made as part of the 5-year strategic plan.

Now, the results are beginning to be felt both internally and externally. Internally, managers are actively consulting the structure for their HR management. As one manager explained,

"When I arrived here, everything was already completed. Now we needed to implement. The approach is to consult the structure before doing the advert and appointing. Whatever we do, it must be in line with this structure now".

Externally, there are more social workers at the coal face able to respond to the needs of communities. De Aar has seen a 30% reduction in FAS between 2010 and 2012 through a Northern Cape DSD pilot programme. It is always difficult to attribute specific results directly to OD. However, increasing coal-face staff, task-shifting to up-skill community volunteers, and the establishment of a 24-hour service will certainly have contributed to a new working approach in De Aar. A new approach across the Northern Cape has put the DSD in a better position to fight its war on poverty.

Lessons learned

The practices exemplified by the DSD in Northern Cape have much to teach other departments embarking on an OD process. The department was able to ensure full policy compliance by following each step in the DPSA 'Guide and Toolkit in Organisational Design'. However, this was only possible because the toolkit was in itself such a useful tool in guiding them through the process. While it provided the appropriate framework, it also allowed the team the flexibility and creativity that they required in their approach to ensure that they maintained a direct link between their design process and the delivery of social services to communities across the province. The OD team demonstrated that creating this explicit link between OD and service delivery is operationally essential, and strategically logical, when one considers that structure must follow strategy. By further making the links between OD, departmental strategy and budgets, it helped to ensure that OD implementation would be fully inculcated into the organization, both strategically and practically.

Creating such links was only possible because of **the sustained engagement of senior leadership, which afforded OD a seat at the strategic table.** Organizational reporting processes ensured that regular feedback on progress was solicited at every stage and that the process remained on track. **Leadership provided the engagement and backing that the team needed to engage every level of the department in a process of change management.**

Consultation within and particularly beyond the department sets the OD team apart as going beyond the call of duty in its approach to building an organization that can position itself effectively in the war against poverty. By speaking directly to people about their specific needs in communities across the province, as well as speaking to managers and staff within the organization, **the team built a comprehensive foundation of evidence on which to base its organizational design.** It ensured that the structure reflected functions and not people's wishes or political pressure: Having such concrete facts helped in justifying choices during ongoing consultations and enhanced manager's engagement in the change management process.

"What makes our department different is that we have a team of officials that go beyond the call of duty who wouldn't mind sacrificing their own to serve others. In terms of OD, the brief was to design the structure, but the officials went beyond that because they wanted to know the specific elements to inform the final structure to improve efficiency in dpt. They didn't just look at the numbers. It wasn't just a desktop study to put numbers and blocks in an organogram; we looked at the details that would influence those numbers".

However, challenges remain in the department. The OD team is small and it had no extra resources to carry out the OD process. Greater staff capacity would help in the ongoing implementation of the OD function in the department. Interestingly, the team also saw the minimal resources as an opportunity. According to one team member,

"Resources were spread thin, but this was also an opportunity. The head of OD was also responsible for performance management. Usually this would lead to a dilution of efforts but in this case it also afforded the OD team a wider perspective, which facilitated integration."

Organisational design requires constant review and the team would like to see an even leaner top and fatter bottom to the structure going forward. Furthermore, they felt that they could have done more to address people's fears about redundancy from the very beginning of the process.

ORGANISATION DEVELOPMENT

NATIONAL DEPARTMENT OF ENERGY: ROME WASN'T BUILT IN A DAY

The Department of Energy (DoE) learnt the hard way that Rome wasn't built in a day when it split from the Department of Mineral Resources and created its own Ministry. The department leapt forward too hastily in its Organisational Design (OD), only to stumble and fall. It had to begin all over again. By the second attempt, it had learnt that OD requires processes to be followed thoroughly. This time round, the team's meticulous attention to compliance with each step in the process, and its perseverance in tackling the challenges it faced along the way, eventually produced an effective structure directly linked to organizational objectives.

The DE's experience teaches us not only the importance of fully exploiting effective tools to ensure compliance with the regulations and standards, but that if one jumps any stage in the OD process, it will fail because it needs to be done thoroughly. This process also took time because of frequent unseen delays often as a result of insufficient initial consultation. It required dedication from a small two-person team with limited resources but abundant passion and a keen streak for innovation. It enjoyed conceptual and hands-on engagement from senior leadership, who also scrutinized it through regular monitoring mechanisms.

The DoE's practice could have been improved by developing a clear approach from the outset that laid out how it would consult with stakeholders within and beyond the organization. This may have led to earlier buy-in by staff in the Department and would have enhanced its change management processes. The Department of Public Service Administration (DPSA) Guidelines and Toolkit in Organisational Design, which the team used to design and implement its OD plan, could also be improved by incorporating the concept of change management into the process from the start, rather than as a chapter at the end.

Context and background

In May 2009, President Jacob Zuma announced that two new units, namely the Department of Mineral Resources and the Department of Energy (DE), would replace the Department of Minerals and Energy. The Department of Energy's creation was followed in November of that year by the signing into law of the Energy Act. The act has a focus on ensuring that diverse energy resources are available in support of economic growth and poverty alleviation.²¹ In the words of the Minister of the Department of Energy:

*"The Department of Energy has the responsibility of ensuring security of energy supply, in various forms, to benefit all South Africans. Energy security is not only about uninterrupted availability of energy at affordable prices, it is also about funding future investments today."*²²

²¹ www.energy.gov.za accessed: 9th May 2014

²² DE Annual Report 2012/13

The DE is mandated to ensure secure and sustainable provision of energy for socio-economic development.²³ It is driven by a mission to regulate and transform the sector to provide secure, sustainable and affordable energy. With a spirit of *Batho Pele* and Ubuntu, the DE unites around the common values of ethics, honesty, integrity, accountability and professionalism. Rounding these values off is a focus on delivery a quality service to the citizens of South Africa in line with the Constitution.

In the 2012/13 financial year the department had a total budget of just below R6.8 billion.²⁴ With about 560 staff spread across a head office in Pretoria and branches in all nine provinces, the DE focuses on six primary programmes: administration, energy policy and planning, energy regulation, electrification, nuclear energy and clean energy.²⁵ The department had notable achievements beginning with unqualified audit reports over the past two years. The Director General (DG) for Energy confirms further achievements as having managed to:

“Develop policies and programmes designed to meet government’s objectives, including ensuring energy security in the liquid fuels and electricity sectors. We have also developed energy efficiency and demand side management programmes to reduce energy wastage and greenhouse gas emissions.”²⁶

The Management Performance Assessment Tool (MPAT) of the South African government revealed that the department performed well in the area of Organizational Design (OD). The department’s MPAT score improved from 2 in the previous year to 4 in the current analysis. This achievement shows that beyond implementing an approved organization structure that is in line with the Medium-Term Expenditure Framework, the department has also ensured that the structure is based on an assessment of functions and that it has been reviewed periodically.

Understanding the practice

Teething Problems

Until 2009, Energy was a branch within the Department of Minerals and Energy. When it split to become a Ministry in its own right, the development of an entirely new structure, with its own organizational culture, was required. The department was officially opened in 2010 with a structure that was finalized rapidly as a result of political pressures, without properly consulting the DPSA. It reflected a product-focused structure, while the department was trying to break down its silos and embrace an integrated approach to better respond to the changing environment of the energy sector. Thus, the structure was not ideally matched to the needs of a more process-focused department, nor did it have the blessing of the DPSA. The department was required to go back to the drawing board and start again, which eventually enabled a much more in-depth process to determine the final structure.

²³ DE Revised Strategic Plan 2011/12 to 2015/16

²⁴ DE Annual Report 2012/13

²⁵ DE Annual Performance Plan 2013/14

²⁶ DE Annual Report 2012/13

Policy and planning adhering strictly to DPSA guidelines

The policies and regulations governing OD are clearly established. The DPSA has developed a comprehensive Guide and Toolkit in Organisational Design, which when followed, ensures compliance with all relevant policy. Particularly important are the DPSA Directives regarding consultation, which require the department to consult with DPSA at key stages of the process. Failing this, the DPSA will not authorize organizational changes in departmental structures. There are also Public Service Regulations that guide the shifting of funds etc, which are relevant to the OD implementation process. The DE found the toolkit essential in ensuring all DPSA requirements were met. As one OD team member explained,

“We went by the book from A to Z. Compliance was the name of the game.”

The toolkit also ensured that there was concurrence between the OD strategy and the Ministry’s overall strategy. OD was in the department’s strategic plan from the outset and remains there still, alongside the Annual Performance Plan.

The planning process was divided into two stages: initially, the team developed the high-level macro-structure with its line functions. Four years after the department was established, the support structure is still in the final stages of completion.

Organising processes and resources

The department was confident that the requisite OD skills existed within the organization, even if it would be a new experience for most of the team. Thus, the department decided that the entire OD process would be internal. No consultants were used at any stage, which allowed the team to grow and the department to fully own the process. As one OD team member explained,

“The skills were there in the team, though certain things were learning curves. For some of us it was the first time we were involved in a massive restructuring and matching and placing of staff. But we had the skills and following the guidelines made it easier.”

In the initial plans, the process was set to take x years. In reality, it is still ongoing five years later. Key steps in the DE’s OD process included:

1. Diagnosis (DPSA sign-off to conduct OD): 6 months
2. Determining requirements (Consultation and communication strategy): xx months?
3. Designing a new structure (meetings with senior management, branches, labour unions and drafting of final proposal): 12 months
4. Business case and planning implementation (defining grading structures, Job Descriptions, planning the matching and placing process): xx months?
5. Implementing a new structure (Migration of employees to new line structure): 14 months
6. M&E - ongoing review

These steps were facilitated by mechanisms that enabled adequate consultation, communication and monitoring at all levels of the organization.

Resources were scarce during all steps in the process. However, this led to a critical innovation within the department when the OD team turned their limited funding into an opportunity. Rather than waiting for Treasury, the DE established its own mechanism, the Departmental Organizational Development Committee (DODC) to improve the planning and use of limited resources. The DODC, which meets quarterly, helps to streamline tight budgets, enables savings and prioritizes surpluses to fund new posts within the structure. It is attended by members of the senior leadership including the HR Director and Chief Director, and chaired by the DDG of Corporate Services, which ensures their support and decision-making in prioritizing OD implementation.

“Between 2013 and 2014, we have managed to fund 91 posts through the DODC mechanism, which is a lot considering the history. Once savings are identified, they are directed into funding new posts. We moved from 500 to almost 900 posts in the last...(GET FIGURES). It’s not a requirement by DPSA or any legislation, it’s a Departmental initiative. DODC also helps to streamline functions. If inadequate funding, we look at how to streamline the funding we have.”

Leadership and consistency of purpose

OD is a priority area that remains at the forefront of the organisation’s strategic objectives. This is as a result of strong buy-in from key people within the department’s leadership, particularly the DDG of Corporate Services as well as DGs and CDs both conceptually and in terms of their support with OD implementation. The DODC mechanism, as well as OD presentations at EXCO and MANCO meetings ensures that they are brought around the table to engage regularly with, and fully understand, the ongoing process.

“Leadership has supported the process from the outset. The OD team is a strategic partner to the department. This means you need the branch head to understand OD issues to bring in other line function heads. We are fortunate that our head (up to the Director) understands the OD functions. If leadership doesn’t understand what you do, OD would not go anywhere.”

While senior leadership has been supportive, the operational implementation has to come from a highly competent team. It is the passion, competence and transparent approach of the six-person team, and the trust placed in it by the department that allows the plan to be effectively executed. The OD Director describes the team as a community:

“There is a strong team spirit amongst us. We don’t let anyone drown alone. With our projects I’m hands on, we help each other. I get their inputs for proposals and they do the same with me. I ensure consolidation and I give direction, but in our working arrangement there is no boss and subordinates. We are a team.”

The team has developed good working relationships across the organization, ensuring that they can engage easily with people at every level of the structure.

Capacity and involvement of staff and stakeholders

Initially the OD communication process was rushed and staff was not fully informed that changes would be taking place. However, the team soon realized that a communication strategy was crucial to OD’s success. From this point, the team made communication a key priority throughout the process in order to develop ownership for organisational changes. The unit undertook a culture survey across the Department and started presenting at

quarterly DG meetings, to MANCO and to EXCO. Their strategy used various techniques such as meetings where they made announcements regarding plans and how to feedback into the process, workshops and focus group sessions. They frequently used the intranet to communicate internally.

Externally, the department engaged the labour unions only in the second phase of the process, which created major challenges and took time. The department approached the unions at the beginning of 2012 once the macro structure had been agreed by EXCO and as the subordinate structure was under development.

“We had a lengthy meeting with the Labour unions, sitting the whole day and by late afternoon we had still not reached agreement. In the second phase when we consulted with them, they had problems with the phase one framework. We had to understand one another and we had to get them to accept phase one. We learnt we should have involved them from the start of the journey and it would have been smoother. It was a marathon of meetings to get the buy-in we needed.”

By recognizing the need for greater consultation with the unions and all the branches and by following this through, Labour allowed the department to proceed with the process.

Service and citizen focus

It can be a challenge to see a clear link between OD and the direct impact on services to citizens. However, the way the structure has been designed, with the organizational strategy at its core, has ensured certain coherence between the department’s design and its ultimate goal.

The OD process has developed a structure in which the line functions are represented clearly in terms of the country’s current energy demands. The support functions, in a separate pillar of the structure, have a clear understanding that they are there to ensure effective delivery by the other departments. This structure is simple and clear and ensures that the department as a whole remains relevant to tackling the country’s energy challenges.

Results

Various mechanisms exist within the department to monitor compliance and progress and to hold people accountable. The efforts of the OD team have been regularly scrutinized in meetings such as with the Management Committee and Executive committee, as well as through their own regular team meetings. As one OD team highlighted,

“MANCO and EXCO meetings are platforms for performance reporting against objectives. This is where red lights flash early enough to rectify what is needed. If we didn’t have that platform, you would only realize too late in the last month of the quarter that achievements were not met and that blockages could have been avoided.”

The implementation process is still ongoing through the matching and placement of staff and the team believes it is too early to measure the full impact of their work. However, initial indications from the innovative DODC mechanism suggest that the department’s proactive stance to OD implementation has led to the rapid filling of dozens of new positions without the need for external resources (numbers placed in past year, number

still to be placed?). In addition, according to the OD team, the process has developed a more direct link between compliance and performance in the way the organization is structured:

“How we operated before, the lines of accountability were not clear in terms of departmental targets. The new structure tries to define lines between branches in terms of responsibility, responding directly to performance.”

Lessons learned

The DE has highlighted the dangers of running ahead of oneself in undertaking organizational design. Building the right foundation is essential. As the head of OD put it,

“The first steps in the process are crucial. If you don’t get them right you will have challenges going forward. The OD process depends on the previous steps.”

The department’s OD process took longer than they had originally anticipated and they experienced challenges particularly where corners were cut in consultation processes. During the first OD process, not consulting the DPSA required an entire re-start, and in the second process, their lack of an effective communication strategy from the outset caused some initial internal resistance from staff, as well as drawn-out negotiations with the labour unions. The department was fully aware that OD is the organisation’s prerogative because the department is ultimately responsible for ensuring it is in an effective position to deliver its services. With this approach in the first stage, unions were not consulted. The department learnt that such an attitude with external stakeholders was not conducive, adopting instead an approach of mutual engagement and transparency to build their support.

Out of these experiences, the department made communications and inclusivity a top priority, consulting and communicating at every possible opportunity. Thus, by recognizing mistakes through regular review and conscious self-reflection, the department was able to address the challenges, rectify issues from re-occurring and continually improve its approach.

Another key lesson that the department has brought to light is the need to see scarce resources as opportunities for innovation, rather than constraints to one’s work. By establishing the DODC to streamline budgets, the OD team was able to engage leadership at an operational level in the OD process and speed up the implementation stage with the funding of new posts through the prioritisation of surpluses.

The leadership demonstrated that trust in one’s own staff to undertake OD without external consultants pays off. They dared to take risks with a highly competent but arguably inexperienced team and the DPSA toolkit proved to be a highly effective tool in plugging the gaps in experience. By methodically following the toolkit to the letter, the OD team was able to create an entirely new structure and comply with all relevant policy in spite of any limitations in their professional experience. Through this process, the department cultivated the effectiveness of its internal capacity and ensured organizational ownership of the final plans.

At a policy level, the Department has demonstrated exemplary compliance through the creation of its current structure. The OD team was proud to say,

“We have challenges, but in terms of performance the department has been doing well. As administrators you are always fighting to comply and there will always be challenges. These always need managing, but in terms of compliance with government policy we have been doing well.”

However, the question remains to be answered whether such policy compliance - even when it goes beyond the expectation of policy as was the case with the DODC - leads directly to performance or an improvement in results.

Finally, a recognition that thorough organizational design takes time is crucial not only for the OD team to understand, but for senior leadership as well. OD must remain a strategic objective for the full duration of the process in order to be effectively implemented throughout the department. After all, in the case of the DE an entirely new Ministry was under construction, and it is well known that Rome was not built in a day.

RECRUITMENT AND RETENTION

NORTHERN CAPE DEPARTMENT OF ROADS AND PUBLIC WORKS: ON THE ROAD TO IMPROVEMENT²⁷

The Department of Roads and Public Works (DRPW) recruits large numbers of people to carry out its strategic objectives. The DRPW has experienced major challenges due to the centralized nature of HR management within the department, as well as in the recruitment of people with scarce skills. It has developed various tools to try to improve its ability to recruit and select staff effectively and to retain existing staff in the organisation, such as Standard Operating Procedures of its policies, and its Recruitment Planning Tracking Tool which enables the HR team to track exactly where each application is within the Recruitment and Selection process. In addition, the department has demonstrated a drive to improve and to adhere to compliance at the policy level. This is reflected in the clean audit that it has received over the past three years.

However, there is still much room for improvement in order to build a robust culture of performance excellence. The submission of appropriate documentation to MPAT has resulted in a score that improved from 2-4 in comparison to the previous MPAT cycle. The content of these submissions reveals the evident need for further improvement, and that submission of documents does not, in itself, demonstrate performance.

This also highlights the need for a continual review of the MPAT framework and the need for more quality-based indicators to ensure that compliance is more than a paper trail and shows marked improvements in the management practice of the organization on the ground.

Context and background

The provincial MEC describes the department's role as:

*"the coordinating agent with regards to Expanded Public Works Programme (EPWP) in the province and remains an important vehicle in our objectives to provide much needed jobs to our people."*²⁸

DRPW is driven by a vision to be "the trendsetters through excellence in service delivery."²⁹ With a mission to provide and maintain all provincial land, building and road infrastructure in an integrated sustainable manner, the department is driven by values of Ubuntu, honesty and integrity, accountability, equity, commitment and loyalty, punctuality, communication, human resource development, transparency, work ethic and client focus.

²⁷ This case study was drafted by Bridget Steffen and Dinesh Budhram from the Wits School of Governance at the University of the Witwatersrand, Johannesburg, South Africa. The series is edited by Professor Anne Mc Lennan.

²⁸ Provincial budget speech by MEC, March 2014

²⁹ Northern Cape Government website: accessed on 12th May 2014

In the 2012/13 financial year the department had a total budget of just above R1 billion.³⁰ With about 1008 staff the department has a focus on building government-driven infrastructure such as public roads and state buildings to ensure for proper service delivery.

The Management Performance Assessment Tool (MPAT) of the South African government revealed that the department performed well in the area of recruitment and retention. The department's MPAT score improved from 2 in the previous year to 4 in the current analysis. The achievements shows that beyond implementing a recruitment system with clear roles and responsibilities, the department has also gathered regular exit interview data. Further, DRPW has assessed its working environment regarding recruitment and retention.

The need for change

In 2010, following an internal review of the DRPW's organizational structure, the leadership highlighted that the organisation required decentralization.

"The Department was highly centralized, to the extent that toilet paper needed in springbok had to be bought in Kimberly! This wasn't just in supply chain management, but in HR as well. The district structures are led by a director and there is the capacity to do HR functions if you take them through a process of induction, training and oversight, to do it themselves. We wanted to empower them to decentralise not just operational functions but the support functions as well."

This was followed by the need for a recruitment drive, as well as a review of the Recruitment and Selection (R&S) Policy in light of a new DPSA Directive with a new strict timeline for filling vacant posts. The review highlighted the need for a more streamlined management processes in order to deliver to the prescribed targets.

Policy and planning

Comprehensive legal and policy frameworks govern Human Resources Management, which require strict adherence. From the Constitution, which sets out the principles and values for Public Administration, to government policies in various White Papers, employment legislation, Ministerial Directives, and codes of practice, HRM is a highly regulated field. In 2009 the DPSA issued a Directive that required the entire Public Service to reduce recruitment turn-around time to six months (four months after advertising the post) and to keep vacancy rates below 10%.

The DRPW developed its own Recruitment and Selection Policy, within the DPSA framework, and with consultation from within the organization. It has set its own R&S target at five months from the point of advertising. The Department has a draft retention policy, which is still under review.

Organising processes and resources

³⁰ Treasury.gov.za. Accessed on 12th May 2014

In light of the need to decentralize support functions and the need to speed up its R&S processes, the HRM unit developed several tools to enable the roll-out of more efficient R&S:

- A **spreadsheet to capture applications** ensures conformity and consistent processing of data captured
- A **step-by-step guide to capturing application data** has been particularly important, especially when the Department sources extra temporary capacity such as data capturers during recruitment drives, as it helps to streamline the briefing process
- A **Recruitment Planning Tracking Tool** captures where each candidate is in the R&S process, such as when the person was shortlisted, when called for interview etc. Updated weekly, it allows a snapshot of the state R&S within the department
- **Standard Operating Procedures** for the composition of interview panels and the interview process is useful because the panels may be composed of people who do not have a strong HR background
- A **Standard TOR** for shortlisting and interviewing candidates

However, the need for external verification by SAQA was highlighted as a major constraint in meeting the five-month target because the HR team explained that this was outside of the department's control.

In terms of retention, the department has implemented a recognition programme of 'Long Service Awards', for which staff are nominated. As the HR Director explained,

"Recently we have had about 60 retiring road workers. We decided to start rewarding best service employees using a nomination tool we sent through the department. Each district had to nominate someone – this boosted morale because staff participated in the process and those people were recognised."

The department also conducts exit interviews with leaving employees and recently enlisted an independent service provide to carry out an environment scan of the organization.

Staff is engaged and kept informed

The HR team uses various communication methods to inform staff of R&S issues and to support the decentralization process in terms of change management. It uses RIACHA, the internal newsletter to communicate regularly with staff, with a focal point in each office to print and display communications for employees such as road workers who do not have access to online fora. In 2013 the unit rolled out a roadshow that helped to highlight key recruitment issues. As one HR staff recalled,

"We had a roadshow on recruitment issues within the whole department last year. We picked up weaknesses in district understanding of recruitment processes."

Leadership and consistency of purpose

The MEC has demonstrated strong political will for the decentralization process and supports HR's efforts to improve R&S in the department. R&S is a standing agenda item at Management Committee meetings, where progress is regularly monitored. As the HR Director explained,

“Support from above is important for performance. If they understand the nitty gritty operational requirements of recruitment, then you are in business. HR was never seen as a strategic partner, it was seen as routine work. Now there is an understanding that to plan operations, you need HR to provide the most important resource: your people. Leaders have to give the go-ahead to operate, they have to make it part of high level meeting agendas.”

HR has been instrumental in ensuring that Deputy Directors as well as Senior Management attend change management workshops to build their buy-in for the decentralization process, thus increasing responsibility for HRM at the district level.

Results and service to citizens

The HR unit sees MPAT as an important tool for monitoring its annual progress, as well as various reporting platforms in the organisation. However, the department continues to struggle to carry out its R&S processes within its internally-determined timeframe of five months, and vacancy rates remain high. This affects its ability to carry out the strategic mission of the organization and requires further work to build an organizational culture that fully recognizes its people. The HR Director describes this challenge:

“I always tell the recruitment team how important their role is. If you advertise the simple role of a road worker and it takes 12 months, what is the implication for the road user? We need to cascade that message to our staff, so they don't just come to work to get a salary. If people are a bit slow, we need to show them the importance of their role and its implication on the community at the end of the day.”

Learning to improve

The DRPW faces many challenges that make the work of the HR team difficult and sometimes frustrating. The team is making every effort to improve through the development of tools that enable the right people to take responsibility for R&S at all levels of the organization. There is, however, much that can be done to achieve this.

- **Proactive use of existing information:** The exit interviews and environment scan are valuable sources of information. They revealed key trends and challenges highlighted by employees themselves that are vital particularly in addressing issues of retention within the organization. Such reports need to be comprehensively analysed and translated into concrete action plans for improvement, as well as circulated within the organization to increase transparency and accountability in implementing planned changes.
- **Managing external bottlenecks:** External bottlenecks can be managed laterally with the support of senior leadership and alternative strategies such as in-house training of R&S staff to limit the amount of information that is required to be sent for external verification, and establishing fast-tracking arrangements with SAQA.
- **More than compliance:** The experience of DRPW reveals that submitting the right documentation to MPAT and receiving a high score may indicate compliance, but it does not necessarily signify management performance. There is still much more that the department needs to do in terms of developing a high-performance culture, consequences for non-performance and ambitious targets which are measurable at the individual and the organizational level, in order to embed such performance across the organisation.

In spite of these challenges, and with the incorporation of such lessons into its approach, the department is heading up the right road to be in a position to meet the targets it has set and to build such a culture of performance. As one Director reflected,

“We are the implementers of infrastructure projects on behalf of client departments. Previously, we lost client departments’ trust and they were requesting other departments to implement. The MEC challenged us that the mandate of our organisation is being taken away from us. But now we are proud, because our mandate is being brought back to us. Client departments are seeing what we can do. We have turned around our image and I think it’s our image that speaks for itself. They have come back to us and said we will be their implementing partner. We are trying to do our best to reclaim back our function.”

RECRUITMENT AND RETENTION

NATIONAL DEPARTMENT OF GOVERNMENT COMMUNICATIONS AND INFORMATION SYSTEMS (GCIS): GOING BEYOND THE CALL OF DUTY

The Department of Government Communication and Information System (GCIS) has taken a radical approach to compliance in the field of recruitment and retention. It has developed systematic ways to go beyond the call of duty in relation to the standards set by the Department of Public Service Administration (DPSA) in order to establish and maintain exceptional performance in the department's approach to its staff.

The Human Resources (HR) unit is on the pulse of what is needed in the organization: they know that they hold the keys to getting good people into the department as quickly as possible and keeping them there. The team has established its own strict targets in line with, but far higher than, those set by the DPSA. For example, it aims for a maximum recruitment cycle of under two months, monitors progress closely, and has concrete repercussions for non-performance. To meet its ambitious targets, the unit identified some key enablers that help make their approach possible:

- Flexibility and innovation within the perimeters of maintaining compliance
- Eliminating red tape internally and externally
- Flat, engaged leadership that drives the initiative from the unit Director all the way to the CEO
- An organisational culture that does not tolerate laziness and expects high standards, where non-performance is disciplined
- Championing equality and promoting opportunities internally to retain good people

The GCIS teaches us that it is possible to eliminate red tape in the public service! However, it requires the backing of a highly driven organizational culture that aims beyond compliance and pro-actively disciplines non-performance. It also requires the use of effective tracking tools and a progress monitoring approach that creates a sense of urgency to speed things up and so that issues can be addressed as they arise.

GCIS' experience highlights that while the DPSA provided a strong policy framework, the department needed to adapt this framework to suit its own nuances and in doing so, has made it more relevant in a way that achieves greater results.

To improve the effectiveness of its work, GCIS would like to see greater flexibility by the DPSA in relation to high performing departments in order to be able to streamline its processes further, and that DPSA consider the advice of such departments when reviewing its policies and directives.

Context and background

In 1995 the then Deputy President appointed a task team to investigate the state of government communications. By May 1998, the team's recommendations resulted in the launch of GCIS. As a strategic unit located in the Presidency, the mandate of the

department is to coordinate, guide and advise on government communication. The Deputy Minister in the Office of the President described GCIS's role as:

*"It is to see to it that all South Africans receive comment and information that enable them to make rational choices about their lives. It is to see to it that they themselves can pass on information and views about their activities as they change their lives for the better. They have got the right to know, and to be heard."*³¹

GCIS is driven by a vision to be "the pulse of communication excellence in government."³² In setting the bar for adherence to standards for effective government communications, the mission is to provide professional services and to drive coherent communication with the public about government policies, plans, programmes and achievements. The values that drive the organizational culture are professionalism, diversity, openness and transparency, innovation, honesty and integrity.

In the 2012/13 financial year the department had a total budget of about R461 million.³³ With 483 staff, the department has a focus on four programmes: administration, content processing and dissemination, intergovernmental coordination and stakeholder management and communication service agency.³⁴ In the 2012/13 financial year GCIS implemented 304 public participation programme events. Just over 1.5 million government communication materials were distributed to provincial and local communities. Support was provided to departments and clusters on over 50 types of content including messages, fact sheets, questions and answers, briefing statements, speech notes and leaflets.³⁵

The Management Performance Assessment Tool (MPAT) of the South African government revealed that the department performed well in the area of recruitment and retention. The department's MPAT score improved from 3 in the previous year to 4 in the current analysis. The achievements shows that beyond implementing a recruitment system with clear roles and responsibilities, the department has also ensure that actions have been taken following analysis on exit interview data. Further, GCIS has assessed its working environment regarding recruitment and retention and improvements have been implemented.

Perform as you would expect others to perform

When the Director of HR was recruited in 2010, she was astonished at the rapidity of GCIS' recruitment and selection process.

"Many view the public service as a slow machine. Even I was surprised when I was hired how quickly I got a call after the application closing date! Three days after the interview they were already pestering me to follow up on my referees to complete the reference check form. My entire recruitment took just 4 weeks."

31 www.gcis.gov.za accessed: 12th May 2014

32 GCIS Strategic Plan 2012/13 to 2016/17

33 GCIS Annual Performance Plan 2013/14

34 GCIS Strategic Plan 2012/13 to 2016/17

35 GCIS Annual Report to Citizens 2012/13

The new Director soon discovered that what she had experienced herself was a systematic approach, which she was expected to uphold and champion. The Chief Director of HR recalls that appointment well:

“The first thing I said when I appointed the Director was ‘you saw how quickly we appointed you - that is what we are expecting from you’. The targets are all written in her Performance Agreement, such as when a person resigns, the advert must be placed within seven days to run for 2 weeks. After application closure, we have clear targets for each stage.”

The organisational approach within Corporate Services at GCIS was not always this proactive. In the past, posts often took many months to fill and there was a prevailing culture of simply doing one’s job. In fact, high vacancy rates and slow recruitment was a pervasive problem across the public service. This was raised in Parliament and a new Directive was passed in 2012/2013 that all posts must be filled within six months.

The Director of Corporate Services sat with the HR Director and his team and drove a vigorous strategy development process to fast-track appointments in the department. This created a shift in the leadership’s expectations and in the unit’s approach to performance. The current environment is one of extremely high performance, where red tape is eliminated, processes are streamlined, deadlines are met and where everyone plays their part to excel, together.

Policies adapted to meet departmental needs

A comprehensive legal and policy framework governs Human Resources Management (HRM), which requires strict adherence. From the Constitution, which sets out the principles and values for public administration, to government policies in various White Papers, employment legislation, Ministerial Directives, and codes of practice, HRM is a highly regulated field. In 2011/2012 the DPSA issued a Directive that required the entire public service to reduce recruitment turn-around time to six months (four months after being advertised) and to keep vacancy rates below 10%.

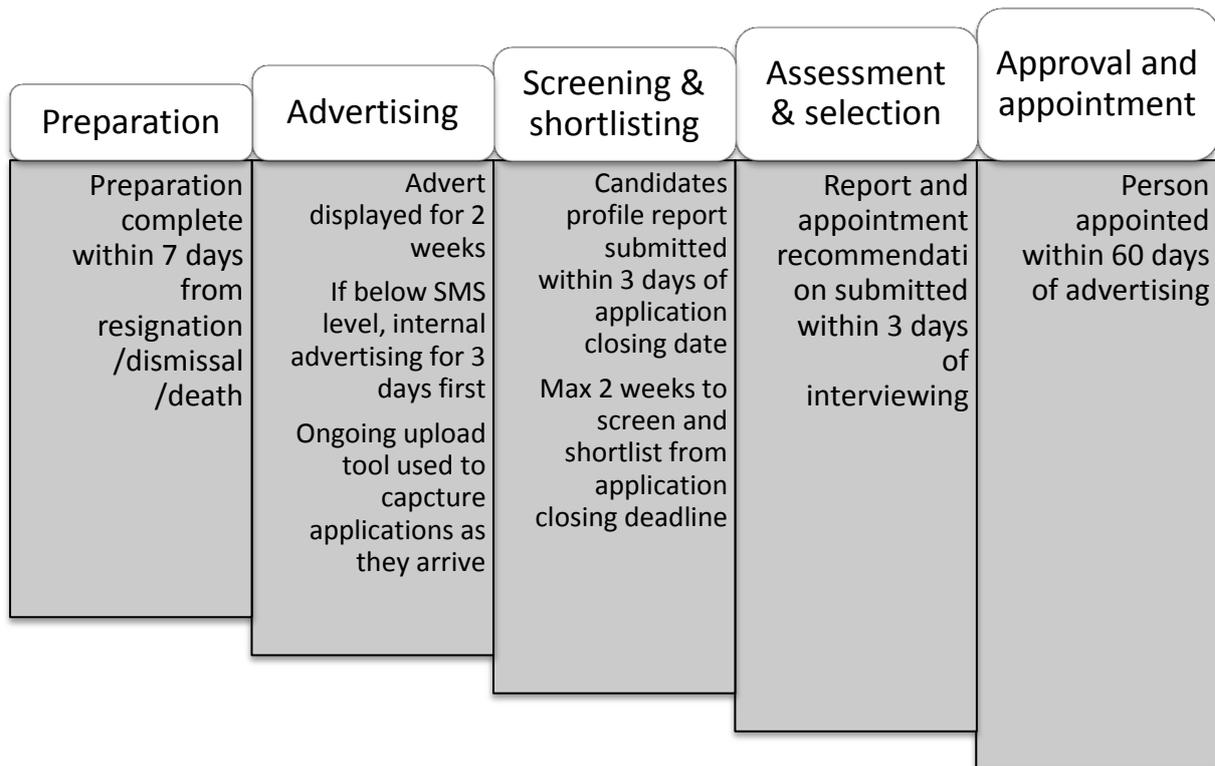
The GCIS sees these requirements as providing the framework within which to operate; however, it creates flexibility within these limits to ensure relevance to its specific environment. Thus, GCIS has developed **comprehensive internal policies for recruitment and selection as well as for staff retention within the Department, based on national policy, but reducing the targets still further**. GCIS’ Recruitment and Selection (R&S) Policy stipulates that posts must be filled within two months after advertising and the retention policy has an 8% maximum vacancy target, which is being met within the department.

These internal policies, which also provide comprehensive guidelines for implementation, were developed with consultation and inputs from across the Department and are reviewed annually to ensure that they are still relevant and effective in meeting Departmental objectives.

A recruitment and selection process on steroids

The HR unit has established a framework and developed various tools to ensure that it is able to quickly recruit quality people. This was imperative because within the communications environment, things move fast, so vacancies and slow appointments were affecting GCIS’s strategy deliverables. Far more ambitious than the DPSA’s Directive, their timeline allows just two months to appoint after the advert is placed.

GCIS recruitment and selection timeline targets



Each stage is streamlined with templates, tools and strategies to enable rapidity. A resignation, dismissal or death triggers such a rapid chain of events within the HR Unit that it has led to instances where a new person was appointed even before the previous person had left: the adverts are in the paper almost before the resignation letter ink has dried. As one HR official commented,

“The sad part is when someone passes away: when someone dies, even before the burial, the advert is placed; you could almost find the obituary next to advert!”

The normal duration of a public service recruitment advert is four weeks, but GCIS decided to **run its adverts for just two weeks**, justifying this to DPSA by arguing that people looking for work would be checking the papers regularly.

While the applications are coming in, the team uses an **ongoing upload tool** to document candidate profiles as they are received so that a **full report is submitted within three days** of the application closing deadline, detailing all candidates and their shortlisting status (categorized into ‘ideal’, ‘meet some requirements’ and ‘do not meet the

requirements'). This allows the manager responsible for the position to immediately review candidates once applications close and select for interview.

Interviews are held by a panel, as stipulated in GCIS' R&S Policy and the **interview report** with recommendations for appointment must be submitted **within 3 days of interviewing**. This report uses a **standard reporting format** to ensure consistency across all interview panels. The department initially decided to use a private service provider to verify applications, but following an audit they were required to use South African Qualifications Authority (SAQA) and National Intelligence Agency (NIA) as stipulated by the DPSA. After this shift, the team saw a slow-down in its recruitment turnaround time from a spectacular 1-2 months, so it explored other options within these constraints to speed it up. The HR unit decided to reduce the amount of data that it was required to submit to SAQA by undergoing **special training** to be able to analyse some of the data its. The team conducts this analysis as a **parallel process** before or alongside the interviews rather than afterwards, which has improved the time frame. In addition, the HR Director took his entire team to discuss the issue with the SAQA CEO, where they agreed that **SAQA would automatically fast-track** all DCIS verifications through their premium service so that appointments could be made almost immediately after interviewing.

Performance Agreements have been used as a tool to effectively ensure that all HR targets are met. The CEO instituted a policy that every employee in the department must sign a pledge that they will meet all deadlines relating to their KPIs.

"Last year, the CEO said that in every employee's PA there has to be a pledge that says 'I will meet all deadlines'. We started with SMS members, now everyone has it. When we assess people, we hold them accountable."

Furthermore, the Chief Director also instructed that for himself and his whole team, all PAs must include recruitment and retention targets as concrete measurements of individual and team performance.

Engaging and retaining staff by recognizing their needs

Staff retention has been highlighted across the public service as a major issue, and GCIS has been no exception. Even with a rapid recruitment turnaround, if many people are leaving the organization this recruitment is not sustainable. GCIS has a relatively young staff base. It was seeing a trend that people in their 20's and 30's were leaving the department because they could more easily find promotions outside the organization. As one HR team member explained,

"When we asked them why they were leaving, they would say 'I like GCIS very much, but I've reached a ceiling so I need to go elsewhere'. We discussed how to effectively retain such people and out of that we developed a comprehensive Retention Policy."

The **retention policy** stipulates that every post below Director that becomes vacant will first be advertised internally for three days. With SMS, by law it must be advertised externally, but if there is a difference of five points or less between internal and external candidates after interviewing, the internal candidate is appointed. Recognising the young nature of the organization, the HR team also developed a **maternity policy** that helps returning mothers to re-adjust by working half days for their first two weeks back at work.

In addition, GCIS took a decision to recognise exceptional performance beyond the ‘one notch’ increment typical in the Public Service to two notches, translating into a larger bonus.

By using a systematic approach that recognizes people’s needs, gives maximum opportunities for people’s advancement internally, and rewards excellence, this has helped to keep vacancy rates below 8% for the last 2 years.

Leadership and consistency of purpose

The CEO in particular, as well as the Director of Corporate Services, Chief Director and Director of HR have all been driving forces in building the department’s high HR performance. From the outset, **management drives the induction programme, sending a clear message to new employees that the department values its people and means business.**

“Management of the department took a decision to have induction driven by management. The induction programme is opened by the CEO who welcomes new employees and explains where the department is going in terms of its vision and mission. The other presenters are Chief Directors. It demonstrates how employees are addressed in this organisation and shows you this is the culture of our organisation.”

There is a performance ethic within the department driven by leadership, which supports, and expects, every employee to give their best. Leadership is approachable and has an open door policy; one Chief Director described being invited to join a WhatsApp group by his team and using this to keep on top of issues when the team was not in the office. Leadership has also ensured that **people have the resources they require** to perform at the expected level: The HR team was provided with cell phones, 3G cards and laptops even though this would normally only be reserved for management.

However, with this support also come **serious consequences for non-performance.**

“People have passion but we have a culture that says we don’t have room for lazy people. There are very severe consequences! For example, today is the deadline for our Performance Assessments. If you miss the deadline, if you qualified for a bonus it gets forfeited. The DPSA deadline is the 30th of May; ours is the 15th of April to make sure we all meet the DPSA deadline, which we report to parliament and are audited on.”

For underperforming employees, the department is required to follow a developmental plan to manage poor performance. If this plan is not effective, a dismissal process begins.

Results

GCIS has put in place a number of tools to track, monitor and measure its ability to deliver. The most crucial of these is their **vacancy tracking tool** which captures all current vacancies and exactly where they are in the recruitment process, including detail such as when CVs were received by whom, when escalations were made to senior management to enforce deadlines, as well as the number of days taken to date. The Chief Director of HR finds it essential in managing the R&S process:

“It gives me a weekly bird’s eye view of the situation. Each week before our HR meeting I paint any entries that are behind schedule in red on excel and I put people

under the spotlight in front of the team. Nobody wants to be named and shamed if their deliverable is in red. At the next meeting, there is always a big improvement. It creates a consciousness and responsibility to deliver properly."

This weekly team meeting also provides the opportunity to identify and rapidly rectify any bottlenecks and weaknesses in the process. Other mechanisms include progress updates and a monthly progress report regarding all HR-related issues. HR is standing item on the Management Committee meeting agenda, where its monthly report is presented and examined. The report is also presented to the HR Transformation Committee, which was set up to hold the organization accountable and is represented by people from across all branches and levels of the organization (levels 3-14). HR presents its exit interview report to this committee quarterly, as well as climate studies and other relevant analysis. The committee provides a forum to interrogate, develop and action plans to remedy any issues raised. Finally, meetings with the labour unions also hold the organisation accountable to ensuring the wellbeing of its staff.

These mechanisms have allowed the GCIS to measure the improvements it has made in the past several years. Recruitment and selection turn-around times have been slashed from 11.7% in 2005 to 3.3 % in 2012. According to the CD of HR,

"We have many examples of assistant directors who were promoted to deputy directors and who stayed as a result and at the higher levels as well."

Lessons learned

The GCIS has managed to instil a culture of excellence that goes beyond the call of duty, starting with the CEO right down to each individual employee. This has been achieved through a systematic approach that has required a highly engaged leadership, tailor-made policies that reflect the needs of the department, a raft of tools to enable people to do their work and to track progress, and severe consequences for non-performance. These good practices need to be shared so that other departments are able to benefit from their tools, approaches and lessons.

The HR unit has proven that the Public Service can do better and that red tape can be eliminated, even within the constraints of the policy and legal frameworks that guide its work. It has managed to do this by focusing on several key issues, notably:

Analyse and adapt national policy to reflect the specific employee demographic and the strategic needs of the Department. For example, the Departments developed targets for recruitment and selection turn-around time that are more ambitious than those required by DPSA in order to appoint quickly for the fast-moving communications industry. They also developed a maternity policy for their young staff demographic, which helps mothers to re-adjust to the work-place after maternity leave with half-days for the first two weeks back at work. Where necessary, the Department needed to justify its decisions to DPSA or even challenge the DPSA to review its approach and allow GCIS greater flexibility in meeting its own ambitious targets. GCIS' internal policies are comprehensive, providing implementation guidelines for delivery within the department.

Streamline processes to speed up delivery at every stage of recruitment and selection. Immediate advertising after resignation and shortening the advert running period, as well as running parallel processes such as documenting candidate profiles ready for selection onto the system as submissions are received, has drastically reduced the time taken prior to interviewing. A parallel verification process during the selection and interviewing stage, as well as specialized training for HR staff to carry out much of the verification process internally, has also helped to streamline their processes.

Develop tools that enable delivery and monitor progress. A clear timeframe governs every stage of the R&S process, enabling HR to effectively use the vacancy tracking tool they developed to micro-track progress and address delays as they happen, ensuring overall targets are still met even when delays arise. Templates are used for capturing candidate profiles, reporting on interviews, as well as for the monthly, quarterly and annual reporting processes. Performance Agreements are used as a tool to develop a culture of performance, by incorporating measurable R&S targets and adherence to deadline agreements within individual PAs.

Engage the leadership to support and discipline where necessary. Engagement by leadership in staff induction and throughout HR tracking processes ensures they fully understand the issues, give it the strategic importance it requires, and ultimately recognize the value of the people who are behind the department's ability to deliver. This is reflected in the multiple platforms where HR is required to regularly report on progress against their targets, such as the standing HR agenda item at Management Committee meetings, the HR Transformation Committee, as well as the monthly progress report and weekly team meetings. Non-performance is dealt with immediately as it happens, in front of staff in meetings, through the forfeiting of bonuses and through effective disciplinary channels.

There is always room for improvement both from a policy and a practice perspective. The GCIS has struggled within the confines of DPSA's regulations and would like to see greater flexibility by the DPSA in relation to requests from high performing departments to be able to streamline their processes further. It would also like DPSA to consult such departments when reviewing its policies and directives. There are specific issues which GCIS believes currently need rectifying, including:

- Acting allowance: When someone is sick or on maternity leave, one cannot appoint someone to do their job because the post is officially 'filled' on the system
- Job evaluation process: this requires more flexibility so that it can address the organisation's specific needs
- 1.5% performance bonus: currently the bonus cannot exceed 1.5% of the salary bill. Anything above this requires the minister's approval, which is a lengthy process. The HR team believes that to be able to offer larger bonuses for excellent performance would encourage retention.

The GCIS would like to continue to tighten its targets in order to prevent complacency and to continue pushing the boundaries of what is possible to meet the needs of the Communications and Information industry. External elements provide challenges (such as the roles of SAQA and NIA) and it continues to negotiate on these issues, but the

department remains committed to bringing on board all the necessary stakeholders to enable HR at the GCIS to continue to perform at the top of its game.

Vacancy Tracking Tool

RESPONSIBLE PERSON	STATUS	INTERVIEW DATE	VACANCY AGE	HAND - OVER	CLOSING DATE	POST ADVERTISED	VACANT SINCE	SL	POST	DIRECTORATE	CHIEF DIRECTORATE	NO

DISCIPLINE MANAGEMENT

KWAZULU NATAL DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS: THE CUNNING FOX: PICKING A PATH THROUGH THE MOUNTAIN OF CHALLENGES

One needs to understand where the Department of Economic Development , Tourism and Environmental Affairs (EDTEA) has come from to appreciate where it is today, and the potentially arduous journey that still lies ahead. It has emerged from chaos, only to begin the steep climb up the mountain of challenges that is disciplinary management. The labour relations (LR) team has used fearlessness, transparency, mediation and “the cunning of a fox” to contest and engage all the right people in tackling the many challenges that still persist. This highly skilled but small team has used certain important approaches on this journey. Basing its interventions on empirical evidence, it has tried to target leadership as well as managers to take responsibility for LR and recognize its strategic importance. It has promoted prevention and pro-activeness alongside its typically reactive role, developing tools and running trainings to ensure high principle becomes reality at the day-to-day level. The team has focused on building relationships within and outside the organisation, in order to build trust and a strong presence that enables more effective disciplinary case management across the department.

Part of the reason LR is such a challenge is because of the multiple internal and external stakeholders involved, whose effectiveness may be compromised by hidden interests, lack of skills, lack of understanding or political will etc. Thus, LR management requires a fine balance of building external and internal relationships, whilst maintaining the integrity to be neutral in disputes. Management of disciplinary cases requires effectiveness to comply with the target of 90 days. To economise time and resources, the Department adopted a proactive approach to complement its reactive approach, managing to prevent issues from occurring or resolving them informally, where the formal route was unnecessary.

The EDTEA experience highlights that while LR has been recognized as a challenging area to address, senior leadership within the Department must place it firmly on the strategic agenda to overcome persisting challenges and ultimately to manage the field of staff discipline effectively. While LR and Corporate Services continue to fight this battle internally, the DPSA could also assist more pro-actively in promoting this at a senior leadership level in order to ensure Department-wide implementation.

Greater engagement should take place between well-performing departments to share tools and learning, pool trainings and second chairs across Departments to conduct hearings, in order to build knowledge and expertise.

Context and background

The global economic crisis that began in 2008 has presented immense challenges for any government department that is tasked with economic development. These challenges have been clearly relevant to the KwaZulu Natal (KZN) Department of Economic Development, Tourism and Environmental Affairs. However, the province has also played host to high profile global events - at the height of the global recession - that have enabled it cope somewhat. A key highlight was the 2010 FIFA World Cup, which created tourism opportunities as well as the development of infrastructure including a new airport and stadium. Navigating through the challenges and opportunities it is presented with, EDTEA plays a key role in driving the economic growth of the

province while ensuring that the government's development agenda is also fulfilled. In the MEC's opinion,

*"Our mission remains ensuring that the province is competitive and able to generate and attract investment essential for the creation of employment opportunities."*³⁶

The department's strategy details its mission to be the development and implementation of strategies that drive economic growth; a catalyst for economic transformation and development; the provision of leadership and integrated economic planning; and the creation of a conducive environment for investment.³⁷

In the 2012/13 financial year the department had a total budget of just below R1.8 billion.³⁸ EDTEA focuses on five programmes: administration, integrated economic development, trade and industry development, business regulations and economic planning. In the spirit of Ubuntu, employees are expected to act with integrity, be caring, supportive, ethical, accountable, transparent, and innovative and to work with a high level of commitment.

The Management Performance Assessment Tool (MPAT) of the South African government revealed that the department performed well in the area of employee relations and particularly in the standard relating to the management of disciplinary cases. The department's MPAT score improved from 1 in the previous year to 3 in the current analysis. In achieving this MPAT assessment, the EDTEA showed evidence that it was able to finalise disciplinary cases within the policy requirements and that these cases were captured on the PERSAL system.

A small number of departments across South Africa have attained the highest scoring on the MPAT assessment for labour relations, with EDTEA being the only department in the Kwazulu-Natal province that obtained a rating of 3. In effect, all other departments in the province were not compliant with the policy framework. The importance of this area of human resource management is clear. Failing to discipline staff can have an impact on the entire morale of the organisation. Mismanagement of discipline can breed a culture of impunity if cases drag on or are not properly pursued or a culture of mistrust if people perceive the arbitration process to be unfair or LR to lack integrity.

Rising from the Chaos

"When our current LR manager arrived, the liquor unit employees were suspended and there was chaos. There were practically no successful cases although they were suspending people left right and centre. Gradually we began to see that humane approach of recognising that the people are this organization."

The challenge of discipline management is not new in the EDTEA. Human resources (HR) officials in the department described a situation of complete chaos from as far back as they remembered over a decade ago. Suspensions were routine, and pervasive. Sometimes an entire unit was suspended; but people were usually re-instated without opening an official case because there was no evidence on which to base a case. Suspensions were frequently politically-motivated. Others were due to poor HR processes and a lack of understanding of such process, or were simply a result of poor management decisions.

³⁶ DEDT Annual Performance Plan 2012/13

³⁷ *ibid*

³⁸ *ibid*

The current LR manager was enlisted to tackle a particularly charged crisis in 2006, in which 20 people had been suspended with pending cases, but without evidence on which to charge them. He analysed the situation and used a frank, head-on approach in the way he engaged leadership, highlighting that such an approach to discipline was not appropriate in the circumstances and that there needed to be a shift in how people were valued in the organisation. He proposed withdrawing charges and monitoring their behaviour. As the HR Director noted,

“The honesty and being brutally upfront with the political leadership and senior management was important. In government, you are often mindful of pleasing your boss. But pleasing doesn’t help your integrity. You must be able to say yes or no or why something is wrong. Our LR people are able to do this even if I am not there. They have been acknowledged for this by the rest of the department.”

Since 2009, despite ongoing challenges, a more coherent, systematic approach to LR has begun to emerge, championed by the LR team.

Simple compliance is a challenge

The department has adopted and is compliant with the LR policy framework, including the disciplinary code and collective agreements. However, the department included a supplementary template into its disciplinary code to assist managers to record disciplinary cases. It also helps in capturing the information on PERSAL and with monitoring cases.

In 2011, the Department of Performance Monitoring and Evaluation (DPME) issued a directive that all cases must be resolved within 90 days. The EDTEA has found this highly challenging to comply with on various levels:

- Managing disciplinary cases relies on the involvement of multiple internal and external stakeholders, many of whom don’t display the sense of urgency required to complete the case within the time frame. For example, union members, the chair or the employee may book off sick, witnesses fail to attend for weeks, etc.
- Documents sit on people’s desks awaiting inputs or sign-off and the authority of LR may not be adequate to request managers or senior leadership respect deadlines.
- Some cases remain pending because of systemic problems with how cases are captured on PERSAL. For example, there is no provision for financial misconduct to be reported on the system.

However, the LR team has tried to put in place systems and processes that improve its ability to meet this target. Through the teams’ weekly Monday meetings, their planning processes have been systematically developed, monitored, regularly reviewed and improved.

Proactivity makes things happen

LR has a strong work ethic which recognizes that **one cannot effectively deliver on disciplinary management by simply administering the policies**. As described by one LR staff, the process of planning and implementing must be pro-active:

“LR cannot do simple administration. Some people get bonuses for compliance and that is wrong. We need to go beyond that, we need impact. That’s what happened here. LR used to be administrative – the unit would submit statistics when a case was opened, it would appoint people to cases and then take time writing appointment letters. But to have an impact we need to build relationships, focus on communications, manage knowledge and so on.”

LR tries to get to the root of the problems it faces. By improving its documentation and reporting, such as the unit's annual review and report, it has been able to cluster cases and analyse trends. Such analysis has revealed high levels of 'conflict of interest' and particularly cases of 'insubordination' and failure to follow instructions, which accounted for 80% of all cases in 2013. As a result, LR is planning a qualitative study to better understand the issue from the employees' perspective, to enable them to implement preventive interventions to effectively tackle the issue.

The unit has also managed a suggestion box and Employee Assistance Programme, through which it identified problem areas in alcoholism and manager's lack of understanding of suspension processes. LR developed a management guide for tackling drunkenness in the workplace, and a manager's guide to suspension, which integrates national policy and case law.

Regular analysis and the implementation of studies has allowed for better knowledge management and learning that can be effectively acted upon in this way.

Valuing people is the biggest challenge of all

LR identified two critical challenges in effective discipline management and meeting the 90 day target. Ultimately, both relate to the value that the organization places on its people. The first challenge is getting leadership to recognize the strategic importance of LR for the effective delivery of the department's vision and overarching objectives. The second challenge is getting managers to shoulder their responsibility in the disciplinary process.

Recognition of the strategic importance of people remains a challenge within the senior management of the organization. LR is often involved too late in critical HR processes. For example, during a recent restructuring, it was only when the transfer of staff was about to take place and after the unions had stepped in to complain that LR was consulted. Together with the unions, LR drew up a position paper on how the transfer would take place.

"Strategically we must fight for our space to be recognised. We would love to be involved proactively rather than only when we are reactive. Often with line managers it's different. They will come to us and ask for advice. But at the strategic level we still need to see this happen."

However, the LR team has managed to gain support from senior leadership in prioritizing the up-skilling of the LR team, making funds available to expose them to trainings, conferences, even PHD study, at a time when cost-cutting in the province has prevented other LR teams from benefiting from such opportunities.

The team has also made use of its positive relationships with leadership and the department's informal approach and open door policy, which cuts out some of the protocol and bureaucracy that exists in other departments. They pick up the phone or go and speak directly to leadership when they need to. Indeed, even the work environment of the department suggests this - with its young leadership, relaxed feel and panoply of pot plants.

However, ultimately LR has not managed to place discipline squarely on the strategic table; arguably, this remains a larger battle to fight in the way staff are valued right across the public service.

"Leaders should concentrate on people, but across the Public Service, leaders shy away from this. We in LR challenge this constantly. We even challenge HR."

The second challenge area has seen slightly better results. **LR has used a strategy that combines communication, training, and performance tools to enlist managers to shoulder their responsibilities.**

“We put out a position document that we will not get actively involved in discipline process but will advise line managers to take that responsibility. LR advises the MEC on appeals, so how can we sit in a hearing and the next day advise the MEC? We are there to advise the employee and the line manager. We need to keep our legitimacy and credibility.”

LR has since rolled out various pro-active activities to tackle this issue:

- Conducted trainings for line managers on discipline management and their role in meeting the 90 day deadline. LR made use of Part 1X of the Public Service regulations to enable the Head of department to make attendance at the trainings compulsory to overcome challenges of non-attendance,
- Secured 15-minute slots in Line Management meetings to share ‘take-home messages’ and discuss specific disciplinary issues
- Secured responsibility for HR as a responsibility in manager’s Performance Agreements (PAs)
- Conducted quarterly empowerment workshops on labour matters and general education sessions with employees. These have contributed to a reduction in the number of transgressions from the policies.

These sessions have helped to dramatically reduce the number of suspensions (to one a year in 2012 and 2013), as managers apply the policies more appropriately and understand when it is more suitable to use informal routes. In addition, LR has been smart in its use of the code of conduct which stipulates that suspension is only allowed during the investigation phase of the case. This gives an incentive to managers to act rapidly in resolving the case in order to prevent the person from returning to work. They are thus more willing to be supportive throughout the process.

However, in spite of these initiatives, LR still struggles to appoint managers to chair cases. The drive to ensure that the 90 day target is met has meant that it is often quicker and easier for LR or external people to chair cases rather than losing time trying to identify another manager internally. As the LR director explains:

“I go to chair throughout the province and have strong relationships with LR colleagues them so I will finish a case rapidly. I don’t allow anyone to retard discipline cases. We trained managers to equip them to deal with LR issues and chair disciplinary cases which is a success. But when we try to get them to do the cases, they often don’t. Often we have to rely on outside colleagues to chair these cases.”

What drives the team is its engagement with others

LR prides itself on ensuring that its team has a **system-wide understanding of HR, and a specialized knowledge of LR:** a panoramic view of the mountain but the nose of a fox. This enables LR to understand the overall frameworks in order to conduct technical diagnostic assessments and to advise managers on appropriate action. Such a skilled team is able to identify issues that may be possible to resolve immediately without a formal process. This integrated approach promotes strategies of avoidance or prevention rather than one of winning cases. This has helped the team to build strong relationships based on demonstrating its skill and integrity and through developing a strong presence internally and externally.

“It’s about the way you conduct yourself, we have a brand, an identity as LR. We are approachable and we will accommodate people when they come to our office even if

we are busy. We put out a service charter document that commits to respond to people's problems within three days. It explains what we offer."

The team has **used various communications tools to build its presence within the department**, such as posters, newsletters, electronic alerts and reminders of mandatory compliance issues, and it has organized expert panel sessions on specific issues relevant to all employees such as sexual harassment. In addition, by ensuring that employees are fully informed of the progress of cases, they have been able to demonstrate consistency of their case management approach in the Department.

Externally, LR has worked hard to **build a relationship of mutual trust with the unions**, which has been essential in trying to meet the 90 day target, but this requires constant work. As the LR team explained,

"We have a cordial relationship with unions, we are not enemies. They even come to us for advice. We have frank discussions – often on an ad-hoc basis but we also meet with them at chamber meetings where we discuss collective issues. If there is a major issue, the council sets up a task team. Such a relationship comes with trust."

Whether engaging internally or externally, the LR team believes it plays a crucial role in the department's ability to carry out the effective delivery of its services to the public. It prides itself on beginning to build a new approach to discipline within the organization that focuses on preventive initiatives that help prevent disciplinary issues emerging in the first place, or that avoid opening full-blown cases, where unnecessary.

"We don't pride ourselves on the number of issues we win; we pride ourselves on the number of issues we can avoid."

Against all the odds – what can be learned

The LR unit has made several suggestions to senior leadership to try to formalize responsibility for disciplinary management among managers and to ensure that the department meets the 90 day target for case management.

Firstly, LR suggests building the 90 day target into the PAs of line managers, the HOD and even the MEC, by splitting the time so that each person has a few days to complete their part of the process and LR is no longer required to chase sign-off of documents etc. Secondly, systematic issues with PERSAL need to be resolved to ensure that it can be used as an effective case management tool. For example, it must include the ability to capture financial misconduct on the system. Finally, there needs to be a cultural shift within the Department that recognizes a people-centred approach to work, as outlined in Sections 23 and 24 of the Constitution.

However, while such policy and organizational changes are yet to be seen, the DEDT offers hope to other departments struggling in this field. This small team, fully aware of the mountainous challenges that it faces daily, has found cunning, smart, and persevering ways to overcome some of these challenges.

The team has demonstrated the importance of developing a highly skilled team with an integrated set of HR and LR skills and expertise. This has placed them in the best possible position to base their interventions on empirical evidence from continual analysis of the issues facing the department, and to promote a sense of integrity in the services that they provide.

While the 90 day target may sometimes be perceived to add to the existing challenges, having such a benchmark has been vital in helping to formalize their processes into a concrete case

management system; it has even been used as a tool in itself to keep the pressure on others to deliver rapidly.

The team has found PERSAL a useful tool in the case management system because it allows the department to run checks on new employees about previous disciplinary cases (which has helped the department to identify undisclosed records in the past) and also allows anyone in the team to generate an up-to-date case report when needed.

The LR team has placed a **strong emphasis on relationship-building internally and externally** in order to engage the necessary people to shoulder their responsibilities in the discipline management process. While this has not yet yielded a fully empowered, engaged management structure, it has helped to improve how managers understand the discipline process, producing a more preventive approach and more appropriate responses through the informal structures. It has also helped in ensuring that unions do not block or slow down the management of cases.

Always room for improvement

A critical factor, identified by LR, in preventing this shift in managers' approach to their responsibility for disciplinary management is the inadequate **priority given by senior leadership to placing effective human resources management firmly on the strategic agenda**. Without sufficient recognition by leaders that people are the driving force of any initiative, LR will continue to struggle galvanise managers into taking on this responsibility themselves. The DPSA, which promotes this line function approach to disciplinary management, could do more within its power to bring this to the strategic attention of senior leadership.

Finally, **greater engagement needs to take place between well-performing departments** to share tools and learning, pool trainings and second chairs to conduct hearings across organisations, in order to build the knowledge and expertise required to create a shift in thinking and improve disciplinary management across the public service.

DISCIPLINE MANAGEMENT

NATIONAL DEPARTMENT OF MINERAL RESOURCES: BUILDING RESPONSIBLE

MANAGERS: 'LEAVE 10111, I CAN DO THIS MYSELF'

In the National Department of Mineral Resources (DMR), people used to informally call labour relations (LR) '10111'. When the unit was set up in 1999, LR was perceived as the unit that managers would call when someone needed firing. However, through the perseverance of a small, dedicated team, LR was able to turn this perception on its head. They built the requisite ownership among managers, using a proactive engagement strategy that equipped managers with the knowledge and skills to fulfil their own responsibility in disciplining their staff. Furthermore, the LR team, drawing on their own work ethic of self-reflection and discipline, conducted a thorough analysis of the disciplinary process and developed an entire stockpile of strategies and tools to improve the effectiveness and speed of the department's management of disciplinary cases. Working as a close team, LR's mantra has been to stay ahead of the curve, going beyond compliance to contribute to enhancing a strong public service in the spirit of *Batho Pele*.

DMR recognised that several key factors were crucial to the success of an effective disciplinary process. These factors, when addressed by unstoppable individuals, drove the department to effect a remarkable turn-around:

- **Find out what is not working and change it:** Understanding what holds the department back ensures strategies are based on facts and not perception
- **The existence of policies does not in itself shift ownership:** shifting ownership of the disciplinary function of responsibility away from LR onto managers requires hands-on engagement
- **Documenting the process ensures consistency:** documentation and tools development brings results and promotes a preventive approach
- **Proper engagement and consultation pays off:** developing effective internal and external relationships helps timely resolution of cases

LR highlighted that more analysis could still be done in the department to identify how to prevent the most common cases before they occur. Furthermore, sharing one's process mapping throughout the organisation would strengthen strategies of engagement and ownership.

Context and background

DMR lays claim to being one of the oldest government departments in the country, with a lineage that extends as far back as the 1890's. In May 2009, President Jacob Zuma announced that two new units, namely the Department of Energy and the Department of Mineral Resources, would replace the Department of Minerals and Energy. In the DMR Minister's words on the need to have a specific focus on mineral resources:

*"Even after more than a century, mining remains a sunrise industry that provides impetus for the development of various sectors of our economy, whilst it plays a critical role as we tackle the triple challenge of inequality, unemployment and poverty."*³⁹

DMR has as its mission the promotion and regulation of the minerals and mining industry for transformation, growth and development and to ensure that all South Africans derive sustainable

39 Minister's Speech, National Assembly, 12 March 2014, Parliament, Cape Town

benefit from the country's mineral wealth.⁴⁰ The department formulates and implements policy to ensure the optimal use of the country's mineral reserves to fight poverty and underdevelopment.

In the 2012/13 financial year the department had a total budget of just below R1.2 billion.⁴¹ With 1200 staff spread across a head office in Pretoria and branches in all nine provinces, DMR focuses on four primary programmes: administration, mine health and safety, mineral regulation, and mineral policy and promotion. The values that drive the organization culture are the Batho Pele principles of ethics, honesty, integrity, accountability professionalism and Ubuntu.

The mining industry in South Africa has recently been faced with huge challenges related to labour instability. The effort of government, business and labour to come together to ensure a stable mining industry has been a priority.

The department has had notable achievements in its programme areas.⁴² It has begun to streamline licensing processes and is finalizing the development of a mineral beneficiation plan. In terms of safety, DMR's work has enabled a 9% decrease in fatalities between 2011 and 2012. Skills development in the mining industry is also a priority, with the introduction of learnership programmes and bursary schemes.

The Management Performance Assessment Tool (MPAT) of the South African government revealed that the DMR performed well in the area of employee relations and particularly in the standard relating to the management of disciplinary cases. The department's MPAT score improved from 3 in the previous year to 4 in the current analysis. This achievement shows that the department managed disciplinary cases within the prescribed policies and ensured that following rigorous analysis, recommendations to reduce the incidence of misconduct were implemented.

LR is a difficult field to get right and few Departments across the country have even achieved compliance. Failing to discipline staff can have an impact on the entire morale of the organisation. Mismanagement of discipline can breed a culture of impunity if cases drag on or are not properly pursued. It can also lead to a culture of mistrust if people perceive the arbitration process to be unfair.

Identifying the need for change

Towards the end of 2010, the DMR was struggling with multiple challenges relating to disciplinary case management. Managers were refusing to chair hearings, unions were complaining that cases were taking too long to resolve, the impact of unresolved cases such as alcoholism in the workplace were demotivating affected teams, and there was scant monitoring of the processes to know what was really taking place.

A decision was taken by the Director of LR to conduct a root cause analysis in order to identify the key issues that were holding the Department back from carrying out effective disciplinary processes. One of the study's main findings revealed that managers' refusal to chair disciplinary hearings was dragging out the time taken to resolve cases. Furthermore, it highlighted that managers' refusal was often due to the fact that they did not adequately recognize, or did not *want* to recognise the function of discipline as their responsibility. They saw it as the remit of LR. A member of the LR team reflected that:

⁴⁰ DMR Strategic Plan, 2010/11 to 2012/13

⁴¹ DMR Annual Performance Plan 2013/14

⁴² DMR Annual Report 2012/13

“People used to call us 10111. When labour relations turned up they’d say ‘here comes the 10111’ and if they saw us talking to someone in the office, they thought something was going on, that someone was going to be uprooted. We realised we had to change this mindset.”

The 90 day target that put the fire under 10111

In 2011, the Department of Performance Monitoring and Evaluation (DPME) issued a directive which set a target that disciplinary cases must be initiated and finalized within 90 days. This came at exactly the right moment: the Directive provided the yardstick the department needed to measure itself against, providing the heat needed to formalize its analysis into concrete processes and tools. The processes that emerged have been fully mapped and re-engineered for improvement with the support of the organisational design unit and are being turned into visual charts and posters to be shared with employees in the department’s 11 offices country-wide.

There are two legally binding policy documents that prescribe the field of disciplinary action:

- Resolution 1 (2003) of the Public Service Coordinating Bargaining Council (PSCBC) deals with all disciplinary cases of employees from levels 1-12
- Chapter 7 of the SMS Handbook deals with all disciplinary cases of employees from levels 13 and above

Neither of these documents prescribes a maximum timeframe for the resolution of cases. They only stipulate that notice must be served within the first 5 days of opening a case and the hearing convened within 10 days after that. It is this gap that was addressed with the DPME’s directive of 2011. The Director of LR described how his team decided to formalize the 90 day process:

“I sat with my team after management gave us the DPME directive. We asked what we can do to comply with the 90 day target. We looked at how we currently do it and we brainstormed what could help us. Out of that I developed a tool to help us deal with formal disciplinary cases.”

LR developed a critical tool that began the formalisation of their case management system. Their **90-day Process Compliance Tool** splits tasks down chronologically, allocating a set number of days for each stage in the disciplinary process (see annex 1). This tool enabled the department to track in detail the stage and status of each case. It helped LR to flag resignations of employees with pending cases, in order to fast-track the case before the employee left. It also allowed for preventive action to be taken when a stage was delayed, in order to ensure that the 90 day target was still met.

“I have a register of when all cases were logged. Every Monday I receive a weekly progress report of all cases. This allows me to monitor if staff are on track and ensures I can assist to help get things back on track if needed.”

However, this was not enough to resolve the root problems they were facing with regards to manager’s ownership of the disciplinary function. This required a hard-hitting, pro-active campaign to change managers’ perception and behaviour within the organisation. This strategy involved the development of a raft of tools to improve the way in which internal disciplinary investigations were carried out by the department’s managers:

- **Guidelines for Conducting an Internal Disciplinary Investigation**, including methodology and investigation tools that promote consistency. The methodology stresses the law of evidence and verification, and the importance of showing a clear link to how a specific policy was contravened. Tools include the use of a journalistic formula (‘Who What When Why and How’). These guidelines, developed in 2011, were revised in 2014.

- A comprehensive in-house **Training Manual and Guide on Chairing Disciplinary Hearings** for managers (levels 10-13). This resource lays out each step that the chair should follow when facilitating a hearing, including specific steps if the employee pleads guilty or not guilty. It provides definitions for different issues (such as incapacity, grievance, misconduct) and a guide of suggested sanctions for each type of issue, to ensure consistency between chairs' approaches across all cases.
- An electronic **Template Hearing Report** that ensures consistency of reporting after cases are closed and enables easier analysis across cases
- **A weekly progress report** of all open cases to track their status and help flag any delays
- **Modified official departmental notice letter** to the employee to attend the hearing. LR modified this to include a section where the employee's rights, under labour law, are clearly stated. This was recognized as a gap, since these rights are not clearly stated within the Chapter 7 or Resolution 1 policy documents.

Implementing a strategy to make managers 'do it themselves'

A **pro-active strategy** was rolled out by LR, with support from the Chief Director of HR, which disseminated the policies and enlisted the tools developed in order to **shift the line function of disciplinary into the domain of managers** on the ground.

Crucially, **trainings were conducted to equip managers from all provinces to chair disciplinary hearings.**

"I contacted regional managers and principle inspectors in the regional offices and the SMS at head office through a communiqué explaining the need for chairs to come forward, as hearings were taking too long. I requested them to nominate themselves and other colleagues at Director, Assistant Director or Deputy Director levels in their province to be trained. The response was amazing: people want to be trained."

These trainings included conducting mock hearings in which participants used role-play to act out the chair, employer, union, witnesses, employee and other stakeholders. On completion of the training, managers were formally appointed as chairs and given the opportunity to attend hearings to shadow and learn the processes. When requested to chair, these managers are usually sent to conduct hearings in provinces other than their own to ensure fairness and avoid conflicts of interest. The impact of these trainings has been remarkable, according to the LR Director:

"Now whenever we appoint someone to chair a hearing, people are happy to do that. This means we don't delay the process and we get quality people chairing."

Other elements of the strategy include running **regular training sessions and discussions with staff across the country on current policies and any challenges** that they face. LR was able to capitalize on a drive started by the DDG of Corporate Services in 2013 in which she and a group of key head office officials visited regional offices to sit and discuss with staff. This included the CD of HR who was able to champion LR at these fora. By listening and engaging people at all levels of the organization, it has helped how staff understands and views HR and LR within the department.

Keeping people informed has been a key component of the campaign and LR ensures that it always has an article slot in the in-house magazine, and it posts regular articles on the intranet to engage with staff.

Hand-in-hand with its internal communication strategy, LR's relationship with external actors, most notably the unions, has been a key priority. Since the 90-day directive, DMR's relationship with the unions has changed significantly. As one LR official explained:

“Our relationship with the unions is healthy and conducive now. We have our ups and downs but we know how to manage the relationship. It’s been a turning point in life of DMR. Sometimes the unions come to us for advice. I am seen to be neutral – I will tell them if they have a chance [pleading not guilty] in a case based on what happened. Unions trust that the hearings will be fair.”

LR consults with the unions on all its processes - whether in policy development or disciplinary case management. For example, when LR drafted a new Alcohol Policy (which was based on results of the Corporate Services Employee Assistance Programme) the draft policy was presented to the unions at an initial meeting. The unions reviewed the draft and then presented its inputs at a second meeting. The policy was then brought before the General Bargaining Chamber (SSBC). With its finalisation, the policy had collective agreement and full union buy-in for its implementation.

Engaging Leadership

At the level of senior leadership, LR organizes an annual discussion session where someone from the Public Service Commission or the DPSA presents and has a discussion on disciplinary management with MANCO. They would like to institute this bi-annually.

The DDG of Corporate Services and CD HR fully understand Human Resources Management and have been supportive of LR’s initiative to shift disciplinary management to its management function and improve the Department’s case management processes. In addition, senior management has cooperated when necessary and there is a strong open-door policy within the organization, which ensures processes are not held up by waiting several for an appointment. **The improvement in leadership support since 2009 has contributed to the ability of LR to carry out its work.** One HR official described this change:

it is the actions of the six members of the LR team that have enabled the changes to take place in practice. What drives the team is their disciplined approach, their reading and their determination to improve on what exists. As one member of the LR team explained,

“We read a lot. We look at case law; we attend seminars to be up to date on latest in LR, such as the current process of updating LR Act, which will have an impact on employer-union relationships. We periodically meet as a team to benchmark our work with the private sector, parastatals and others in the public service. We look at if our processes are still valid and if they are still producing the results we want.”

The broader impact

The work of the LR team is rooted in practicing what they preach for the service they provide to staff and ultimately to the citizens of the country. LR promotes a corrective rather than a punitive approach wherever possible, recognizing its own role in ensuring that staff - the people behind the department - uphold the Batho Pele principles and the Code of Conduct for the public service in their work and in dealing with the public.

The Department of Mineral Resources managed to resolve all their cases within the 90 day period in 2013. Most of these were chaired by managers, not the LR team because chairs are equipped with the skills they need to carry out the hearings effectively and have taken ownership of discipline management seriously. The Department has even received requests from other departments to chair their disciplinary hearings and has since provided this support to SASA, COGTA, the Departments of Rural Development, Energy, Trade and Industry and PALAMA among others.

The disciplinary management system is more effectively used because managers understand and are engaged in how the process works. Where possible, managers are able to resolve issues through

an informal process of progressive, corrective discipline such as verbal warnings and counselling, rather than taking a formal disciplinary route, where this may not be appropriate or necessary.

Lessons learned

The experience of the Department of Mineral Resources shows us how on the one hand, policies are crucial in the promotion and enforcement of compliance, but it also highlights that **the existence of policies will not in itself lead to results, if the underlying problems are not addressed**. Indeed, while the DPME's directive helped to galvanise the department into establishing mechanisms to measure concrete results, their move from a reactive '10111' approach, to a pro-active, manager-owned approach, was already well underway.

Other departments could benefit from **greater sharing of tools, training materials and guides**, or even the development of generic tools by DPSA, similar to those developed by DMR. This would enable departments to more effectively put into practice the existing policies and strengthen ownership for discipline as a managerial function. Such tools could be more closely linked to an online system - possibly a replacement of the current PERSAL system - which the LR team feels does not add value to its work. Allowing for online case management and tracking would ensure greater coherence not just across DMR, but across the public service as a whole.

There are many important lessons to be learnt from the DMR experience. The department has demonstrated that **simple compliance is not enough to ensure effectiveness**. Instead, it preferred to stay ahead of the curve, taking initiative to analyse the root causes of their challenges, developing departmental policies such as a sexual harassment policy and an alcohol policy long before national versions were developed, creating tools to address the gaps in staff capacity to carry out the disciplinary function. This positioned LR perfectly not only to fulfill its duty but to go the extra mile to ensure a first-class disciplinary management service for all staff, ultimately promoting a culture of transparency and fairness across the department. Key lessons that can be drawn from this experience include:

- **One needs to know what is wrong in order to change it.** Introspection in understanding what holds the department back in its ability to conduct effective, timely disciplinary case management ensures that strategies are based on the reality and not perception. This needs to include an examination of staff capacity (not just in terms of qualifications but also their experience), as well as organisational processes and practices. This can be done through conducting a root cause analysis, followed by proactive implementation of corrective action based on this evidence.
- **The existence of policies does not in itself shift ownership of discipline management onto those responsible.** Policy implementation requires the development of practical tools to help people do their jobs better. In addition, staff requires empowering with the skills and knowledge to make most effective use of these tools: Engaging managers through workshops, trainings, consultations and appointments to chair hearings shifted ownership of the disciplinary function of responsibility away from LR onto managers themselves.
- **Documenting one's processes ensures consistency and builds trust.** Documenting the processes and developing tools to track and monitor the disciplinary process ensures consistency, fairness and timeliness in the department's approach nation-wide. It demonstrates that decisions are based on concrete evidence, not just opinion and allows for a smooth transition where there are staff changes. Finally, it also allows LR to analyse trends in disciplinary cases and to implement preventive action in key problem areas.

- **Proper engagement and consultation pays off.** The LR team developed effective relationships within the organization through constant communication, but also particularly with the unions through regular consultation and developing working relationships, which helped ensure the rapid, effective resolutions of cases.

What could the future hold?

An area that LR identified for improvement was the need for increased analysis of some of the common trends in disciplinary issues at DMR. LR did manage to effectively identify alcoholism as a key theme, which led to the department’s creation of an alcohol policy. However, much more could be done in other common problem areas to try to prevent disciplinary issues from occurring in the first place. Furthermore, **no official policy, guidance or targets currently exist that encourage departments to reduce the actual incidence of disciplinary cases through proactive and preventive strategies.**

The 90-Day Process compliance tool

Days	1-5	6-40	41-49	50-70	71-88	89-90
Disciplinary Process

KPA 4: Financial Management

Financial Management deals with all aspects of resource mobilisation and expenditure management in government departments. Financial management processes involve the administration of funds used to deliver public services and includes the prioritisation of programmes, the budgetary process, efficient management of resources and exercising controls. 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 been slow. Nonetheless, like HRM, FM is a critical function in all departments as it links planning to implementation.

The Public Finance Management Act (PFMA) promotes good financial management through the effective and efficient use of the limited resources. The mandated processes include financial management and accountability systems, reporting and dealing with waste and corruption. In this regard, the KPA covers Supply Chain Management (SCM) and Expenditure Management (EM) practices and complements the monitoring done by National Treasury. SCM standards include demand, acquisition, logistics and disposal management. EM includes cash flow, payment of suppliers and unauthorised, irregular, fruitless and wasteful expenditure.

SOME LESSONS FOR IMPROVING PRACTICE IN FINANCIAL MANAGEMENT

The cases are chosen on the basis of their potential learning value for the wider public service and not because they resemble best practice on a specific standard. An important overall in financial management is the importance of breaking down the Chinese wall between Supply Chain Management and Expenditure Management. These two processes directly interact and this is most evident in the good practice on payment of suppliers where both departments actively combined processes by bring them under a single manager, or locating the units in the same space.

Policy and planning

A clear vision and targets: The policy on the payment of suppliers is clear and requires the implementation of departmental process to achieve the set targets. The steps outlined are clear but change starts with a vision which in term determines the path to be taken and the process to achieve it. The vision also assists in motivating stakeholders to take action in the right direction. A breakdown of tasks is an important first step in the accomplishment of any task. If senior management communicates expectations and deliverables, then these are more likely to be integrated into departmental and individual performance agreements. Targets also enable department to track and monitor progress and to identify and deal with problems as they arise. Management consistently communicates expectations via series of events, communications, and engagement.

Professional service and performance culture

Peer pressure or accountability: Peer pressure or peer accountability is a powerful performance driver. The requirement to pay suppliers within 30 days was already in the legislation but it was after pressure from FOSAD or Provincial Management that departments took a bold steps to comply with the regularity requirement. In this regard,

management performance can be improved through regulatory compliance. An essential condition is a proactive organisational culture supported by management vigilance, long service staff and consistent, constructive relationships among key players. When an organisation has the right organisational culture, where all people involved are responsible and accountable, monitoring, evaluation and disciplining processes are not necessary.

Organisation and resourcing

Organisational *feng shui*: The structure of office layout is important, because it can create either a connected, interactive space, or separate work areas. A critical success factor in the payment of suppliers is to break down the virtual and actual walls between SCM and EM. In both departments, the SCM and EM teams worked together and communicated constantly. This ensures that the correct information is collected and verified at the procurement stage, enabling faster payment on receipt of invoice. One of the factors that delay the payment to supplier process is lacking the correct information such as banking details, tax clearance certificate of suppliers.

Develop the right systems to support the work process: Departments have developed tracking systems which allow managers to monitor payment process from procurement to payment. This involves registering invoices, entities, and payment; systematically and continuously monitoring the process; fixing or correcting blockages that delay or clog the flow of system; and controlling and disciplining persons who fail to perform or comply with the regulations and rule. These systems have to be support by an **effective control system**. It is impossible to hold people accountable without close and systematic monitoring. However, holding staff and responsible persons accountable is not easy. Most changes or improvements or transformation processes fail because of the weakness or failure of this accountability-holding dimension.

The right people in the right places: Although leadership is important, no matter how committed or capable a leader is, without the right staff and skills, it is difficult to transform or improve performance and productivity. Managers need to employ the right persons in right positions. Most government departments and organisations complain about the skills shortages or not having qualified or competent staff. Skills shortages together with resource constraints are indeed a great challenge. Assigning staff or employees to the wrong or unsuitable tasks or duties can jeopardise the system. It is therefore a responsibility of management or leadership to make sure the right people are in right positions. Abuse of power or authority could be ascribed to the failure or weakness of staff appointment or assignment process.

The role of leadership

The full support of the leadership and senior management is important: One of the common factors that cause an organisational improvement process to fail is the reluctance of management to deal professionally with non-conformers or poor performers. It is, therefore, important to note that the role of leadership in communicating expectations and managing consequences is a critical and decisive success factor. Once the leadership as well as the senior management are committed and dedicated to making the change process successful, other steps will be followed gradually.

PAYMENT OF SUPPLIERS

NATIONAL DEPARTMENT OF ENERGY: EXPEDITIOUSLY EXPEDITING⁴³

Small businesses play a major role in an economy. It is estimated that about 91% of the formal business entities in South Africa are SMEs, contributing about half of GDP and providing about 60% of the total labour force (Solomons, 2013; Abor & Quartey, 2011). Success of SMEs will effectively reduce troublingly high unemployment level and, in turn, an excessive crime rate of South Africa (Falkena et al, 2002).

However, starting a business is hard work. Five out of seven small businesses established in South Africa fails in the first year, although a global average is one in two (Kgosana, 2013; DTI, 2013). One of the crucial factors that drive small businesses out of their businesses is late payment by government departments (Solomons, 2013). According to a survey conducted by the South African Chamber of Commerce and Industry (SACCI), late government payments severely affects a number of small businesses. Late payment creates cash flow and operations problems in about 60% of small businesses surveyed (Odendaal, 2012).

The issue of late payment by government department is a global problem. Many European countries have instructions to their government departments to pay suppliers within 30 days and to pay interest for amounts outstanding longer than 30 days. Similarly, in South Africa, it is financial misconduct for government departments to fail to pay suppliers within 30 days (RSA, 2000) and the Government is committed to solve the late payment problems. In December 2011, an instruction was issued by the National Treasury to all national and provincial departments to ensure that valid invoices are paid within thirty days. Moreover, in his State of the Nation Address, on May 30, 2012, President Zuma (2012) stated that “All departments must ensure adherence to the directive to pay suppliers within 30 days for work done,”

However, the majority of departments are still struggling to be able to pay suppliers within 30 days. At the same time, there are several departments that have complied with this requirement. The National Department of Energy (DoE) is one of them. This is the story of how the DE progressed from level three to four of the Management Performance Assessment Tool (MPAT) and therefore is among the top five percent of all 156 national and provincial departments. This case study tells the story of what the department did, what the good practices are that other departments can learn from, and what the challenges are. It focuses only on the process of payments to suppliers.

Background

Department of Energy (DoE) is a department responsible for energy policy. It was established in 2009 when the former Department of Minerals and Energy (DME) was divided into the Department of Energy and the Department of Mineral Resources.

⁴³ This case study was written for the Department of Performance Monitoring and Evaluation (DPME) by Myo Naing, with the support of Professor Anne Mc Lennan, from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

The Finance branch has different directorates, aligned to the CFO (Chief Financial Officer) structure as issued by the Department of Public Service and Administration (DPSA). The two directorates that play a role in the process of payment to suppliers are Expenditure Management and Supply Chain Management directorate. Both directorates work on the process of payment to suppliers simultaneously. The work of one directorate impacts the work of the other. In other departments, they report to the CFO, through different lines, but in the DE, these two directorates report to the Chief Director of Finance and Supply Chain Management. And the Chief Director, in turn, reports to the Chief Financial Officer (CFO). Payment of suppliers is monitored at Executive committee (EXCO), Management Committee (MANCO) and Forum of Heads of Department (FOSAD), and is included in the Annual Performance Plans (APPs) and performance agreements of the CFO, Chief Director and other relevant officials.

At the beginning, when the DE split from the DME, the DE had only 270 people. But now it has 560 staff in total, including the nine regional offices—each of which has no more than 7 staff members. The Department handles generally between 100 and 110 invoices in a month and about 200 invoices in March, which is an unusual month in terms of finance. Besides order payments, which are to suppliers, the DE also pays transfer payments to about 80 to 90 municipalities every month. The amount of transfer payments are about 1 million rand to each municipalities.

The path taken expeditiously by the DoE

The expediting process of payment to suppliers started in July 2012 following an email from the Director-General (DG) who just returned from a FOSAD⁴⁴ meeting, that called for an Audit Committee Meeting. In the Audit Committee Meeting, the DG gave a briefing about issues raised in the FOSAD meeting and the instruction was discussed, then, came out with very strong message that

I will not be subjected to any embarrassment in the next FOSAD meeting. When they read the reports of performing and non-performing departments, I don't want to be seen in the non-performing departments. We need to comply.

It took only three months for the Department to achieve its objective, that is, to be able to pay suppliers within 30 days. Since then, the Department has achieved an unbroken record of paying all invoices within 30 days period.

Giving the message loud and clear

It is coming from the top to say I expect that directive to be implemented.

Kotter (1996) argues that one of the eight errors that people make when trying to change organisations is under-communicating the vision or the objective. In the transformation process of the DE, there was firm, direction came from them top. At the very beginning, the DG demonstrated her dedication to fulfil her mandate in terms of the PFMA by the direct instruction to Finance. The Department distributed the Treasury Note and DG

⁴⁴ A meeting attended by all DGs from all Departments.

instructions to all officials through a communication broadcast tool called “DoE Community”.

We outlined to them exactly what that instruction note entails, what the requirements were in terms of reporting, what was the requirement from all of the line functions and branches requiring that. We spoke out clearly that this and what we have to expect and this is how we are going to go forward.

This message was reinforced by incorporating the 30 days payment process into the Annual Performance Plan (APP) as a Performance Indicator. It is a target in the APP, the institutional operational plan, and related individual Performance Agreement. There is accountability for it and progress is reported regularly to Management Committee (Manco) meetings, in Quarterly Reports and to different structures including FOSAD and the National Treasury. The Department reports monthly as a branch to different committees. In terms of the reporting to the National Treasury, there is a mandatory monthly reporting requirement. The department prefers monthly reports because it enables the department to pick up issues monthly and report in the monthly internal report.

The change process has to be originated from the leadership, but buy-in by all role players is essential to accomplish it. The DE achieved the management buy-in by addressing the matter in the Audit Committee, EXCO, Manco and Extended Manco Meetings as well as in various events and awareness campaigns. Besides these formal meetings and communication channels, both Supply Chain Management (SCM) and Expenditure Management (EM) directorates conduct awareness campaign and training, at least once in each region and several times for all branches in the Department in a year. The SCM also makes presentations about three or four a year for every new programme introduced. Moreover, there are also orientation sections on the process. The Chief Director shares how he sends a clear message whenever possible:

When I gave presentations at Manco meeting on financial results, on the last slide it says ‘Please note all invoices must be submitted’. I put it in all meetings. I use every opportunity I have.

The team indeed found the ways to resolves the challenges and successfully accomplished the turnaround process.

Collecting and registering Invoices

What is important for us is to pay as fast as possible and to sort out when there are problems that delay the payment process, explains by the EM Director.

The payment to supplier process is managed by two Directorates; the Supply Chain Management (SCM) and Expenditure Management (EM) directorate. The two Directorates work together as a team from the start to the end. They help each other to get bank details verified. If there are problems, they try to solve them together.

An initiative to collect invoices from desk to desk and even from drawers came from the CFO. The process starts in SCM with the invoice register and ends in EM with the payment register. The supply chain team expedite the process by collecting invoices, registering, monitoring, checking and interrogating money transfers on daily basis. Works of EM actually starts when the supply chain finishes its part of the task. The administrator in

Accounts Payable conducts an age analysis upon receipt and prioritises the registration and book out of invoices.

There are two kinds of invoices involved in the process—order payment invoices and sundry payment invoices. Order payment invoices come to SCM and sundry payment invoices to EM. The Director of EM, who was previously in supply chain for 13 years, explains the bad habit of people in the way they look at invoices. Supply chain practitioners think that invoices must be immediately captured in a register. The attitude and view of end users is different.

End users do not see invoices as something important. What is important to them is just the delivery of goods and services they required. And they don't worry what happen to invoices and delivery notes.

The Director of SCM is a key person who expedites the process of payment to suppliers. All invoices and vouchers come to her. Officials involved in the process ensure that vouchers accompanying deliveries are timeously captured on the system. LOGIS report RR103 is used to monitor invoice age analysis, and register accruals for goods received.

For invoices related to a service, the line function or project manager submits a certified invoice where the service has been satisfactorily rendered. The invoices are accompanied by a detail report. When the SCM receives invoices, within two days, a SCM official of contact section checks the invoices against order, service level agreement, payment schedule—if applicable—and any other relevant supporting documents, and then stamps and barcoded, unless they are photocopied at the Department, and captured on RCCP (Recorder and Communications Control Panel) for store items or on RCRI for non-store or C-item such as a rendered catering service.

For invoices related to goods, invoices are sent to end users to check and verify whether goods delivered are correspondent with what ordered, and then, to approve the invoices, within two days. When the invoices come back, the SCM checked whether everybody signed in the invoices.

After everything clear, we sign off and load them on the system so that we can check everything is okay in our invoice register. When supply chain management has done all these process, they hand over to the EM, within two days, for pre-authorisation, final authorisation and payment. The date when invoices are submitted to expenditure management and do authorising and final authorising are also recorded in the register. The report RR105-purchase to payment keeps account of process until payment is authorised and disbursed.

In the EM, LOGIS online is used for the daily reconciliation, to see what invoices were captured, authorised and disbursed. So all people in the process use all systems to check whether payment went through. From the invoice register, which is delivered to the EM, is captured into the payment register, which is the integrated register we created in the Microsoft Excel, the movement of that batch. There are two separate registers—invoice register and payment register. The Department is trying to integrate these two registers but has not done yet.

In the invoice register, managed and processed by the SCM, there are three different dates; the date of the invoice, the date of an invoice received, and the date invoice is paid. And there are turnaround times and the Director of SCM can see whether invoices are within 30 days period or closer to the 30th day and she can prioritise and resolve whatever delaying the payment.

Invoices are captured in the mainframe computer and, then, captured in the Logistical Information System (LOGIS) online. Payment process happens on LOGIS online that is integrated with (Basic Accounting System (BAS)). Delays come in when capturing data into the Mainframe, those data are different from the LOGIS Online. That is the Director of SWM is working there. (See Figure 1: Payment Process)

Invoice registers are centralised. The EM Director explains about the benefit of centralisation of the invoice registers.

Centralisation of the invoice registers is a big thing. We used to have backlog. We used to have many, many, invoices when someone follow up and made went unnoticed. The centralisation of invoice registers solves that problem and works better.

The Department also use a Safety-web process. All payments exceeded one million Rand go via the Safety-web process. There are basically four authorisations—preauthorisation and authorisation, and then the next day on the Safety web there are two authorisations. Moreover, in order to involve everyone in the process to check invoices are in the register, invoices are registered in S-Drive (Shared Drive), everybody can check.

Not all payments are in equal priority. Some are more important than others. Some are due in the next three days, some are in the next five days, and some in the next 10 days. Invoices that are due in one or two days are preceded immediately.

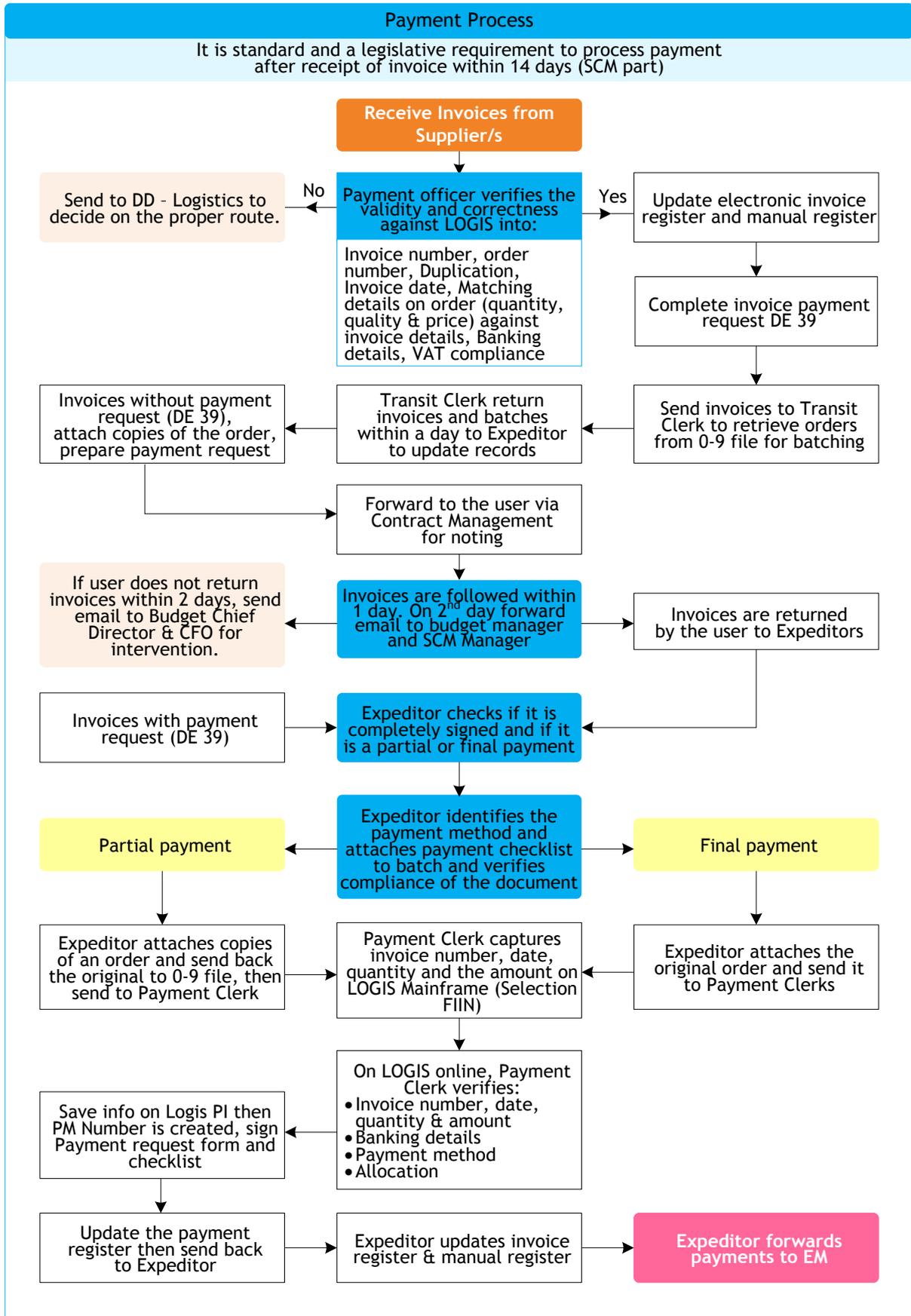
It is a stressful process, but we get to do it and we seek out invoices that we need to pay immediately, explains the Chief Director.

Reversing the process

A clear and well-communicated vision is essential for the successful transformation. But it is only one factor in a large system. Based on that vision, a logical plan or a strategy needs to be established (Kotter, 1996: 71). Factors causing the payment late were well-studied and documented. One of them is lacking the correct information such as banking details, tax clearance certificate of suppliers. Since banking detail verification is major issues on the payment, in the DE, orders are only generated only after banking details are verified. One of the several innovative approaches the DoE implemented is making sure to get all information of suppliers before orders are placed. In the DE, before an order is issued, all the recorded criteria for payment is sorted out, because challenges and factors that delay the payment process are issues such as not having budget, or no allocation. The Chief Director states that:

So before generating orders, in order to make sure invoices are payable within 30 days, all of the conditions that satisfy the payment must be met at that point. If you get the invoices, you cannot get running around looking for tax clearance certificate or SBD 4 or SBD 9 ... Other things we want to do in advance are also to ensure that details of persons are already on the system, verified by the National Treasury, and all of that before we receive invoices. At the point of getting invoices, all you want to do is press the button, basically.

Figure 1: Payment Process



Source: Logistics Management Process Flow, Department of Energy.

Setting internal dead-lines and reminding system

One of the initiatives the DE implemented is setting internal deadlines that are a few days ahead of the actual deadline and sending reminders regularly. In every particular step in the process, there are internal deadlines—for instance, setting the 4th of each month to get the monthly report to the Treasury ready, although it is due on the 7th, and setting the due-date for making transfer payments to municipalities on the 1st of every month or at least within the first week, although the due-date according to the Treasury regulatory is the 10th. Reminders are placed in the Outlook Diaries of all relevant role-players for completion of the tasks by the internal dead-lines.

There are occasions when people miss the deadlines. Since these deadlines are set a few days ahead of the actual deadlines, there are buffer times or lead times that enable the Department to address the problems.

Overcoming resistance

In any change process, resistance is a natural part of it and should be expected (Coghlan, 1993; Steinburg, 1992; Zaltman & Duncan, 1977). There is indeed some resistances in the DoE. When the process of expediting the payment was communicated throughout the department, there were excuses that said it is not doable.

People said 'Yes, but'. I said 'I am not interested in challenges. We will find ways to resolves them' said the Chief Director.

The Director of EM tells of how her PA collects invoices, with a list, like a tax collector. There are some floors that she now refuses to go because people do not want to see her. They say “*Please leave us alone, we don't have invoices. And don't harass us.*”

The important turning point in the change or performance improvement process is to get employees and staff realised that the change is serious and that there are consequences when they do not comply. In order to keep employees and staff compliant, the Director of EM has to use a clever trick. She told the staff that if they delay the payments to suppliers, she will delay paying their salaries. And it works. The Director explains with a laugh,

They don't know I can't stop their salaries, and as long as they think I can do that, they adhere.

Dedication, commitment and proactive initiative

You can have the best system in place, but if you don't have the commitment, dedication of all officials involved in the process, you will find that you will not achieve it. So it must start with people understanding. An importance of the process is full commitment

The change process originates from the leadership. The DG demonstrated her dedication to fulfil her mandate in terms of the PFMA and issued the direct instruction to Finance Branch and Finance Committee. Although the leader's commitment and direction is important and essential, without the dedication and commitment of all role players, it is impossible to implement the change process. The main reason for the improvement, according to the Chief Director and Directors of EM and SCM, is the dedication of all officials.

The Finance branch is known as a group of serious workers who make efforts to get things done by starting early and staying late until assigned works are done. When the tasks have been implemented, they can take a day off in the following week.

Another example that illustrates the dedication and commitment of the key players is that when SITA system is down, and when people are saying “*it is not our problem, what can we do*”, the DE proactively takes the initiative to solve that problem by sending two officials, with all invoice batches, passwords and payments to Treasury.

We will send two of our officials, with all of those payment batches, to go and sit and process there, we can't process here. They get passwords, user IDs to log in all of that. When the Treasury DEs not have a space, we go to PMG office or HOR anywhere we can.

Furthermore, the managerial vigilance in the DE is apparent in the practices of officials in the Department. The officials such as the Chief Director and Directors check the National Treasury website once a month or once in two months, and not just every quarter, to make sure the DE does not miss any of its announcements.

Time to reap the harvest

The Department was defaulted thrice between February 2012 and September 2012, because the computer system went off-line. Moreover, when the Treasury issued the instruction, the Department did not comply in the first month because it was not clear about the instruction in terms of implementation date. There were also some communication problems.

But after a good seed has been sown, it is time for harvesting. It took only 3 months for the change process to produce results. The payment to supplier process was improved. The Department has achieved an unbroken zero return ever since. Not only is the Department able to pay suppliers within 30 days, it is able to do transfer payments to municipalities within 30 days too, although it is not in the regulatory requirement of the Treasury Instruction. Moreover, the DE also progressed from MPAT level 3 to the level 4 for its cash flow management.

To get the more advance online system that other two departments are using.

The DoE has been trying to get the online system that other two Departments are currently using. The Department requested, asked and begged to them, through the National Treasury, but to no avail. Cooperation and collaboration are necessary and advisable not only within a Department but also among Departments. It is unnecessary or even silly to invent the wheel by all individual.

Lessons learned: five success factors

The improvement in the payment to supplier process can be attributed to different initiatives launched by the Department. These initiatives are simple and easy to be implemented. But there must be full commitment and dedication from the leadership and management in the first place.

Five success factors are noted from the success story of the DoE improvement process. These factors are (1) creating and communicating a clear objective, i.e., to be able to pay suppliers within 30 days; (2) Getting things right at the beginning, for example, having necessary information of suppliers before orders are placed and setting internal deadlines that are several days ahead of the actual deadline; (3) establishing an organisational culture that is effective and proactive; (4) getting the office layout right or “organisational Feng Shui”, for instance, placing two directorates in the same floor that allow officials and staff of these two directorates sit together in meetings and also work as a team; and (5) the effect of peer pressure or peer accountability.

A clear vision and objective: Inspiration to take necessary actions needed to produce major change is hardly possible without a clear good vision (Kotter (1996: 71). Although the word

“vision” sounds grand or mystical”, Kotter (1996: 71) argues that “the direction that guides successful transformations is often simple and mundane”. Then, all role players have to be communicated and explained about the clear vision and objective. The vision of the DE is to be complied with the Treasury regulation, for this case, to pay suppliers within 30 days. The DG of the Department succeeded to convey her vision for the Department to role players and stakeholders. The management also successfully communicated the vision within the department throughout series of events, communications, and engagement.

Getting things right at the beginning or reversing the process: A clear and well-communicated vision is essential for the successful transformation. But it is only one factor in a large system. Based on that vision, a logical plan or a strategy needs to be established (Kotter, 1996: 71). One of the several innovative approaches the DE implemented is making sure to get all information of suppliers before orders are placed. One of the factors that delay the payment to supplier process is lacking the correct information such as banking details, tax clearance certificate of suppliers.

Organisational culture: Organisational culture is the behaviour of people who are part of an organization. It is one of the determining factors that make the change process of the DE successful. The most prominent and important characteristics of the DE’s organisation culture are its proactive nature, management vigilant, long friendships and good continual relationship among key players, and commitment and dedication by all role players.

Proactive nature of the Department such as setting internal dead-lines and reminding system, sending two officials to the National Treasury or other departments to process the payments when the communication system is down for all departments and most of the Departments are not bothered, by saying *“the whole system is down. It is not our problems what can we do?”*

An example of management vigilant can be seen in the way the DE checks the National Treasury website, in order not to miss instructions and directions because sometime the instructions and directions from the National Treasury do not arrive to the Department because of communication problems for example sending to wrong email addresses.

The long friendships and good continual relationship between Directors of SCM and EM, who know each other since they were in the DME, is also one of the important factors that make the working relationship between these two directorates smooth, effective and efficient. In fact it can be seen as an organisational social capital. There is a tested correlation between the good working relationship among related branches or sectors, or even individual staffs and performance and productivity of an organisation.

Organisational Feng Shui: The structure of office layout is important, because it can create a connected, interactive space, or can separate work areas (Wolfeld, 2010). Penn et al (1999) found that employees tend to more interact with co-workers in an office layout that are more accessible. Moreover, an accessible office layout also provides regular and meaningful face-to-face contact among employees and officials to share information and knowledge (Tooren, 1985).

As a newly established Department, the DE has several advantages, which might be difficult to be enjoyed in the old system and arrangement but understood and reconstructed and reformed based on the experiences. One of these advantages is an ability to learn from the past and to redesign the process as well as the office layout that is the best suitable for the nature and process of the tasks.

One crucial factor that helps to accelerate the payment process of the DE is placing all related and interconnected branches and directorates such as SCM and EM in one place. In the old

building, before the Department was separated from the DMG, the EM sat in the same campus but in another building on the 2nd floor, and the SCM sat in the Building Block A, on the lower floor. Since the two directorates were in apart, there were communication issues and movement between them were delay and many broken in so many places because of the situation.

The new layout of the office helps to expedite processes.

Now in this new building, there is just a passage between two directorates. They basically work together as a one team. And that helps because in some of the meetings, we interrogated some of the issues, we asked how far do you sit from each other. Sometime you don't need to send an email. You get up and you go, states the Chief Director with delight.

The SCM and the EM teams work together literally hourly basis and hold meetings together. They see each other all the time and communicate immediately. They come to one another and, take a lift together, and have a conversation.

Peer pressure or accountability: Although being often underutilised or under-acknowledged, Haudan (2013) argues, peer pressure or peer accountability is a powerful performance driver. Haduan (2013) even claims that it is even more efficient than any policy or system could achieve. The requirement to pay suppliers within 30 days was already in the legislation⁴⁵. But it was only after the DG was embarrassed at the FOSAD meeting in June 2012, the Department took a bold and serious step to comply with that regularity requirement.

This case study demonstrates that management performance can be improved through regulatory compliance⁴⁶. It also shows several important and helpful lessons that other departments should learn, follow and be benefited. If asked to name just one primary factor that makes the change process of DE, it would be the DE's organisational culture that includes its proactive nature, management vigilant, long friendships and good continual relationship among key players, and commitment and dedication by all role players. It can be seen from the DE case study that when an organisation has a right organisational culture where all people involved are responsible and accountable, the monitoring, evaluation and disciplining processes are not even necessary.

Jean-Paul Sartre (1972: 463) said that 'we are our choices'⁴⁷, in other words we are the result of the choices we make. This case study of DE shows us that the key players, who led the expediting process of payment to suppliers within 30 days, have successfully defined who they are and what their Department is, and what they are capable of achieving.

If one department can do it, so are all departments.

An analogy to understand organisational management

From the payment process of the DoE, it can be understood that managing an organisation is like using a computer that has two components—hardware and software. Hardware refers to the physical parts or components or objects that can be touched, such as in computer—monitor, mouse, keyboard, computer data storage, hard drive disk (HDD); and in organisation—building, furniture, tools, utensils, and machine parts. Software are non-tangible components or parts that cannot be touch or seen, like in computer—programmes; and in organisations—organisational culture, leadership qualities,

⁴⁵ Public Finance Management Act, Act 1 of 1999.

⁴⁶ The notion that the MPAT is based on.

⁴⁷ Nous sommes nos choix.

management practices. Besides these two parts—hardware and software both in computer system and organisation, there is one critical component—an operator or operators. In order to operate a computer system, or to manage and lead an organisation, these three components – operators, hardware and software – have to work harmoniously.

An organisation, although it has the best hardware, could not be expected to be effective or efficient if it does not have effective software programme or its operator or operators are not motivated or intelligent or hard-working. In the same vein, an organisation, which has the most effective leadership and capable and motivated management team, could not be productive or efficient, if it does not have effective software or programme. What such organisation needs is to introduce or install necessary software or programme that are required to enable the organisation as well as leaderships, management and all stakeholder involved, to implement their tasks effectively and efficiently. Education and training can be understood as installing a programme into organisation as well as minds of all people involved, so that their understanding, thinking, relationship with one another, and therefore performance and productivity could be improved. Similarly, the MPAT process could be seen as a software programme that helps and assists organisations and departments to improve their management performance practices by assessing their quality of Management Practices and also sharing the best management practices noted in the best performing departments.

It can be seen from the case study of payment to supplier process of the DoE, all these three components—hardware, software, and operators—work harmoniously. In the context of the DoE, the hardware stands for building, building layout; software refers to organisational culture, managerial vigilant, or friendships among employees and staff, as well as the payment process and system devised by the Department; and operators involve the DG, Chief Director, Directors of SCM and EM and all officials and staff who are involved in the payment to supplier process.

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PAYMENT OF SUPPLIERS

NORTHERN CAPE DEPARTMENT OF SOCIAL DEVELOPMENT: COMMITMENT AND CAPABILITY: PUSHING THE BOUNDARIES⁴⁸

Small and medium businesses are key to the job creation that South Africa desperately needs to eradicate poverty and inequality, and to improve the living conditions of the majority of its citizens. It is therefore government policy to encourage and develop small and medium businesses and enterprises, however, many are in financial jeopardy due to late payment by government departments for goods and services.

It is a legal requirement prescribed by the PFMA and a National Treasury regulation for departments to pay within 30 days of the receipt of a valid invoice. Failure to comply with these regulations constitutes financial misconduct.

In December 2011, an instruction was issued to all national and provincial departments to ensure that valid invoices were paid within thirty days. The issue is still a problem currently. However there are also several success stories that have emerged that demonstrate the problem can be solved and that it is possible to pay suppliers within not only thirty days but within five days. The only things that departments need are the commitment of the leadership, the creation of a system that streamlines the process of payment of suppliers, and systematic and continuous monitoring and disciplining.

This is the story of the Northern Cape's Department of Social Development that was one of the five percent of all 156 national and provincial departments that have progressed from level three to level four of the Management Performance Assessment Tool (MPAT). The DSD of the Northern Cape not only progressed to MPAT level 4⁴⁹, but that it has also succeeded to pay suppliers within five days. It therefore was chosen by the Department of Performance, Monitoring and Evaluation (DPME) to share its experience and good practices with other departments. The DSD stands out for its best practice in the field of Financial Management. It excels in the field of Payment of Suppliers.

This case study describes the story of what the department did, what the good practices are that other departments can learn from, and what the difficult parts are. It focuses only on the process of payments to suppliers.

The background

The Department operates from the head office in Kimberley and also through five district offices. The head-office assumes overall responsibility for finance, which includes the five district offices and the majority of the work is carried out at the head office. The district offices report to the head-office. In other departments, the head-office does not interfere

⁴⁸ This case study was written for the Department of Performance Monitoring and Evaluation (DPME) by Myo Naing, with the support of Professor Anne Mc Lennan, from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

⁴⁹ Which means the Department has tracking systems in place, and management investigates the reasons for non-payment.

with the operations of district managers. But as a social development department, the head-office interferes and manages the operations of district offices. Although, the districts have their own managers, finance is related to the whole department. Moreover, the managers at the district level are general managers but not financial managers. Although the financial sector as a whole is managed at the head-office, some functions are decentralised to the district offices and they can make payments of up to R200,000 from their offices.

Generally, the head office makes about eight hundred payments a month. Sometimes it pays up to one thousand invoices a month. One month, it managed 3,000 payments in the month. On average, the district offices make between 180 and 200 payments in a month. The average total value of the payments that the whole department pays out is seven million in a month. The transaction volume of payment varies among the district offices because of their different sizes. On average, one district office pays out about three hundred thousand rands a month.

About three years ago the DSA was unable to be complied with regulations of the PFMA and the National Treasury to pay suppliers within 30 days. However, last year the Department has achieved the target of paying the suppliers not within 30 days, but within five days, and have a good story to proudly tell other fellow departments. This is the story of how it was achieved, the chain of actions and steps involved in the improvement process, and how key players took part in the process.

In the beginning there was a supportive leader, a committed team, and a clear objective ...

The department was always concerned with compliance issues. The intention and attempts to solve non-compliance was always there. And people were battling and fighting but on their own and in isolation. The break arrived only with the arrival of the new Head of Department (HOD) in October 2010. As soon as arrived in the department, the new HOD, who already had that time over 30 years of experience in public sector, declared that she wanted to achieve ‘the clean audit’ that year and provided a range of complete support to transform the operations of the department in order to improve performance and efficiency.

The previous HOD did not come in to the office much. It is a very significant change for the department. The first thing the new HOD did was to arrange support for a team that includes a director, who was really the driving force of this payment within five days effort, and the Chief Financial Officer (CFO), in terms of initiating and leading the change process and the disciplining of people over non-compliance. The commitment and support given by the HOD to the team, energised the change drivers with confidence to full charge.

No information means no managing and no monitoring

We issued self-warning to ourselves.

The change process, then, started in December 2012. While preparing and discussing for the Department Operational Plan, the Finance Director came up with an idea that “we will pay within five days”. The team then reviewed its annual performance status and set

the target of paying suppliers within five days, although the legislation requires it to pay within 30 days. The team started the transformation process by issuing a self-warning to themselves in order to set the tone for the whole department.

But staff and employees were not happy with the target, and protested. As Machiavelli (1980: VI. 4) rightly noted about five hundred years ago that whenever a change is introduced, all those “who are well off under the existing order of things” will become enemies and resist the change. The team did experience intense resistance from employees and staff.

Every one resisted. They said they do not have time, they do not have resources, they are too busy. It is impossible to do that. It's crazy. There is no way we can do it. Until today some people still think that we are crazy to pay within 5 days.

Staff started manipulating and giving excuses and lying to the team. But the team did not back off, but stood together and firm, and kept pushing. When people asked “why the Presidency says to pay in 30 days and why are you saying we have to pay suppliers within five days”, the Finance Director explained to them

If suppliers work with us they are unlikely able to do businesses elsewhere because all capital are tied here that is the reason why. Your non-payment has implication of empowerment of small businesses. If we don't pay, the suppliers will have cash-flow problems and they cannot wait for 30 days. Sometime the orders have to be cancelled.

The team continued with more continuous monitoring and chiding people. The CFO explained how the Finance Director assertively initiated the process;

He started registering invoices and he started actually monitoring, even the district officials, on weekly basis, to check from the date we received the invoices that were recorded in an invoice register versus the date they paid.

In order to be able to monitor effectively and systematically, having reliable and credible information is an indispensable condition. One of the well-acknowledged weaknesses of an M&E system is a lack of information or not having complete information. Without complete and credible information, monitoring is impossible. Moreover, a clear line of processes together with a responsible person to carry out clearly defined tasks and duties is also necessary to conduct effective monitoring.

In order to have complete, current and credible information, the team assigned a staff member to register all invoices coming in to the department, including invoices that go to the five district offices⁵⁰. The team made sure of assigning the staff who is not interested in whether suppliers get paid or not, therefore is not in a position to manipulate the information she has. Her job is just to register invoices. Relating to the choosing the right person for the job, the Finance Director explains,

If we assign a clerk from the finance, the process might be compromised, because it is their benefits who get paid. Thus, we need somebody who is really not interested whether the suppliers are paid within 30 days or not. So that they would not manipulate the data.

⁵⁰ It is important to note that invoices are received by the supply change section and then transferred to the Finance section. The registration is done by a staff member only when all invoices are received by the Finance section.

The system implemented in the Finance section has multiple registers such as an “invoice register”, and a “payment register”. The register has the date, the time, whom the payment was distributed to, and also tracked the process as it went along. The registration process is built into the network and a lot of people feed information into the system.

After all invoices are registered in the system, equal numbers of invoices are distributed to clerks or staff prior to the payment process. Then, the monitoring activities are closely conducted throughout the line process. It is now easy to track whom the payment was distributed to for compliance, distributed to for checking, distributed to for authorisation, which get the payment for compliance, why the payment is not forward to the next stage.

Now I have a credible source that she captures information for me, with enough information to start monitoring from there. So in any given point in time, you can go to the registers and check the status of particular payment, who is sitting with the payment, because there you can claim a b c there, explains the Director who leads and monitors the process very closely.

The registering system provides information on who gets which invoices, the invoice number and date are also recorded. So it is easy to check immediately who got the payment for compliance, why the payment has not been forwarded to the next stage. The register is also upgraded regularly. The process is monitored on a regular basis. Later, people within the system realised that the process was being monitored closely. *“That assisted the process so much that as soon as you got the entity in the system, there would be no delay”*, proudly claimed by the Director.

After all invoices are registered in the system, equal numbers of invoices are distributed to clerks or staff to precede the payment process. Again, the monitoring is closely conducted throughout the line of process. The register system provides credible, complete and current information on who get which invoices, invoice number and date are also recorded. Tracking the process such as checking whom the payment was distributed to for compliance, distributed to for checking, distributed to for authorisation, is easy to be conducted and also easy to be monitored. The register is also upgraded regularly. The process is monitoring on a regular basis.

Reducing the road blocks

Finance management in general and the payment of suppliers in particular is a group-activity. A good flow of information and work processes is essential. A delay in one step can mean a delay in other steps because the steps are linked together in physiological interdependence and operate as a functioning whole. The ability to detect delay points and to hold responsible staff accountable is the key to the process.

There are factors that prevent to do the payments in time. Staff used various excuses for not making payments. The common excuses are that the payment could not be made because entities did not provide entity forms, or entities do not register, or entities’ banking details are outstanding. In order to overcome these excuses, the Finance Director assigned a staff, again, to register all entities that work with the Department. He explains

In that way, I cannot be told that the payment cannot be paid because entities did not registered, because I have a benefit of going to check. We are checking whether the entities were captured in the system. We have right to challenge why the entity was not captured in the system. What I would then do is I would take the entity to relevant finance manager or district manager, and said look we have this entity you follow up and make sure we get all of these documentations.

After solving all kinds of excuses the staff and employees gave, the team started measuring productivity and efficiency level of the staff. In one forum, the team made a demonstration on efficiency, what can be achieved with the current staff, how long it takes to capture the data, how long it take to confirm a payment. The Director explains that *"It is not about the number of payments that can be done in a day but about the time needed to make a payment. Then we calculated the numbers of payment we can pay a day"*.

What we need are: attitude, culture and commitment

The demonstration and initiative were not welcome pleasantly by staff, as usual. The CFO shared the experience and said

People were so shocked and so angry because they were told that you were not working eight hours a day. No one is working efficiently eight hours a day, they chat and make coffee and have lunch and they feel like they are busy the whole day but they really weren't.

The efficiency and productivity are, according to the CFO, more concerned with attitude, culture and commitment. It is not necessary to have many staff because there are not a lot of fund that are to be transferred. She told about a big fight that she had with the supply chain group because

They could not issue an order immediately and they gave all kinds of excuses why they cannot issue orders; load of work, the system, the printer, network, and everything. But investigating, it is just people who have a counter-productive attitude.

She continues that

The biggest weakness of the people is that it is really easy for them to say no but they can't explain why. We said to our people if you say "no" tell us why. They cannot explain us why. I think it is just that government officials are not committed. It is just a lack of commitment".

Rules are nothing without controlling and enforcement

Having rules and regulations necessary for performance improvement is not enough to ensure the performance will be improved. A systematic control and enforcement system is essential in order to ensure employees and staff comply with these rules and regulations and follow the prescribed processes in the correct order. According to Becker's (1968) Expected Utility Maximisation theory, a person, or an employee, or a staff member complies with the rules and regulations only at the level of his or her expected utility in the case of non-compliance weight with a probability of detection. When there is no chance, or a low probability of detection, or the punishment is not severe enough, he or she will not be bothered to comply with the rules and regulations. Then, there would be

no benefits or advantage but just a greater burden that these rules and regulations will have on society or an organisation.

After the demonstration, the team demands each staff to process 30 invoices a day. At the end of the day, each staff member has to report to the Director of Finance on what they have done and what they have not done. The Director monitors the register whether they are meeting their targets. When they do not meet the target, he would say “*you are not efficient, you are not efficient, you are not efficient*”.

Excuses for not being able to pay suppliers are discussed and solutions are formulated and implemented together. Throughout the process, consultation and engagement is carried out among stake-holders. The Financial Management holds a formal monthly meeting. Unit sub-groups also have their own meeting. The Finance team engages with all staff and employee informally every day, even at the night shift and visits district offices regularly. They also contact suppliers telephonically every week, once or twice.

Close and continuous monitoring as well as control and disciplining is undertaken by the Finance Director. “*Every day I look at the registers. If I find something irregular, there would be a sort of fight*”, said by the Director with a laugh. To anyone who does not comply with the regulations and rules or does not perform to the standard level, the HoD issues written warnings. After sending written warning twice, a necessary disciplining is undertaken.

At the same time, there is also a reward for staff who meet the daily targets.

We also said that they can take off afternoon if they meet the targets. They can do things afternoon. Their table are clean. They don't have to wait until the weekend to do things and they can do in the afternoon.

Gradually, people realised that the team takes the process seriously and the process is monitored closely. Although people felt pressured and burdened at the beginning, they later understand that their service delivery is important for people and gained a sense of ownership. They even started monitoring themselves. The culture of efficiency was slowly rooted in the Department. The Finance Director told about a staff,

Whatever invoices are coming into the Finance, he was rushing to get his number that we made it as a daily target.

Actions, indeed, speak louder than words.

No way, without the HoD's Support

In the whole transforming process, the HoD plays a very significant role. The CFO explains “*Without the support from the HoD, we could not do. Before three years ago, we would be crashed*”.

The HoD herself monitors the process, disciplines and chides people who does not comply and issues written warning. “*She did not sign before we explained why we only deliver four payments*” said the CFO. Although soft and very understanding, she does not hesitate to disciplines people and writes written warning to people who are not complied with rules and regulations. Even in senior management meetings, she questions people in terms of non-compliance matter both financial and non-finance issues. “*She even questioned the*

MEC in the Senior Management Meeting”, retold the CFO. However, the working relationship between the political and the administrative sections of the department is very good.

A harvest of efforts

By implementing the change process, the payment of suppliers’ process was impressively improved. The organisation is now able to pay suppliers within five days, without requiring additional resources or capacity, but by instilling a culture of efficiency, responsible and accountable in the department.

“There is no resource constraint. Although it has limited resources, the current level of staff is enough for the task. It is but all about people who are committed to doing their works,” stated the Chief Financial Officer (CFO).

The Finance director who spearheaded the change process is even confident that the organisation could pay suppliers quicker than five days. Accordingly, the department has now proudly ascended into the league of the top five percent among all 156 national and provincial departments that have progressed from level three to level four of MPAT.

The Way Forward

The next challenge is to transform the whole province. I want to improve turning around services, said the Finance Director.

Because of the simple nature of the payment of supplier process, there is not much room for improvement. However, having a systematic supplier data base - that has complete, current and certified information such as all the banking details - can make the process much more efficient and effective. Moreover, having in-house trainings tailored to the particular needs of the organisation could enable the organisation to perform the same work with less staff.

Currently there is not any problem concerning the policy. *“I don’t think there is anything wrong with policy. I think that it is just government officials are not committed. It is just a lack of commitment”*, said the CFO. However, a policy that emphasises and encourages a variety of ‘in service’ courses in departments, and clarifies the roles of stakeholders and provides more authority to the senior management to control and enforce non-compliance matters could improve the performance and efficiency of the organisation.

A journey of efficiency

The whole process taken by the DSD could be understood as a journey from a state of inability to pay suppliers within 30 days to a state of capability to pay suppliers within five days. The journey had been in the mind of certain group of people and they believed that it was necessary. But they were isolated and disorganised in their attempt.

Their dream of taking that journey became materialised only when the new leader came to the Department. The leader, who had the same vision like theirs, authorised them to take the lead. Along the journey, the group encountered resistances from people who did not believe the journey is necessary. However, the team convinced the people who resisted that the journey was important and necessary. The team mobilised the resources,

formulated and followed a program of actions, cleared road blocks, solved and overcame problems and challenges, encouraged, empowered, rewarded and disciplined the fellow travellers, and then reached their destination.

Lessons learned: five success factors

The change process devised and implemented by the team of the DSD is quite simple and straightforward. Every department or organisation can easily apply this system. The system does not require any additional resources. The steps that the Finance section of the NC Department of Social Development has taken correctly, but differently from other departments and organisations are the ways that it monitors and holds responsible persons accountable by disciplining them when necessary. Without enforcement, what is the use of rules and regulation?

The success of the SDS depends on five success factors that are interrelated and interdependent. Lack of one factor will cause the whole process unsuccessful. These success factors are (1) creating and communicating a clear objective, i.e., to be able to pay suppliers within five days, (2) developing a right system that will enable the organisation to achieve its objectives and goals, i.e., having credible, current and complete information, and effective monitoring throughout the process, (3) having an effective control system that holds employees and staff accountable, through continuous monitoring, and disciplining when necessary, (4) having full support and commitment from the leadership and senior management, and (5) having the right persons in the right places, for example assigning a woman, who does not have a personal interest in whether suppliers get paid or not, and therefore does not have a desire to manipulate the information, and will register all incoming invoices.

A clear vision and objective: Change starts with a vision. A clear vision provides a clear path to be taken: the clearer the vision, the easier the process to achieve it. Moreover, the vision assists in motivating stakeholders to take action in the right direction. Thus, having a clear sense of objective is the most important first step in the accomplishment of any task. One of the most important responsibilities of a leader to be succeeded is to have clear objectives of the organization and its members, and to communicate it to all stakeholders, staff, managements and employees in an organization. As soon as arrived to the Department, the HoD had succeeded in creating an objective for the Department, i.e., to get a clean audit, and communicating it to the whole organization. The Department did achieve the clean audit that year. Success begets success, as a famous saying goes. Then, the next turnaround move is to be able to pay suppliers within five days.

A right system: Once a clear objective is created and communicated effectively. The next step is to formulate a system that is necessary to achieve the objective. The DSD had, again, succeeded in developing and implementing the system, i.e., registering invoices, entities, and payment; systematically and continuously monitoring the process; fixing or correcting blockages that delay or clog the flow of system; and controlling and disciplining persons who fail to perform or comply with the regulations and rule.

An effective control system: Having a well-articulated clear objective and a system to achieve it alone will not produce results. Without credible and complete information,

systematic monitoring could not be conducted. And without close and systematic monitoring, it is impossible to hold people accountable. However, holding staff and responsible persons accountable is not easy. Most changes or improvements or transformation processes fail because of the weakness or failure of this accountability-holding dimension.

The first of the three laws of performance (Zaffron & Logan, 2009) is that people performance is correlated to situations they are in. The responses, actions or behaviours of staff and employees, therefore, depend on how they are managed, monitored, controlled and disciplined. Similarly, in his Nobel lecture, Becker (1992) discusses how people decide to comply or not with rules and regulations. According to Becker, people calculates a probability of detection and a likelihood of getting caught, and the severity of penalty and cost if get caught. If they believe that the probability of detection and a likelihood of getting caught, or the severity of penalty and cost are low, people will take chance and will not comply with rules and regulation. Thus, there are two necessities; close and systemic monitoring and detection in order to force people to comply with rules and regulations, and high enough severity of penalty or cost of getting caught in order to keep people complied. Otherwise, Instead of helping and benefitting organisations, the rules and regulations become a disservice and become a burden.

The full support of the leadership and senior management: On the other hand, disciplining employees or staff is a difficult task. It cannot be implemented without the full support of the leadership and senior management. Throughout the change process, Yukl (19814) argues that, the role of the leader is key. In the case of DSD, the change driver or the change agent, although they themselves are a kind of leadership, acknowledged that they have the benefit of having full support from the HOD. It was even claimed that the change or transformation or performance improvement process could not be implemented before the current HOD arrived in the department, three years ago.

One of the most important and difficult leadership responsibilities is leading change, argues Yukl (1981). One of the common factors that caused the change or organisational improvement process to fail is the reluctance of management or leader or leaders to deal, professionally, with non-conformers or poor performers. It is, therefore, important to note that the role of leadership is, although it might be small, the critical and decisive success factor in the process. Once the leadership as well as the senior management are committed and dedicated to making the change process successful, other steps will not be too difficult and will be followed gradually.

The right persons in the right places: Although leadership is paramount important, no matter how committed and capable a leader is, without right staff and employment, he or she alone could not do much in order to transform or improve the performance and productivity of the organisation. The leader needs to employ right persons in right positions. Most government departments and organisations generally complain about the skills shortages or not having qualified or competent staff. Skills shortages together with resource constraint are indeed a great challenge. On the other hand, there is another dimension of these matters. It is a misallocation of resources or mis-assignment of staff and employees. A perfect system might be in place. But assigning staff or employees at

wrong or unsuitable tasks or duties can jeopardise the system. It is therefore a responsibility of management or leadership to make sure right people are in right positions. Abuse of power or authority could be ascribed to the failure or weakness of staff appointment or assignment process.

In this case study, the process of payment to suppliers is started with a right person whose task is just to register invoices and who is not interested in whether suppliers get paid or not, therefore is not in a position to manipulate the information she has. Moreover, the department did not have to make changes or efforts to get the right peoples in the right positions such as appointing new officials or hiring expensive consultants. It already has two committed, diligent, energetic and strong officials who led and managed the change process successfully.

This case study illustrates that regulatory compliance does lead to improved management performance and improved service delivery outcomes⁵¹. It also proves several important and helpful lessons that other departments should learn, follow and be benefited.

To sum up, for anyone who has eyes for learning or a willingness to learn, there are lessons everywhere. It is not the lack of lessons but the lack of wisdom, or the right attitude or a willingness, to take lessons and learn from every opportunity. At the same time, it is not the lack of resources or skills shortage, but the lack of the will to perform, to serve, and to improve continuously. It is all about having the right attitude among all stakeholders to turn around and improve the performance and productivity of the organisation. As soon as all the key players, even if not all stakeholders, have decided and dedicated to change, achieve, improve or excel, nothing will be the matter, or be able to obtrude in the process. Almost every goal is achievable as long as there is a strong will and firm determination in the mind of key players.

Change occurs because key players really want it to occur.

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⁵¹ the notion that the MPAT is based on.