



LEADERSHIP STRATEGY INTEGRATION CAPACITY

**THE MANAGEMENT PERFORMANCE ASSESSMENT TOOL
AND THE STATE OF MANAGEMENT PRACTICES IN THE
PUBLIC SERVICE 2014**

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Acronyms and Abbreviations

AG	Auditor General
APP	Annual Performance Plan
DG	Director-General
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
EA	Executive Authority
EC	Eastern Cape Province
FM	Financial Management
FS	Free State Province
G&A	Governance and Accountability
GP	Gauteng Province
HoD	Head of Department
HR	Human Resources
HRM	Human Resource Management
IT	Information Technology
KPA	Key Performance Area
KZN	KwaZulu Natal
LP	Limpopo Province
M&E	Monitoring and Evaluation
MP	Mpumalanga Province
MPAT	Management Performance Assessment Tool
MTSF	Medium Term Strategic Framework
NC	Northern Cape Province
ND	National Departments
NDP	National Development Plan
NT	National Treasury
NW	North West Province
OtP	Office of the Premier
OPSC	Office of the Public Service Commission
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PSA	Public Service Act
SDIP	Service Delivery Improvement Plan
SM	Strategic Management
SMS	Senior Management Service
WC	Western Cape Province

Executive Summary

To address the twin challenges of poverty and inequality, the state needs to play a transformative and developmental role. This requires well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high quality services, while prioritising the nation's developmental objectives.

NDP Chapter 13: Building a capable and development state

It is three years since the initial implementation of the Management Performance Assessment Tool (MPAT). MPAT is now institutionalised as an annual activity that includes all provincial and national departments. The results from 2014 suggest that there is organisational learning and improvement initiated by the process. The growing quality and depth of the self-assessments suggest that many departments find value in the assessments and use them to improve management practice.

MPAT is based on a change theory that the standard of strategic management, governance, human and financial management practice influences the quality of departmental performance. These practices in turn have an effect on service delivery and public value. MPAT data suggests that committed and effective management contributes to improved service delivery. The data from the self-assessments and moderation enable departments to take appropriate action to improve their management practice which results in improved management performance. The improvement in management performance is likely to lead to improvement in the department's performance.

The 2014 results suggest that MPAT has succeeded in facilitating not only a focus on management compliance, but also slow and incremental performance improvement. 24% of national and provincial departments' scores per standard are compliant (at least level 3), of which 26% are at level 4 (50% overall). As for previous years, KPA 1 (Strategic Management) and KPA 4 (Financial Management) have higher compliance levels (69% and 64% respectively) than KPA 3 (Human Resources Management at 33%) and KPA 2 (Governance and Accountability at 50%).

Strategic management (SM)

Despite small changes to the SM standards for 2014, the outcomes have remained steady at 3. Although SM is the highest performing KPA, it has not improved over the years like the other KPAs. It should be noted that this KPA started from a high baseline and therefore improvements require more effort than if working from a low baseline. It should be noted that this KPA started from a high baseline and therefore improvements require more effort than if working from a low baseline. This suggests that most departments are adhering to the basic legislative requirements for planning (level 3), but struggle to innovate and work smartly. There is slight improvement in the monitoring and evaluation (M&E) standard which indicates that departments have improved their practices to meet the requirements of the various policies.

Governance and Accountability (G&A)

Average performance in the KPA is at 2.8, it showed a small improvement from 2013 to 2014 and a significant improvement from 2012 to 2013. There are incremental improvements in all the standards since 2012. These are important areas of compliance and accountability as they are linked to delivery and the use of public resources. Of concern is a decline in professional ethics which suggests a need for ensuring consequences for transgressions. There was a significant improvement in PAIA and very little improvement in risk management.

Human Resources Management

The stagnation of the total average in 2014 is concerning as HRM consistently falls below the required 'fully competent' (level 3 and above) score at 2.3. It is encouraging to see improvements in Diversity Management, Employee Health and Wellness and Disciplinary Cases this could be indicative that the focus on specific areas are resulting in improvements in the adherence to the requirements stipulated in the standards. Small improvements or stagnation from 2013 to 2014 in human resource planning, Organisational Design, HR Development Recruitment, SMS performance management development system (PMDS) and disciplinary cases are noted and a concrete effort needs to be applied to improve these areas. The improvement in diversity is notable although insufficient. The standards for PMDS level 1-12 and PMDS for HOD showed a decline since 2013. The PMDS for HoD's are being addressed through the transfer of the secretariat function and the development of a new policy for HOD PMDS. The standards on delegations and PMDS 1-12 dropped significantly as the relevant level of delegation was taken into account at moderation in 2014.

Financial Management

The performance in this KPA is largely stagnant, averaging at 2.8 (so almost fully compliant) showing a marginal improvement in certain areas. In line with previous trends, an average of 3 has been achieved in PFMA delegations and management of cash flow. The cash flow management and payment of suppliers have shown the biggest improvements since 2013 and it again confirms that focus on certain areas does attribute to improvement in scores. This performance mirrors the Auditor General's reports as departments struggle to sustain a trajectory of improvement. Reasons for this are varied, but the common thread is a lack of standard operating procedures or documentation of processes, resulting in a high level of non-compliance with prescripts.

This report and its findings are a reminder of the work that must still be done to improve management practices. Whilst challenges persist, the improvements show what is possible. Some of the challenges that remain critical are the *payment of suppliers within 30 days, service delivery mechanisms, fraud prevention, PAIA, Diversity management and the finalisation of disciplinary cases*. In addition, sufficient attention must be given to building capacity in the areas of human resources management.

In light of this, the following are the recommendations to facilitate further improvements:

- Cabinet to note the gradual improvement in management practices of departments.
- Cabinet to note the centrality of leadership and accountability in good management practices.
- Departments to implement improvement plans to address findings.
- Cabinet to endorse the roll-out of the Integrated Support Programme for Improvement to support struggling departments, which will be done in collaboration with the DPSA, the National Treasury, National School of Government and the Offices of the Premier.
- Cabinet to note challenges that still persist and to continue to support the MPAT process in its quest to improve management practices in departments.

1. Introduction

Whilst MPAT has been designed for assessing management performance, in reality it is a sophisticated, nuanced, compliance assessment of management practice, comparable with the best, known international examples. It is well received by departments with high rates of participation. Stakeholders value this relatively unique assessment tool and find its assessments useful for improvement planning.

2015 Summary Report on the Implementation Evaluation of the Management Performance

It is three years since the initial implementation of the Management Performance Assessment Tool (MPAT), focusing on the state of management practices across the areas of Strategic Management (SM), Governance and Accountability (G&A), Human Resource Management (HRM) and Financial Management (FM). During this period, MPAT has been institutionalised as an annual activity that includes all provincial and national departments. The growing quality and depth of the self-assessments suggest that many departments find value in the assessments and use them to improve practice. The recent implementation evaluation of MPAT confirms that the results from assessments are widely used, particularly for oversight and improvement planning (DPME, 2015).

The success of the tool can be attributed to the partnerships and collaborations between the Department of Planning, Monitoring and Evaluation (DPME) in the Presidency, and the various stakeholders including, amongst others, the National Treasury (NT), the Department of Public Service and Administration (DPSA), the Office of the Public Service Commission (OPSC), the Offices of the Premier (OtP) and the departments in general. The Department has also continued its partnership with the Treasury Board of Canada Secretariat (TBS) and the Wits School of Governance (WSG) at the University of the Witwatersrand. These partnerships have ensured that the tool retains its relevance and rigour in the attempt to consistently improve management practices in the public sector.

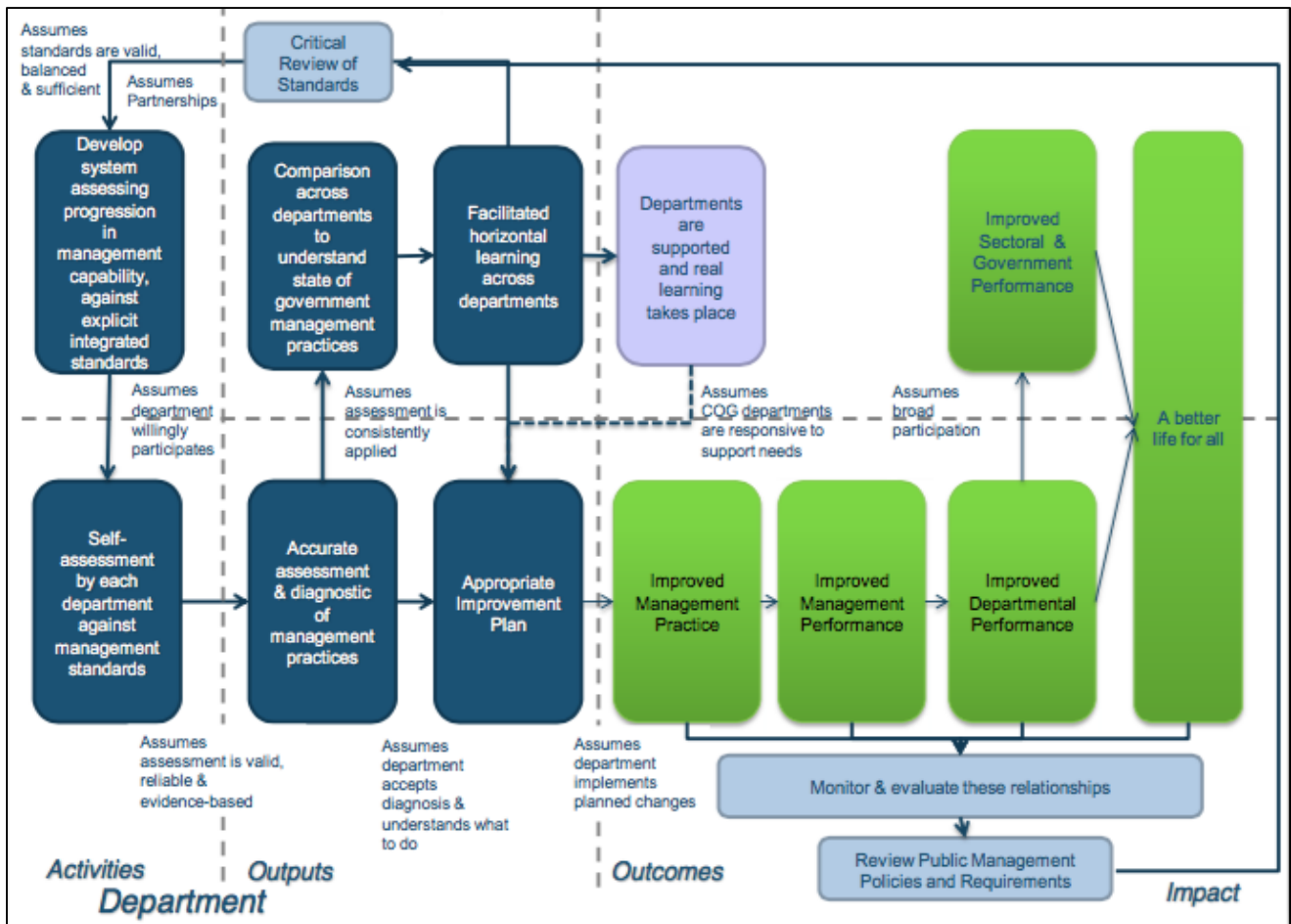
This report focuses on the September 2014 assessments and provides an analysis of how departments have fared over the three-year period. The results emanate from the assessments conducted in September 2014 when departments completed the self-assessments via a web-based system. These were moderated in November 2014. The departments then had a window period in February 2015 to challenge the moderated scores and the results were finalised in May 2015, following extensive engagements with departments. The MPAT 2014 results have already been presented to various forums around the country, allowing departments to begin with the implementation of improvement plans.

1.1 MPAT's modus operandi

MPAT is based on a change theory that the standard of strategic management, governance, human and financial management practice influences the quality of departmental performance. These practices in turn have an effect on service delivery and public value. MPAT uses standards to benchmark management practices by linking inputs and activities to outputs and outcomes and ultimately to impact (see Figure 1).

While it is not possible to articulate a direct causal relationship between management practice and service delivery, MPAT data suggests that committed and effective management contributes to improved delivery. The theory of change assumes that evidence from the MPAT self-assessment and moderation will enable managers and whole departments to take appropriate action to improve their management performance and eventually service delivery.

Figure 1: MPAT Theory of Change¹



MPAT benchmarks good management practice, that is, how departments plan, govern, account, and manage human and financial resources. In 2014, departments assessed themselves against 33 standards in 4 key performance areas (KPAs):

- KPA 1: Strategic Management (SM)
- KPA 2: Governance and Accountability (G&A)
- KPA 3: Human Resource Management (HRM)
- KPA 4: Financial Management (FM)

However, only 30 standards are reported on. ICT, PAJA and MPAT reporting are not included. The first two were initiated as pilot standards and the latter is monitoring the MPAT process for internal use.

¹ DPME, 2015.

Although the Corporate Governance of ICT Policy Framework was approved in 2012 with an implementation date of March 2014, corporate governance of ICT has been assessed despite a misalignment of implementation and assessment. The rationale was to set a compliance baseline, create awareness and test the corporate governance of ICT compliance, the assessment standard and related processes. For this reason, corporate governance of ICT was excluded from being reported.

MPAT has four progressive levels of management performance and each management practice is assessed against these (see Table 1). A department that scores at level 1 or 2 is non-compliant to the legislative requirements captured in the standards. A level 3 score indicates compliance, while level 4 means the department is operating smartly. Smart management practices are recorded as case studies and shared in learning networks. Departments have to meet multiple requirements for many of the standards to score at level 3 or 4. If they only meet 3 out of 4 requirements at level 3, they score a 2 and are advised to implement improvements.

Table 1: Performance level descriptions

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

The MPAT implementation process involves three steps depicted in Figure 2. These steps are designed to ensure that there is learning within and across departments in order to enhance ownership and performance. These three processes are discussed in detail to demonstrate the integrity of the process that includes self- assessment, external moderation and monitoring of improvement.

Self-assessment and validation

The MPAT assessment is not aligned to the financial year. Instead, it provides an annual snapshot of the state of management practices as at 30 September. The self-assessment approach is used to encourage departments to take ownership of the final results. This is ensured by a process which requires engagement at different levels of management and validation by Internal Audit and the Head of Department. The process persuades management to reflect on the state of management practices in their departments. The underlying principle is that departments will be able to address challenges once they are identified and understood. This comprises stage one of the critical reviews of standards and management practices indicated in the change theory (Figure 1).

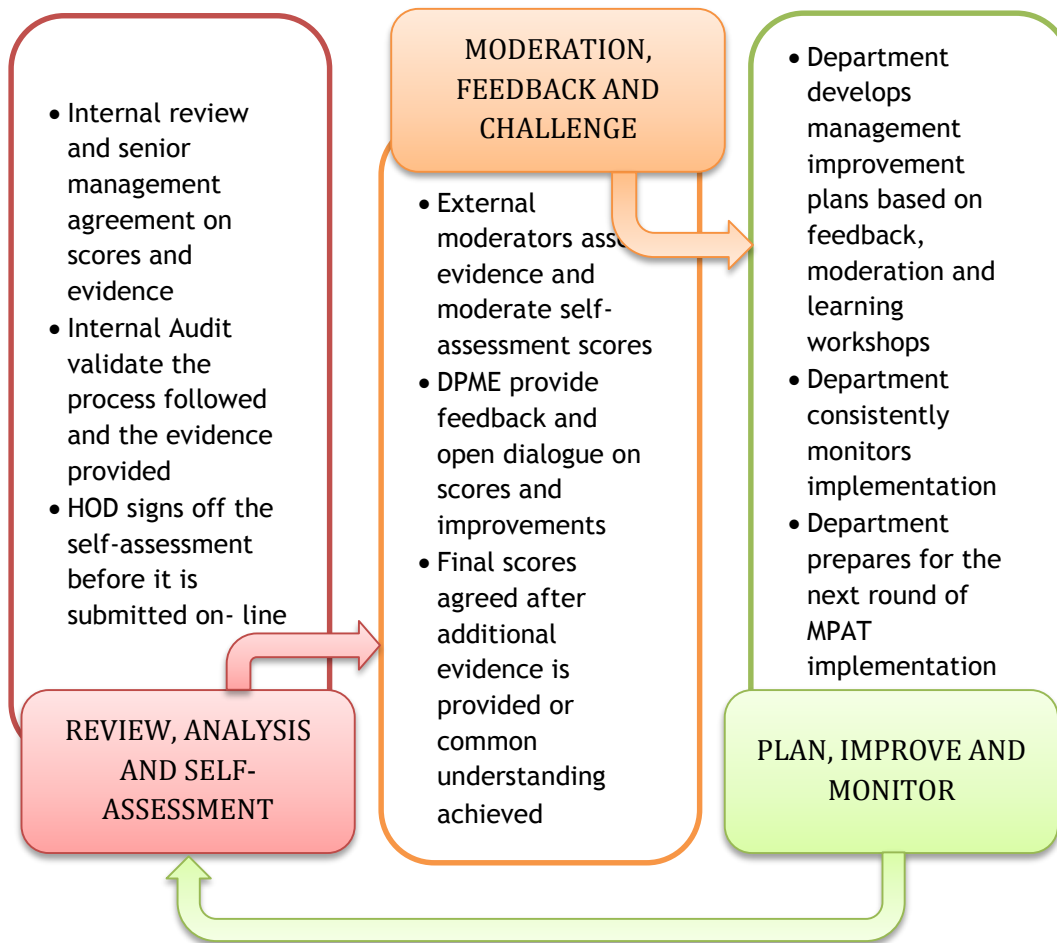
Moderation and feedback

The moderation process is conducted every year following the completion of the self-assessments. The process comprises of subject experts drawn from policy departments

and practitioners in the public sector. These officials are selected based on their experience and their authoritative knowledge of the subjects that they are moderating. The primary purpose of the moderation process is to ensure that the MPAT results are as objective as possible and that the results are an accurate representation of the state of management practices in departments.

The process involves moderators scrutinizing evidence documents that departments submit to substantiate their self-assessment scores, and thereafter validating the scores. Following the moderation process, preliminary results are communicated to departments in January, after which they are given an opportunity to challenge the moderated outcomes. This then leads to the finalisation of the results in March. This stage is the reality check on the review process matching activities to outputs.

Figure 2: MPAT process



Improvement plans and self-monitoring

In order to convert the results into improved practice, departments are encouraged to develop management improvement strategies and plans to consistently monitor progress. The qualitative case evidence suggests that consistent monitoring of progress improves practices and contributes to more effective outcomes. The DPME holds learning and sharing workshops where good practices are discussed to support the improvement process. There are also direct engagements with departments. DPME is finalising a support strategy to be rolled out in collaboration with all the relevant stakeholders such as the National Treasury, the DPSA, Offices of the Premier and the National School of Government.

2. Consolidated MPAT results for 2014

A plan is only as credible as its delivery mechanism is viable. There is a real risk that South Africa's developmental agenda could fail because the state is incapable of implementing it.

NDP Executive Summary

This section of the report provides an overview of the state of management performance according to the MPAT 2014 scores. A comparison to MPAT 2012 and 2013 results is undertaken to identify improvements and areas of critical focus. An assessment per each KPA is also provided.

The 2014 results suggest that MPAT has succeeded in improving management compliance and performance. 24% of national and provincial departments' scores per standard are compliant (at least level 3), of which 26% are at level 4 (50% overall). As for previous years, KPA 1 (Strategic Management) and KPA 4 (Financial Management) have higher compliance levels (69% and 64% respectively) than KPA 3 (Human Resources Management at 33%) and KPA 2 (Governance and Accountability at 50%).

Figure 3 displays scores for each of the four KPAs, each of them averaged across all national and provincial departments, for the last three years. For example, the second bar from the left shows KPA 2. The diamond-shape is the score for 2012, that is, 2.0. The square shows the score for 2013, which at 2.4 is a substantial improvement over the previous year. And the green bar, with the value indicated above, shows the latest score, for 2014, that is 2.8, a slight improvement on the previous year.

Figure 3: Key Performance Area Analysis

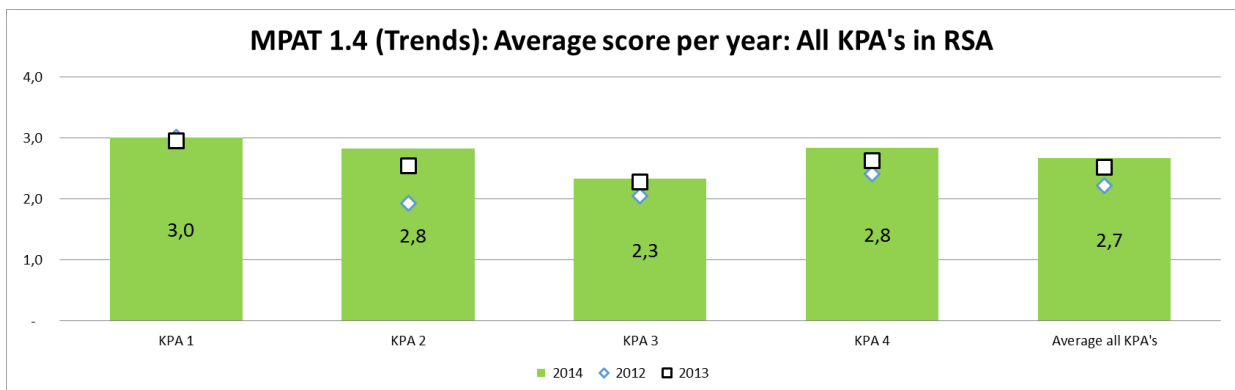


Figure 3 suggests that departments have been successful in adhering to the set requirements in the standards for strategic management (KPA 1 at level 3) when compared to the other three KPAs in MPAT which are partially compliant. This could be attributed to the maturity and institutionalisation of planning in government departments. Another factor to bear in mind is that the other KPAs are more regulated. There is also a growing understanding by government departments of the need to sketch the *road map* towards achieving departmental strategic objectives and their mandates.

As we have seen, KPA 2 showed substantial improvement from 2012 to 2013, with an average increase of 1.9 to 2.5 respectively. The underpinning notable progress was as a result of departments being more aware of the requirements for governance and accountability. From 2013 to 2014, there is a slight improvement (average of 2.5 and 2.8 respectively). This slower improvement may perhaps be due to complacency by certain departments, or a settling of internal governance processes into the day to day routine of governance. Furthermore it can be attributed to departments finding it challenging to move from a higher baseline reached in some standards for 2013.

The MPAT results have shown that the Human Resource Management (HRM) key performance area has not been performing well since the inception of MPAT. In the MPAT 2014 assessment, HRM remains the poorest performing KPA at 2.3, the same as in 2013 and only a slight improvement over 2012. This shows that very few departments are adhering to the basic human resource management legislative requirements and policies. It is of importance that departments are aware that these regulatory requirements are intended to foster good human resource management in the public service. The qualitative data demonstrates the importance of people and commitment in driving delivery. This is a critical area of improvement.

Lastly, KPA 4, Financial Management, has shown a steady improvement over the last three years, albeit at a slow pace. This KPA has been steadily improving from 2.4 in 2012 through 2.6 in 2013 to 2.8 in 2014. Figure 3 demonstrates that departments should reach full compliance if they continue on the current improvement trajectory (and if standards are not changed).

The overall pattern of compliance across the provinces and national departments (as a group) shows four groups - above 60%, between 50 and 49%, between 40 and 49%, and below. The two above 60% are Western Cape and Free State; Gauteng, National Departments, Northern Cape and Limpopo fall between 51 and 59%; KZN and Mpumalanga fall between 40 and 49% and Eastern Cape and North West fall just below 40%. As in previous years, improved performance clustered almost entirely in KPA 2 (G&A), with the exception of Strategic Planning. Audit committees (not internal audit), risk management, and financial and administrative delegations show considerable improvement perhaps due to tighter regulation and monitoring. Critical focus areas remain in HRM, particularly diversity and performance management.

2.1 Strategic Management

National development has never been a linear process, nor can a development plan proceed in a straight line.

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Strategic management is integrative. It consolidates management actions through processes which coordinate and align resources and actions through planning and monitoring. It is more than planning. Strategic management is the implementation of the strategic plan throughout the organisation (via annual performance plans [APPs]), the measurement and evaluation of results, and the implementation of improvements. Effective strategic management involves using information on the organisation's performance to monitor progress, revise strategy and planning.

The Strategic Management KPA 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) and is specifically concerned with the integration of M&E into performance and strategic management. The focus on SM as a KPA is driven by a need to strengthen planning, performance monitoring and evaluation in national and provincial departments. The longer-term objective is to ensure strengthened and transparent strategic management and integration.

The standards for this KPA are drawn from Treasury Regulations (5.2.1) and Public Service Regulations (2001) which define the Strategic Planning Framework. In this regard, National Treasury (NT) plays a pivotal role in guiding departments. This has enabled the establishment of a planning culture in departments. Departments consistently manage to meet and improve on the planning and strategic management standards, specifically in provinces, but there are persistent challenges in performance monitoring and evaluation (see Figure 4). This creates a vicious cycle in which management decisions are based on inaccurate or poor information which in turn limits opportunities for innovation.

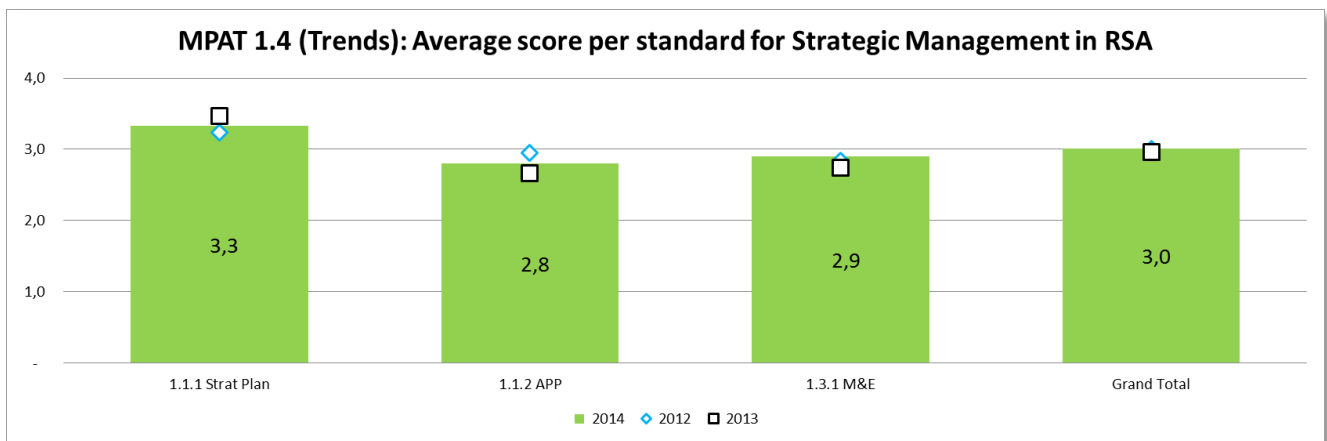
Departments are required to use evaluations to inform decision-making on programmes and policy. The data generated enables departments to assess whether their plans are a) achieving the intended outcomes, and b) have the intended impact on communities and citizens. The planning function was transferred to the DPME from the National Treasury in 2014 to further institutionalise the outcomes approach and ensure alignment with the National Development Plan (NDP).

In order to develop a well-informed Framework for Managing Programme Performance, the DPME will conduct an evaluation of current planning practice, as well as create awareness on the new requirements. MPAT 2015 will include Planning Implementation Programme standard for piloting. Departments will be encouraged to participate to identify challenges and to enable DPME to identify areas of support. An evaluation standard will also be piloted for similar reasons.

Despite small changes to the standards for 2014, the outcomes have remained steady at 3. The changes include the addition of the second draft submission of strategic plans and annual performance plans, and the inclusion of evidence for management to confirm the reliability and credibility of performance information. Despite being the highest performing KPA, SM has not improved over the years like the other KPAs. This suggests that most departments are adhering to the basic legislative requirements for planning (level 3), but have yet to innovate and work smartly.

There is slight improvement in the APP and monitoring and evaluation (M&E) standards (see Figure 4). This marginal improvement suggests that departments have improved their practice to meet the requirements of the various policies. Figure 4 shows the slight changes in overall performance nationally for the 3 standards in the KPA. There is a slight dip for strategic planning, but it is not significant.

Figure 4: KPA 1 Average Score per Standard



For departmental strategic plans, the MPAT 2014 assessment has seen a slight decline from 2013. This is attributable to the introduction of a requirement to submit the first draft strategic plans to DPME within the specified time frames (for level 3). Furthermore, the first draft strategic plans require alignment to the new 2014-2019 medium term strategic framework (MTSF). Integration is a challenge as departments struggle to link annual planning to five-year strategies and vice versa. While not a legal requirement, staying on track with medium term plans is good management practice.

There is a small improvement for APPs. The improvement is attributable to the decision not to moderate the achievement of targets requirement (located at level 4). The rationale for this decision is related to a need to clarify policy before the standard can be applied consistently. There is no consensus on the threshold for acceptable deviations from the targets. Many service delivery departments have demand driven targets which affect the accuracy of projected performance indicators. A further challenge for departments is consistent environmental scanning to update the situational analyses in their APPs. Such scanning enables departments to identify new opportunities and threats, and adapt accordingly.

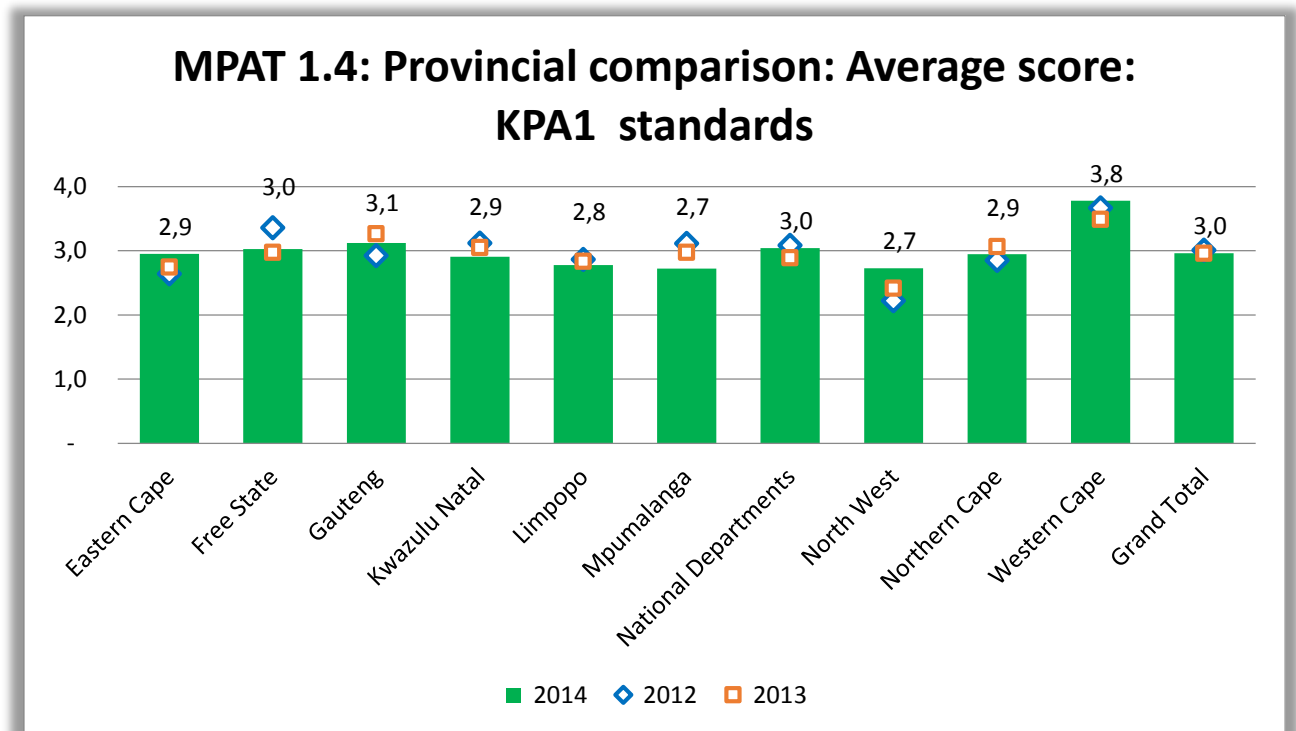
Management struggles to provide adequate evidence to confirm the reliability and credibility of performance information. This can be done through Internal Audit reports (confirmation of performance information) or through confirmation of the credibility of performance information. Furthermore, many departments do not discuss quarterly performance information as a collective or find ways to address areas of slow or poor progress. This is a critical part of good management practice as management collectively takes responsibility of the departmental performance.

The M&E standard some improvement, this progress indicates that departments have approved policies in place to govern monitoring and evaluation. Departments do however need to put plans in place to conduct evaluations and do things better. It is hoped that the introduction of a pilot evaluation standard will produce data to show where the challenges are.

Figure 5 provides an overview of provincial and national performance. Western Cape (WC) has sustained its lead over the three years and has shown improvements from a slight decline in 2013. WC's score is commendable and demonstrates an ability to work smart. Gauteng and Mpumalanga are marginally down, and North West and the Eastern Cape have improved. All the other provinces, and national departments, have maintained standards.

The slight variation in the performance of provinces and national departments' year on year in the KPA may be due to changes in management and leadership, the context, or complacency. MPAT data and the qualitative research show that consistency of good management is a key factor in departmental performance. When managers are in place for five or more years they are able to build a performance culture

Figure 5: Provincial and national departments KPA 1



2.2 Governance and Accountability

Accountability is essential to democracy. There are several weaknesses in the accountability chain, with a general culture of blame-shifting. The accountability chain has to be strengthened from top to bottom.

NDP Executive Summary

This KPA focuses on a select number of management practices that underpin good governance and promote accountability in public administration. These are enshrined in the South African Constitution with the injunction that high standards of professionalism, accountability, coherence, fairness and transparency must be promoted and maintained. Effective governance and accountability is vital to ensure that adequate checks and balances are encouraged to minimise mismanagement, corruption and improve efficiencies in delivery of services. This performance area promotes effective governance and accountability that enables political and administrative leadership in departments to respond effectively to the findings and recommendations of oversight committees.

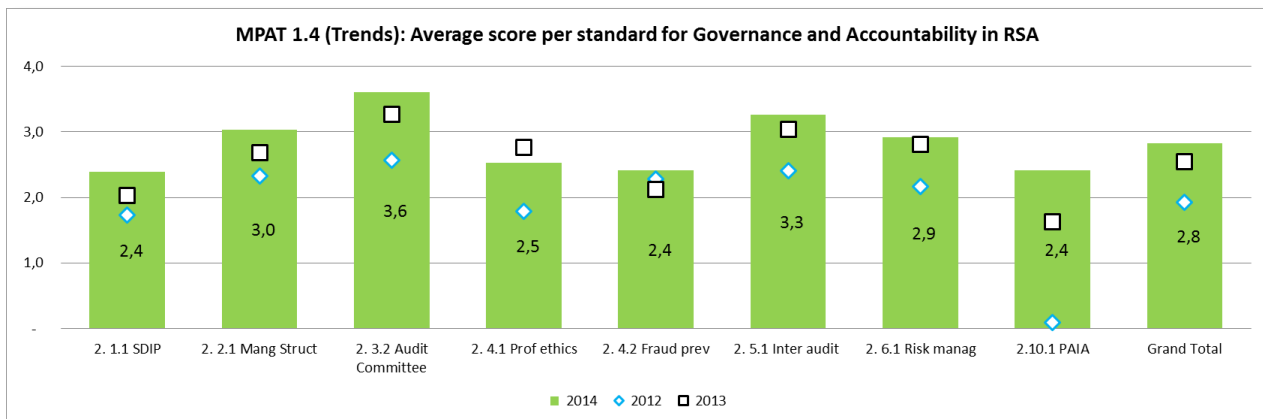
The 9 standards in G&A include service delivery improvement plans (SDIPs), functionality of management structures, Audit Committees, professional ethics, fraud prevention, internal audit, risk management, corporate governance of information communication and technology and the Promotion of Access to Information Act (PAIA). There were no changes in any of the relevant legislative frameworks, so the standards were maintained and only reviewed for more clarification.

The MPAT theory of change postulates, “Improved management practices (strategic management, governance and accountability, human resource management, financial management) are key enablers for service delivery”. Given this view, and the results of the MPAT evaluation, a critical concern of departments was that KPA 2 is too broad and that certain standards should be separated. Factor analysis confirms that there a number of standards in this areas that could as easily fit in others. Provincial administrations are also challenged if services such as Fraud Prevention, ICT, legal services and PAIA are centralised in the Offices of the Premier (OtPs).

Figure 6 provides a snapshot of departmental performance for the KPA. Average performance increased to 2.8, which is an increase from 2013 and 2012. There are incremental improvements in SDIPs, management structures, audit committees, internal audit and fraud prevention. These are important areas of compliance and accountability as they are related to delivery and the use of public resources. Of concern is a decline in professional ethics which suggests a need for ensuring consequences for transgressions. There is a significant improvement in PAIA, while risk management remains the same.

Corporate Governance of Information and Communication Technology (ICT) is not included as its second phase of implementation is due for completion in March 2015. In addition, a tenth standard on the Promotion of Administrative Justice Act (PAJA) is not shown. This standard was piloted in 31 departments for MPAT 2014. Both standards will be included in MPAT 2015 and will be published.

Figure 6: KPA 2 performance per standard



The best performing standards over the three-year period are the functioning of Audit Committees and internal audit arrangements with consistent improvement between 0.4 and 0.7 each year. In both standards, departments average at over 3 which is fully compliant. Most improvements occurred from 2012 to 2013. Such improvements may be due to Internal Audit units playing a more proactive role, as well as a growing understanding of audit as accountability mechanisms.

Good performance is evident in the functionality of management structures and assessment of risk management arrangements with average scores of 3.0 and 2.9 respectively in the MPAT 2014 assessment. The most common performance setback in

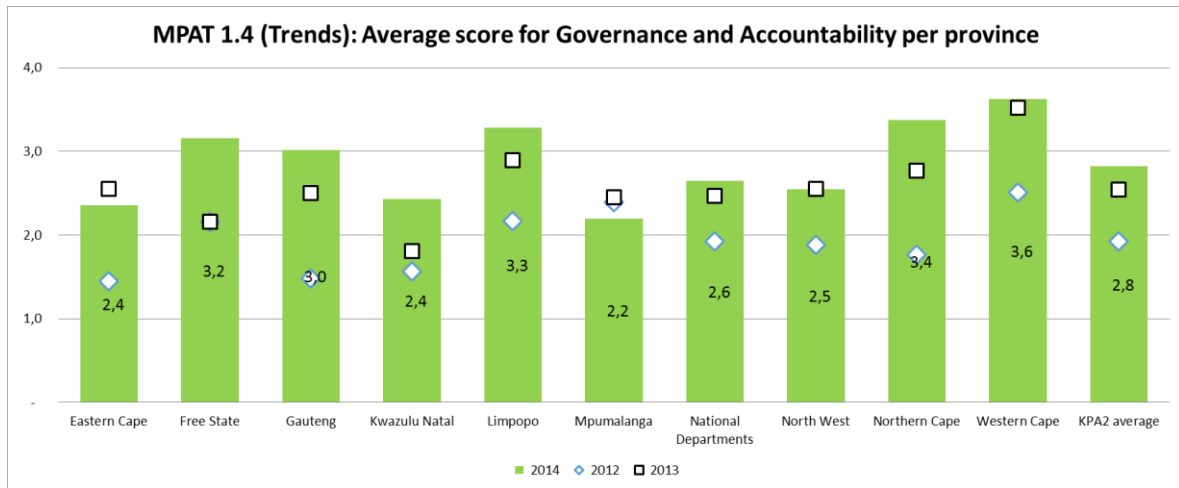
these two standards is that departments do not have detailed discussions on intergovernmental relations and risk management matters in top management structures. Furthermore, there is also little evidence of management taking action on these issues.

The application of the Promotion of Access to Information Act is the most improved standard between 2013 and 2014 (the standard was not assessed in previous years) with an increase of 0.8 from 1.6 to 2.4. This may be attributed to the increased awareness of the requirements of the legislation due to advocacy during launches and the self-assessment period. Although professional ethics was most improved in the 2013 assessment (with an increase of from 1.8 to 2.8) it has decreased in 2014 to 2.5. This may be a result of the introduction of the e-Disclosure system by DPSA.

The weaker performing standards are SDIPs, assessment of policies and systems to ensure professional ethics and prevention of fraud and corruption, all obtaining average scores of 2.4, 2.5 and 2.4 respectively. However, SDIP has improved annual at a rate of 0.3 and 0.4. This suggests that departments have a better understanding of the legislative requirements for service delivery improvement. There is, however, a lack of consensus on what adequate consultation with stakeholders/beneficiaries means. Departments struggle to provide evidence that they regularly communicate services offered with the recipients.

Figure 7 shows the average scores for KPA 2 across provinces and national departments over the three-year period. Western Cape has consistently performed well compared to other eight provinces as well as national departments with an average of 3.6. Northern Cape follows the Western Cape with an average of 3.4. This province has shown steady improvement since 2012, whereas all other provinces show inconsistencies. Limpopo (with an average of 3.3), Free State (3.2), Gauteng, KwaZulu Natal and national departments have improved in increments over the period, or stayed the same. Of concern is the decline in North West, Mpumalanga and Eastern Cape.

Figure 7: Provincial and national department averages for KPA 2



2.3 Human Resource Management

Services cannot be delivered without people ...

NDP Chapter 13

Human Resource Management describes departmental structures and processes for managing people in organisations. Its purpose is to maximise productivity by improving the effectiveness of its employees. HRM practices such as planning, recruitment, selection and development affect the performance and stability of an organisation. A major portion of departmental budgets is spent on human resources and effective planning, as well as aligning skills, roles and responsibilities to departmental objectives is essential to ensure value for the investment.

There are 11 standards in the in the HRM KPA are clustered in four key areas: HR strategy and planning, HR resource practices and administration, performance management, and employee relations, all of which need to be integrated. Every aspect of HRM is regulated, requiring strict compliance to established legislation. Policies and practices involving workforce recruitment and retention, training and development, performance appraisal, employee relations and other key HRM responsibilities impact on the attitudes and behaviours of employees and have the potential to undermine or enhance service delivery.

Strategies for managing human resources have a vital role to play in ensuring that the public sector has the capacity to address the needs of the communities they serve and to consistently achieve high standards of service. MPAT provides an important space to assess HRM policies and progress and obstacles to implementation. Each standard tracks the progress of departments from planning to organisational design and staff development. Internal management processes such as recruitment, wellness, diversity management and performance must adhere to public service regulations and build an appropriate work ethos.

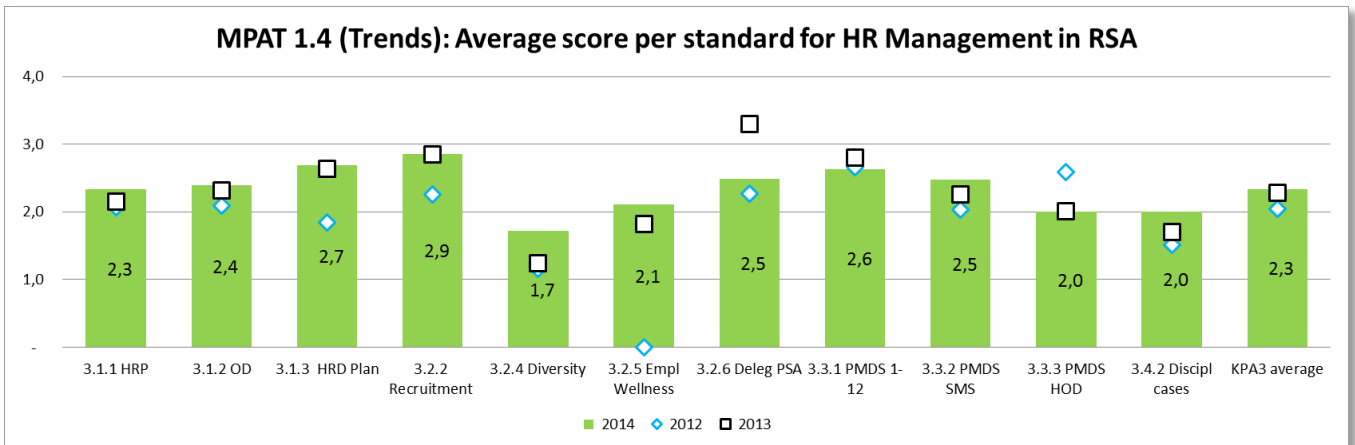
In 2012, the Management of Employee Health was introduced as a new standard under KPA3. In addition, the Pay Sheet Certification standard was moved from KPA 3 HRM to

KPA 4. In 2014, the Public Service Act and Public Service Regulations Delegation standard was also moved from KPA 2 Governance and Accountability to KPA 3 HRM. There were therefore some changes made to KPA 3 standards to ensure clarity and better understanding of what is required. This enabled DPME to conduct a trend analysis over the three-year period.

Legislative changes affected human resource planning and delegations. Departments are required to develop a MTEF HR plan covering at least 3 full financial years and annually report to DPSA on implementation. OtPs will analyse the provincial plans and the DPSA will analyse national departments. Reporting timelines was also adjusted and aligned to the MPAT process. In addition, Cabinet has approved a framework for delegations that gives officials the authority to make decisions appointments, with the exception of the two most senior levels. These delegations should contribute towards improving efficiency as blockages in the filling of posts are often due to the centralisation of HR functions.

The average for KPA 3 consistently falls below the required 'fully competent' score at 2.3. Figure 8 shows small improvements in human resource planning, diversity, employee wellness, SMS performance management development system (PMDS) and disciplinary cases from 2013 to 2014. This may be due to a concentrated focus on improvement. Organisation design, human resource planning, recruitment, and Heads of Departments (HoD) PMDS remained the same. The standards on delegations and PMDS 1-12 dropped slightly as delegations are not aligned to appropriate levels proposed in the guidelines, and failed to capture performance agreements and assessments on PERSAL. The average scores for the KPA remained from 2013 to 2014 with a slight increase from 2012 to 2013. The lack of improvement in the KPA is of concern and will have to be addressed.

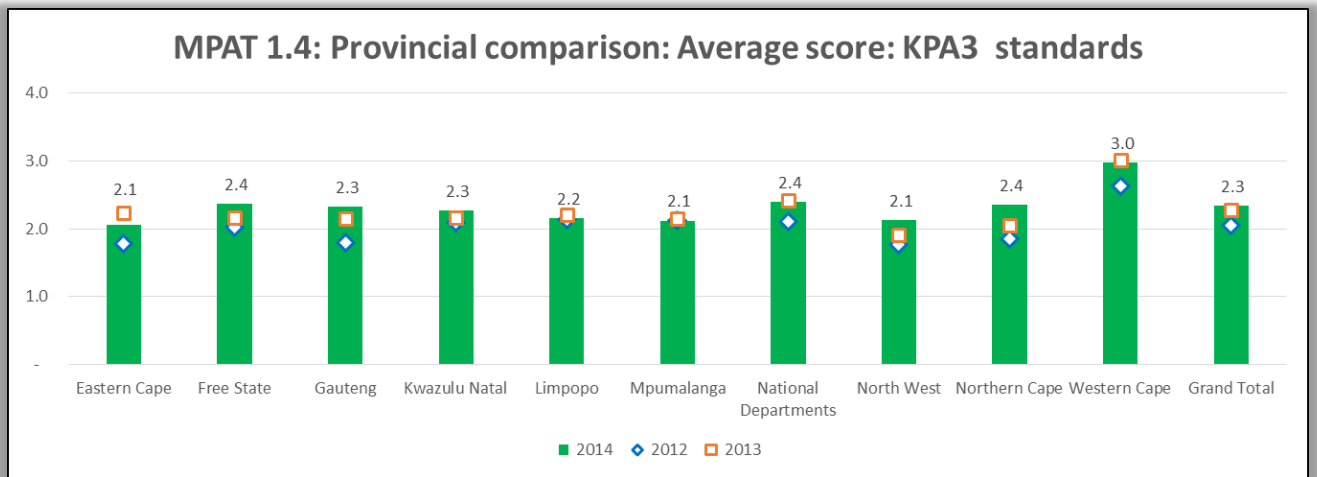
Figure 8: Overall KPA 3 performance per standard



The improvement in diversity is notable although insufficient. This means that departments are complying with the submission of the relevant plans and reports to the DPSA. Bursaries, internships and development programmes for employees are cited consistently as strategies, but do not translate into the development of persons with disabilities and women at middle management levels to fill equity gaps at SMS levels. The other major challenge in the HRM KPA is that departments are still not meeting due dates for the submission of plans and reports to DPSA.

Figure 9 provides HRM averages for provinces and national departments. Free State, Gauteng, KwaZulu Natal, North West and Northern Cape have improved in small increments over the years. This improvement in results can be attributed to, amongst others, improved planning and adherence to HR submission due dates. Only the Eastern Cape dropped, and the other provinces and national departments remained constant. Western Cape is the only province that is fully compliant in the area of HRM.

Figure 9: Provincial and national averages for KPA 3



HRM is critical to improving the performance and delivery of the public service, yet it remains consistently an area of non-compliance. Possible ways of addressing HRM challenges include clarifying roles and responsibilities and the development of committed, professional and competent employees. The quality of leadership is a critical factor in ensuring accountability and consequences for non-performance. The Executive Authority should enable the department through delegations to transform policies into outputs through sequential activities that adhere to policy prescripts and frameworks. This will make sure that HR is regarded as a strategic partner in the quest to attain the goals of a department.

2.4 Financial Management

The state sets the ethical bar for society as a whole. If corruption is seen as acceptable in government, it will affect the way society conducts itself.

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The Financial Management KPA comprises 9 standards focused on resource mobilisation and expenditure management. 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, supply chain management and exercising controls. The effective, efficient and economic use of public finances is essential for growth and development of the country.

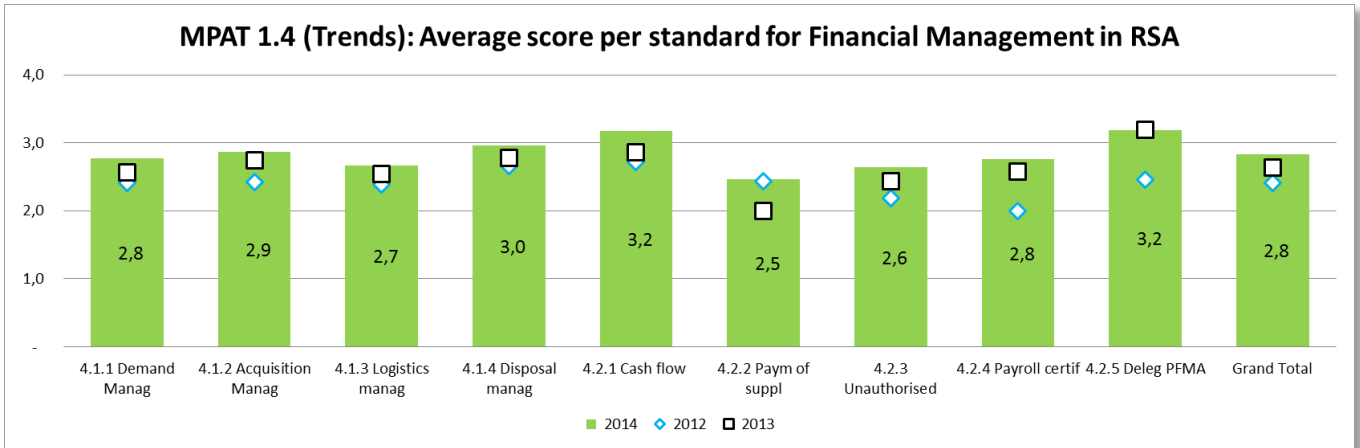
Assessment for this KPA focuses on whether departments procure and expend in line with the principles of efficiency, effectiveness, and economy articulated in the Public Finance Management Act (PFMA). There have been many reforms to modernise financial management since the implementation of the PFMA. Most of these have, to a large extent, resulted in improvements. Despite improvements in the reporting culture, seemingly intractable problems in the procurement process have persisted, resulting in huge losses to the state coffers. These problems are related to poor expenditure management leading to a high incidence of unauthorised, irregular, fruitless and wasteful expenditures.

The purpose of the financial management standards is informed by these challenges. MPAT seeks to complement other tools and therefore attempts to increase awareness on levels of non-compliance, required documentation, improvement plans and entrenching a culture of accountability. Since the inception of MPAT, there has been an effort to keep the changes to the standards to a minimum, with revisions limited to rephrasing to make the standards clearer. There were no significant changes in the standards for the 2014 assessment.

The performance in this KPA is largely stagnant, averaging at 2.8 (so almost fully compliant) showing a marginal improvement in certain areas. This performance mirrors the Auditor General's reports as departments struggle to sustain a trajectory of improvement. Reasons for this are varied, but the common thread is a lack of standard operating procedures or documentation of processes, resulting in a high level of non-compliance with prescripts. A number of departments are also not customising guidelines to suit their unique circumstances. This is particularly applicable to big departments which require specific guidelines to cater for their complexity and size.

Figure 10 shows the performance of national and provincial departments on the FM standards. In line with previous trends, an average of 3 and above has been achieved in disposal management, PFMA delegations and management of cash flow. All standard in this KPA have shown improvements except delegations which remained unchanged at 3.2. The greatest challenge has always been failure to entrench a culture of compliance with legislative frameworks.

Figure 10: KPA 4 performance per standard

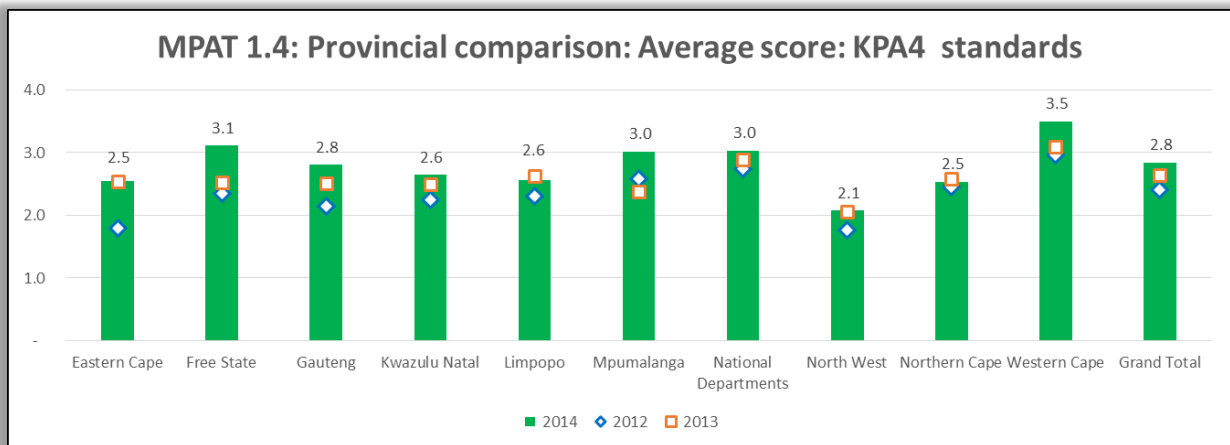


The relatively good performance in cash flow management can be attributed to the maturing level of the in-year monitoring process which has definitive timeframes that departments comply with. Whilst this is to be lauded, departments are still not spending according to projections and many still either under or over spend their budgets. The familiar phenomenon of the “March spike”, where departments delay spending until the end of the financial year, is still part of the financial management language. The impact of departments’ failure to spend their budgets properly has repercussions for the country as departments fail to support important undertakings or projects.

The other area that continues to be a concern to all relevant stakeholders is the payment of suppliers within 30 days. This continuing non-payment of service providers is having a negative impact on government’s stated objective of fighting unemployment. Whilst many departments are complying with the requirements of National Treasury’s Instruction Note 34 of 2011, by submitting exception reports to treasuries and having an invoice tracking system in place, many more departments do not pay within the stipulated timeframe. This has seen majority of departments stuck at level 2. The main challenge is lack of consequences for erring officials. Departments that have shown an improvement in this area have set the right tone and sent out a clear message that non-compliance with rules and procedures would not be tolerated.

The continuing occurrence of unwanted, irregular, fruitless and wasteful expenditure is another worrying issue featured AG reports. The main challenge is a failure by departments to use documented processes and systems to manage various practices from procurement to month-end or year-end procedures. Incidents of these unwanted expenditures persist due to a culture of impunity. Government needs to be seen to be holding people accountable for financial mismanagement. These challenges underscore the importance of building a culture of compliance and discipline to support good financial management. Improvements can be by getting the basics right, monitoring, continuous training, a compliance environment, proper planning, leadership and continuous improvement.

Figure 11: National and provincial department averages



Free State, Mpumalanga, National Departments and the Western Cape achieved an average of 3 and more in this KPA in 2014 (see Figure 11). In addition, Free State, Mpumalanga and Western Cape scores reflect a notable improvement on earlier averages in 2012 and 2013. Free State jumped from 2.5 to 3.1. Gauteng and KwaZulu Natal also improved. The challenge for these provinces will be to sustain these improvements. Eastern Cape, North West and Limpopo stayed the same with Northern Cape declined slightly. The DPME has been facilitating learning amongst departments through the sharing of good practices, and this project will continue.

3. Conclusion

Institutions improve through continuous learning and incremental steps; tackling the most serious problem, resolving it and moving to the next priority. This requires good management, a commitment to high performance, an uncompromising focus on ethics and a willingness to learn from experience.

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This report and its findings are a reminder of the work that must still be done to improve management practices. Whilst challenges persist, the improvements show what is possible. Some of the challenges that remain critical are the payment of suppliers within 30 days, service delivery mechanisms, diversity management and the finalisation of disciplinary cases. In addition, sufficient attention must be given to building capacity in the areas of human resources and financial management and encouraging full compliance.

MPAT focuses on the measurement of standards and performance in order to improve management practice across national and provincial departments in order to contribute to service delivery. The primary focus is on meeting defined standards in the primary aspects of management embedded in public service delivery. It is clear that MPAT is effective at the most basic level of creating awareness, but increasingly in facilitating learning about improving performance.

After three years, there are some clear lessons about the management practices that will contribute to the NDP vision of a capable and developmental state (see Figure 12). In 2013, the enablers and conditions for management performance were:

- Consistent political and administrative leadership sets the tone and builds a committed compliance and performance culture.
- Plans that are set, followed, adapted to departmental conditions and aligned to operational processes, specifically human resources management and finance, are implemented.
- Organisational design, governance, workflow and human resource deployment should be aligned. Resources are not the issue - how they are mobilised and deployed is.
- A professional culture, supported by peer pressure and cooperative engagements with stakeholders, enables performance backed by monitoring, feedback and consequences.

The 2014 results suggest that:

- Political and administrative leadership service and commitment link work culture, management performance and delivery. Effective leadership provides the space for staff to learn and innovate within a framework of accountability.
- Strategic planning is about the process of setting, adapting and operationalizing plans to ensure delivery. If more Public Servants take responsibility to complete their portion of the plan, the more likely departments are to deliver.

Participation allows staff and stakeholders to champion compliance and follow through on mandates.

- The integration of policy, resources planning and performance review systems to enable improved delivery. Successful departments use a variety of integration strategies from standard operating procedures, linked performance plans, regular mechanism, review and communication.
- Capacity is about how structures, processes, human and financial resources, infrastructure, and organisational norms are mobilised and deployed to ensure delivery. In this regard, departments that have a broader perspective on capacity and focus on building the capability of the whole institution (rather than individual) are more likely to improve management practice.

Figure 12: Learning from MPAT 2012 to 2014

