

Report on Senior Management Service Compliance with Performance Agreements in the Eastern Cape Provincial Administration



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FOREWORD

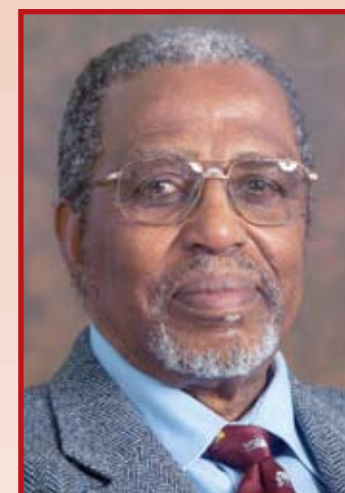
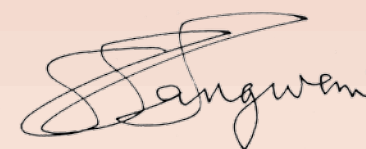
I am pleased to present this report on the status of compliance with Performance Agreements (PAs) by SMS members in the Eastern Cape Provincial Administration for the 2005/06 financial year. This study was undertaken by the Public Service Commission in fulfilment of its mandate to investigate, monitor and evaluate the organization and administration, and personnel practices of the Public Service.

Since the transformation of the South African Public Service, a key consideration has been to enhance the performance of public servants through the introduction of effective performance management systems. Effective implementation of such systems is necessary for holding the senior management service accountable for the achievement of the objectives that fall within their scope of responsibility.

The performance agreement system is one way of ensuring that senior managers are accountable and responsible for both their performance and that of their components/organizations. Non-compliance not only leads to difficulties in ensuring an accountable Public Service, which is an important element of the basic values and principles governing public administration, but also compromises service delivery. In addition, such non-compliance has a serious consequence for overall organizational performance.

It is hoped that the findings and recommendations contained in this report will draw attention to the challenges facing departments in the Eastern Cape, and assist them to better manage the performance of their senior management cadre in their endeavours to ensure improved quality of life for their citizens.

Finally, the Public Service Commission wishes to convey its gratitude to departments and individuals in the Eastern Cape Provincial Administration for their co-operation during the study.



PROF. SS SANGWENI
CHAIRPERSON: PUBLIC SERVICE COMMISSION

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Glossary

CMCs	Core Management Criteria
DPSA	Department of Public Service and Administration
HOD	Head of Department
HR	Human Resource
KRAs	Key Result Areas
MPSA	Minister for Public Service and Administration
PAs	Performance Agreements
PA:EC	Provincial Administration: Eastern Cape
PMDS	Performance Management and Development System
PSC	Public Service Commission
PSCBC	Public Service Co-ordinating Bargaining Council
SMS	Senior Management Service

EXECUTIVE SUMMARY

1. Introduction

Performance Agreements (PAs) are key to the successful implementation of the Performance Management and Development System (PMDS) for Senior Managers in the Public Service. They form the basis for the evaluation of performance and also create a point of reference for senior managers and the supervisors in the entire performance management cycle.

At a workshop convened by the Director-General of the Provincial Administration: Eastern Cape (PA: EC) on 4 April 2005, a number of concerns were identified by participants regarding compliance with the requirements of PAs for Senior Managers. For example, supervisors and employees have not completely bought into the performance management system, and the system was not applied consistently throughout the province. Given the seriousness of these concerns, the Public Service Commission (PSC) decided to undertake a study on compliance by the Senior Management Service (SMS) with PAs in the PA: EC. The study was conducted during 2006/2007 financial year.

2. Objectives

The main objectives of the study on the evaluation of the SMS compliance with PAs in departments in Eastern Cape Provincial Administration were the following:

- Review the implementation of the PMDS for members of the SMS members by provincial departments to establish compliance with the PMDS and other relevant prescripts;
- Assess the state of compliance with PAs as a basis for managing performance in the Public Service;

- Identify weaknesses in the implementation of the performance management system for the SMS by departments; and
- Conduct feedback sessions (workshops) for departments in the province to reflect on compliance levels and to provide advice on how best to manage PAs to achieve good performance management.

3. Limitations

The following limitations were encountered during the study:

- Some members of staff were not available for interviews;
- Relevant documentation was not always available; and
- There were delays and poor responses from some departments.

4. Findings

Overall, the study found the implementation of the PMDS for SMS members in the PA: EC to be unsatisfactory. The following specific findings were made following an analysis of questionnaires, PAs and data from interviews:

- Of the 437 questionnaires that were distributed to SMS members, only 132 were completed and returned, thus representing an overall response rate of 32%;

- The response rate was the highest in the Department of Sports, Recreation, Arts and Culture (75%) and the lowest in the Department of Health (7%);
- The PSC requested that signed PAs of all the 437 SMS members employed by the Eastern Cape Provincial Administration be made available for purposes of the study. However, only 213 signed PAs were submitted. The submission rate ranged from 35% (Department of Health) to 100% (Department of Agriculture);
- In most cases, departments could not provide the PSC with reasons why outstanding PAs were not submitted. It is likely that such non-submission could be because these PAs were never concluded in the first place;
- Not all SMS members were supplied with copies of the SMS Handbook. Instead, a number of departments indicated that they simply encouraged members to download the Handbook from the DPSA website;
- PMDS documents are not properly managed in most departments, leading to instances where original copies of signed PAs were kept by individual SMS members. In addition minutes of the moderating committees established for the purpose of assessing the performance of SMS were not kept;
- The content of the PAs is unsatisfactory. The distinction between KRAs and CMCs is not always clear. Departmental operational plans and strategic plans were sometimes copied and reflected as individual workplans; and
- The implementation of the PMDS is unsatisfactory, with performance reviews and appraisals not being conducted as required by the PMDS.

5. Recommendations

In order to ensure the effective implementation of the PMDS for the SMS, the attention of the PA:EC is drawn to the following key recommendations:

- Departments should prioritise the provision of training on the PMDS to ensure better understanding of how the system works, and to clarify roles and responsibilities. SMS members need to appreciate the significance of the PMDS as well the basics of its implementation, including the development of PAs. HR sections should ensure that such training is built into the programme for the 2007/8 financial year. A monitoring report on the effectiveness of the training should be developed by each HR section and presented to the respective Executive Authorities by the end of the 2007/8 financial year.
- HR Components should facilitate the distribution of copies of the SMS Handbook to all SMS members. As a matter of course, SMS members should also be provided with copies of updated Chapters of the Handbook as and when the DPSA effects revisions.
- Each department should ensure that it puts in place a proper system for managing PMDS documentation. Original copies of such documents should be kept at a central place. These documents include signed PAs, Verification Statements and minutes of the meetings of moderating committees.
- HODs should fulfil their responsibility of ensuring that all SMS members enter into PAs as required, and that the content of the PAs is quality assured. All PAs for the 2007/8 financial year should be signed by the end of April 2007. Each department should provide a report on progress in this regard to the Legislature by the end of June 2007.

- HoDs should also fulfil their responsibility of ensuring that performance reviews and appraisals are undertaken as required by the PMDS and that no decisions on performance rewards are made without such appraisals being conducted. Each department should develop an action plan for performance reviews covering the 2007/8 financial year. The plan should be in place by the end of June 2007.
- This study has established that certain SMS members may have unwarrantedly benefited from the PMDS without due process being followed. This includes instances of notch progression where no performance appraisals were done or where PAs may not have been in place. Each department should confirm if such cases exist, and recover the payment from the SMS members concerned in terms of Section 38 of the Public Service Act, 1994.

6. Conclusion

Performance management and development practices require the active participation of SMS members if such practices are to take root in departments and become institutionalized. HoDs should provide the required direction and discipline to ensure the effective implementation of the PMDS. There should be sound on-going monitoring and evaluation of departments to ensure that progress is established and that areas of weaknesses are addressed effectively.

Chapter One

INTRODUCTION

1.1 Background

The PSC plays a leading role in promoting sound administrative leadership in the Public Service, and is involved in the management of various systems designed to promote the performance of senior managers. Not only does it facilitate the evaluation of performance of HoDs in the Public Service, but it is also responsible for the filing and quality assurance of their PAs. As such, the PSC has been extensively involved in monitoring the performance management of senior managers in the South African Public Service. Such involvement recognizes the importance of implementing an effective performance management system to ensure accountability and service delivery.

At a workshop convened by the Director-General of the Provincial Administration: Eastern Cape (PA: EC) on 4 April 2005, and facilitated by the PSC's Resident Commissioner in the Eastern Cape, the following observations that affect performance management in the province were made:

- Both supervisors and employees have not completely bought into the performance management system.
- Performance agreement management is viewed as the sole responsibility of the Human Resource components.
- Most PAs do not reflect the core business of individual departments, resulting in difficulties when assessing the performance of individual managers and their organizations.
- Senior managers are still reluctant to enter into PAs to avoid accountability as responsibility managers.
- PAs are not utilized as actively and flexibly as they are intended.
- There is a huge challenge in that not all managers, mainly at Director and Chief-Director level, have entered into PAs/contracts with their supervisors.

The challenges highlighted are serious and if not properly dealt with will compromise the use of PAs as a strategic mechanism for accountability and development. Such challenges also raise serious concerns for effective service delivery. Against this background the PSC decided to undertake a study on compliance by the SMS with PAs in the PA: EC. The study was conducted during 2006/2007 financial year.

1.2 Mandate Of the Public Service Commission

In terms of section 196 (4) (b) of the Constitution, read in conjunction with section 9 and 10 of the Public Service Commission Act, 1997, the PSC is mandated to investigate, monitor and evaluate the organization, administration and personnel practices in the Public Service.

In addition to the above, in terms of Section 196 (4) (f) (iv) of the Constitution, 1996, the PSC may of own accord or on receipt of a complaint, advise national and provincial organs of state

regarding personnel practices in the Public Service including those relating to the recruitment, appointment, transfer, discharge and other aspects of the careers of employees in the Public Service.

1.3 Objectives

The main objectives of the study were to:

- Review the implementation of the PMDS for members of the SMS members by provincial departments to establish compliance with the PMDS and other relevant prescripts.
- Assess the state of compliance with PAs as a basis for managing performance in the Public Service.
- Identify weaknesses in the implementation of the performance management system for the SMS by departments.
- Conduct feedback sessions (workshops) for departments in the province to reflect on compliance levels and to provide advice on how best to manage PAs to achieve good performance management.

1.4 Methodology

To achieve the above objectives, the methodology was divided into the following three phases:

Phase 1: Data Gathering

A questionnaire with structured questions (**Annexure A**) applicable to all the provincial departments in the PA:EC was developed. The questionnaire was divided into the following sections.

- The contextual phase (Part 1 of the questionnaire)
- The implementation phase (Part 2 of the questionnaire)
- The system analysis phase (Part 2 of the questionnaire)
- The compliance phase (Part 2 of the questionnaire).

This questionnaire was developed to assess systems used by departments in the performance contracting of SMS members. The questionnaire was divided into two components. Part 1 focused on Human Resources (HR) personnel of the selected provincial departments with a view to probe policy issues and to evaluate levels of co-operation with line function managers regarding the management of PAs. Part 2 of the questionnaire focused on SMS members in each department. This also provided for the individual's understanding of the framework, and their perception towards the whole system of managing PAs.

In addition, departments were requested to provide PERSAL printout reports of their staff

establishment at SMS level together with their completed PAs. The two were to be scrutinized for comparison. The prescribed PA standard template/ form was used as a model.

The following documents were also requested for perusal:

- Copies of policies and guidelines used in managing performance.
- Prescripts that guided the drafting of such policies and guidelines.
- Minutes of assessment panels to check compliance with prescripts and whether consistency was applied throughout.

Phase 2: Conducting of Interviews

Interviews were held with HR managers and a selected number of line function managers at SMS level in each department. These were held with a view to provide for further clarification and to follow-up on issues identified in the previous phase.

Phase 3: Analysis of Data

The processes and procedures employed by departments, the responses received from questionnaires and interviews conducted were analysed to verify that processes defined in policies and guidelines were consistent with practice. This was followed by an analysis of completed PAs to check for compliance with the requirements of the PMDS prescripts. Responses to questionnaires were also analysed to obtain the understanding of what value the PA system is adding to service delivery improvement. Lastly, documents such as PAs and minutes of assessment panels were also analysed to assess levels of compliance with prescripts governing human resource practices in the Public Service.

1.5 Limitations of the study

Any research study has limitations that need to be kept in mind when perusing and discussing the results thereof. In this case the following limitations encountered need to be taken into account:

- Some members of staff were not available for interviews.
- There were difficulties in accessing relevant documentation.
- There were delays and poor responses from some departments.
- There were instances where no documents were forthcoming despite continuous follow-up for them.

Efforts were made to minimize the impact of the above limitations on the quality of the results of the study. Attempts were made to reschedule dates for those who were not available. Every staff member was assured of the confidentiality of the participants who responded to the questionnaires. Reminders were made to departments and individuals in instances where there were no responses or documentation received. The sample was also increased from what was originally suggested to provide for better numbers in case of a low response rate.

1.6 Scope of the study

The study was conducted within all provincial departments of the PA:EC. **Table I** below represents the number of SMS members per department as at 31 March 2006.

Table I: Number of SMS members per Department

No	DEPARTMENT	NO. OF SMS
1	Office of the Premier	41
2	Agriculture	22
3	Economic Affairs, Environment and Tourism	17
4	Education	72
5	Health	154
6	Housing, Local Government & Traditional Affairs	16
7	Provincial Treasury	25
8	Public Works	16
9	Safety and Liaison	5
10	Social Development	20
11	Sports, Recreation, Arts & Culture	24
12	Roads and Transport	25
	Total	437

According to the PERSAL Report, the total number of SMS members in all twelve (12) departments in the Province as at 31 March 2006 stood at four hundred and thirty seven (437) as reflected in the table above. These figures also matched figures provided by each department when responding to enquiries by the team undertaking the study.

Initially a sample of one hundred and thirty one (131) SMS members, which is 30% of the total population, was to be randomly selected from departments. However, during the course of the investigation it was decided that the SMS members' sample should be increased. This was necessitated by the fact that there was a possible risk that not all sampled senior managers (30%) could be willing to participate. In addition, this approach would also ensure that the study obtain the maximum responses possible from departments and senior managers.

1.7 Regulatory Framework

Performance management in the Public Service is guided by the Public Service Act¹, the Public Service Regulations², resolutions of the Public Service Co-ordinating Bargaining Council³ (PSCBC), the Treasury Regulations⁴ and the White Paper on Transforming Public

¹Republic of South Africa. Department of Public Service and Administration. Public Service Act, 1994, as amended

²Republic of South Africa. Department of Public Service and Administration. Public Service Regulations, 2001, issued in terms of section 41 of the Public Service Act, 1994, as amended

³Public Service Co-ordinating Bargaining Council's Resolutions 13 of 1998 and 9 of 2000

⁴Treasury Regulations, 2001, issued in terms of the Public Finance Management Act, 1999

Service Delivery⁵. **Table 2** below summarises the key provisions that guide performance management.

Table 2: Legislative Requirements Governing Performance Management System of SMS Members in the Public Service

Source	Provision
Public Service Act, 1994	<div>(a) Chapter II, Section 3 (5): Assigns powers and duties concerning the internal organisation of a department to its EA. This includes:<ul style="list-style-type: none">The determination and grading of the post establishment; andThe career incidents of employees other than HoDs, such as performance management and discipline in a department.</div> <div>(b) Chapter II, Section 3 B: Assigns the President and relevant Premiers the powers and duties concerning the appointment and other career incidents of HoDs, which may be delegated.</div> <div>(c) Chapter III, Section 7(3)(b): Provides for the following responsibilities of HoDs:<ul style="list-style-type: none">Efficient management and administrationEffective utilisation and training of staffMaintenance of disciplinePromotion of sound labour relationsProper use and care of state property</div> <div>(d) Chapter IV, Section 12(4)(b): Provides for the inclusion, by mutual agreement, of “specific performance criteria for evaluating the performance of the HoD.”</div>

⁵White Paper of Transforming Public Service Delivery, 1997

Source	Provision
Public Service Regulations, 2001	<div>(a) Paragraph B.2.1 of Part VII, Chapter I: Indicates that the prescribed employment contract of an HoD shall be as set out in Annexure 2 of the PSR.</div> <div>(b) Paragraph 7 of the employment contract (Annexure 2): Contains the measures that govern the PA of an HoD.</div> <div>(c) Paragraph B.1 of Part VIII, Chapter I: Indicates that an EA shall determine a system for performance management for employees in her/his department other than employees in the SMS. This implies that the MPSA should determine such a system for members of the SMS.</div> <div>(d) Chapter 4 provides for the establishment of the SMS. Paragraph A, Part III states that the performance of all members of the SMS will be managed through a PA, which should be linked to the department’s strategic plan. Paragraph B states that all new members of the SMS shall enter into a PA, which will define key responsibilities and priorities, encourage improved communication and enable the supervisor to assess the work of the member of the SMS.</div>
PSCBC Resolution No 13 of 1998	<div>(a) The resolution states that the purpose of the negotiated collective agreement is to set a framework for senior managers to agree to individual PAs.</div> <div>(b) The agreement thus extended the signing of PAs from HoDs to all senior managers (levels 13-16) and prescribed the following five items that must be included in a PA:<ul style="list-style-type: none">Key duties and responsibilitiesOutput targets for the PA periodDates for performance reviewDispute resolution mechanismDate on which salary increments will come into effect and mechanisms for the management/awarding of salary increases.</div>

Source	Provision
PSCBC Resolution No 9 of 2000	(a) This resolution extends Resolution 13 of 1998. It provides for the remuneration packages of senior managers/professionals to be translated to a more transparent total cost-to-employer and inclusive flexible remuneration package system.
Treasury Regulations, 2001	<p>(a) Departments must comply with the Treasury Regulations regarding strategic planning and budgeting. Part 3, Chapter 5 of the Treasury Regulations deals with strategic planning. The Guidelines provided by National Treasury give detailed and extensive outlines of what is required to effectively link departmental strategy to budgets. Departments need to budget for projected salary increases and financial rewards that may be allocated to members of the SMS based on framework determinations made by the MPSA.</p> <p>(b) This chapter contains both <u>advisory</u> and <u>mandatory</u> elements. The advisory part is captured in paragraphs 6 – 7. The mandatory elements are set out in paragraphs 8 – 19. Please note that the latter part has been designed so as to allow departments flexibility during the implementation process, while ensuring that there will be consistency across departments when assessing SMS members and deciding on monetary rewards.</p>
Batho Pele White Paper, 1997	(a) Batho Pele is a deliberate strategy to instill a culture of accountability and caring by public servants. Through this strategy public servants must become service orientated, strive for service excellence and commit to continuous service delivery improvement.

Source	Provision
	<p>(b) The White Paper sent a strong message of government's commitment to a citizen-centered approach to service delivery, anchored by eight Batho Pele principles:</p> <ul style="list-style-type: none"> • consultation • service standards • access • courtesy • information • openness and transparency • redress • value for money
Senior Management Service Handbook	(a) Chapter 4 of the SMS Handbook describes the process and requirements of performance managements and development for members of the SMS. It is issued as a directive by the Minister for Public Service and Administration in terms of Part III.B3 of Chapter 4 of the Public Service Regulations, 2001.

These requirements were considered and used as a basis for this study. Failure to adhere to any of them was considered a case of non compliance and was reflected as such in this report.

Chapter Two

QUANTITATIVE FINDINGS AND ANALYSIS

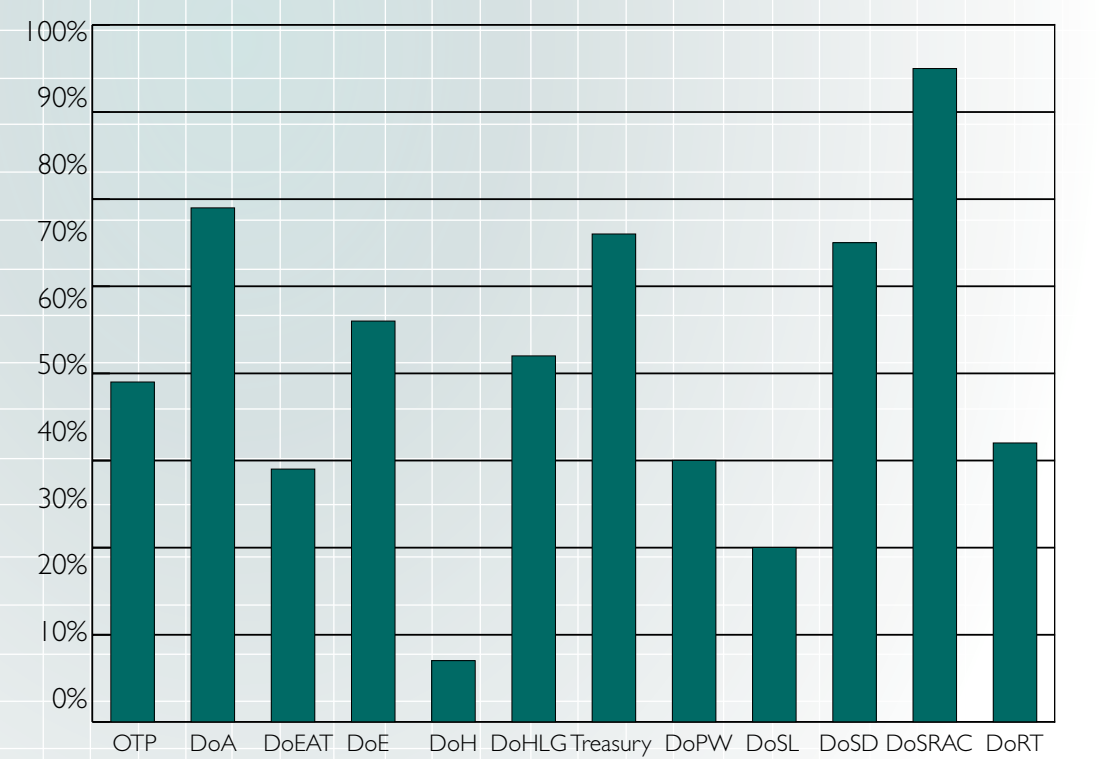
2.1 Introduction

This chapter provides a broad overview of the quantitative results from the evaluation of the implementation of the PMDS framework for SMS members by departments in the PA:EC. The chapter analyses the response rate of departments with regard to questionnaires that were distributed to HR components and SMS members. The questionnaires sought to establish the extent of compliance with the PMDS framework and the contextual factors that may be impacting on such compliance. The chapter also analyses the rate of submission of signed PAs of SMS members that were requested by the PSC for purposes of this study. The PAs were requested so as to facilitate an analysis of their contents to establish the extent to which they meet the requirements of the PMDS.

2.2 Rate of responses from departments

Of the 437 questionnaires that were distributed to SMS members, 132 were completed and returned, thus representing an overall response rate of 32%. As **Figure 1** below shows, the response rate was the highest in the Departments of Sports, Recreation, Arts and Culture (75%), Agriculture (59%), Provincial Treasury (56%) and Social Development (55%). The lowest response rate was experienced in the Departments of Economic Affairs, Environment and Tourism (29%), Safety and Liaison (20%) and Health (7%).

Figure 1: Percentage of responses per Department



The preceding statistics show that in all but three departments, less than half of the SMS members returned the questionnaires as requested. Such a response rate is low, but since the purpose of this study is to identify and draw attention to critical areas of progress and challenges rather than to generate statistical generalizations, it was still possible to meaningfully use the questionnaires submitted to arrive at credible conclusions.

Table 3 below shows the total number of SMS members per department relative to the number of questionnaires returned. Considering that the Department of Health has the highest number of SMS members (154), their 7% response rate to the questionnaire is particularly disappointing.

Table 3: Questionnaires received as a percentage of Total SMS members

Name of Department	No of SMS'	Questionnaires Received		Totals (All inclusive)	Questionnaires outstanding	Response (%)
		SMS	HR			
Office of the Premier	41	15	1	16	25	39%
Agriculture	22	12	1	13	9	59%
Economic Affairs, Environment and Tourism	17	4	1	5	12	29%
Education	72	32	1	33	39	46%
Health	154	10	1	11	143	7%
Housing, Local Government and Traditional Affairs	16	6	1	7	9	44%
Provincial Treasury	25	14	0	14	11	56%
Public Works	16	5	0	5	11	31%
Safety and Liaison	5	0	1	1	4	20%

Name of Department	No of SMS'	Questionnaires Received		Totals (All inclusive)	Questionnaires outstanding	Response (%)
		SMS	HR			
Sports, Recreation, Arts and Culture	24	17	1	18	6	75%
Roads and Transport	25	7	1	8	17	32%
TOTAL	437	132	10	142	295	32%

Each of the 12 departments in the Province was also given a questionnaire to be completed by the Human Resource (HR) components, and as **Table 3** above shows, 10 of the departments returned a completed questionnaire, representing a response rate of 83%. Since HR components are responsible for overseeing compliance with human resource frameworks in the Public Service, it is expected that they should have a higher return rate of questionnaires. Against this background, the fact that 17% did not return their questionnaires raises serious concerns about their role in the promotion of sound HR practices in their respective departments.

2.3 Number of Signed PAs Submitted

Of the 437 SMS members employed by the PA:EC, the PSC was only provided with 213 signed PAs. This represents a 49% response rate by the province. **Figure 2** below gives a graphical representation of the submission of signed PAs requested by the PSC for purposes of this study.

Figure 2: Submission rate of Signed Performance Agreements

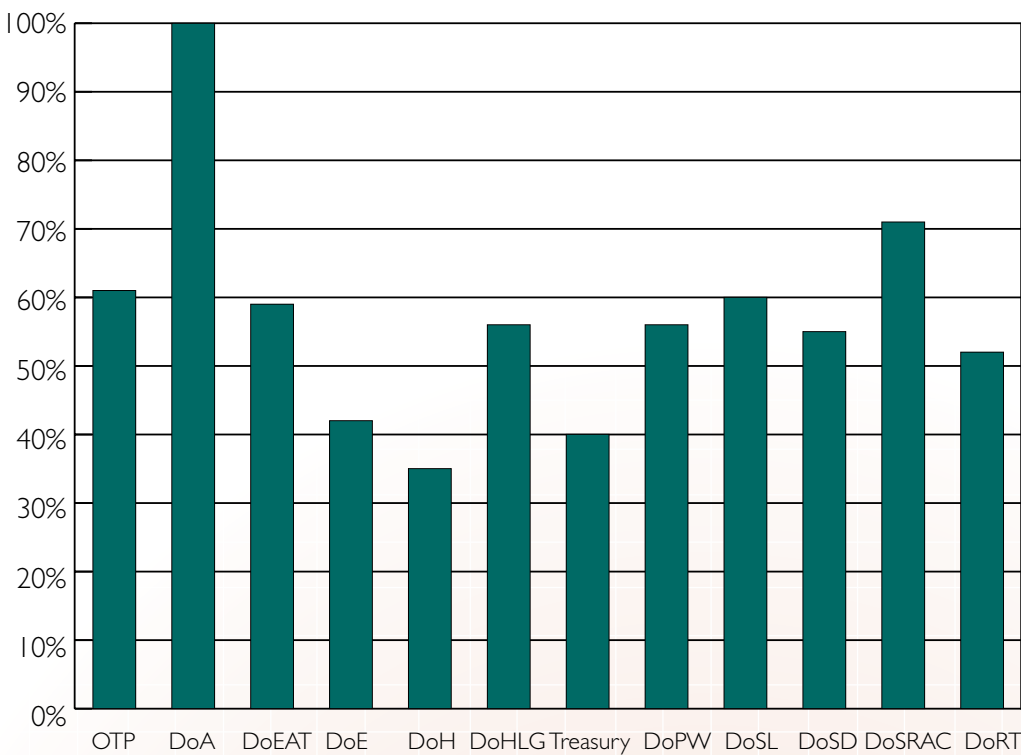


Figure 2 above shows that the submission rate of signed PAs ranged from 35% (Department of Health) to 100% (Department of Agriculture). It is possible that non-submission of signed PAs to the PSC could have been as a result of departments just failing to respond to the PSC's request. However, the more concerning assumption is that such PAs were never entered into in the first place. This would effectively mean that over 50% of SMS members in the province were without PAs for the 2005/2006 financial year.

Table 4: Breakdown of PAs Received from Departments

Name of Department	No of SMS'	PAs Received	PAs Outstanding	Percentage of PAs submitted
Office of the Premier	41	25	16	61
Agriculture	22	22	0	100
Economic Affairs, Environment and Tourism	17	10	7	59

Name of Department	No of SMS'	PAs Received	PAs Outstanding	Percentage of PAs submitted
Education	72	30	42	42
Health	154	54	100	35
Housing, Local Government and Traditional Affairs	16	9	7	56
Provincial Treasury	25	10	15	40
Public Works	16	9	7	56
Safety and Liaison	5	3	2	60
Social Development	20	11	9	55
Sports, Recreation, Arts and Culture	24	17	7	71
Roads and Transport	25	13	12	52
TOTAL	437	213	224	49

As **Table 4** above shows, out of the 437 SMS members employed by the province, only 213 managed to submit their signed PAs to the PSC. Even for a department such as Safety and Security which has a total of 5 SMS only, a 100% submission rate could not be achieved.

In most of the cases, departments could not provide the PSC with any reasons why the outstanding PAs could not be submitted. Where reasons were advanced, they included, among others, that the incumbents had been demoted, transferred, suspended, seconded, or that they had only been appointed recently. It is the view of the PSC that the main reason for non-submission remains the fact that PAs were not entered into in the first place and therefore simply did not exist, thus explaining why they could not be forwarded to the PSC when they were requested.

An analysis of the reasons given by each department is provided below:

Office of the Premier

The Department submitted 25 PAs out of the 41 that were expected, which represents a 61% compliance rate. Such a compliance rate is unsatisfactory considering the strategic role of the Office of the Premier as the centre of government in the province. It was indicated that one official was seconded to the Department of Social Development and that 15 were only appointed between July 2005 and February 2006. The PMDS requires SMS members to enter into a PA by the end of April each financial year, and that in the case of new appointees, they

should conclude a PA within three months of their appointment. This study was conducted between June and September 2006, which means that by then most of the newly appointed officials referred to above should have had their PAs concluded.

Department of Economic Affairs, Environment and Tourism

The Department submitted 10 PAs out of the 17 that were expected, which represents a 59% compliance rate. Seven officials did not submit their PAs, and no explanation was provided.

Department of Education

The Department submitted 30 PAs out of the 72 that were expected, which represents a 42% compliance rate. Forty two officials did not submit their PAs, and no reasons were given to the PSC.

Department of Health

The Department submitted 54 PAs out of the 154 that were expected, which represented a 35% compliance rate. Three PAs were not signed by the responsible supervisors and were therefore disregarded in the study. Ninety-seven officials did not submit at all, and no reasons were given to the PSC.

Department of Housing, Local Government and Traditional Affairs

The Department submitted 9 PAs out of the 16 that were expected, which represents a 56% compliance rate. It was indicated that one official could not submit due to departmental restructuring which had impacted on the official's key functions. It was further reported that two SMS members had left the employ of the Department, and that one had not been "properly appointed". Except for the two officials that had left the department, it is the view of the PSC that the rest should have submitted their PAs. Activities such as the restructuring of an official's key responsibilities should not be allowed to hinder the finalisation of PAs.

Provincial Treasury

The Department submitted 10 PAs out of the 25 that were expected, which represents a 40% compliance rate. It was indicated that four officials had left the employ of the Department and that three were newly appointed. In addition, two officials were suspended and could therefore not conclude PAs. Six officials did not submit at all and no reasons were advanced.

Department of Public Works

The Department submitted 9 PAs out of the 16 that were expected, which represents a

56% compliance rate. It was indicated that one official was demoted to the level of Deputy Director in 2005. Six others did not submit their PAs, and no reasons were provided.

Department of Safety and Liaison

The Department submitted 3 PAs out of the 5 that were expected, which represents a 60% compliance rate. Two officials did not submit their PAs, one of whom was the Head of Department. It was indicated that the HoD retired in December 2005. This could suggest that by the time the HoD left the Department, no PA had been signed with the Executive Authority. Such a finding would corroborate other PSC studies that have established that PAs between HoDs and Executive Authorities at both national and provincial levels are not always entered into despite this being a requirement.⁶

Department of Social Development

The Department submitted 11 PAs out of the 20 that were expected, which represents a 55% compliance rate. Three PAs were submitted without being signed by the responsible supervisors. These PAs were therefore disregarded in the study. Six officials did not submit at all, and no reasons were advanced.

Department of Sports, Recreation, Arts and Culture

The Department submitted 17 PAs out of the 24 that were expected, which represents a 71% compliance rate. The Department indicated that one official was seconded to the Office of the Premier, while three were only appointed in March 2006, and one was inherited from the former administration. In addition, two officials simply failed to submit. It is understandable that the three officials that were only appointed in March 2006 would have been without PAs for the 2005/06 year at the time this study was conducted. They effectively got appointed in the last month of the financial year and could not have been expected to have finalised their PAs by the end of that month. However, it is the view of the PSC that the rest of the officials should have entered into PAs. For example, the fact that an official was inherited from a previous administration does not preclude them from entering into a PA. Otherwise this would suggest that being inherited from another administration exempts one from complying with Public Service prescripts.

Department of Roads and Transport

The Department submitted 13 PAs out of the 25 that were expected, which represents a 52% compliance rate. One PA was submitted unsigned and was therefore disregarded in the study. Eleven officials did not submit at all, and no reasons were advanced.

⁶Republic of South Africa. Public Service Commission. Report to the Presidency on the Implementation of the Framework for the Evaluation of Heads of Department in the Public Service. October 2006

Chapter Three

QUANTITATIVE FINDINGS AND ANALYSIS

3.1 Introduction

This chapter provides a qualitative analysis of the data generated from the questionnaires, the PAs submitted, and the interviews conducted with SMS members and HR officials. For each of the Departments, the results of the analysis are categorized according to the following headings:

- **Enabling Environment for the PMDS**, which looks at the extent to which such an environment is being promoted in departments.
- **The Content of PAs**, which analyses the PAs submitted to establish the quality in terms of the requirements they are supposed to meet; and
- **Implementation of the PMDS**, which looks at whether performance reviews were conducted and the processes followed in this regard.

The chapter bases its analysis on the above three headings because of their collective significance in ensuring effective compliance with the PMDS. In doing this, the chapter seeks to create a context within which to understand the nature and extent of compliance with the PMDS, and the critical basics that are needed to ensure such compliance.

3.2 Findings

3.2.1 Enabling Environment for the PMDS

The effective implementation of the PMDS requires the creation of an enabling and supportive environment to ensure that senior managers and their supervisors can comply with the requirements of the System. This includes the provision of appropriate information on the System itself and familiarising officials with the processes of implementation. It is also important to put in place appropriate processes for document management so that all the required records are properly filed and can be accessed when required in order to create a credible audit trail of the implementation of the process.

[a] Availability of the SMS Handbook

The Office of the Premier has developed a Provincial Performance Management and Development Handbook which, together with the SMS Handbook developed by DPSA, is supposed to guide performance management and development practices in the province. The study established that in almost all departments, Senior Managers were not provided with copies of the SMS Handbook on appointment. Departments indicated that they encourage managers to download copies of the Handbook from the DPSA's website. As part of familiarising SMS members with the responsibilities for which they would be accountable, it is important that

access to the SMS Handbook is facilitated. While it is acknowledged that SMS members should take responsibility for their personal growth and development, it is expected that HR units should play an important support role to ensure the effective implementation of the PMDS. It is therefore not enough to simply 'encourage' SMS members to download the SMS Handbook. Instead, HR units should facilitate the availability of the SMS Handbook to managers and ensure that appropriate induction programmes are provided.

[b] Proper Document management

The PMDS rests on key documents for its effective implementation, central to which is the PA. As a document that sets out the agreed performance expectations between an SMS member and their supervisor, the PA concretises the focus of the performance management process and informs the selection of development interventions. As can be seen from Chapter 2 the study established that in some of the departments, the management and safe-keeping of copies of PAs was not properly co-ordinated. As a result some PAs were kept in personnel files within HR components, whilst others were kept by the parties to the agreement. Such an arrangement does not facilitate the creation of a proper record of PAs submitted relative to those that are still outstanding. It also raises the risk of PAs not being easily accessible when they need to be consulted to guide performance management and development processes. The Department of Agriculture has done well in this regard with PAs being filed centrally by the HR Section and only copies being kept by senior managers and their respective supervisors.

3.2.2 The Content of Performance Agreements

[a] Key Result Areas and Core Management Criteria

According to the PMDS for SMS members, each PA must include a set of precise KRAs which specify the SMS member's specific areas of performance and the criteria against which they would be measured. In addition, there must also be CMCs which are supplementary to the KRAs. These CMCs should be selected from the 11 contained in the SMS Handbook and must as a minimum include the following:⁷

- Financial management
- People Management and Development; and
- Client Orientation and Customer Focus.

The study established that the determination of KRAs and CMCs is not always rigorous enough in most departments. For example, there were instances where the same KRAs were duplicated between different SMS members, thus suggesting that these SMS members were responsible for the same performance areas. In other instances, sections of the strategic plan were cut and pasted in the space for KRAs, thus making it difficult to discern what aspects of the strategic plan the individual SMS members are responsible for in terms of their functions.

⁷In terms of the PMDS, HoDs are supposed to include all the 11 CMCs in their PAs.

The demarcation between KRAs and CMCs was also found to be weak, where for example, certain responsibilities such as People Management and Financial Management would appear under both categories. This raises concerns about how performance assessment will be conducted without duplicating such responsibilities. The SMS Handbook specifically requires KRAs to "...exclude generic managerial and/or leadership responsibilities"⁸ as these should be reflected as CMCs. There is a need to ensure a better understanding of the distinction between KRAs and CMCs. In terms of the SMS Handbook, KRAs describe what is expected from a member of the SMS in her/his role with a focus on actions and activities, whilst CMCs are used to determine expected performance standards in the PA.

The study further established that in some of the departments, PAs of SMS members tended to include all 11 CMCs. Only HoDs are required to reflect all CMCs in the PAs, and the rest of the SMS members should reflect only those that are pertinent to their areas of responsibility. It is hoped that such a decision to include all CMCs was not motivated by an attempt to avoid the demanding but necessary process of critically reflecting on the CMCs and carefully selecting appropriate ones for each SMS member.

(b) Development of Workplans

There is inconsistency in the way workplans are developed. In some instances, no workplans were attached to PAs, and where workplans are attached these tended to contain information of a generic nature which does not sufficiently spell out the expected deliverables for the financial year. This was found to be particularly the case with the Departments of Public Works, Health and Housing, Local Government and Traditional Affairs. Indeed, in some of these departments, institutional operational and strategic plans were simply copied and attached as workplans. This does not facilitate performance management and development as it confuses the deliverables of the department as a whole with those of individual SMS members.

(c) Quality Assurance of PAs

A key observation emanating from the study is that in all the departments quality assuring of PAs before they are finalized is not adequately done. On the one hand, there are basic mistakes such as those observed in the Department of Economic Affairs and Tourism where a supervisor who is a signatory to a PA would also double up as a possible mediator in case of any disputes arising from the agreement. On the other hand, there are strategic connections that the PAs fail to create, for example, between KRAs and workplans, as was found to be the case with almost all departments. These matters could easily be addressed through the use of a checklist which comprises all the key requirements of PAs as contained in the PMDS. The PSC has developed a checklist for quality assuring the PAs of HoDs, and this could be adapted for other SMS members.

⁸Republic of South Africa. Department of Public Service and Administration. Senior Management Service. Public Service Handbook. January 2001 (Amended in April 2006).

Some departments indicated that they depended on the provincial validation committee coordinated by the OTP to do quality checks of PAs, but the PSC believes that the existence of such a committee does not absolve senior management and HR components from the responsibility of ensuring that PAs entered into are of good quality.

3.2.3 Implementation of the PMDS

The PMDS requires that regular performance reviews and annual performance appraisals be conducted for all SMS members. The study found that the Departments of Economic Affairs and Tourism, Public Works, Education, Health and Provincial Treasury did not conduct performance appraisals. This denies SMS members an opportunity to receive formal feedback on their performance and to be considered for rewards in case their performance meets a certain threshold. What was of even more serious concern was that in the Departments of Public Works and Education, PERSAL records showed that notch increases were effected for SMS members in the absence of any performance assessments being done. This raises serious questions about the basis for effecting such notch increases and whether such a decision was in line with the regulations. In the Department of Education, the majority of SMS members progressed to higher notches following a decision to award a blanket pay progression dating back to the 2001/2 financial year. The blanket approval is contained in a memorandum prepared by the HR section of the department and approved by the Superintendent General on 28 June 2006. Respondents indicated that this decision was based on an assessment of the performance of the SMS members conducted as part of the Interim Management Team (IMT) established in the province in 2002, as well as a peer review process that was implemented to assess performance for the 2002/3 financial year. It has been confirmed that a performance assessment of SMS members was indeed conducted for the 2001/2 financial year as part of the IMT support programme. However, in terms of the results of the assessment, very few managers qualified for a performance reward.

A further concern was that where annual performance assessments were conducted, proper records such as minutes of the proceedings of moderating committees were not kept, except the notes made on the individual forms of officials being assessed. This was the case with the Department of Agriculture and the Office of the Premier. In the Department of Housing, Local Government and Traditional Affairs, respondents could not even confirm whether there had been a Moderating Committee that adjudicated the appraisals of the managers. This suggests that the appraisals may have been finalised at the level of supervisors only. Such an approach makes it difficult to audit and verify the quality of the processes followed and the decisions made. In fact, in the Department of Housing, Local Government and Traditional Affairs the PSC noted with serious concern that one of the managers who got assessed and subsequently received a notch increase did not even sign a PA in the first place, thus suggesting that no basic documentary evidence of accounting for performance guided the decisions of the department.

The PSC believes that one of the key weaknesses in the implementation of the PMDS in the province is that in some of the departments, PAs are signed very late in the financial year, which suggests that these basic documents are not optimally utilised to guide performance management. For example, in the Department of Health, almost all the PAs submitted to the PSC were signed between October 2005 and May 2006. This effectively means that two months after the end of the financial year, PAs for the previous year were still being finalised. A PA that is signed this late cannot be used to support the effective implementation of the PMDS.

Many of the above implementation weaknesses should be placed at the doorstep of the Eastern Cape Public Service leadership. HoDs are supposed to provide the required leadership to drive performance management and development in their respective departments. Working together with their Executive Authorities, HoDs are also supposed to lead by example and ensure that they themselves enter into PAs and undergo performance reviews as required by the Framework for the Evaluation of HoDs⁹. Sadly, in the PSC's experience, such leadership is largely still lacking. As Table 5 shows, for each of the 3 financial years starting 2004/5, up to 5 HoDs in the Eastern Cape, failed to file their PAs with the PSC as required by a Cabinet decision taken in December 2002. This suggests that PAs were not entered into in the first place. The Table further reflects a fairly poor provincial track record in terms of the evaluation of the performance of HoDs. For example, no HoD was evaluated for the 2004/5 financial year. These trends are a cause for concern and suggest that the Public Service Leadership in the province needs to get its house in order if it is to provide inspiration and appropriate direction on the implementation of the PMDS in departments.

Table 5: Eastern Cape Provincial Departments

Departments	PA Submitted			HoD Evaluated Yes/No		
	04/05	05/06	06/07	03/04	04/05	05/06
1. Office of the Premier	x	✓	✓	No	Incomplete Cycle	Yes
2. Health	✓	✓	✓	Vacant	Incomplete Cycle	Not yet
3. Social Development	✓	x	x	Vacant	Seconded to Treasury	Resigned in June 2006
4. Public Works	x	x	✓	No	Resigned in Oct 06	Cycle incomplete

⁹For more information on the Framework, see Public Service Commission, Report on the Implementation of the Framework for the Evaluation of Heads of Department, 2002.

Departments	PA Submitted			HoD Evaluated Yes/No		
	04/05	05/06	06/07	03/04	04/05	05/06
5. Education	✓	x	✓	Vacant	No	Incomplete cycle
6. Housing and Local Government	x	x	✓	Vacant	Incomplete cycle	Resigned in Sept 05
7. Economic Affairs	x	✓	✓	No	Incomplete cycle	Not yet
8. Transport	x	✓	✓	No	Contract expired	Incomplete cycle
9. Sport ,Arts & Culture	✓	✓	x	Vacant	Cycle incomplete	Not yet
10.Provincial Treasury	✓	✓	✓	No	No	Incomplete cycle
11.Agriculture	✓	✓	✓	Vacant	Incomplete cycle	Not yet
12.Safety and Liaison	✓	x	✓	Yes	No	Contract expired
TOTAL	7	7	10	01	00	01

Source: PSC records on the Evaluation of HoDs.

Chapter Four

RECOMMENDATIONS AND CONCLUSION

4.1 Introduction

The level of the implementation of the PMDS in the province was found to be unsatisfactory. Urgent steps need to be taken to ensure that the requirements of the system are complied with in order to achieve benefits of effective performance management and development. This Chapter makes key recommendations for addressing the areas of weakness that were identified in the study.

4.2 Recommendations

- 4.2.1 Departments should prioritise the provision of training on the PMDS to ensure a better understanding of how the system works and to clarify roles, responsibilities and key concepts. SMS members need to appreciate the significance of the PMDS as well as the basics of its implementation, including the development of PAs. HR sections should ensure that this training is built into the programme for the 2007/8 financial year. A monitoring mechanism on the effectiveness of the training should be developed by each HR section and presented to the respective Executive Authorities by the end of the 2007/8 financial year.
- 4.2.2 HR Components should ensure the distribution of copies of the SMS Handbook to all SMS members. As a matter of course, SMS members should also be provided with copies of updated Chapters of the Handbook as and when the DPSA effects revisions.
- 4.2.3 Each department should ensure that it puts in place a proper system for managing PMDS documentation. Original copies of such documents should be kept at a central place. These documents include signed PAs, Verification Statements and minutes of the meetings of moderating committees.
- 4.2.4 HODs should fulfil their responsibility of ensuring that all SMS members enter into PAs as required, and that the content of the PAs is quality assured. All PAs for the 2007/8 financial year should be signed by the end of April 2007. Each department should provide a report on progress in this regard to the Legislature by the end of June 2007.
- 4.2.5 HoDs should fulfil their responsibility of ensuring that performance reviews and appraisals are undertaken as required by the PMDS and that no decisions on performance rewards are made without such appraisals being conducted. Each department should develop an action plan for performance reviews covering the 2007/8 financial year. The plan should be in place by the end of June 2007.

- 4.2.6 This study has established that certain SMS members may have benefited from the PMDS without due process being followed. This includes instances of notch progression where no performance appraisals were done or where PAs may not have been in place. Each department should confirm if such cases exist, and recover the payment from the SMS members concerned in terms of Section 38 of the Public Service Act, 1994.

4.3 Conclusion

The study has highlighted challenges that are facing the implementation and proper management of the PMDS within departments of the Eastern Cape Provincial Administration. Performance management and development practices require the active participation of SMS members if they are to take root in departments and become institutionalized. Ultimately, it is the HoDs as the highest echelon of administrative leadership in departments who can provide the required direction and discipline on these matters so that every employee plays their role in accounting for their performance. There needs to be sound on-going monitoring and evaluation of in departments to ensure that progress regarding the implementation and proper management of PMDS is established and that areas of weaknesses are addressed effectively.

