LEADERSHIP
COMMITMENT
CONTINUOUS IMPROVEMENT
RESULTS

MPAT

**Management Performance
Assessment Tool**

**THE STATE OF MANAGEMENT PRACTICES IN THE PUBLIC
SERVICE 2013**

CONTENTS

Figures

Minister's Foreword

Since its inception in 2009, the Department of Planning, Monitoring and Evaluation (DPME) in the Presidency has introduced various tools to drive and institutionalise monitoring and evaluation practices within the public service. The Management Performance Assessment Tool (MPAT) is one of these initiatives. The MPAT specifically focuses on the monitoring of management practices within organisations. The premise is that improved management practices are necessary to improve service delivery.

The MPAT assessment process is designed to build internal monitoring and self-evaluation capacity. The process requires a Head of Department and senior management to conduct a self-assessment against 31 key management standards and provide the necessary evidence to support their assessment. The self-assessments are then subjected to peer moderation where senior public servants, with extensive experience in the key performance areas covered by the standards, evaluate the self-assessment against the evidence provided.

DPME has successfully rolled out three cycles of MPAT since 2011. In the latter two years, there has been 100 per cent participation by provincial and national departments. This trend in participation is indicative of departments' willingness to enhance their management practices, thereby ultimately creating an enabling environment for service delivery.

The result of this assessment is a frank and honest analysis of the strengths and weaknesses in management. Its aim is to encourage continuous incremental improvement over time. In addition, policy reviews by policy departments at the centre of the administration will be undertaken to understand why the majority of departments do not comply with some policies. Increased effort to support departments will also be prioritised.

The results show that, in all the standards monitored, we were able to identify departments that operated beyond mere compliance with legal prescripts by applying innovative management methods and tools. Together with the Wits School of Governance these good practices in some of the departments have been documented as case studies and have been shared with all departments to encourage their own improvement initiatives.

This report is intended to be used by Parliament and Provincial Legislatures to monitor improvements that are implemented by departments. In addition the results should be used by the senior management and Executive Authorities of departments to drive improvements.

Mr Jeff Radebe, MP
Minister of Planning, Monitoring and Evaluation

Acknowledgements

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
DTI	Department of Trade and Industry
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
ICT	Information Communications Technology
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
MPSA	Minister of Public Service and Administration
MTSF	Medium Term Strategic Framework
NC	Northern Cape Province
ND	National Departments
NDP	National Development Plan
NT	National Treasury
NW	North West Province
OAG	Office of the Accountant General
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

Table of abbreviated national department names

ND A & C	ND Arts and Culture
ND A,F & F	ND Agriculture Forestry and Fisheries
ND B Educ	ND Basic Education
ND COG	ND Cooperative Governance
ND Comm	ND Communication
ND Correct	ND Correctional Services
ND Defence	ND Defence
ND Econ Dev	ND Economic Development
ND Energy	ND Energy
ND Enviro	ND Environmental Affairs
ND GCIS	ND Government Communication and Information System
ND Health	ND Health
ND Hig Educ	ND Higher Education and Training
ND Home Affairs	ND Home Affairs
ND Hum Settl	ND Human Settlements
ND IPID	ND Independent Police Investigative Directorate
ND IRCO	ND International Relations and Cooperation
ND Justice	ND Justice and Constitutional Development
ND Labour	ND Labour
ND Mil Vet	ND Military Veterans
ND Min Res	ND Mineral Resources
ND PALAMA	ND Public Administration Leadership and Management Academy
ND PM&E	ND Performance Monitoring and Evaluation
ND Police	ND Police
ND Presidency	ND The Presidency
ND PSA	ND Public Service and Administration
ND PSC	ND Public Service Commission
ND Pub Enterp	ND Public Enterprises
ND Pub Works	ND Public Works
ND Rural Dev & Land	ND Rural Development and Land Affairs
ND Science and Tech	ND Science and Technology
ND Socl Dev	ND Social Development
ND Sports & Recr	ND Sports and Recreation South Africa
ND Statis SA	ND Statistics South Africa
ND Tourism	ND Tourism
ND Trad Aff	ND Traditional Affairs
ND Trade & Ind	ND Trade and Industry
ND Transp	ND Transport
ND Treasury	ND National Treasury
ND Water Aff	ND Water Affairs
ND WC & D	ND Women Children and Persons with Disabilities

Executive Summary

We still have a lot of work to be done to get staff to appreciate service delivery and to have a customer centric view.

An official from Department of Home Affairs

The NDP emphasises the importance of building a "capable state" is essential to enhance economic opportunities, to improve service delivery and to address the development needs of the poor. The effective and efficient translation of inputs into outputs through management practices is important for improving service delivery. 'Management performance assessment' involves assessing the quality of management practices. It contributes to improving government performance and service delivery by developing a culture of continuous improvement through moderated self-assessments and sharing of good practice.

The MPAT was developed in collaboration with other transversal policy departments and the OtPs and in consultation with the Auditor General of South Africa (AGSA) and Office of the Public Service Commission (OPSC). The MPAT was approved by Cabinet in 2011.

DPME, together with the Offices of the Premier (OtP's), and transversal policy departments have since 2011 been performing annual assessments of the quality of management practises in national and provincial departments. All national and provincial departments participated in the 2012 and 2013 assessments and we are now in a position to compare progress over two years. Noted improvements are evident from the 2012 results across most departments. In some areas of management however there has not been significant improvement. Some management areas also show that the majority of departments are non-compliant with policy requirements. In these areas there is a need to review the policies. Many departments have implemented improvement plans to address areas of weakness identified through MPAT. DPME, with the support of School of Governance at the University of the Witwatersrand, has identified and documented good practises in selected areas to assist departments to improve their practises in these areas.

MPAT METHODOLOGY

The MPAT is informed by similar public service management performance assessment methodologies used in other countries such as Canada, Kenya, Russia, India, and New Zealand. Lessons from international experience indicated that such methodologies can make a significant contribution to improving the performance of government, particularly if the leadership of the departments being assessed takes ownership of the assessment process and the findings; if the results are made public thus increasing accountability; if the management of departments implement and monitor improvement plans; and if transversal policy departments implement support programmes.

MPAT does not include assessment of the results of policies and programme performance, which is done through other mechanisms, including the

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

While it is not possible to identify a direct causal relationship between management practice and service delivery, the MPAT data suggests that effective management contributes to improved delivery. Doing the right thing is defined by government strategy and outcomes. Doing things right, as in doing things better, is in part defined and measured by MPAT.

MPAT is a tool that benchmarks good management practice. It assesses the quality of management practices across 31 standards. (For detail of the standards see Appendix 1) The standards are grouped into four Key Performance Areas (KPAs), namely strategic management, governance and accountability, human resource management and financial management. In each standard, performance is assessed against a set of management criteria developed in consultation with the relevant transversal departments (e.g. NT for financial management and supply chain management and DPSA for human resource management and development).

The MPAT process has three distinct phases, namely:
1. Self-assessment, internal audit validation and Head of Department (HoD) sign-off
2. External moderation, challenge period and feedback
3. Improvement and monitoring

Self-assessment is a key part of the MPAT process as it provides a department with an opportunity to reflect on its management practices and identify areas where it is doing well and areas where it needs to improve. The self-assessment must involve the senior management of the department, who during a single sitting, can focus their attention on the state and quality of management practices in their department and take ownership of identified shortcomings.

The assessment process also requires that departments upload evidence on the MPAT web-based system to substantiate their self-assessment ratings. This evidence is moderated by a panel of peer moderators. During the challenge period, departments are given the opportunity to challenge the moderated feedback and provide additional information to ensure an accurate score. The details of the final moderated scores for national departments for 2013 are contained Appendix 5.

The assessment scores departments in terms of their management performance on a four point scale. A department which scores level 1 or 2 for a particular standard is non-compliant with the minimum legal prescripts and is performing

poorly in that management area. A department which scores level 3 is fully compliant with the legal prescripts in that management area. A level 4 department on the other hand is fully compliant and operating smartly in terms of its management practices in that management area. For example, for the standard related to managing of disciplinary cases, a level 3 department must finalize cases within the prescribed policy requirements whereas a level 4 department would conduct an analysis on the nature of misconduct cases and implement preventative measures, level 4 is not a legal requirement, but considered a good practice.

DPME has documented good practice case studies focusing on departments that achieve level 4 in particular standards (see case studies in Appendix 6). These case studies are made available through various learning networks to encourage other departments to learn from the good practice. Since 2011, a total of 33 case studies have been documented and are all available on the DPME website.

ANALYSIS

In each of the 31 standards measured, at least one department is operating at level 4. This implies that it should be possible for all departments to reach level 4 for all standards.

In 2012, 59 departments out of 155 (39%) were assessed as compliant or working smartly in at least half of the standards measured. The 2013 results show a general improvement, with 69 departments (45%) now reaching this level, even though the bar was raised in 3 standards. In national departments as a group and in 7 of the provinces, the average scores have increased. A concern however is that the average scores of the Free State and Mpumalanga provincial departments have declined since 2012.

The results of the assessment of the standards in the Strategic Management KPA highlight that for the standards related to Annual Performance Plans (APP) and Monitoring and Evaluation (M&E), a decline from 2012 is evident. This is partly due to increased requirements introduced in moderation of the APP standard that require departments to achieve at least 80% of their set targets. In addition the M&E standard takes into account the opinion of the AGSA on the relevance, reliability and quality of reports against pre-determined objectives in the APP. The implication of this is that departments are struggling to set realistic service delivery targets and report achievements against them.

The results of the assessment of the standards in the Governance and Accountability KPA show significant improvements with 58% of scores (40% in 2012) having been assessed as compliant or better. Standards such as Management Structure, Audit Committees, Risk Management, and Financial and Administrative Delegations, show achievements of the level 4 standards by many departments. This suggests there are lessons to be learned from how these policies are implemented and supported. However the analysis also highlights the following critical issues:

1. 70% of departments (79% in 2012) are still non-compliant with the standard for service delivery improvement (service charters, service standards and submission of service delivery improvement plans to the DPSA). This situation is an anomaly, given that improving service delivery is a priority in the NDP. The continued poor performance in this area raises questions about the appropriateness of the Service Delivery Planning Framework issued by DPSA in terms of the Public Service Regulations.

2. 73% of departments are non-compliant with the standard related to the Promotion of Access to Information Act. This means that departments either do not have the necessary capacity or disregard the requirements to ensure transparency and accountability to citizens as required by the legislation.

The results of the assessment of the standards in the Human Resource Management KPA highlight the following critical issues:

1. 65% of departments (74% in 2012) were assessed as non-compliant with the standard related to organisational design. This means that departments have unfunded positions on their approved structures and on PERSAL, contrary to DPSA guidelines. This leads to uneven work allocation and ineffective accountability and management processes.

2. 82% of department (88% in 2012) were assessed as non-compliant for the standard related to human resource planning, which include submission of human resource plans and progress reports to the DPSA. Sound human resource planning is critical for budgeting purposes and to determine both current and future workforce needs in order to deliver services.

3. Only two departments achieve level 3 and above for the standard on diversity management. This standard measures the employment of people with disabilities and female representivity in senior management as per Cabinet-agreed targets.

4. 90% of departments (88% in 2012) were assessed as non-compliant for the standard related to management of disciplinary cases. This implies that departments are not finalising disciplinary cases within the period prescribed by the Public Service Regulations and agreed to in the Public Service Coordinating Bargaining Chamber. This has a negative impact on governments' ability to enforce accountability and deal effectively with issues of misconduct like corruption.

The results of the assessment of the standards under Financial Management highlight the following critical issues:

1. 87% of departments were assessed as non-compliant with requirements related to the standard on payment of suppliers. The bar was raised in this standard making it a level 3 requirement to pay suppliers within 30 days. This area continues to be a challenge for most departments and negatively affects cash flow and sustainability of small business suppliers in particular. The good practice case studies for this standard indicate that, where management introduces and monitors appropriate control measures, the requirement to pay suppliers within 30 days can be met.

2. 50% of departments (60% in 2012) were assessed as non-compliant with the standard related to the management of unauthorized, irregular, fruitless and wasteful expenditure. This means that departments do not have processes in place to detect and prevent unauthorised expenditure, to address audit findings and communicate findings to responsible officials.

KEY FINDINGS

A statistical analysis was conducted on how the MPAT standards relate to each other and to various independent measures such as AGSA audit results and data from PERSAL was carried out (see Appendix 3).

In assessing the correlation between the MPAT standards and other independent external data, correlations were found between MPAT scores and the achievement of annual targets as well as the stability of top management. The standards relating to planning and monitoring, integrity, risk management, organisational design, human resource planning, performance management and management of unauthorised expenditure had strong correlations to the achievement of annual targets.

The analysis indicates that the standards in finance and human resource management directly influence a department's achievement of annual targets.

The case studies indicate that the achievement of level 4 ratings requires leadership commitment; holding people to account and ensuring employees understand the personal and organisational consequences of not doing what is required; and focusing on operational processes, work flow design, and monitoring at the level of implementation.

1. Introduction

We looked at all of the challenges that arose from the previous MPAT and established an approach to ensure ... that we respond appropriately.

An official from Eastern Cape Department of Rural Development and Agrarian Reforms

The MPAT was developed in collaboration with other transversal policy departments, the OtPs and in consultation with the AGSA and OPSC. The MPAT was approved by Cabinet in 2011 as a tool for assessing compliance and quality of management practices in the Public Service. The MPAT is one of several strategies to improve the management performance of provincial and national departments. MPAT works collaboratively with partner transversal policy departments and utilises information gathered through their monitoring initiatives as part of the assessments process.

MPAT was officially launched in October 2011 providing a structured standards- and evidence based approach to assessing management practice in departments. 30 national departments and 73 provincial departments participated in this first round of self-assessment. Following Cabinet approval in June 2012, MPAT assessments were conducted in 2012 and 2013 in all 155 national and provincial departments. Departmental self-assessments were moderated and provide a foundation for comparative learning about effective management practice.

MPAT is based on the understanding that good quality management practices will contribute to improved departmental performance and improved service delivery outcomes. However, it is currently difficult to link MPAT results to departmental performance in terms of service delivery.

Monitoring management practices enables departments to identify management strengths and weaknesses and thereby improve practice. MPAT focuses on management practice standards grouped in four key performance areas (KPAs): strategic management, governance and accountability, human resource management and financial management. Departments assess themselves against and provide evidence of their management practices. These assessments are moderated and adjustments are made based on the evidence provided.

The process of monitoring management practices raises awareness about what should be done and what is not being done. This enables departments to make relevant adjustments to their management process.

The learning process linked to the MPAT assessment enables the identification of critical management practices that improve practice and performance.

This report presents the results of the 2013 MPAT assessment. The purpose of the report is to inform Cabinet, Provincial Executive Authorities, policy

departments and oversight bodies about the state of management practices in the public service, the improvements being made and the common challenges experienced by departments. Most importantly, the report is intended for Executive Authorities, Accounting Officers and senior management to note challenges, initiate corrective actions and inculcate a culture of continuous improvement.

For the first time, the report combines lessons from 16 good practice cases with the MPAT results to present a comprehensive overview of the results as well as improvements from 2012 to 2013. In this regard, it explores the state of management practices in provincial and national departments as well as the conditions for, and enablers of, management practice. The report elaborate on the following issues:

- Provides a comprehensive perspective on the state of management practices across provincial and national departments and in each of the four KPAs to support the identification of management improvement priorities.
- Identifies government-wide trends
- Identifies good practice to assist departments and senior managers to improve compliance and management performance.
- Comparison of MPAT results to external data from sources such as PERSAL and the AG.

The rest of the report is organised into the following sections:

- **Section 2**: provides an overview of the MPAT concept, methodology and implementation process focusing on the 2013 assessment cycle.
- **Section 3**: discusses the consolidated MPAT results (that is national and provincial departments combined). It does this by providing an integrated analysis of the quantitative and qualitative data to highlight data trends, lessons and effective management practices. An overview is provided with a focus on each KPA.
- **Section 4**: captures the key learning from the 2013 case studies and data analysis and suggests areas for further consideration.

2. Overview of MPAT

The culture in the department is that it is a learning organisation - very professional ... management information is used to make an assessment and make the right decisions.

An official from Department of Trade and Industry (dti)

2.1 The concept of MPAT

MPAT is based on the 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 to 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, the MPAT data suggests that effective management contributes to improved delivery.

Figure 1: MPAT process
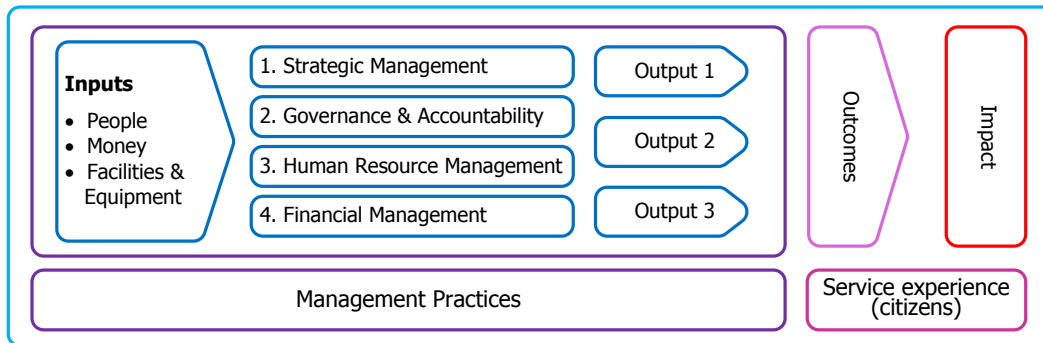
MPAT has four progressive levels of management performance and each management practice is assessed against these (see Table 1). A department that scores at level 1 or 2 is non-compliant to the legislative requirements captured in the standards. A level 3 score indicates compliance, while level 4 means 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. Appendix 4 lists departments that scored 4 in 2013 in each of the 31 standards.

Table 1: Performance level descriptions

Level 1	Department is non-compliant with legal/regulatory requirements
Level 2	Department is partially complaint 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 four management KPAs are interdependent and form part of the overall management and service delivery system. The KPA areas comprise the primary management processes embedded in public service delivery and the standards specify levels of performance. In terms of the model, success is evidenced in achieving level 3 (basic compliance) and level 4 (going beyond compliance by working smart) as this means departments are not only performing according to set management standards but are operating smartly. The difference between level 3 and 4 can be explained for example by the standard related to managing of disciplinary cases. In this standard a level 3 departments must finalize cases within the prescribed policy requirements and at level 4 the department must conduct an analysis on the nature of misconduct cases and implement preventative measures. The long term objective is to have all departments scoring at level 4 in a cycle of continuous improvement.

Meeting MPAT standards require management actions which ensure that certain policy, standards, regulations or requirements are appropriately met and in addition that departments go beyond compliance to inform and improve management performance. The MPAT standards is informed by the Constitutional principles on public service (Chapter 10) and operationalised through legislation such as the Public Finance Management Act (PFMA) and Public Service Act (PSA), and guidelines from National Treasury (NT) and the Department of Public Service and Administration (DPSA). For example, a department is compliant (a level 3) if it pays suppliers within 30 days. However, at level 4 departments demonstrate the ability to work smartly and goes beyond compliance when a tracking and payment system is institutionalised, managers review progress and payments go out in less than 30 days.

Compliance is most effective when it is a routine '*part of your daily work*' (DTI official) as reluctant compliance requires more supervision. While MPAT monitors management practices, its primary purpose is to improve management performance by building learning and accountability into the process of reporting. The MPAT process requires senior management to discuss and agree ratings on individual management standards, this enables a conversation on management performance to take place. As this is the second year of moderated scores, it is possible to track progress over time.

Although management practices cannot be directly linked to the achievement of departmental outcomes, assessing the quality of management practices works as a catalyst to improve management performance, which in turn impacts on service delivery. A capable and developmental state is identified by the National Development Plan (NDP) as critical to the achievement of Vision 2030. The NDP notes that professionalising of the public service requires political and administrative leadership to build an appropriate delivery culture. This means doing the right thing and doing things right. The right thing is defined by government strategy and outcomes. Doing things right, as is doing things better, is in part, defined and measured by MPAT.

Over and above the annual assessments of management practices in departments MPAT also provides an analysis on how departments actively implement the policy requirements set by transversal policy departments. This analysis should be used to review policies of low compliance or to provide additional support to departments in these management areas.

2.2   MPAT methodology and implementation

MPAT benchmarks good management practices, in other words, how departments plan, govern, account, and manage human and financial resources. Departments assess themselves against 33 standards in 4 key performance areas (detailed in Appendix 1):

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

Only 31 standards have been included in this report. The policy for Corporate Governance of Information Communications Technology (ICT) was approved in November 2012 to be phased in as from March 2014 and therefore excluded from the report. It was included in MPAT to set a compliance baseline, create awareness and test the standard and related processes. Reporting on the standard will be included in the MPAT 2014 results. The MPAT process standard was included as a pilot.
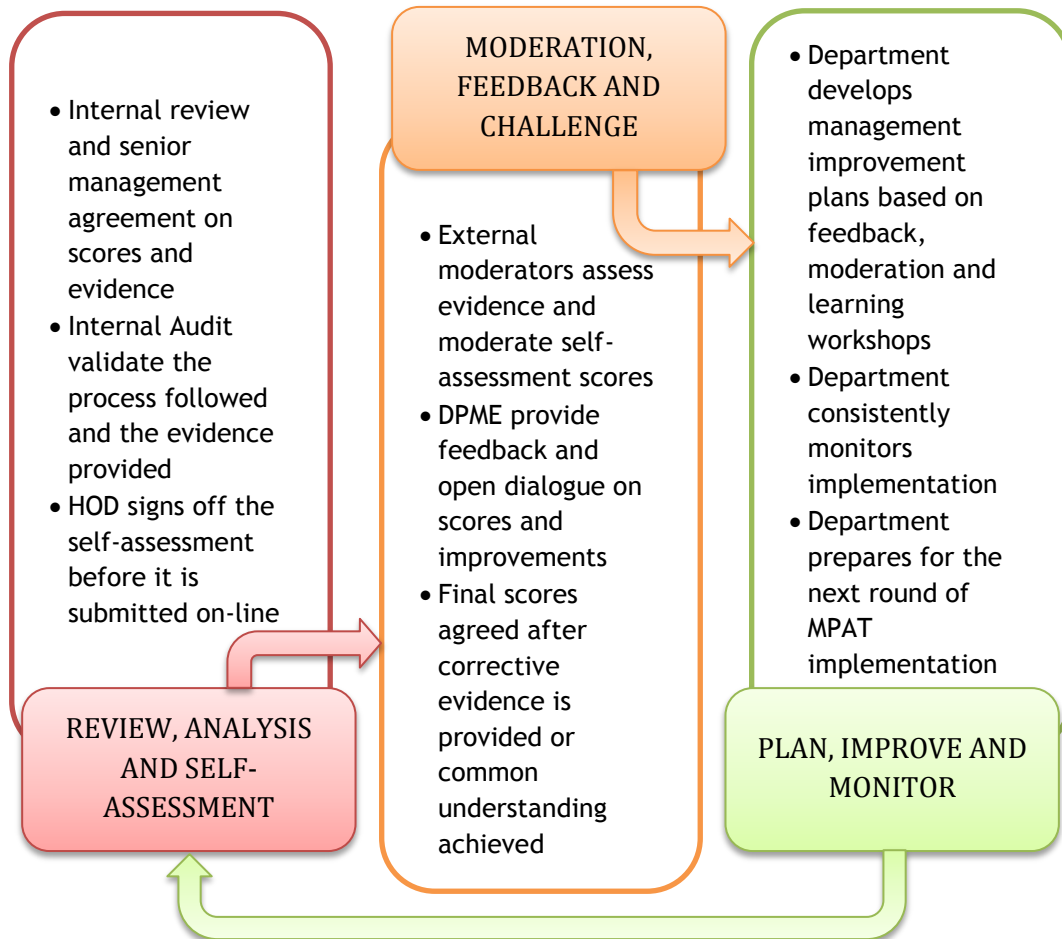
The MPAT implementation process involves a number of steps mapped in Figure 2. These steps are designed to ensure that there is maximum learning within and across departments with a strong focus on ownership and improvement.

The release of the 2013 Management Performance Standards (Appendix 1) in July/August 2013 marked the official launch of the 2013 MPAT process with a series of workshops. The standards were largely similar to 2012 but three new standards were included - *MPAT Implementation, Promotion of Access to Information* (PAIA) and *Employee Wellness*. In addition, some of the standards were adjusted to apply stricter criteria for the award of a 3 or 4 score. For example, payment of suppliers within 30 days was required to score a 3, whereas in 2012 it would been awarded a 4. Other areas affected include the Annual Performance Plan (APP); and Recruitment and Retention. While most standards are focused on capability, there are some that include management performance criteria. This includes APPs, monitoring and evaluation, service delivery improvement plans (SDIPs) and payment of suppliers. The standards evolve over time to ensure continuous improvement.

All 155 provincial and national departments conducted their self-assessments and uploaded corresponding evidence using a web-enabled system by October 2013. The DPME and the Offices of the Premier (OP) provided support and assisted departments to work though the internal process of review. The

external moderation was conducted from 18 to 22 November 2013. The moderators are drawn from the DPSA, National Treasury, Offices of the Premier, OPSC, Justice and Constitutional Development and SA Human Rights Commission and officials from national and provincial departments that have expertise in the management practices assessed by MPAT.

Figure 2: MPAT implementation process

- Internal review and senior management agreement on scores and evidence
- Internal Audit validate the process followed and the evidence provided
- HOD signs off the self-assessment before it is submitted on-line

REVIEW, ANALYSIS AND SELF-ASSESSMENT

MODERATION, FEEDBACK AND CHALLENGE

- External moderators assess evidence and moderate self-assessment scores
- DPME provide feedback and open dialogue on scores and improvements
- Final scores agreed after corrective evidence is provided or common understanding achieved

- Department develops management improvement plans based on feedback, moderation and learning workshops
- Department consistently monitors implementation
- Department prepares for the next round of MPAT implementation

PLAN, IMPROVE AND MONITOR

Most of the moderators had served in the previous MPAT cycle and were familiar with MPAT and the moderation process. The moderation process was greatly enhanced by lessons learnt from 2012 and was more rigorous in 2013. This may have impacted on the scores. However, departments have also improved their ability to respond to and provide evidence. The purpose of the moderation process is to check quality and limit as far as possible any attempts to manipulate (or game) the MPAT system.

The departments received feedback on their moderated scores in February 2014 and had the opportunity to engage with DPME on their moderated scores and provide additional evidence if necessary. This period of engagement and challenge has become an important part of the MPAT process as it enables departments to better understand management processes, requirements and the logic of the policies. The dialogue leads to constructive proposals about

improving management processes and MPAT itself. The feedback phase concluded in May 2014.

Given that MPAT involves internal verification and sign-off, moderation, feedback and an opportunity to challenge, the final scores in this report can be considered to provide an accurate reflection of the state of management practices in government departments. All 155 departments followed the due process of internal discussion, verification and sign off by the Head of Department (HOD). This, in part, is due to MPAT being mandatory, as per a resolution of Cabinet, but also to the time invested in raising awareness and providing support.

This report includes a summary of the statistical analysis of MPAT which comprises:
1. A review of the 2013 scores on MPAT KPAs and standards for national and provincial departments, and also with departments arranged into eight sectors;
2. Extensive comparisons with the previous 2012 scores; and
3. Advanced analyses of how the KPAs and standards relate to each other and to various independent measures, notably those of the achievement of annual targets.

This analysis is integrated with the lessons which emerge from the research and review of 16 good practice cases (Appendix 6). These new cases add to the compendium of cases done during the 2011 and 2012 MPAT cycles and are available on the DPME website. The cases for 2013 were selected to reflect improvements in 8 standards across the four KPAs (see Table 2). They also included 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 underlying policy, organisational and management processes and practices that contribute to improving management quality. The reporting on MPAT in this document therefore integrates the findings from both the analyses and the lessons learnt from the case studies.

The case 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, DPME and policy departments was held on 3 June 2014 to share and discuss the findings from the research. The discussions informed the integrated analysis in this report as well as the lessons outlined in Section 4.

Table 2: Good practice cases

KPA 1: STRATEGIC MANAGEMENT	
1.3.1 Monitoring & evaluation	National Department: Trade & Industry
	Eastern Cape: Economic Development, Environmental Affairs and Tourism (DEDEAT)
KPA 2: GOVERNANCE & ACCOUNTABILITY	
2.1.1 Service delivery improvement	National Department: Home Affairs
	Eastern Cape: Rural Development
2.6.1 Risk	National Department: Mineral Resources
	North West: Agriculture
2.4.2 Fraud	National Department: Mineral Resources
	North West: Agriculture
KPA 3: HUMAN RESOURCE MANAGEMENT	
3.1.2 Organisational development	National Department: Energy
	Northern Cape: Social Development
3.2.2 Recruitment & retention	National Department: GCIS
	Northern Cape: Roads & Public Works
3.4.2 Disciplinary process	National Department: Mineral Resources
	KwaZulu Natal: Department of Economic Development and Tourism
KPA 4: FINANCIAL MANAGEMENT	
4.2.2 Payment of suppliers	National Department: Energy
	Northern Cape: Social Development

The case studies conducted for the 2011 and 2012 MPAT cycles are available on the DPME website (www.thepresidency-dpme.gov.za)

3.   Consolidated MPAT results for 2013

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?'

An official from Department of Trade and Industry

This section of the report provides an overview of the state of management performance according to the MPAT 2013 scores. A comparison of MPAT 2012 and 2013 results is undertaken to identify improvements and areas of critical focus. Finally, an assessment of each KPA is provided combining the MPAT results with the findings from the cases studies.

Comparisons between the 2012 and 2013 data suggests that departments do focus on improving the baselines as there are many improvements upwards from levels 1 and 2 to 3 or 4. However, there are some examples of departments staying in level 3, or dropping from 4 to 3. This may be because standards have been revised, or departments have focused on improvements rather than the maintenance of standards. A key challenge in the MPAT process is to ensure continuous improvement towards and maintaining level 4.

The 2013 results suggest that MPAT has succeeded in creating awareness and commitment to improving management performance. Across all the MPAT standards measured in 2013, 50% of national and provincial departments' scores are compliant (at level 3), of which 42% (21% overall) are at level 4 (Figure 3). Whilst KPA 1 (Strategic Management) and KPA 2 (Governance and Accountability) had compliance levels of 69% and 58% respectively, KPA 3 (Human Resources Management) and KPA 4 (Financial Management) were at 34% and 56%.

Figure 3: MPAT 2013 scores per KPA
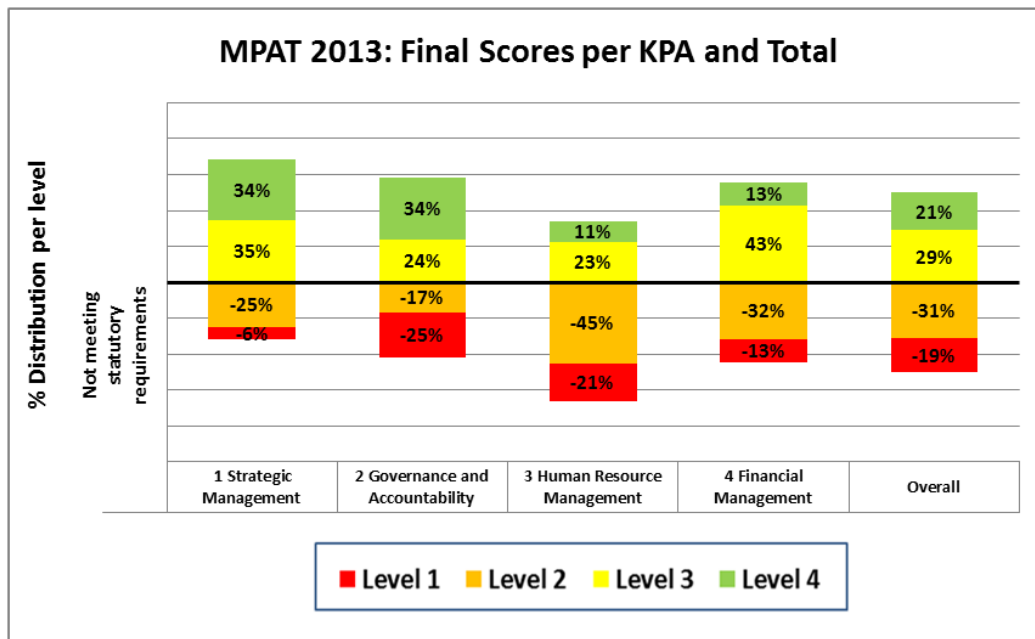
This reflects a tendency, also identified in the good practice cases, to do better at planning and some aspects of governance, than at operationalising strategies through effective and integrated human resource and financial management. This is the case for the three standards within the Strategic Planning KPA where the compliance for Strategic Plans is 90%, dropping to below 60% for Annual Performance Plans (APPs) and Monitoring and Evaluation (M&E). This suggests it is easier for departments to complete the planning templates than link these to feasible implementation strategies and performance targets.

The overall pattern of adherence to the MPAT standards across the provinces and national departments (as a group) shows three groups – those provinces that achieve level 3 and 4 in more than 50% of the standards, those achieving between 45% and 49%, and below (refers to Appendix 3 for details). The three above are Western Cape (notably at 78%), Limpopo and the National Departments. Eastern Cape, Northern Cape, and Mpumalanga fall midway. Gauteng, Free State, KwaZulu-Natal and North West fall just below in the range of 37% to 44%. When analysing results of departments clustered in different sectors the distribution of adherence to the standards is more even. (Figure 4), with most clustering within the 45% to 52% range. Financial and Administration Services tops the sectorial charts (43% of the scores at level 1 and 2). The Health sector is most critical in terms of management performance (61% level 1 and 2) followed closely by the Justice, Prevention and Security sector (the effect of rounding may result in percentages calculating to either 99% or 101%).

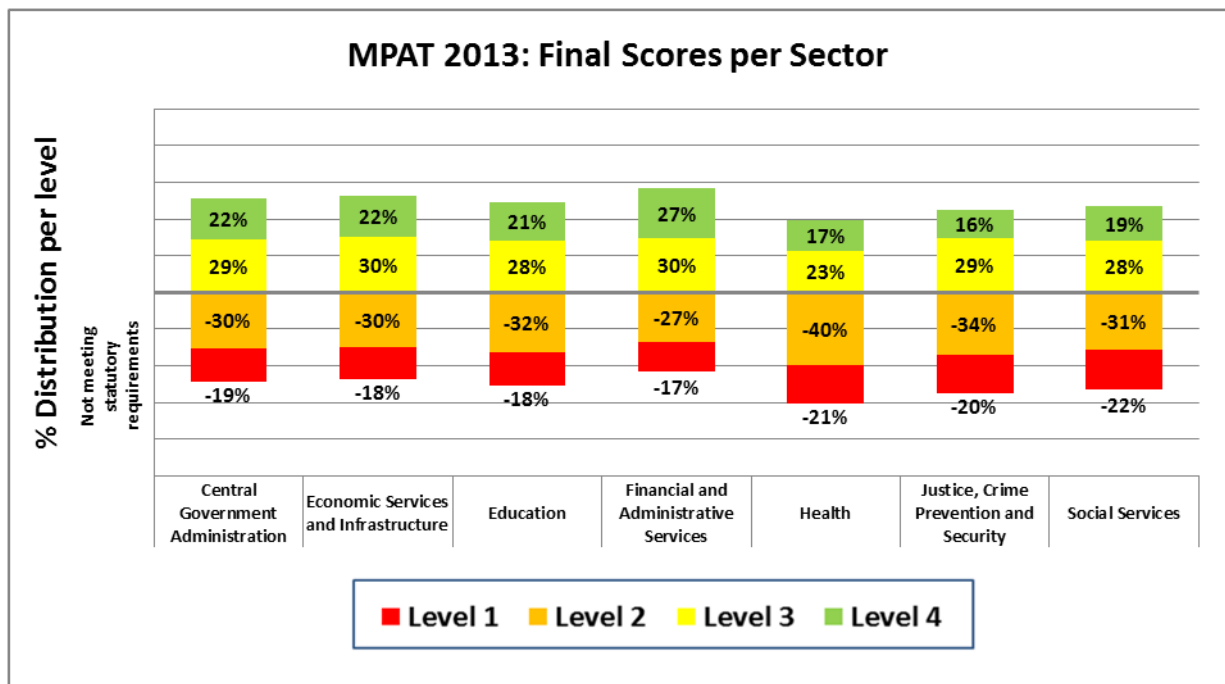**Figure 4: Compliance scores per sector for 2013**

Figure 5 provides a visual view for strategic diagnosis by highlighting smart performance and critical areas of improvement. For example, Service Delivery Improvement Plans (SDIP), Promotion of Access to Information (PAIA), Diversity

Management and Disciplinary Cases are areas of weakness across national government. In some cases, this may be due to a change in standards or a delay in implementation. These are discussed in more detail under each KPA.

Figure 5: 2013 MPAT scores for all national departments

This figure provides a picture of performance against management practise standards. The ranking does not reflect individual departments' performance in terms of service delivery. A vertical reading highlights smart compliance (mostly green) and low compliance (mostly red) standards. Similarly, a horizontal view reveals which departments work smart (mostly green) and which do not (mostly red and orange).

In contrast, mainly green columns indicate smart compliance by most departments. These are clustered almost entirely in KPA 2 (G&A), with the exception of Strategic Planning. These standards include Management Structure, Audit Committees, Risk Management, and Financial and Administrative Delegations. This suggests there are lessons to be learned from how these policies are implemented and supported. Mainly yellow columns indicate where quick wins may be made by interventions to convert 3s into 4s, for example, such as Demand, Acquisitions and Logistics Management.

Finally, horizontal readings enable individual departments to identify successes to maintain, as well as areas for improvement. Excelling departments (which are mainly green) such as Environment, Trade and Industry or Energy, can serve as compliance exemplars. Conversely, Military Veterans and the former department of Women, Children, and People with Disabilities were both down to red on the related Governance standards of Ethics, Fraud, Internal Audit and Risk. These are areas for improvement.

Changes from 2012 to 2013

Figure 6 tracks changes across KPAs from 2012 (the diamond) to 2013 (the bar) showing a slight overall improvement in MPAT scores, despite some tougher moderation standards and more rigorous application. The very slight decline in SM is due to changes made to standards for level 3 compliance. The baseline for this KPA is highest, at around 3. There were slight improvements in four provinces; and deteriorations in four, some substantial, for example, Free State and some National Departments.

Figure 6: Changes in KPA averages across all departments from 2012 to 2013
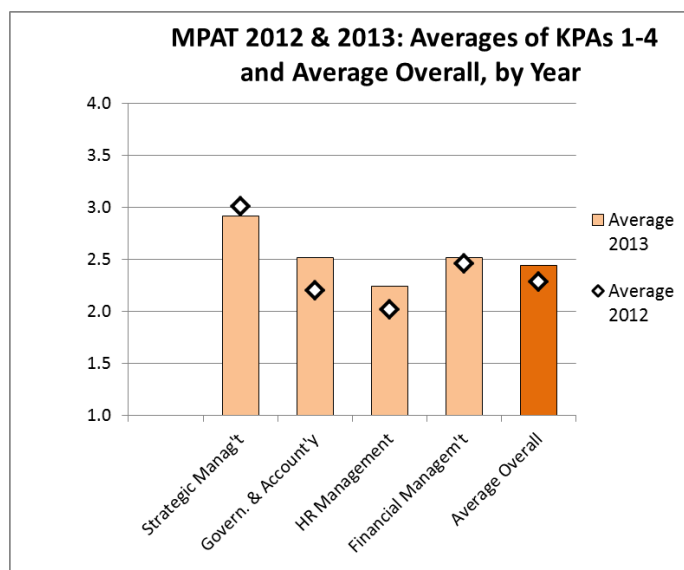
FM presents a picture of mainly even performance across the two years, but off a somewhat higher baseline. In this KPA, several provinces have improved, but Mpumalanga deteriorated markedly. There is a significant decline in the payment of suppliers standard across the board which could be attributed to an enhancement of the performance standard awarding a 3 for compliance with the 30 day payment period. Only seven departments met this requirement, of which 4 are national.

In HRM there has been a slight improvement from an already low average. This signals an ongoing need for interventions in HRM. Critical but indicative areas of focus are HR planning, individual performance management, discipline and diversity. Western Cape improved appreciably in the areas of G&A and HRM. Although NW improved on all KPAs, notably G&A, it remains the worst province in three KPAs and second-worst in the remaining KPA. Mpumalanga deteriorated on all four KPAs and Free State on three.

Further analysis shows that there are significant indications that good scores in MPAT and achievement of predetermined objectives do, in certain respects, go together. In other words, good management practises and achievement of predetermined objectives are outcomes of sound leadership, management, and systems. An exploration of the links between external criteria and MPAT show some interesting relationships. For example, the extent to which departments give feedback on the National Anti-Corruption Hotline (NACH) seems to correlate extensively with MPAT standards. This may be credited to departments being serious about dealing with challenges immediately also being serious about management.

In addition, stability in top leadership (incumbents in service for more than 3 years) correlates with good planning and monitoring, and also sound finances, in this instance reflected in prompt payments of suppliers. Noteworthy additional correlates are with delegations to mid-levels and with logistics – both requirements for getting things done. This suggests that consistent leadership and management are integral to compliance and performance.

More advanced analyses of MPAT show relationships between standards and KPAs, as well as external indicators of performance, most notably the Auditor General's (AG) finding on predetermined objectives (performance) (Figure 7). For example, individual performance management correlates with many standards in SM and G&A, but less with FM. This signals the importance of individual performance management and this is also identified in the path analysis. FM in general correlates less with other standards than before suggesting a worsening integration of strategy and operations. Financial management and strategic planning have few cross-correlations with other standards highlighting a tendency to work in silos and a lack of alignment of strategy and operations.

Figure 7 shows a path analysis for the prominent links between MPAT and the AG's performance measure and audit-quality measure. As can be seen, SM and G&A relate quite strongly to each other, but neither bears directly on the achievement of predetermined objectives. Rather, G&A informs HRM, and SM informs FM (which is assisted in this by G&A as well, but less strongly). It is FM and HRM that, with equally strength, links to the two performance outcomes (AGSA audit finding and achievement of predetermined objectives). Within each of the KPAs, the standards most likely to affect implementation within and between KPAs are highlighted. Key among this is the seeming non-existent link between HR and SM. The lack of linkage raises a concern as to whether the

HR implication are taken into account during the strategic planning process and also whether human resources are able to adapt to implement new departmental strategies.

Figure 7: Path analysis indicating relationship between KPAs and AG results
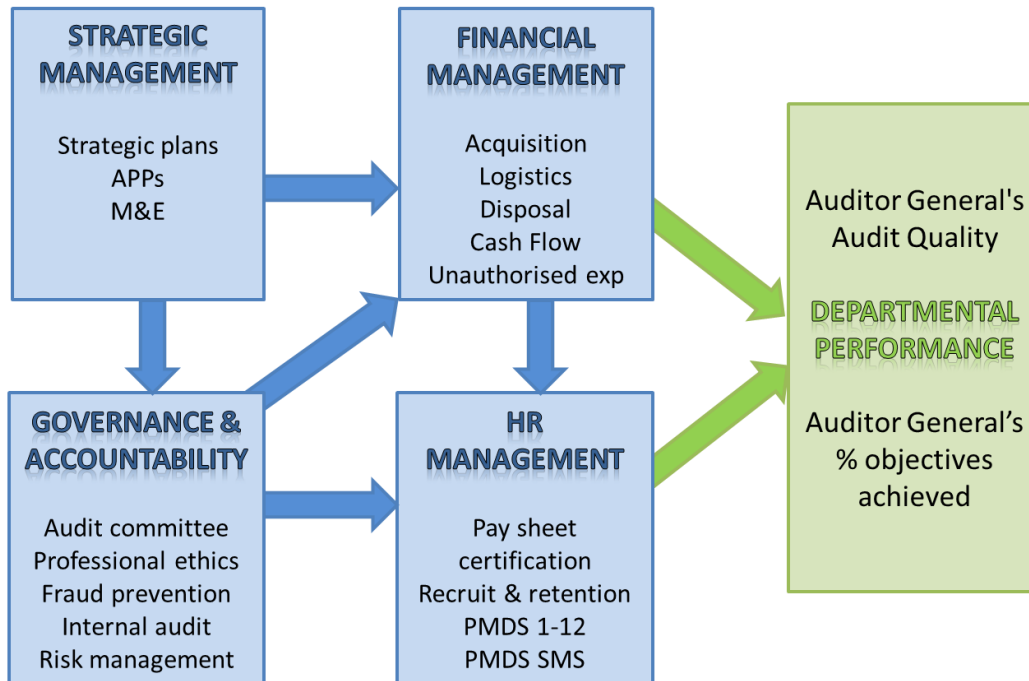
3.1 Strategic Management

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

An official from Eastern Cape Department of Economic Development, Environmental Affairs and Tourism

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 (via APPs), 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 allows for early warning signals.

Compliance with respect to 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 (Figure 8).

Figure 8: Strategic management standards 2012 and 2013

KPA 1: Strategic Management MPAT Standards, by Year
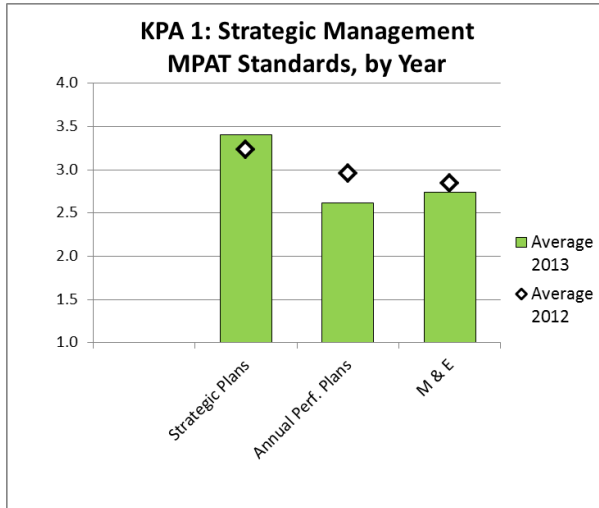
National departments and provincial results in Strategic Management were the strongest for strategic plans being in place, with 90% meeting or exceeding the legal/regulatory requirements for strategic planning. Departments did not perform as strongly on Annual Performance Planning, with 43% below level 3. This is a strong deterioration from MPAT 2012, when about a third of departments were found wanting in terms of this standard. However, the extent of the deterioration can, in part, be attributed to additional requirements that have been set for APPs. These requirements were based on findings by the AG on the percentage of predetermined objectives achieved as well as the quality of indicators and targets.

There nevertheless appears to be a gap between planning and implementation, evident in the decline in APP scores from 2012 to 2013. Officials across the case departments note a misalignment between planning and its operationalization through structures, systems and people.

Improvements in SM have been achieved most notably by Gauteng Province, but also by the Northern Cape, Eastern Cape, and North West. Eastern Cape and North West happened to have been the lowest performing during MPAT 2012 with respect to Strategic Management. Their improvement should therefore be considered taking into account its low baseline on which the expression of improvement is based. Despite the relative improvement, these provinces remain the lowest performing in terms of SM. Departments at national level, Free State, KwaZulu Natal, Western Cape and Mpumalanga have dropped back in terms of compliance against the set standards; whilst Limpopo has managed to retain its 2012 performance (see Figure 9).

According to the AG report only 37% of departments achieved more than 80% of their predetermined objectives. This aspect points to the difficulties departments are experiencing with setting realistic target and reporting against it in their annual planning and reporting. The quality of the setting of targets and reporting on the achievement of pre-determined objectives could be affected by the ability of departments to define performance indicators correctly, provide reliable performance information and/or set targets properly. It seems that weak departments set weak targets. It might be useful

27

to draw the attention of the respective Parliamentary Portfolio Committees and other budgetary oversight mechanisms to their role in checking these indicators and targets with implementing departments, and acting as critical friends.

Figure 9: Average SM performance by province and by sector 2012 and 2013
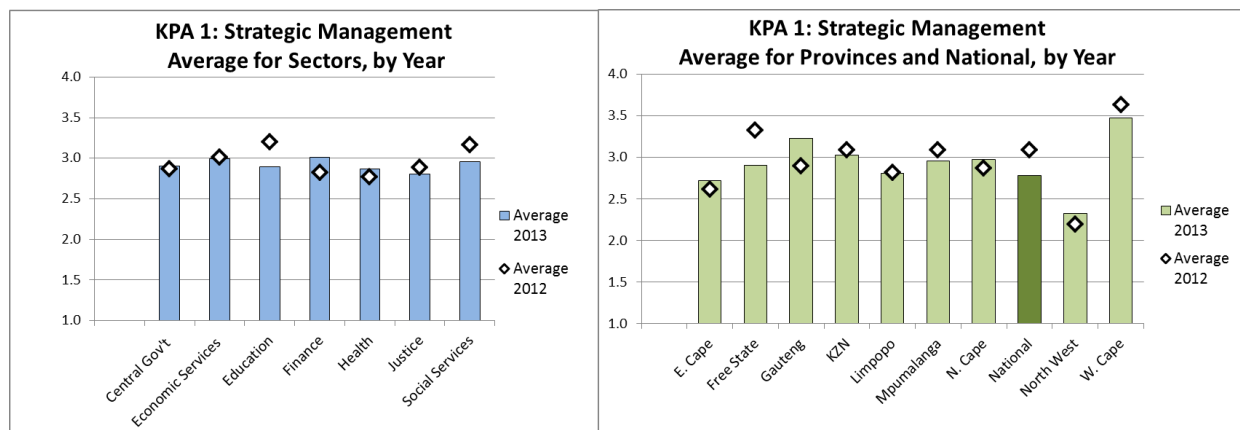
Learning from the cases suggests the importance of building a responsive learning culture where responsibility for performance and monitoring is distributed across the department, as well of allowing some space for flexibility in the achievement of targets. For example, instead of only identifying if a target is achieved or not, it might be possible to award achievement towards a task, within certain minimum standards. A possible pitfall in this could be that departments (as seems to be the case currently) set pessimistic/low targets instead of optimistic/challenging, but realistic targets. The rationale is that it is easier to achieve a high percentage of a small number of low targets, thereby avoiding findings by the AG and resulting in departments being rewarded for mediocrity. However, more moderation of performance might manage this process.

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 impacts public service as a whole. That bigger picture gets lost since everyone focuses on their minute little area and feels that they are an expert in their area.

An official from Department of Trade and Industry

With respect to the M&E standard there was also significant slippage downwards between the proportion of departments which last year managed to achieve a 3 and 4 (76%), and those who have managed to do so this year (58%). The reduction in the M&E scores was mainly due to deficiencies in the departmental performance information in terms of processes, systems and the reliability of the information produced. Departments' inability to reliably monitor and report on what they actually achieved will have to be addressed if progress is to be made with evidence based decision-making in government.

With raising the bar of the M&E standard, 57% of government departments are now deemed compliant. The departments who are embarking on evaluations of major programmes have remained static on a low 19%, pointing to a problem with the institutionalisation of an evaluation culture for government programmes. This in turn leaves policy review activities and policy decision-making weakened, due to the absence of reliable evidence with respect to its performance and impact. Over and above the National Evaluation Plan adopted by Cabinet, departments should plan and conduct their own evaluations.

If a more sectorial perspective is taken with regard to the SM KPA on average it would seem that the larger delivery sectors, the ones with dispersed, multi-site arrangements are the ones whose compliance has deteriorated during the most recent assessment round, these are Justice, Education and Social Services, while the others have basically just been able to retain their positions of last year. Finance and Health managed to show almost negligible improvements (see Figure 9).

When the compliance profile of the aggregate national departments are compared with the aggregate of the provinces across the three standards it is notable, that with the exception of the Strategic Plan standard, the provinces are now doing better than the national departments (See Figure 9). This could be attributed to the stronger, coordinated support provided to provincial departments by the OtPs, National and Provincial Treasuries, as well as by departments such as the DPME and DPSA.

The important role of support departments and the potential of an effective OtP to improve delivery suggest that some national departments may benefit from similar support. This may confirm the NDP recommendation to establish a public service head responsible for providing similar assistance to national departments that are falling behind.

3.2   Governance and Accountability

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.

An official from North West Department of Agriculture and Rural Development

Governance and Accountability within departments 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.

There are 11 standards in the Governance and Accountability KPA: service delivery improvement plans, functionality of management structures, Audit Committees, professional ethics, fraud prevention, internal audit, risk management, delegations in terms of the Public Service Act (PSA) and the Public Finance Management Act (PFMA), governance of information technology and the Promotion of Access to Information Act (PAIA).

The G&A KPA (see Figure 10) includes standards for accounting for authorised actions (such as audit, risk and delegations) in terms standards include Management Structure, Audit Committees, Risk Management, and Financial and Administrative Delegations, as well as those related to a professional service ethos in terms of accounting for what's done (service delivery, fraud prevention, professional ethics and PAIA). The latter involves building a professional 'can do' management and accountability culture, while the former involves doing things right in terms of the requirements. 58% of departments are compliant in the G&A KPA as a whole and 34% work smartly. Figure 10 shows that there have been significant improvements in the KPA with the exception of SDIP and Fraud Prevention.

**Figure 10: G&A standards for 2012 and 2013**
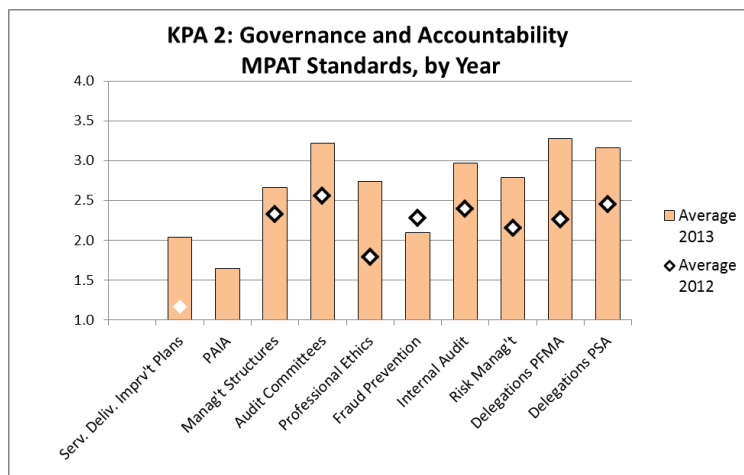
The apparatus for financial compliance is strong, evident in the number of fours for auditing. SDIPs fare worst with 70% non-complaint, followed by Fraud Prevention at 64%, which is where Audit and Internal Audit are put to practical test. However, this pattern fits the one identified in SM where departments have difficulty operationalising strategy. Departments seem to be falling short on the aspects of compliance most related to implementation. Learning from the cases suggests the importance of incremental and targeted change, a compliance culture and work flow analysis to support delivery.

There is appreciable improvement in governance across all sectors and departments with the exception of Free State and Mpumalanga (Figure 11). One explanation for the improvements is more active coordination through shared services arrangements, Offices of the Premier (OtPs) and sometimes Finance Departments. The Eastern Cape and Gauteng registered the most improvement. This is attributed to active engagement from provincial leadership which encouraged actions to improve management practises for the 2013 review period. The Eastern Cape OtP is the most improved department in the country

from a very poor baseline. This seems to reflect a concerted effort to improve on 2012 scores.

Figure 11: Average G&A performance by province and sector 2012 and 2013
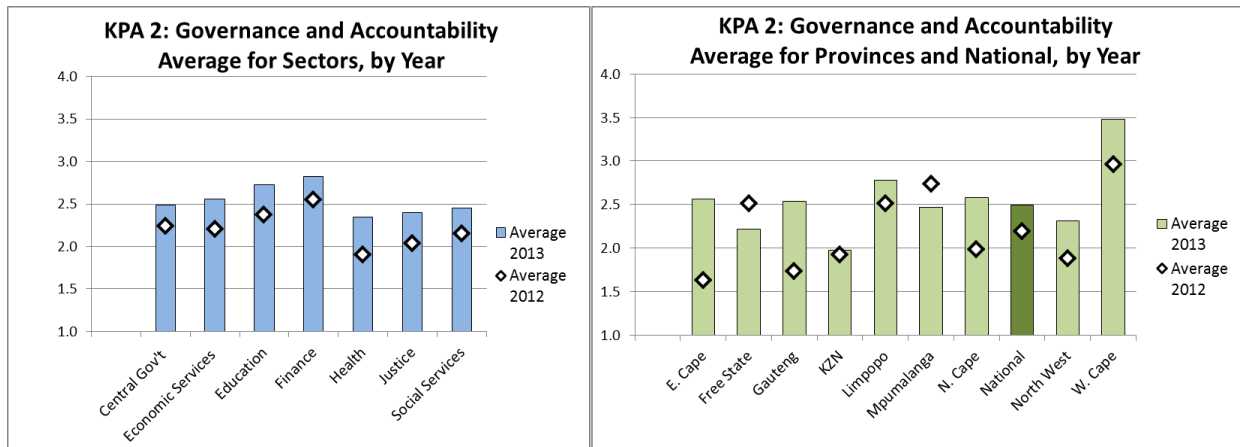
Departments continue to struggle with compliance with PAIA. PAIA is a new standard and improvements in the baseline could be expected in MPAT 2014 as this standard becomes institutionalised. Despite improvements in Fraud Prevention, Risk Management and the generation of SDIPs, these continue to be areas that require further consideration and engagement by policy departments. An analysis of the area of Fraud Prevention, for example, reveals that there has been a decline across all provinces and national departments, with the exception of the Eastern Cape.

SDIP is monitored by the Forum of South African Directors-General (FOSAD) so the low levels of compliance (30%) are a matter of concern. This standard is at the heart of the process to improve service delivery. However, few departments are adhering to the legislative requirements and do not have Service Delivery Improvement Plans and Strategies. Even though the Department of Home Affairs may not be complying fully with SDIP policy (it has no Service Charter), it has established delivery standards based on an operational analysis which prioritises the delivery of passports and IDs. There is a need to think through the policy prescripts in relation to operational management techniques. The Department of Public Service and Administration (DPSA) requires departments to submit plans but does not follow up to assess implementation.

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.

An official from Department of Home Affairs

The SDIP MPAT standard requires that departments monitor adherence to set standards by using the data for planning and improvement. Since compliance in

this area has been weak in the last two assessments, there is a need to examine these challenges – does the implementation of the policy lead to improved service delivery, does the policy need to be differentiated to accommodate the needs of non-service departments, and/or is more support or leadership required?

There is a strong correlation between G&A performance and AG findings on achieving annual targets. Departments that are watching risk and fraud are generally meeting their annual targets. There is also a positive correlation between good fraud prevention and functional individual performance management systems. The improvements overall are related to greater awareness, the provision of evidence, improved reporting and departments taking responsibility for governance functions. The coordinated focus on risk and fraud enables departments to monitor and identify challenges but a champion is required to drive the process.

> *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.*
>
> An official from Department of Mineral Resources

Lessons from the case studies which explored good practice in the areas of fraud, risk and SDIP suggest that the standards assessed under governance and accountability is critical but has to be backed up with consistent action and demonstrable senior level support. Systems and strategy should be based on work flow and data analysis. In order to achieve good practice in these standards it is necessary that expectations from HODs and executive authorities are clearly articulated.

Although the Corporate Governance of ICT Policy Framework was only approved in November 2012 with the date of the implementation of Phase 1 being March 2014, the corporate governance of ICT was assessed since MPAT 2011. Due to the misalignment between MPAT 2013, which took place in November 2013, and the implementation of the corporate governance of ICT Phase 1 (March 2014) it was included in MPAT 2013 as a trial run. 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 is excluded from being reported to Cabinet for the MPAT 2013 cycle. Full reporting will be included in the MPAT 2014 cycle to be conducted during November 2014.

From the analysis of the 2013 piloting of the ICT governance it is worth mentioning that departments already showed huge improvement in meeting the MPAT standard since 2011. In this regard, participation by departments in the assessment increased from 14% to 99%, departments that show initiatives to implement increased from 21% to 70%, evidence documents approved within department increased from 0% to 20% and departments that already

implemented on accordance with the expectations of the Standard increased from 0% to 12%.

3.3   Human Resource Management

Now there is an understanding that to plan operations, you need HR to provide the most important resource: your people.

An official from Northern Cape Department of Roads and Public Works

Human Resource 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 with respect to the Human Resource Management KPA is monitored through 11 standards clustered in four key areas: HR strategy and planning, HR resource practices and administration, performance management, and employee relations (see Figure 12). These standards are strongly interrelated and one impacts on another. For example, poor HR planning reflects in inappropriate recruitment, and poor organisational design impacts on retention and performance. Every aspect of HRM is highly regulated, requiring strict compliance to well-established legislation.

Figure 12: HRM standards by year 2012 and 2013
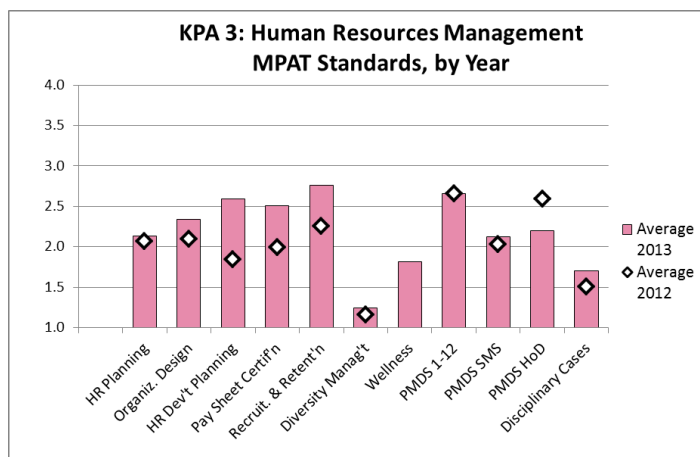
The average score for HRM in 2012 across all 155 departments was 2 and improved to 2.25 in 2013. HRM remained the poorest performer of the four KPAs signalling a need for a national improvement strategy. This is not a new insight, as the Public Service Commission (PSC) and the DPSA have conducted studies into HRM which highlight the need to improve the skills of human resource practitioners and enable them to fulfil the role as a strategic partner to top management. The good practice cases show that HRM is most effective when all managers are supported by HR

practitioners to manage their staff and build a performance culture. Departments that use multiple responsibilities to integrate their work, or trust internal capacity over outsourcing, reap benefits. All managers need to be responsible for HR and include this in their performance agreements.

> *Resources were spread thin, but this was also an opportunity. The head of OD was also responsible for performance management … in this case it afforded the OD team a wider perspective, which facilitated integration.*
>
> An official from Northern Cape Department of Social Development

Departments that recognise the strategic value of people in the delivery of services have located HRM as a strategic support pillar to planning and performance. They ensure that HRM supports and develops staff, and provide 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. As the path analysis in Appendix 3 demonstrates, HRM together with FM, have a more direct influence on department performance and service delivery than the other KPAs.

Despite an improvement from 2012 to 2013, HRM in the public service remains in critical condition. 45% of provincial and national departments' scores are at level 1 and a further 21% are at level 2. This means that only 34% of departments' scores indicate compliance and 11% working smartly. The significant improvements from 2012 to 2013 are in the areas of organisational design, HR development planning and recruitment and retention. In fact, 68% of all departments are scoring 3s or 4s for recruitment and retention, and 58% are compliant in performance for levels 1 to 12. The improvement in recruitment and retention may be prompted by FOSAD reducing the 2009 DPSA Directive for recruitment turn-around time from six to four months.

Recruitment and retention feed into the building of a performance culture in organisations. Successful departments recruit the right people timeously, deploy them appropriately and value performance. Despite some improvement in performance management, many departments get 1s or 2s for performance management of SMS and HODs. Departments' scores are below compliance level for planning and disciplinary cases. The low scores for performance management of HoDs may relate to a lack of clarity on responsibility for the implementation of HoD performance reviews at the time of the assessments.

Good organisational design, planning and administrative-level performance management correlate strongly with AG finding on the achievement of targets contained in predetermined objectives. However, HR planning does not correlate with other standards such as strategic plans. This suggests a tendency in departments to plan without due consideration of human resource requirements.

> *Last year, the CEO said that in every employee's Performance Agreement 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.*

Performance management goes with strong management of discipline but also links to PFMA delegations, fraud prevention, ethics and management structures. It works as a thread connecting KPAs but hardly correlates with external deliverables.

There is only 9% compliance with the standard in the management of disciplinary cases. The reality is that most departments do not have capacity, the skills or the will to finalise cases in the stipulated 90 days. Cases are also not captured on PERSAl which also makes it difficult to monitor how departments handle disciplinary cases. Discipline also tallies with risk management. Good practice suggests that success is facilitated by analysing cases, identifying challenges and preventing transgressions. If there is knowledge, there are consequences, and then you get performance.

Figure 13: Average HRM performance by province and sector 2012 and 2013

[
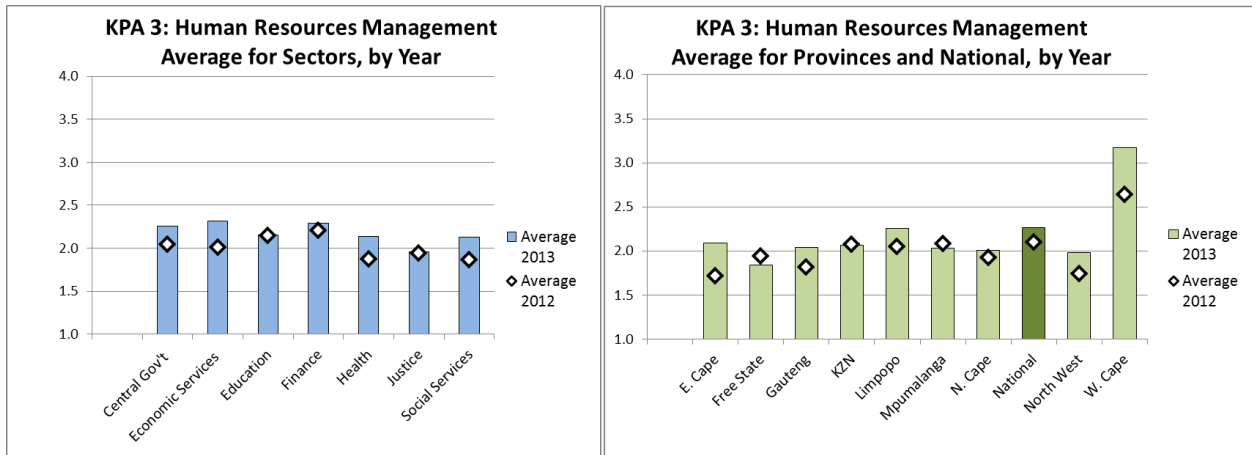
Provinces that improved in HRM include the Western Cape, Eastern Cape, Gauteng, Limpopo and North West (see Figure 13). National departments improved as well. Kwazulu Natal, Mpumalanga and Northern Cape were static and Free State dropped slightly. The sectorial view is similar: Education, Finance and Justice are static with slight improvements in other sectors, specifically Economic and Social Services. Compliance is poor in Health and Wellness perhaps because it is a new standard in 2013. The scores in the standard for diversity management remain very low over the last two assessments, with more than three quarters of department's scoring level 1. The ongoing low scores and the slow progress in achieving the targets set require a rethink of the current approach in addressing diversity management.

3.4   Financial Management

Every day I look at the tracking registers. If I found something irregular, there would be a sort of fight.

An official from Northern Cape Department of Social Development

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 financial management improvement in the public service 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 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 management, payment of suppliers and unauthorised, irregular, fruitless and wasteful expenditure.

Figure 14: FM standards 2012 and 2013
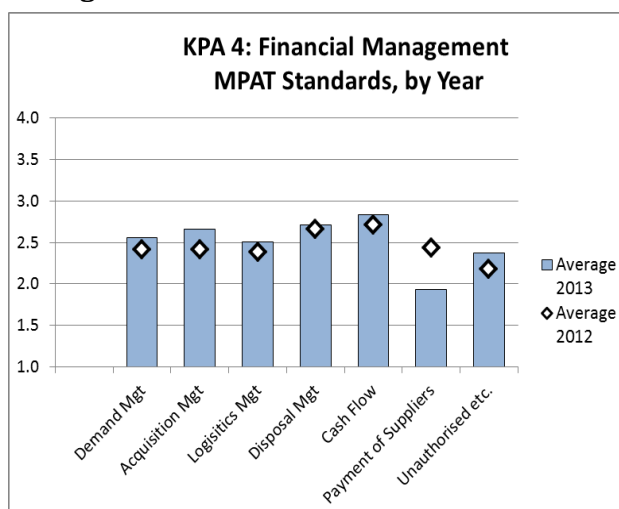
In respect of FM, compliance of 56% is cause for concern in a country beset with development challenges. Departments perform better in supply chain management with almost 65% at level 3 and 4. (see Figure 14).

On Payment of Suppliers, notwithstanding the FOSAD monitored and long-proclaimed intention for government to pay in thirty days 87% of departments score 1s and 2s. In fact, only 4 national departments work smart in this area and are paying all legitimate invoices within 30 days and have tracking systems in place. A further 3 provincial departments are also working smartly in the payment of suppliers. One of the reasons for the sharp decline in this standard from 2012 to 2013 has to do with a change in the moderation criteria so that payment within 30 days was regarded as basic compliance, not smart compliance. While there is some improvement in unauthorised expenditure, non-compliance still slightly outweighs compliance (50%).

In terms of change patterns, FM is relatively stable with a small improvement in acquisition management and a decline in the score for the standard on payment of suppliers (Figure 14). The picture across sectors is equally static with the

Finance sector showing a slight decline (Figure 15). Eastern Cape is the only province that shows a convincing improvement in FM, along with slight improvements from Gauteng, KZN, Limpopo and North West. The improvement in the Eastern Cape could be attributed to the efforts by the OtP which was awarded most improved department in 2013. Both OtPs and Provincial Treasuries play a central role in leading and coordinating financial management compliance. Provincial Treasuries need to be strengthened to support FM improvements. This requires improved intergovernmental relationships with OtPs and provincial treasuries.

Figure 15: Average FM performance by province and sector 2012 and 2013
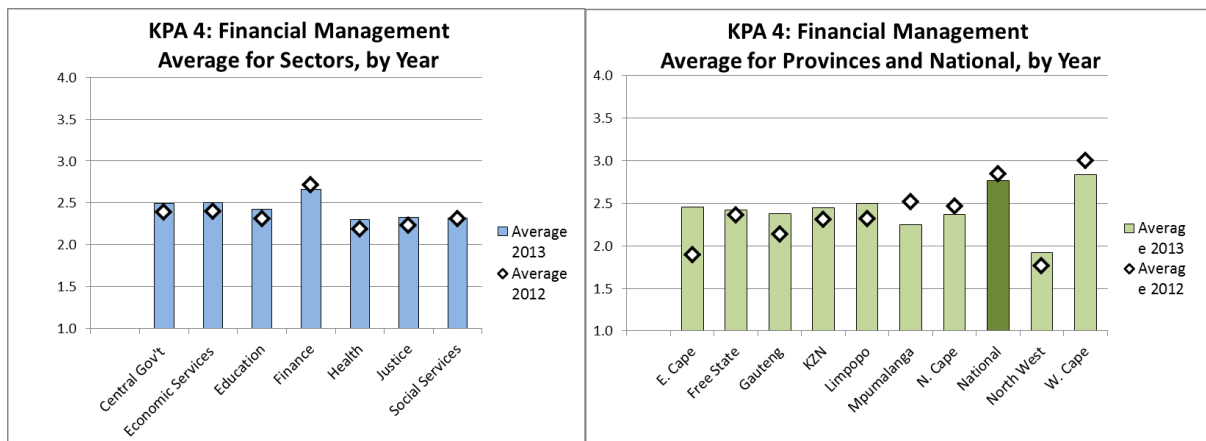
The decline in national departments, Northern Cape, Western Cape and Mpumalanga may be due to the changed payment of suppliers' standard. A question to be considered with regard to this KPA is whether departments are taking issues of non-compliance seriously? Is there a culture of impunity as there are no consequences for doing poorly? It should be noted that Accounting Officers are responsible to take disciplinary action if suppliers are not paid within 30 days and if they do not act then the Executive Authority should institute disciplinary actions against the Accounting Officer. A similar point can be made with regard to unauthorised expenditure. FOSAD monitoring of compliance is a way to entrench accountability, and should perhaps be extended to unauthorised expenditure. Payment of suppliers correlates to service delivery, as does fruitless and wasteful expenditure in terms of the large amounts of money lost that could have been spent elsewhere.

If we assign a clerk from finance, the process might be compromised, because it may be to their benefit who gets 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.

An official from Northern Cape Department of Social Development

The case studies show that FOSAD monitoring of the payment of suppliers acted as a catalyst to prompt senior management into action. Senior management support, combined with the right systems (registering process, tracking, data-base, and setting due-dates) and consistent monitoring facilitated the establishment of a payment machine. A significant part of this process involved

linking SCM to EM, virtually through the tracking system, and/or in close geographic proximity. A question needs to be considered about the appropriate division of roles and responsibilities between these two areas. Experience suggests that more care taken in the procurement phase in terms of verifications and data, facilitates a smoother transition to invoice tracking and payment.

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 go running around looking for tax clearance certificates or SBD (Standard Bidding Documents). Other things we want to do in advance are also to ensure that the details of persons are already on the system, verified by the National Treasury, before we receive invoices. At the point of getting invoices, all you want to do is press the button.

An official from Department of Energy

4.   Conclusions and lessons

You can have the best system in place, but if you don't have the commitment, the 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 important part of the process is full commitment.

An official from Department of Energy

MPAT's primary purpose is to improve performance using standards to benchmark management practice. MPAT reporting induces accountability through the monitoring, review and improvement process. In this regard, MPAT operates as a catalyst for the identification of good practice, policy inconsistency, process misalignment, poor performance and innovation. Monitoring the quality of management compliance improves management performance by creating accountability. MPAT is adding value to departments that use it to initiate organisational change and improvement.

MPAT 2013 shows that many departments meet the legal requirements for good management practice and a few departments, in each of the 31 standards assessed, work smartly. In addition to notable improvements in KPA 2, Eastern Cape and Gauteng have worked on their management practices and have achieved improved results. Departments that work smartly demonstrate that given leadership commitment to build a performance culture, continuous improvement is possible. Good management practice is premised on an understanding of the consequences of individual actions for organisational performance and follows a commitment to improve service.

Political will and leadership are crucial. If you get buy in from leadership, it is easy going from thereon.

An official from Department of Trade and Industry

MPAT 2013 suggests that departments are better at planning and formal (audit) compliance than operationalization. Performance is better in standards which require departments to follow set procedures (like strategic planning). Departments seem less able to comply when time bound performance standards are included (payment of suppliers), or when a horizontal combination of organisational processes is required (APPs or SDIPs). Poor integration across the KPAs suggests that planning and audit reporting often take place as due process in isolation from operational, human resource or financial considerations. There is a lack of alignment and integration of planning and operations.

M&E is the thread that ties strategy, governance and resources management together. M&E, when done properly, brings together budgets, financial management and HRM; performance management (organisational and individual); as well as governance (reporting and accountability). The challenge is to create a balance between these different components in terms of resources, attention and quality, but also to get the sequencing of the various activities right. M&E should not be seen as a quarterly or annual tag-on to

satisfy reporting requirements. It should be considered right from the start in strategy formulation and the preparation of APPs and SDIPs. Smart departments use the evidence collected from reporting processes to review practice and plan improvements.

HRM is still largely left out of this equation. HRM in the public service is still in the intensive care unit with regard to scores against the MPAT standards. More work need to be done on improving HRM so that it enables compliance and performance. A professional public service comprised of skilled, motivated and committed people, is critical to achieving the objectives of the National Development Plan. Departments that recognise the value of people in service delivery ensure that their HRM approach supports and develops staff, and provides the tools and operating environment to perform. Such departments are able to make strong links between the management of people and the meeting of organisational objectives. The tendency to de-link organisational and individual performance needs to be addressed.

4.1   Lessons

The four management KPAs are interdependent and form part of the overall service delivery system by turning inputs into outputs. Good practice and performance across the KPAs is an essential part of improving service delivery and achieving the objectives of government. Similarly, the relationship between structures and practices cannot be underestimated. 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 16 provides an overview the lessons identified from the analysis of the data and good practice cases.

The key drivers of smart compliance and management improvements are:

- **Accountable and consistent leadership** which actively builds a committed performance monitoring culture by setting the tone and following through. The good practice cases show that smart practices emerge and 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. For example, when managers wanted to improve performance, it was included in departmental and individual performance plans and actively monitored. A **passionate champion** often gets the ball rolling by noticing a gap and introducing an innovation.
- **Policy and planning** provides a foundation on which a department canon build to meet their objectives. In this regard planning often drives improved practice. Adapting plans to each department's unique operating context and work process is an important aspect of ensuring their relevance to meeting objectives. In this regard, inconsistent policy regulations can slow delivery by enmeshing departments in unnecessary compliance processes. Effective planning requires clear, well-communicated objectives and tasks,

as well as an alignment of strategic and operational process. The lesson is to **set targets and stick to them**.

- **Compliance is a source of innovation.** Using factual evidence and data in engagements with internal and external stakeholders drives change. The process of assessing the evidence and identifying blockages builds learning about what needs to be done. Communicating these lessons enables a dialogue on what areas need attention.
- **Needing to do more with less** is a driver of 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 tasks results in good practice as departments innovate and develop tools that break down the traditional silos. The required teamwork creates efficiencies and places people at the centre of change.

In addition to the drivers of change, MPAT 2013 shows that there are a number of conditions that sustain continuous organisational improvement:

- A **professional and accountable service culture** is a requirement for successful delivery. Smart departments hold people to account and ensure that staff understand the personal and organisational consequences of not doing what is required. A professional culture is supported by peer pressure and cooperative engagements with stakeholders which enables performance backed by monitoring, feedback and consequences.
- **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.

    We were clear that the process will take time and that people will learn as the process unfolds … let them go to the pain of learning as we move along …

    An official from Eastern Cape Department of Agriculture and Agrarian Reform

- 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 **right people, with the right skills, using the right tools and systems** are 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 biggest weakness of 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 but they could not explain why. I think it is just that government officials are not committed. It is just a lack of commitment.

An official from Northern Cape Department of Social Development

Figure 16: Management performance lessons