



Report on the audit into the granting of performance rewards in the Departments of Education and Social Development at both the national and provincial levels

Public Service Commission

October 2007

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The Public Service Commission is an independent and impartial body created by the Constitution, 1996, to enhance excellence in governance within the Public Service by promoting a professional and ethical environment and adding value to a public administration that is accountable, equitable, efficient, effective, corruption-free and responsive to the needs of the people of South Africa.

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The Public Service Commission aims to promote the constitutionally enshrined democratic principles and values of the Public Service by investigating, monitoring, evaluating, communicating and reporting on public administration. Through research processes, it will ensure the promotion of excellence in governance and the delivery of affordable and sustainable quality services.

Report on the audit into the granting of performance rewards in the Departments of Education and Social Development at both the national and provincial levels

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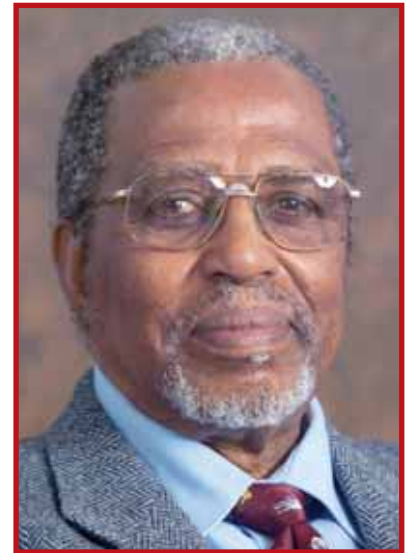
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FOREWORD

The Public Service relies on the performance of its employees in meeting the demands of its mandate. As such it is of utmost importance that the performance of its employees is consistently and thoroughly monitored and assessed.

Senior management in the Public Service in particular must be held accountable for executing the responsibilities attached to their respective portfolios. It is for this purpose that a system of Performance Management has been introduced for senior managers in the Public Service as far back as 1998. This system provides for senior managers to enter into performance contracts which contains Key Result Areas linked to their departments' strategic plans.



If correctly applied the system should ensure that performance in terms of work programmes is carefully monitored and that managers are provided with timely feedback on areas where they have to improve. Through the system, good performing senior managers are also rewarded through incentives.

An audit conducted by the Public Service Commission during 2006 at the request of the Standing Committee on Public Accounts into the granting of performance rewards in the National Departments of Correctional Services, Home Affairs and Labour, revealed startling levels of non-compliance. The Public Service Commission was concerned that if this is the example set by such National Departments, the problem could be endemic to the Public Service as a whole. As such it has conducted a further audit that seeks to bring to the fore shortcomings in the implementation of the Performance Management and Development system in the Departments of Education and Social Development at national and provincial levels with a view to propose measures as to how the management of the system could be improved.

The findings in this audit are of concern. The basic requirements of performance management are not being attended to effectively. Performance agreements are not being concluded by senior managers within the Public Service. This brings into question the commitment of senior managers in delivering on their key performance areas in accordance with the strategic objectives of the departments.

This report contains recommendations to improve the performance management system within the public service. I trust that departments will take the recommendations seriously and that the commitment from senior managers will be obtained through the correct application of the system in delivering improved services in the interest of all South Africans.

A handwritten signature in black ink, appearing to read 'Sangweni'.

PROF SS SANGWENI
CHAIRPERSON

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GLOSSARY OF TERMS

CMC	Core Management Criteria
DPSA	Department of Public Service and Administration
EA	Executing Authority
HoD	Head of Department
HR	Human resource
IMT	Interim Management Team
KRA	Key result areas
MEC	Member of the Executive Council
MPSA	Minister for the Public Service and Administration
MTSF	Medium Term Strategic Framework
PA	Performance agreements
PERSAL	Personnel and Salary Administration System
PDP	Personal Development Plans
PM&D	Performance management and development
PSC	Public Service Commission
PSA	Public Service Act, 1994
PSCBC	Public Service Co-ordinating Bargaining Council
PSR	Public Service Regulations, 2001
SCOPA	Standing Committee on Public Accounts
SMS	Senior Management Service



Executive Summary

1.1 BACKGROUND

In June 2006, at the request of the Standing Committee on Public Accounts (SCOPA), the Public Service Commission (PSC) conducted an audit into the granting of performance rewards in the Departments of Correctional Services, Home Affairs and Labour for the **2002/2003**, **2003/2004** and **2004/2005** financial years.

The SCOPA report illustrated a need to carry out a broader investigation into the granting of performance rewards in order to determine whether the problems were endemic to the Public Service or isolated incidences of non-compliance.

The objective of the audit was to establish:

- whether members of the Senior Management Service (SMS) on levels 13 to 16 and those staff members reporting directly to the Head of Department (HoD) had entered into Performance Agreements (PAs);
- whether PAs were consistent with and contributed to the core functions of the respective departments;
- whether performance bonuses were paid to members of the SMS on levels 13 to 16 and those staff members reporting directly to the HoD, and whether performance was in line with the goals/achievements/outcomes specified in the PAs; and
- the amount spent by departments on performance rewards for the SMS in relation to the 1,5% of their total annual SMS remuneration budget.

1.2 SCOPE

The audit was undertaken in the Departments of Education and Social Development at national level and in all nine provinces. The audit was conducted over three financial years, namely, **2003/2004**, **2004/2005** and **2005/2006**.

1.3 METHODOLOGY

In conducting the audit into the granting of performance rewards, the following approach was adopted:

- (a) Copies of signed PAs of all members of the SMS on salary levels 13 to 16 were obtained from the Departments.
- (b) Information was obtained from the Departments regarding the employees who were granted performance rewards for the three financial years.
- (c) The PAs were analysed to establish whether they were aligned to the core responsibilities and functions of the Departments and whether the standards or indicators in the PAs were met.
- (d) The establishment of moderating committees to consider the performance assessments and the delegated authority for approving the granting of the rewards was ascertained and assessed.
- (e) Printouts were obtained from the Personnel and Salary Administration System (PERSAL) in order to cross reference with regard to the payments made.



The number of PAs of SMS members that were received by the PSC was 1679.

1.4 LIMITATIONS

Delays in responses from Departments were experienced. Analysis was also complicated by the fact that the data provided by Departments and that on PERSAL differed significantly.

As at 5 October 2007, the Department of Education in KwaZulu-Natal had not forwarded any documentation. This report therefore excludes analysis on the Department of Education in KwaZulu-Natal.

2. REGULATORY FRAMEWORK

Performance management for senior managers in the public service is guided by the Public Service Act (PSA), 1994, the Public Service Regulations (PSR), 2001, the SMS Handbook, Resolutions of the Public Service Coordinating Bargaining Council (PSCBC) and the Treasury Regulations, 2001.

3. GLOBAL OVERVIEW OF PERFORMANCE MANAGEMENT IN THE DEPARTMENTS OF EDUCATION AND SOCIAL DEVELOPMENT AT NATIONAL LEVEL AND IN THE PROVINCES

3.1 THE MANAGEMENT OF PERFORMANCE AGREEMENTS

3.1.1 The extent to which performance agreements have been concluded

The number of PAs that should have been concluded in the Departments is based on the number of approved and filled SMS posts in the Departments of Education and Social Development for the three financial years as provided by the Departments. The figure obtained was compared with the number of PAs that has been concluded. Overall, only a compliance rate of 46% was achieved.

3.1.2 Overall findings in respect of the Departments of Education

The level of compliance with regard to the conclusion of PAs by SMS members was 32,7% for **2003/2004**, 44,6% for **2004/2005** and 48,9% for **2005/2006**. The average level of compliance in the Departments over the three financial years is 42,5%. This means that 57,5% of the SMS members did not conclude PAs for the three financial years. Compliance with the conclusion of PAs was at its worst level in the financial year **2003/2004** (32,7%). Compliance improved slightly in **2004/2005** to 44,6% and to 48,9% for **2005/2006**. The high level of non-compliance by most provinces is absolutely astounding.

3.1.3 Overall findings in respect of the Departments of Social Development

The level of compliance with regard to the conclusion of PAs by SMS members was 30,1% for **2003/2004**, 56,4% for **2004/2005** and 56,8% for **2005/2006**. The average level of compliance in the Departments over the three financial years is 49,6%.

This means that on average 50,4% of the SMS members did not conclude PAs for the three financial years.

3.1.4 The quality of performance agreements in the Departments of Education and Social Development

With regard to those PAs that were concluded it was found that in general, the PAs were aligned to the strategic management plans of the Departments for the three financial years.

There were, however, deficiencies regarding the quality of the PAs in that some did not include the dates for progress reviews and feedback sessions as well as annual performance appraisals. Furthermore, Core Management Criteria (CMCs) and Personal Development Plans (PDPs) were not attached to all the PAs that were concluded. The Northern Cape Department of Education did not submit any PAs to the PSC for the three financial years and consequently no workplans, CMCs and PDPs were submitted. With regard to the KwaZulu-Natal Department of Welfare and Population Development, a total of 21 PAs were concluded for the three financial years. No workplans, CMCs and PDPs were attached to the PAs that were submitted. The Northern Cape Department of Social Development did not submit workplans for the financial years **2003/2004** and **2005/2006**.

3.1.5 Delays in concluding performance agreements

Of the total number of PAs concluded in the three financial years, only 38 out of the 762 PAs (5%) that were concluded in both the Departments of Education and Social Development were concluded before 31 March of the three financial years as required in terms of the SMS Handbook. The remaining 724 (95%) of PAs were concluded after 1 April of the financial year. The conclusion of 5% of PAs before 31 March in the current audit is comparable with the findings of an earlier audit conducted by the PSC in August 2006 where it was found that only two out of 132 PAs (1,52%) were concluded before 31 March for the three financial years in respect of the Departments of Correctional Services, Home Affairs and Labour.

3.2 THE GRANTING OF PERFORMANCE REWARDS

The granting of performance rewards is preceded by the moderation of performance appraisals. Annual performance appraisals are required for all members of the SMS. The appraisal discussion takes place at the end of the PM&D cycle that covers the period 1 April to 31 March.

3.2.1 Moderation of performance appraisals

In terms of paragraph 15.1(3) of Chapter 4 of the SMS Handbook, the final decision on the granting of performance rewards shall be taken by the EA **personally**, who shall act on the advice of a moderating committee. The moderating committee therefore makes recommendations to the EA on the granting of performance rewards.

3.2.2 The extent to which moderated performance appraisals were conducted in the Departments of Education

Performance appraisals were only undertaken in the national, North West, and Free State Departments for all three financial years, in the Mpumalanga Department for **2003/2004** and **2005/2006** and in the Eastern Cape and Limpopo for **2005/2006** and **2003/2004** respectively. Alarming low numbers of performance appraisals were undertaken in the Eastern Cape for **2005/2006** (only 4% of managers), Limpopo for **2003/2004** (only 3% of managers) and in Mpumalanga for the years **2003/2004** and **2005/2006** (only 13% of managers). No performance appraisals were undertaken in the Departments of Gauteng, KwaZulu-Natal, Northern Cape and Western Cape for all three financial years.

3.2.3. The extent to which moderated performance appraisals were conducted in the Departments of Social Development

Moderated performance appraisals were only undertaken in the national, Free State, Gauteng and Limpopo Departments for all three financial years. In the Northern Cape and North West Departments moderated performance appraisals were undertaken for the financial years **2004/2005** and **2005/2006**. No moderated performance appraisals were undertaken in the Eastern Cape, KwaZulu-Natal, Mpumalanga and Western Cape Departments for all three financial years. Four of the 10 departments provided minimal or no documentation on performance appraisals undertaken and moderated by a moderating committee.

3.2.4 Rewarding work performance in the Departments of Education

A total number of 282 performance rewards were granted for the three financial years. One hundred and twenty seven SMS members (45,0%) were granted performance rewards without PAs having been concluded and 116 (41,1%) were granted without a moderated performance appraisal having been conducted.

The granting of performance rewards without concluding PAs is contrary to the conditions under which the performance rewards should be granted, namely, that a PA must be compiled for each SMS member.

3.2.4.1 SMS budget for the granting of performance rewards

In terms of paragraph 15.4(3) of the SMS Handbook, Departments may not spend more than 1,5% of their total annual SMS remuneration budget on performance rewards for the SMS.

In the national Department of Education, the percentage spent on the payment of performance rewards exceeded 2% of the annual SMS budget in each of the three financial years. The Department, however, did not obtain the authority of the EA for the limitation of 1,5 % to be exceeded.

In the Western Cape Department of Education the percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration budget for the financial year **2003/2004** was 1,72%. The Department also did not obtain the authority of the EA for the limitation of 1,5 % to be exceeded.

3.2.4.2 Information provided by PERSAL on payment of performance rewards

The total amount paid out in respect of performance rewards for the three financial years in the Departments of Education as reported by the Departments is R 6 121 575,48. According to the schedule of payments obtained from PERSAL, however, the amount paid in respect of the three financial years is R 4 801 753,83. It is evident that some of the payments made by the Departments in respect of performance rewards were not included in the amount provided by PERSAL. The discrepancy regarding such information must be addressed between the Departments and PERSAL.

3.2.5 Rewarding work performance in the Departments of Social Development

A total number of 210 performance rewards were granted for the three financial years in all the Departments of Social Development. One hundred and twenty two (58%) SMS members were granted rewards without moderated performance appraisals having been conducted.

3.2.5.1 SMS budget for the granting of performance rewards

The Departments of Social Development in the Free State, North West and Western Cape exceeded the limitation of 1,5% of the annual SMS remuneration budget each on one occasion without obtaining the EA's approval. In the Free State 2,87% was spent for **2005/2006**, the North West Department spent 1,8 % for **2003/2004** and the Western Cape Department 2,17% for **2005/2006**.

3.2.5.2 Information provided by PERSAL on payment of performance rewards

The total amount paid for performance rewards for the three financial years in the Departments of Social Development as provided by the Departments is R 4 161 496,78. According to the schedule of payments obtained from PERSAL, however, the amount paid in respect of the three financial years is R 2 585 807,99. The discrepancy regarding such information needs to be addressed between the Departments and PERSAL as it may be attributed to the incorrect application of PERSAL by the Departments.

3.3 APPROVAL FOR THE GRANTING OF PERFORMANCE REWARDS

In terms of paragraph 15.1(3) of Chapter 4 of the SMS Handbook the final decision on the granting of performance rewards must be taken by the EA **personally**, who shall act on the advice of a moderating committee.

3.3.1 Departments of Education

Performance rewards in the national, Northern Cape and North West Departments were approved by the EA. No documentation was received from the Departments of Gauteng and Mpumalanga for the approval for payment of performance rewards for all three financial years. In the case of the Western Cape, no documentation regarding payment of rewards was provided to the PSC for the financial year **2004/2005**. The granting of performance rewards for the financial year **2003/2004** in the Free State was approved by the HoD.

3.3.2 Departments of Social Development

In the Departments of Social Development, performance rewards in the Free State, Gauteng, Limpopo and Northern Cape were approved by the EA. No documentation was received from the national, Eastern Cape, KwaZulu-Natal and Mpumalanga Departments on the approval for the payment of performance rewards for all three financial years. The granting of performance rewards for the financial years **2003/2004** and **2004/2005** in the North West Department and for the financial years **2004/2005** and **2005/2006** in the Western Cape was approved by the HoD.

3.4 LACK OF PROPER RECORD KEEPING BY DEPARTMENTS

The non availability of information and documents from the departments could be as a result of poor record keeping. As the PM&D system often gives rise to queries and grievances, departments should take appropriate steps to ensure the safe keeping and accessibility of all documentation pertaining to the PM&D processes.

4. CONCLUSIONS AND GENERIC RECOMMENDATIONS

4.1 CONCLUSIONS

The following represent the key findings of this audit in the Departments of Education and Social Development.

4.1.1 Performance agreements are not concluded by the majority of managers

The majority of SMS members in both the Departments of Education and Social Development have been performing their duties without having concluded PAs. A total of 54,6% (917 out of 1679) SMS members, therefore, have been performing their duties without committing themselves to achieving the objectives of their components and departments.

4.1.2 Delays in concluding performance agreements

There appears to be no regard for the due date by which PAs should be concluded. Only 38 out of 762 PAs (5%) in both the Departments of Education and Social Development were concluded before 31 March of the three financial years audited as required in terms of the SMS Handbook.

4.1.3 The quality of performance agreements is generally acceptable

The quality of the relatively few PAs that were concluded was generally acceptable. The KRAs were generally aligned to the core objectives of the departments. Workplans, CMCs and PDPs were attached as annexures to the majority of the PAs that were concluded. In the cases where these were attached, the annexures were in most instances completed in every respect.

4.1.4 Performance reviews and appraisals are not held

Performance reviews and appraisals were seriously lacking. No mid term performance reviews were conducted in the majority of departments for all three financial years. This appears to be a major challenge for all the departments.

Performance appraisals in certain departments were not undertaken at all but performance rewards were granted.

4.1.5 Crucial role players in the performance management process are not performing as they should

Facilitation and management of the PM&D system starts with the EA and the HoD who should be supported by a moderation committee and the human resource components of departments.

A heavy responsibility rests especially on the human resources components to ensure that processes run smoothly and that the PM&D system objectives are realized.

4.2 GENERIC RECOMMENDATIONS

The following generic recommendations are made:

4.2.1 Timeous conclusion and quality of PAs

In accordance with the amendment issued by the DPSA, all SMS members should ensure as priority that their PAs are concluded *within the first month of the new financial cycle* in respect of serving members and within 3 months in the case of new appointments.

4.2.2 Conduct performance reviews and performance appraisals

Departments must comply with the SMS Handbook with regard to performance reviews in terms of which at a minimum one formal performance review should take place annually, preferably in the middle of the PM&D cycle.

4.2.3 Approval for the granting of performance rewards by the EA

Departments are requested to ensure that the provision of EAs approving the granting of rewards is adhered to and that there are no deviations which can lead to audit queries.

4.2.4 A more active role for the Human Resource Management Components of Departments

The role of the Human Resource (HR) components in departments is crucial in the PM&D system and it is recommended that the components should –

- Support the EA and the HoD of the departments who, in terms of the SMS Handbook, are key figures in ensuring the success of the PM&D system of senior managers; and
- Improve their record keeping so that documents relating to the PM&D system are easily accessible.

4.2.5 Filing of PAs by HoDs with the PSC

Out of a possible 57 PAs of the HoDs that should have been filed with the PSC in accordance with the decision of Cabinet, only 41 (72%) have been filed. As the Head of the Department and Accounting Officer, the HoD should ensure that she/he sets the example to the rest of the Department in that she/he concludes a PA timeously and complies with the decision of Cabinet to file the PA with the PSC.

4.2.6 Discrepancy regarding information on PERSAL

Payments made by Departments in respect of performance rewards were not included in the amount provided by PERSAL. The discrepancy regarding such information must be addressed between the Departments and PERSAL as all salary related payments that include performance rewards made to all employees in the Public Service must be done on PERSAL. In order to maintain the integrity of the management of PERSAL, it is crucial that departments utilize the system effectively. Where it is clear that the PERSAL system is not being updated, the Departments should identify the employees concerned and consider disciplinary action against such employees.

4.3 SUMMARY

The inept management of performance by departments and serious flaws in working with the PM&D system, as emerged from the findings of the audit conducted at the request of SCOPA and this report needs urgent attention at the highest level. The findings of this report confirm that performance management is not being given the necessary priority attention by most departments. It is in the interest of both the State as employer and the senior managers of the Public Service that departments begin to accord performance management the due attention it deserves.

Chapter One

INTRODUCTION

1.1 BACKGROUND

Performance management is a systematic process through which institutions involve their employees, as individuals or as members of a group, in improving organizational effectiveness in the accomplishment of institutional missions and goals.¹ If incorrectly applied it has negative consequences both for employers and employees. Apart from rewarding the employees who perform outstanding work, performance management is also utilized as a management tool to identify poor performers and take corrective action where necessary. Either way the interest of the employees and organizations are taken into account to ensure effective contribution to the goals of the organization.

Given the need for accelerated service delivery within the Public Service, there is a heightened focus on performance management. Such keen scrutiny on performance management has even been felt at Parliamentary level. In June 2006, at the request of the Standing Committee on Public Accounts (SCOPA), the Public Service Commission (PSC) conducted an audit into the granting of performance rewards in the Departments of Correctional Services, Home Affairs and Labour for the **2002/2003**, **2003/2004** and **2004/2005** financial years². The scope of the audit consisted of members of the Senior Management Service (SMS) ranging from post level 14 to 16.

The report revealed that overall, work performance in the departments was not being managed as regulated by the SMS Handbook for members of the SMS. In brief, the following were some of the findings:

- Performance agreements (PAs) were not concluded and therefore did not exist. The individual contribution of employees towards departmental goals is therefore difficult to assess.
- Only two of the 132 PAs in the three departments were concluded within the stipulated time frame for all three years.
- The key performance areas indicated in the work plans were not aligned to the core objectives of the department.
- Performance rewards were granted to SMS members who had not entered into PAs.
- Mid term reviews were not conducted.
- Poor record keeping by the departments resulted in some of the documents not being made available for purposes of the audit.

As a result of concerns raised by the SCOPA report and the fact that the source of many grievances is performance management³, the PSC decided to conduct an extended audit covering more departments. It is against this background that the PSC decided that a further audit be conducted into the granting of performance rewards.

1.2 MANDATE

The PSC's *locus standi* to conduct the audit and the existing enabling legislation governing such matters are outlined below:

- (a) Section 196(2) of the *Constitution of the Republic of South Africa, 1996*, *inter alia*, determines that the PSC must exercise its powers and functions in the interest of the maintenance of effective and efficient administration and a high standard of professional ethics in the public service.

1 Republic of South Africa. Public Service Commission. Framework for the evaluation of Heads of Department, 2000.

2 Republic of South Africa. Public Service Commission. An audit into the granting of performance rewards: Departments of Correctional Services, Home Affairs and Labour, August 2006.

3 Republic of South Africa. Public Service Commission. Grievance trends in the Public Service, 2007.

(b) Section 196(4)(f) of the *Constitution of the Republic of South Africa, 1996*, amongst others, determines that the powers and functions of the PSC are-

"either of its own accord or on receipt of any complaint-

- (i) to investigate and evaluate the application of personnel and public administration practices, and to report to the relevant executive authority and legislature;*
- (ii);*
- (iii); and*
- (iv) employees in the public service."*

(c) Section 10 (1) of the *Public Service Commission Act, 1997*, determines that-

"The Commission may conduct an inquiry into any matter in respect of which it is authorized by the Constitution or the Public Service Act to perform any function."

The above-mentioned prescripts duly allow the PSC to conduct the audit.

1.3 OBJECTIVE OF THE AUDIT

Performance agreements of SMS members that are concluded cover the period 1 April to 31 March of a year. This period coincides with the financial year of departments in the Public Service. The performance of SMS members is evaluated and the concomitant granting of performance rewards also coincide with the financial year. The objective of the audit was to establish:

- whether members of the SMS on levels 13 to 16 and those staff members reporting directly to the Head of Department (HoD) had entered into PAs;
- whether PAs were consistent with and contributed to the core functions of the respective departments;
- whether performance bonuses were paid to members of the SMS on levels 13 to 16 and those staff members reporting directly to the HoD, and whether performance was in line with the goals/achievements/outcomes specified in the PAs; and
- the amount spent by departments on performance rewards for the SMS in relation to the 1,5% of their total annual SMS remuneration budget.

1.4 SCOPE

The audit was undertaken in the Departments of Education and Social Development at national level and in all nine provinces. It covers three financial years, namely, **2003/2004**, **2004/2005** and **2005/2006**. It was undertaken over three financial years in order to identify possible trends in the compilation of PAs and the granting of performance rewards in the relevant departments. The managers falling within the scope of the audit were from post level 13 to 16. In the provinces of Limpopo and Mpumalanga, the Members of the Executive Council (MEC) also have, in addition to Social Development, the Health portfolio and these departments were also covered in the audit.

The audit focused on the management of performance of the incumbents holding the posts of senior managers on salary levels 13 to 16 within the departments. The documentation obtained was analysed to ascertain the level of compliance of the SMS members with the SMS Handbook regarding the Performance Management and Development (PM&D) system and the extent to which performance rewards were granted to these managers.

1.5 METHODOLOGY

In conducting the audit into the granting of performance rewards, the following approach was adopted:

- (a) Copies of signed PAs of all members of the SMS on salary levels 13 to 16 were obtained from the Departments.
- (b) Information was obtained from the Departments regarding the employees who were granted performance rewards for the three financial years.
- (c) The PAs were analysed to establish whether they were aligned to the core responsibilities and functions of the Departments and whether the standards or indicators in the PAs were met.
- (d) The establishment of moderating committees to consider the performance assessments and the delegated authority for approving the granting of the rewards was ascertained and assessed.
- (e) Printouts were obtained from the Personnel and Salary Administration System (PERSAL) in order to cross reference with regard to the payments made.

A list of documentation required to conduct the investigation was submitted to the Departments. A copy of the list is attached to the report as **Annexure A**.

The Departments of Social Development in the provinces of Limpopo and Mpumalanga encompasses the portfolio of health as well. For purposes of this report and convenience with regard to singularity of name, these Departments have also been referred to as Departments of Social Development.

The number of PAs of SMS members that were received by the PSC was 1679. Some of these PAs were either not signed by the SMS member or the supervisor or by both. The PSC therefore regarded these PAs as not having been concluded.

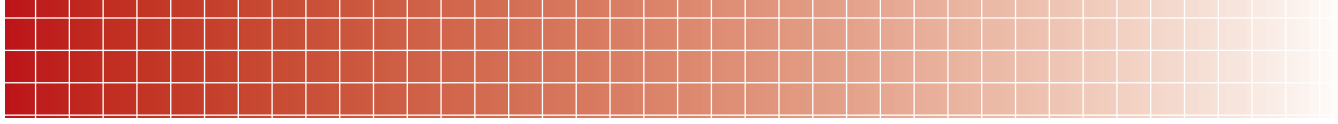
The PM&D system was amended by the Department of Public Service and Administration (DPSA) with effect from 1 April 2006. These amendments were effective from the **2006/2007** PM&D cycle. These amendments fall outside the scope of this audit which is up to and including the **2005/2006** financial year.

1.6 LIMITATIONS

The following limitations were experienced during the audit:

1.6.1 Delays in responses

In order to facilitate interaction and the submission of information, the Executing Authorities (EA) of the Departments were informed of the audit on 24 March 2007. The EAs were each requested to provide the name of a contact person for their Department by 30 March 2007. Once the name of the contact person was confirmed by the Departments, meetings were arranged with the identified official regarding the submission of the requested documentation. Unfortunately, the response was not efficient in all instances and continuous follow-up had to be made with the contact persons for the submission of the information. For example, as at mid August 2007 documentation was still outstanding from the Department of Education in Limpopo, Department of Health and Social Services in Mpumalanga and both the Departments of Social Development and Education in the Eastern Cape, Gauteng and KwaZulu-Natal Provinces.



An option for the PSC would have been to immediately summons the Departments to provide the information but it was deemed feasible to first forward a reminder to the relevant MECs. The MECs were advised in letters to them dated 4 September 2007 to forward the outstanding information by 14 September 2007. It was also mentioned to them that the PSC reserves the right to invoke the summoning powers of the PSC in terms of the *Public Service Commission Act, 1997*. The summoning process, however, would have further delayed the finalization of the report.

As at 5 October 2007, the Department of Education in KwaZulu-Natal had not forwarded any documentation. This report therefore excludes analysis on the Department of Education in KwaZulu-Natal.

1.6.2 Poor record keeping

As a result of poor record keeping, some departments provided limited documentation to the PSC. The findings and recommendations made in this report are based on the information at hand.

1.6.3 Information obtained from PERSAL

In order to verify the information provided by Departments regarding the payment of performance rewards, information was obtained from PERSAL regarding all payments made in relation to performance rewards. However, information obtained from PERSAL differs from that provided by the Departments in that certain payments made by the Departments were not reflected in the schedule of payments provided by PERSAL.

1.6.4 Public Service strike

When follow up was being made with certain departments regarding the submission of documentation, the departments advised that the public service strike that took place from 1 June 2007 to 28 June 2007 was impacting on the availability of staff to provide such information.

The information that has not been provided is covered in Chapter 4 under the findings and recommendations of each department. The fact that the Departments had not submitted all the information impacts on the quality of this report, as analysis on such information could not be provided. In instances where the departments did not provide information, the PSC regarded such documentation as non-existent.

1.7 STRUCTURE OF THE REPORT

This Chapter provided a background to the conducting of the audit. Chapter 2 of the report deals with the regulatory framework governing performance management for SMS members. Thereafter, a Global Overview of the findings of the audit is provided in Chapter 3. Findings in respect of the Departments of Education and Social Development are provided in Chapter 4. Finally Chapter 5 contains conclusions and generic recommendations to improve the management of SMS members' performance in the departments holistically.

Chapter Two

REGULATORY FRAMEWORK

2.1 INTRODUCTION

The performance management system remains a critical tool for promoting accountability and informing personal development plans in the Public Service⁴. The performance management of members of the SMS assists in clarifying their responsibilities, priorities and performance expectations. When done effectively, performance management helps to create a sound basis for administrative decisions such as the recognition of outstanding performance and the management of inadequate performance⁵. Essential for this is the capacity to manage performance within the context of a legislative framework.

Performance management in the Public Service is guided, amongst others, by the White Paper on Transforming Service Delivery, 1997, the Public Service Act (PSA), 1994, the Public Service Regulations (PSR), 2001, resolutions of the Public Service Co-ordinating Bargaining Council (PSCBC) and the Treasury Regulations, 2001. The relevant provisions governing performance management are extracted and listed hereunder.

2.2 LEGISLATIVE FRAMEWORK AND CONTEXT

The following table reflects the legislative framework concerning performance management in the South African Public Service:

SOURCE	PROVISION
PUBLIC SERVICE ACT, 1994 (As amended)	This Act confers on EAs the powers and duties regarding the recruitment, appointment and performance management and other career incidences of employees of the department (See section 3.5(c) under functions of a Minister and EA).
WHITE PAPER ON TRANSFORMING SERVICE DELIVERY, 1997 (Batho Pele Principles)	This Paper outlines eight principles set out as the Batho Pele Principles that emphasise improved service delivery and transparent public accountability.
PUBLIC SERVICE REGULATIONS, 1999	Assigns the authority for the development and implementation of performance management systems for all employees, other than members of the SMS to EAs and for the development and implementation for financial incentive schemes to HoDs. The performance management system had to be implemented by January 2001.
PUBLIC SERVICE REGULATIONS, 2001	These regulations provided that HoDs would enter into a contract with an EA (Part VII.B.2.1 of PSR). This contract shall stipulate the main delegations to HoDs. The date for implementation of the PM&D system for personnel below the SMS was shifted to April 2001.

⁴ Republic 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, 2006.

⁵ Ibid.

SOURCE	PROVISION
PSCBC RESOLUTION 13 OF 1998 AND RESOLUTION 9 OF 2000	Provided a framework for senior managers to agree to individual PAs and extended the signing of PAs from HoDs to all senior managers (levels 13-16) and, amongst others, defines the method of assessing the performance including the output targets for the performance period, the frequency of assessment and mechanisms for dispute resolutions.
TREASURY REGULATIONS, 2001	Part 3, Chapter 5 of the Treasury Regulations deals with strategic planning. Detailed and extensive outlines are provided 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 Minister for the Public Service and Administration (MPSA).
THE SMS HANDBOOK, 2001	
(a) Purpose of performance agreements	<p>Key principles underpinning the effective implementation of PM&D as outlined in the PSR. These, amongst others, stipulate that performance shall be managed in a consultative manner and performance management processes shall link to broad and consistent staff development plans and align with the department's strategic goals (Paragraph 4 of Chapter 4).</p> <p>Further, PAs will only be effective if, amongst others, all members of the SMS are committed, are properly inducted and trained in the use of performance management, and all performance assessment data is kept in an efficient database (Paragraph 8.4 of Chapter 4).</p>
(b) The importance of performance reviews and appraisals	The importance of performance reviews, which may include the payment of performance rewards, is addressed. It stipulates, amongst others, that reviews are important feedback sessions and that at a minimum, one formal performance review should take place annually (Paragraph 12 of Chapter 4).
(c) The purpose of strategic management	The importance of strategic management and the linkage with the performance management and development cycle, is addressed. It determines the content of the strategic plan as well as the proposed planning cycle (Paragraph 7 of Chapter 4).

SOURCE	PROVISION
(d) Performance agreements	<p>All members of the SMS (managers and professionals) shall enter into PAs by not later than 31 March annually (Paragraph 8 of Chapter 4).</p> <p>Strategic/operational/work plans: The content of PAs should clearly and directly devolve from and be related to the department's strategic/operational plan and the plans of the specific unit for the coming financial year.</p> <p>Core Management Criteria (CMC): Every member of the SMS should be assessed against all those CMCs that are applicable to a job (Paragraph 10.5(1) of Chapter 4).</p> <p>Personal Development Plans (PDPs): It is required that developmental requirements are identified and agreement is reached on the steps to be taken to address the developmental gaps (Paragraph 10.6 of Chapter 4).</p> <p>Moderation of agreements and performance appraisal results: The EA shall appoint a committee that can assist her/him to ensure that effective PAs that lay a fair basis for appraisal are developed and reviewed (Paragraph 15.10(1) of Chapter 4).</p>
(e) Performance rewards	<p>Performance agreements and reviews: With respect to the fact that performance should be reviewed based on the PA entered into, paragraph 8.3 of Chapter 4 stipulates that a minimum of two formal reviews must take place during the course of the financial year.</p> <p>Qualifying requirements for performance rewards: Performance rewards may only be granted to SMS members who have completed an assessment period of at least 12 months (Paragraph 15.4(3) of Chapter 4).</p> <p>Delegated authority: Final decisions on the awarding of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee (Paragraph 15.1(3) of Chapter 4).</p>
(f) Roles and responsibilities	<p>The roles and responsibilities of the key role-players with regard to oversight and moderation of the PM&D systems are largely determined by the legal and regulatory framework (Paragraph 16 of Chapter 4).</p>

The PM&D system was amended by the DPSA with effect from 1 April 2006. These amendments were effective from the **2006/2007** PM&D cycle. The amendments fall outside the scope of this audit which is up to and including the **2005/2006** financial year.

Chapter Three

GLOBAL OVERVIEW OF PERFORMANCE
MANAGEMENT IN THE DEPARTMENTS OF
EDUCATION AND SOCIAL DEVELOPMENT AT
NATIONAL LEVEL AND IN THE PROVINCES

3.1 INTRODUCTION

Improved and sustained individual and organizational performance are the key enablers to service delivery. Through the application of the performance management system in the Public Service, the objectives and outputs agreed with individuals and teams are integrated with and support the achievement of organizational objectives⁶. These outputs should be aligned to the core objectives of the departments and are to be contained in the PAs of SMS members that should be concluded with their supervisors.

This Chapter provides a global overview of how the Departments of Education and Social Development at national level and in all the provinces have managed the performance of their employees in the top three layers of the Departments over the financial years **2003/2004, 2004/2005** and **2005/2006**. It provides an analysis of the management of the PM&D system and specifically covers levels of compliance with the prescripts, the granting of performance rewards and the cost implications of the granting of performance rewards. Using the extent to which PAs have been timeously concluded, the quality of the PAs and the granting of performance rewards as indicators, an overview is provided of the management of performance of SMS members in the Departments. A comparison is also made with the previous report by the PSC on the granting of performance rewards in the Departments of Home Affairs, Correctional Services and Labour in relation to the conclusion of PAs.

The Departments of Social Development in the provinces of Limpopo and Mpumalanga encompass the portfolio of health as well. For purposes of this report and convenience with regard to singularity of name, these Departments are referred to as Departments of Social Development.

3.2 THE MANAGEMENT OF PERFORMANCE AGREEMENTS

3.2.1 The extent to which performance agreements have been concluded

Following planning at organizational level through the development of the Medium Term Strategic Framework (MTSF), management must commit to clear, measurable and verifiable goals to be attained. Within the Public Service context, the conclusion of PAs by supervisors and supervisees is the final building block in the planning cycle of a department. PAs translate departmental strategic plans into specific deliverables for officials⁷. Unless each SMS member concludes a PA, accountability for the implementation of departmental programmes becomes superficial and unmeasurable. This lack of accountability is counter productive to the provision of acceptable levels of service delivery, and the quest to improve the lives of ordinary citizens.

The number of PAs that should have been concluded is based on the number of approved and filled SMS posts in the Departments of Education and Social Development for the three financial years. This information was provided by the Departments. The figure obtained was compared with the number of PAs concluded. The PAs which were not submitted to the PSC or were not signed were regarded as having not being concluded. In the absence of a signature by any of the parties, the PA cannot be regarded as a binding document. The table below provides an indication of the conclusion of PAs in the Departments of Education and Social Development.

Table 1: Analysis of the conclusion of PAs

Category	Education	Social Development
The number of PAs that should have been concluded	991	688
The number of PAs that were concluded	421 (42,5%)	341 (49,6%)
The number of PAs that were not concluded	570 (57,5%)	347 (50,4%)

6 Ms OR Ramsingh: Director-General:Office of the Public Service Commission. *The Management of Performance in the Public Service: Challenges relating to performance assessments and award systems*, 2007.

7 Republic of South Africa. Public Service Commission. *State of the Public Service Report*, 2007.

3.2.1.1 Overall findings in respect of the Departments of Education

The extent to which PAs have been concluded in the Departments of Education is reflected in **Figure 1** below:

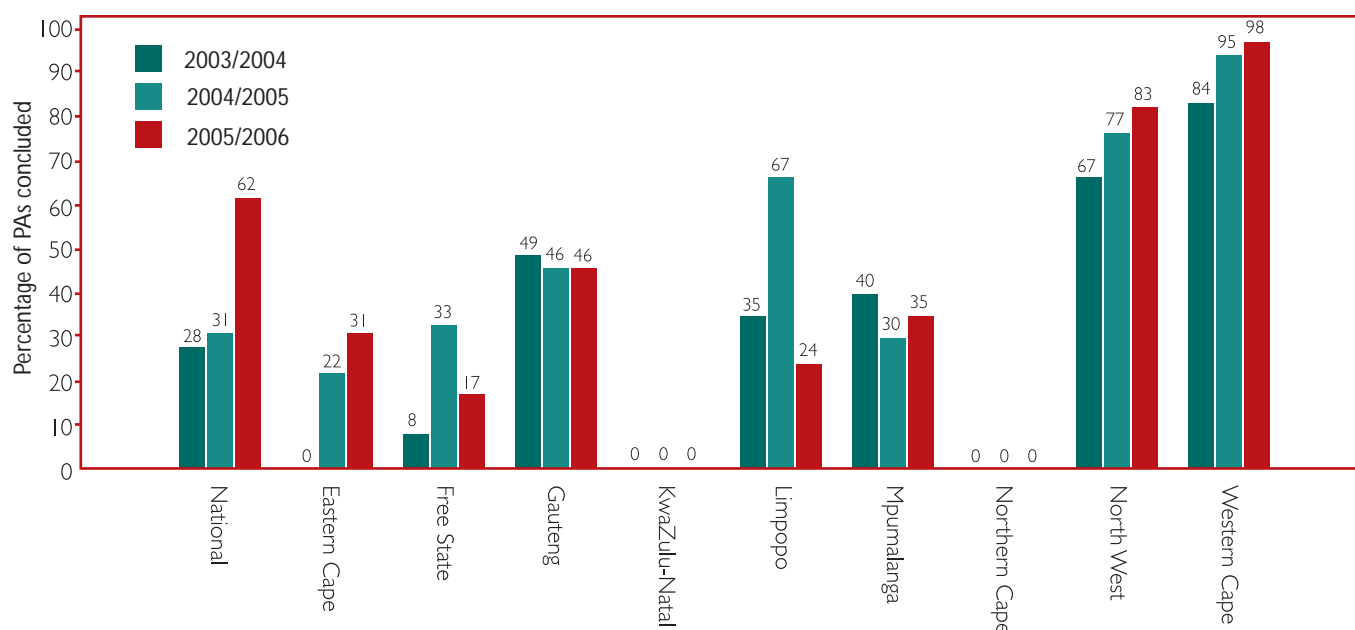


Figure 1: The Extent to which Performance Agreements have been Concluded
Departments of Education

The average level of compliance in the Departments over the three financial years is 42,5%. This means that 57,5% of the SMS members did not conclude PAs for the three financial years. Compliance with the conclusion of PAs was at its worst level in the financial year **2003/2004** (32,7%). Compliance improved slightly in **2004/2005** to 44,6% and to 48,9% for **2005/2006**. The high level of non-compliance by most provinces is of concern. This points to a total disregard to the policies of Government relating to the PM&D system as contained in the SMS Handbook and in effect amounts to misconduct by the officials involved. Furthermore, it suggests that the top management of departments does not prioritise performance management and this has a rippling effect at lower levels.

It is disconcerting to note that 570 of the 991 (57,5%) of the PAs were either not submitted to the PSC or were not signed by either the SMS member or the supervisor, or by both the SMS member and his or her supervisor. In practical terms this is tantamount to no agreement having being concluded and such PAs are not binding on any of the parties. The PSC has disregarded such unsigned PAs and has not reflected these in any of the Figures displayed in this report.

It will be observed from **Figure 1** above that the Northern Cape Department of Education has not submitted copies of PAs concluded to the PSC for all three financial years. However, performance rewards have been granted for the financial year **2003/2004**. As at 5 October 2007, the Department of Education in KwaZulu-Natal did not respond at all to the PSC's request for information and as such no PAs were received. The lack of information from the Northern Cape and KwaZulu-Natal raises the question whether performance management at senior management level happens at all in these departments.

The level of compliance with regard to the conclusion of PAs by SMS members in the Eastern Cape Department is 0% for **2003/2004**, 22% for **2004/2005** and 31% for **2005/2006**. In the Free State Department the level of compliance is 8% for **2003/2004**, 33% for **2004/2005** and 17% for **2005/2006**. The Departments of Education in the Eastern Cape (average of 17%) and Free State (average of 19%) performed the worst in terms of the conclusion of PAs over the three financial years. A report of the PSC on performance management systems in the

Public Service⁸ published in 2004 found that the Free State Department was already in the final implementation phase of its PM&D system. Based on the poor levels of compliance in terms of concluding PAs, it is evident that the said Department has made little progress with the implementation of its PM&D systems since 2004. The Eastern Cape Department had not submitted information in 2003 when the PSC embarked on its project. Based on the low number of PAs concluded and the lack of response to the previous survey of the PSC it is clear that performance management is not prioritized in the Department.

The average level of compliance regarding the conclusion of PAs in the other departments is 35% for Mpumalanga, 41% for the national Department, 42% for Limpopo and 47% for Gauteng. The Western Cape (92%) and the North West (76%) Departments achieved reasonable levels of compliance over the three years.

It is encouraging to note that in the National, North West and Western Cape Departments of Education, the number of PAs concluded has increased over the three financial years. In the national Department the PAs concluded has increased from 28% in **2003/2004** to 62% in **2005/2006**. Despite this positive trend, an alarming 38% of SMS members have still not concluded PAs in the year **2005/2006**. The national Department of Education should set the norm for its provincial counterparts to emulate and its level of non-compliance is worrying. In the North West Department the PAs concluded increased gradually through the three financial years from 67% in **2003/2004** to 83% in **2005/2006**. This trend is also noticeable in the Western Cape where the PAs concluded increased from 84% in **2003/2004** to 98% in **2005/2006**. This indicates that performance management is actively being driven at senior management level.

3.2.1.2 Overall findings in respect of the Departments of Social Development

The extent to which PAs have been concluded in the Departments of Social Development is reflected in **Figure 2** below.

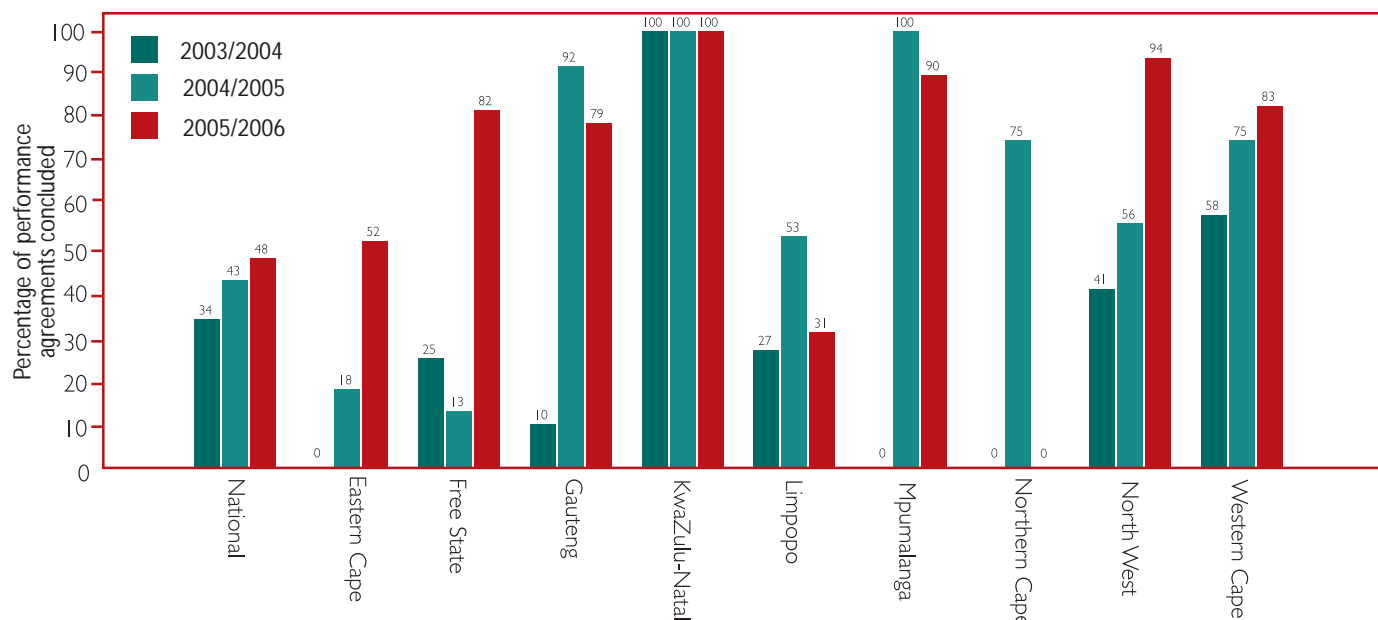


Figure 2: The Extent to which Performance Agreements have been Concluded
Departments of Social development

The average level of compliance in the Departments over the three financial years is 49,6%. This means that on average 50,4% of the SMS members did not conclude PAs for the three financial years. Whilst the average level of non-compliance in the conclusion of PAs is lower when compared with the Departments of Education (57,5%),

⁸ Republic of South Africa. Public Service Commission. Report on the State of Performance Management Systems in the South African Public Service, July 2004.

the level of non-compliance is still unacceptably high. Although KwaZulu-Natal reflects 100% compliance for the financial years 2003/2004, 2004/2005 and 2005/2006, the number of PAs concluded for these periods is only nine, seven and five respectively.

In the case of the Departments of Social Development, 347 out of the 688 (50,4%) of PAs were either not submitted to the PSC by the Departments or were not signed by either the SMS member or the supervisor or by both the SMS member and his or her supervisor. As in the case of the Departments of Education, the PSC has disregarded such unsigned PAs and has not reflected these in any of the Figures displayed in this report.

The Eastern Cape and Mpumalanga Departments of Social Development have not submitted copies of PAs concluded to the PSC for the financial year 2003/2004. The Northern Cape Department has not submitted PAs for 2003/2004 and 2005/2006.

The level of compliance with regard to the conclusion of PAs by SMS members for all three financial years in the national, Eastern Cape, Limpopo and Northern Cape Departments is particularly low as can be seen in Table 2:

Table 2: Level of compliance with regard to the conclusion of PAs by SMS members in the National, Eastern Cape, Limpopo and Northern Cape Departments of Social Development

Departments of Social Development	Financial year			Average
	2003/2004	2004/2005	2005/2006	
National	32%	43%	48%	41%
Eastern Cape	0%	18%	52%	23%
Limpopo	27%	53%	31%	37%
Northern Cape	0%	75%	0%	25%

The average level of compliance by the National Department for the conclusion of PAs over the three financial years is 41%. The PSC's report on performance management systems in the Public Service⁹ published in 2004 found that the national Department was already in the final implementation phase of its PM&D system. Using the conclusion of PAs as an indicator of the performance management system, it is evident that the said Department has made limited progress with the implementation of its PM&D systems since 2004.

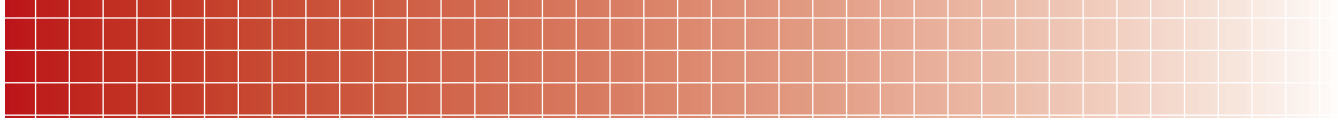
Although the number of PAs concluded in the national Department increased from 32% in 2003/2004 to 43% in 2004/2005 and to 48% in 2005/2006, the rate of compliance is still unacceptable. The national Department should set the norm for its provincial counterparts to emulate. A compliance level of 42% is not an acceptable norm.

The average level of compliance in Limpopo for the conclusion of PAs over the three financial years is 37%. The PSC's report on performance management systems in the Public Service¹⁰ published in 2004 found that the Limpopo Department was already in the final implementation phase. It is therefore evident that the Department has made limited progress with the implementation of its PM&D systems since 2004. In fact from 2004/2005 to 2005/2006, there has been a decrease in the conclusion of PAs in Limpopo from 53% to 31%.

The average compliance level of the conclusion of PAs in the Northern Cape Department over the three financial years is 25%. According to the report published by the PSC in 2004, the Northern Cape Department was only in the development phase of implementation of its PM&D system. It appears as if little or no progress at

⁹ Republic of South Africa. Public Service Commission. Report on the State of Performance Management systems in the South African Public Service, July 2004.

¹⁰ Ibid.



all has been made since 2004 in implementing the PM&D system. In fact from 2004/2005 to 2005/2006, there has been a decrease in the conclusion of PAs in the Northern Cape Department from 75% to 0%.

The average compliance level of the conclusion of PAs in the Eastern Cape Department is 23%, the lowest amongst the departments. The Department displays a disconcerting apathy towards performance management.

With regard to the North West Department, the average level of compliance of the conclusion of PAs was 63%. According to the report published by the PSC in 2004, the North West Department was already in the final implementation phase of its PM&D system. Given that the conclusion of PAs has increased from 41% for 2003/2004 to 94% for 2005/2006 it appears that performance management is being rolled out progressively and that the Department is on the verge of full compliance. It is of concern, however, that it has taken so long to achieve these levels of compliance.

The average level of conclusion of PAs over the three financial years in the Gauteng Department was 60%. It would seem that Gauteng has also not made significant progress in the implementation of its PM&D system since 2004 given that from the financial year 2004/2005 to 2005/2006, there has been a decrease in the conclusion of PAs in Gauteng from 92% to 79%.

3.2.2 The quality of performance agreements in the Departments of Education and Social Development

The content of PAs should clearly and directly devolve from and be related to the Department's strategic/operational plan and the plans of the specific unit for the coming year.

With regard to those PAs that were concluded it was found that in general, the PAs were aligned to the strategic management plans of the Departments for the three financial years. Cognisance, however, must be taken that in 55% of cases PAs were not concluded over the three financial years. As such the benefits that could be derived from the management of performance are nullified.

There were, however, deficiencies regarding the quality of the PAs in that some of the PAs did not include the dates for progress reviews and feedback sessions as well as annual performance appraisals. Furthermore, CMCs and PDPs were not attached to all the PAs that were concluded. The Northern Cape Department of Education did not submit any PAs to the PSC for the three financial years and consequently no workplans, CMCs and PDPs were submitted. With regard to the KwaZulu-Natal Department of Welfare and Population Development, a total of 21 PAs were concluded for the three financial years. No workplans, CMCs and PDPs were attached to the PAs that were submitted. The Northern Cape Department of Social Development did not submit workplans for the financial years 2003/2004 and 2005/2006. Workplans describes the KRAs and outputs that managers must achieve and the criteria for measuring them and are thus an integral part of the PA.

3.2.3 Delays in concluding performance agreements

In terms of paragraph 8.1 of Chapter 4 of the SMS Handbook, all SMS members (managers and professionals) shall enter into PAs by not later than 31 March annually. This is to ensure that performance contracting is agreed upon early in the financial year and the outputs to be achieved are clear and aligned to the core objectives of the organization.

Of the total number of PAs concluded in the three financial years in both the Departments of Education and Social Development, only 38 out of the 762 PAs (5%) were concluded before 31 March of the three financial years audited as required in terms of the SMS Handbook. The remaining 724 (95%) of PAs were concluded after 1 April of the financial year. PAs were even concluded some eight to ten months later and even during the

following financial year. The conclusion of 5% of PAs before 31 March in the current audit is comparable with the findings of an earlier audit conducted by the PSC in August 2006 where it was found that only two out of 132 PAs¹¹ (1,52%) were concluded before 31 March for the three financial years in respect of the Departments of Correctional Services, Home Affairs and Labour.

The late conclusion of PAs impacts negatively on its effectiveness as a management tool, especially in terms of monitoring progress in performance. Up until the conclusion of PAs there is no mechanism to ensure accountability and responsibility on the part of the managers. Cognisance must be taken that 917 out of 1679 PAs (54,6%) were either not submitted to the PSC by the Departments of Education and Social Development or were not signed by either the SMS members or the supervisor or by both. These PAs were regarded as not being concluded.

3.3 THE GRANTING OF PERFORMANCE REWARDS

The granting of performance rewards is preceded by the moderation of performance appraisals. Annual performance appraisals are required for all members of the SMS. The appraisal discussion takes place at the end of the PM&D cycle. It is an open discussion between the SMS member and the supervisor where achievements can be fully recognized and ideas for problem solving agreed upon. It is also an opportunity for the supervisor as the representative of the employer to provide formal feedback on performance over the year and identify ways of improving on what was achieved. The process therefore is beneficial to both the employee and the employer. Agreement on an overall appraisal outcome reflecting the level of achievement attained in terms of the PA is reached which is then submitted to a moderation committee.

3.3.1 Moderation of performance appraisals

In terms of paragraph 15.1(3) of Chapter 4 of the SMS Handbook, the final decision on the granting of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee. The moderating committee therefore makes recommendations to the EA on the granting of performance rewards.

3.3.1.1 The extent to which moderated performance appraisals were conducted in the Departments of Education

Figure 3 below depicts the extent to which moderated performance appraisals were conducted in the Departments of Education.

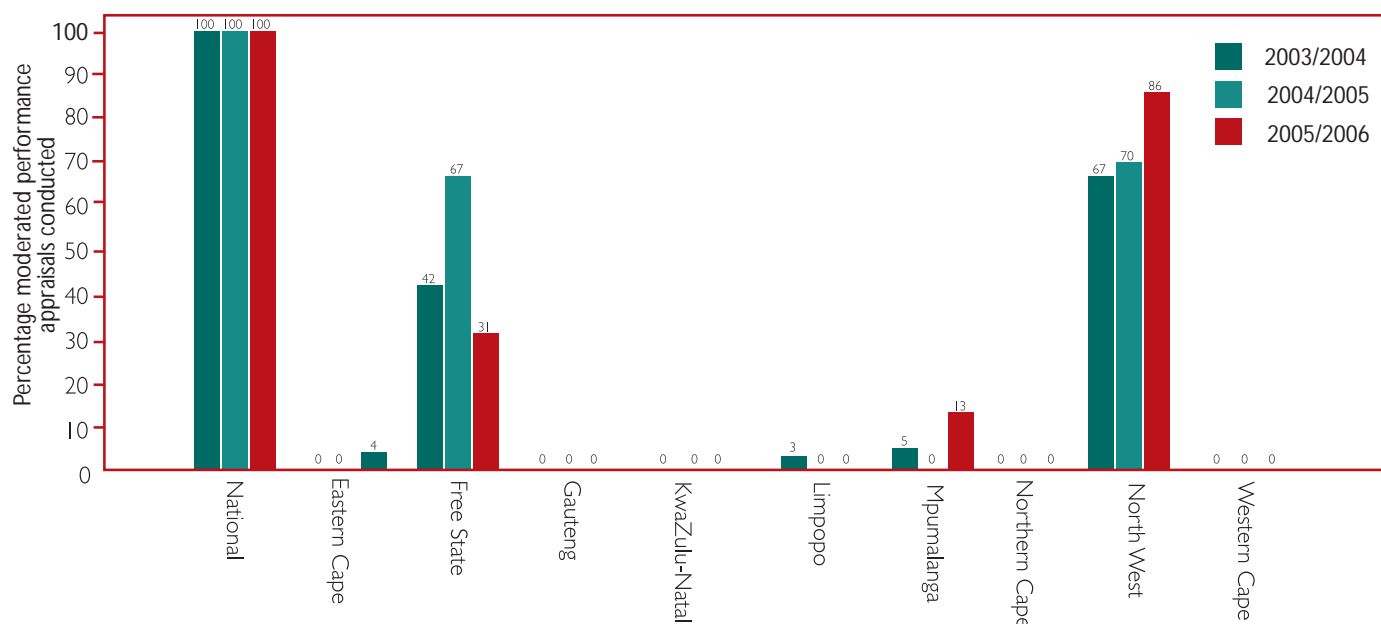


Figure 3: The Extent to which Moderated Performance Appraisals were Conducted

Departments of Education

11 Republic of South Africa. Public Service Commission. An audit into the granting of performance rewards: Departments of Correctional Services, Home Affairs and Labour, August, 2006.

As can be seen from Figure 3 above, performance appraisals were only undertaken in the national, North West, and Free State Departments for all three financial years, in the Mpumalanga Department for 2003/2004 and 2005/2006 and in the Eastern Cape and Limpopo for 2005/2006 and 2003/2004 respectively. The situation in the Eastern Cape Department of Education is of particular concern as the Interim Management Team (IMT) assisted the Department to establish a process for the performance assessment of senior managers and facilitated the evaluation of senior managers for 2001/2002 and 2002/2003. It seems the Department has neglected to follow through on the work of the IMT. No performance appraisals were undertaken in the Departments of Gauteng, KwaZulu-Natal, Northern Cape and Western Cape for all three financial years. This paints a bleak picture regarding moderated performance appraisals. The majority of Departments provided minimal or no documentation to substantiate that performance of SMS members was moderated by a moderating committee. In the absence of performance appraisals and the moderation thereof, the basis on which performance rewards are granted is questionable.

The exceptions are the national and North West Department of Education. In the national department, performance appraisals were undertaken in respect of all SMS members (100%) for all three financial years. In the North West performance appraisals were undertaken for 67% of managers for 2003/2004, 70% of managers for 2004/2005 and 86% of managers for 2005/2006. On average over the three financial years, 74% of all performance appraisals that should have taken place were in fact held.

Alarmingly low numbers of performance appraisals were undertaken in the Departments of Eastern Cape for 2005/2006 (only 4% of managers), Limpopo for 2003/2004 (only 3% of managers) and Mpumalanga for the years 2003/2004 and 2005/2006 (only 13% of managers). On average the Departments did not comply with the requirement to appraise the performance of 77,1% of all senior managers over the three year period under review. It is not clear whether the non-submission of the information requested is as a result of poor document management. If this is the case, it raises serious concerns about the extent to which departmental performance management processes would withstand a formal audit query by the Auditor-General.

3.3.1.2 The extent to which moderated performance appraisals were conducted in the Departments of Social Development

Figure 4 below provides an indication of the extent to which moderated performance appraisals were conducted in the Departments of Social Development.

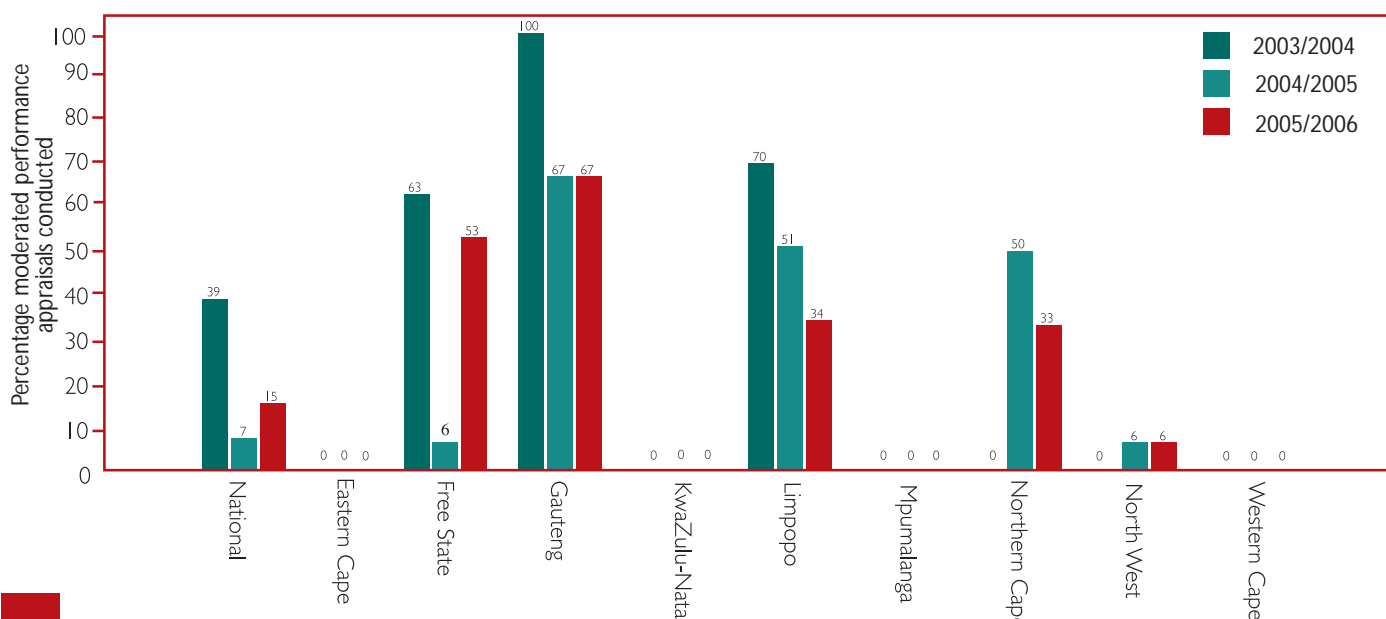


Figure 4: The Extent to which Moderated Performance Appraisals were Conducted
Departments of Social Development

As can be seen from Figure 4 above, moderated performance appraisals were only undertaken in the national, Free State, Gauteng and Limpopo Departments for all three financial years. In the Northern Cape and North West Departments moderated performance appraisals were undertaken for the financial years 2004/2005 and 2005/2006. No moderated performance appraisals were undertaken in the Eastern Cape, KwaZulu-Natal, Mpumalanga and Western Cape Departments for all three financial years. Four of the 10 departments provided minimal or no documentation on performance appraisals undertaken and moderated by a moderating committee. In the absence of performance appraisals and the moderation thereof, the basis on which performance rewards are granted is again questionable.

It is disconcerting to note that performance rewards were granted for 2003/2004 in the North West Department although no moderated performance appraisal was undertaken. Furthermore, in the Northern Cape Department although no PAs were concluded for the financial year 2005/2006, moderated performance appraisals were nevertheless conducted and performance rewards granted. With regard to the Western Cape Department, performance rewards were granted for all three financial years but no performance appraisals were undertaken. In the Eastern Cape and Mpumalanga Departments, no performance appraisals were undertaken over the three financial years. Again there appears to be a general apathy towards the management of performance which surely must have negative consequences for staff morale and service delivery.

3.3.2 Rewarding work performance

Performance rewards are granted as an incentive measure for outstanding work performance. To be eligible for the granting of performance rewards, employees have to complete an assessment period of at least 12 months over a period commencing on 1 April of a particular year and ending on 31 March of the following year. The EA, on the advice of the moderating committee, then decides on the granting of performance rewards following the moderation of performance appraisals of SMS members undertaken by moderating committees.

3.3.2.1 Rewarding work performance in the Departments of Education

A total number of 282 performance rewards were granted for the three financial years. One hundred and twenty seven SMS members (45,0%) were granted performance rewards without PAs having been concluded and 116 (41,1%) were granted without a moderated performance appraisal having been conducted.

A breakdown of the 282 rewards granted is as follows:

Table 3: Breakdown of performance rewards (PRs) in the Departments of Education

Department	Financial year								
	2003/2004			2004/2005			2005/2006		
	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals
National	37	27	0	31	18	0	36	12	0
Eastern Cape	0	0	0	0	0	0	0	0	0
Free State	11	11	0	20	12	0	10	4	0
Gauteng	15	6	15	21	10	21	19	8	19
Limpopo	0	0	0	0	0	0	0	0	0

Department	Financial year								
	2003/2004			2004/2005			2005/2006		
	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals
Mpumalanga	3	1	2	0	0	0	3	3	0
Northern Cape	5	5	5	0	0	0	0	0	0
North West	5	1	0	7	4	2	7	2	0
Western Cape	15	3	15	17	0	17	20	0	20
Total	91	54	37	96	44	40	95	29	39

Figure 5 below indicates the extent to which performance rewards were granted in the Departments of Education.

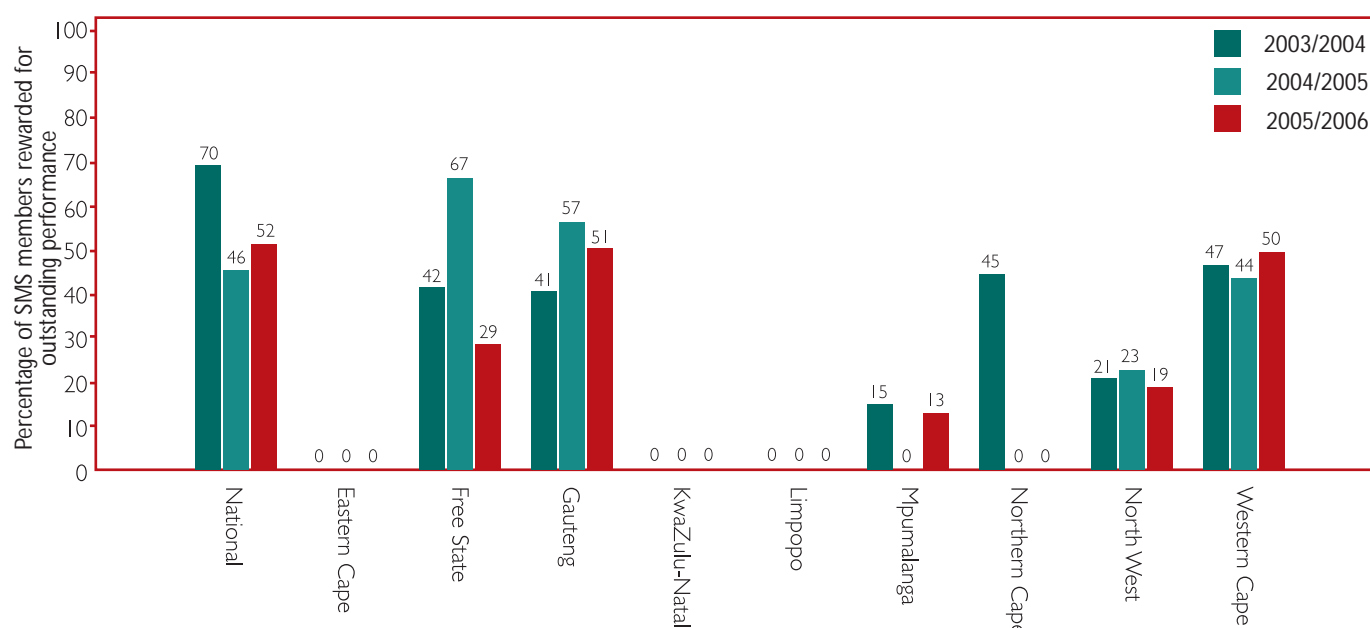
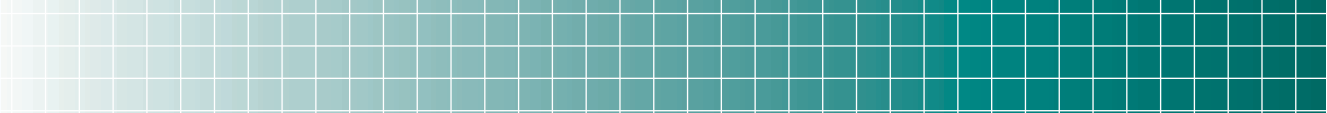


Figure 5: The Extent to which Outstanding Performance was Rewarded
Departments of Education

Figure 5 above reflects that the number of employees that received performance rewards decreased from the financial year 2004/2005 to 2005/2006 in the Departments of Education in the Free State (from 20 to 10) and Gauteng (from 21 to 19). This has serious implications if the decline suggests a decline in the performance of managers with its concomitant effects on service delivery. It could also be that departments are being more circumspect in the granting of performance rewards. Performance rewards should be granted to employees who are deserving of such rewards in terms of their work performance and contribution to the organizational goals.

Of significance, however, is the fact that 127 (45%) performance rewards were granted for the three financial years although PAs were not concluded. This is contrary to the conditions under which the performance rewards should be granted, namely, that a PA must be compiled for each SMS member. In the absence of PAs the basis



on which the performance appraisals were undertaken by the moderating committees in the performance appraisal and in the run up to the granting of performance rewards becomes questionable. In the Eastern Cape and Limpopo Departments of Education, no performance rewards were granted for the three financial years. This correlates with the fact that moderating meetings were not held. Such a situation undoubtedly has a negative effect on the morale of staff as the good performers are not being identified and rewarded.

3.3.2.1.1 SMS budget for the granting of performance rewards

In terms of paragraph 15.4(3) of the SMS Handbook, Departments may not spend more than 1,5% of their total annual SMS remuneration budget on performance rewards for the SMS. The 1,5% may, however, in exceptional cases be exceeded with the approval of the EA.

In the national Department of Education, the percentage spent on the payment of performance rewards exceeded 2% of the annual SMS budget in each of the three financial years. The Department did not obtain the authority of the EA for the limitation of 1,5 % to be exceeded.

In the Western Cape Department of Education the percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration budget for the financial year 2003/2004 was 1,72%. The Department also did not obtain the authority of the EA for the limitation of 1,5 % to be exceeded.

The Eastern Cape, Free State, Gauteng, Limpopo, Mpumalanga and Northern Cape Departments of Education did not submit the annual SMS budget for the three financial years in order to determine whether the 1,5% was exceeded.

3.3.2.1.2 Information provided by PERSAL on payment of performance rewards

The total amount paid out in respect of performance rewards for the three financial years in the Departments of Education as reported by the Departments is R 6 121 575,48. According to the schedule of payments obtained from PERSAL, however, the amount paid in respect of the three financial years is R 4 801 753,83. It is evident that some of the payments made by the Departments in respect of performance rewards were not included in the amount provided by PERSAL. The discrepancy regarding such information must be addressed between the Departments and PERSAL as all salary related payments that include performance rewards made to all employees in the Public Service must be done on PERSAL using the appropriate fields. The possibility exists that Departments may be granting rewards using inappropriate fields on PERSAL and may through such practice be able to conceal the fact that they have exceeded the 1,5%.

3.3.2.2 Rewarding work performance in the Departments of Social Development

A total number of 210 performance rewards were granted for the three financial years in all the Departments of Social Development. Eighty seven SMS members (41,4%) were granted performance rewards without PAs having been concluded and one hundred and twenty two (58%) SMS members were granted rewards without moderated performance appraisals having been conducted.

A breakdown of the 210 rewards granted is as follows:

Table 4: Breakdown of performance rewards (PRs) in the Departments of Social Development

Department	Financial year								
	2003/2004			2004/2005			2005/2006		
	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals	PRs granted	PRs granted without PAs	PRs granted without moderated performance appraisals
National	12	6	7	5	1	4	10	3	8
Eastern Cape	0	0	0	0	0	0	0	0	0
Free State	6	1	4	5	5	4	10	0	1
Gauteng	4	4	0	0	0	0	0	0	0
KwaZulu-Natal	4	1	4	1	0	1	1	0	1
Limpopo	38	26	13	53	13	14	0	0	0
Mpumalanga	5	5	5	0	0	0	0	0	0
Northern Cape	4	4	4	0	0	0	1	1	1
North West	17	9	17	10	3	10	0	0	0
Western Cape	6	1	6	8	3	8	10	1	10
Total	96	57	60	82	25	41	32	5	21

Figure 6 below reflects the extent to which performance rewards were granted in the Departments of Social Development.

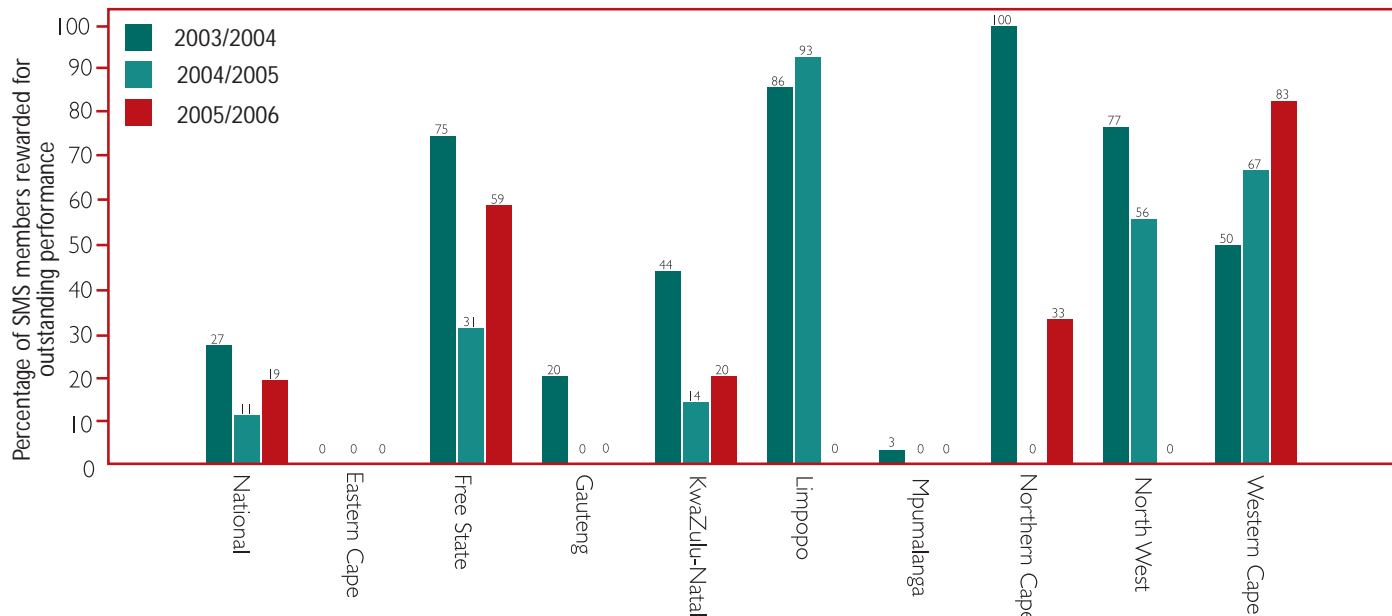
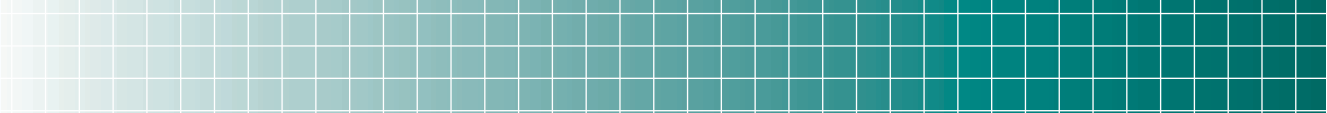


Figure 6: The Extent to which Outstanding Performance was Rewarded
Departments of Social Development

Figure 6 above reflects that in the Eastern Cape Department of Social Development, no performance rewards were granted for the three financial years.



Also of significance in the Departments of Social Development is the fact that a total of 87 (41,4%) performance rewards were granted to SMS members for the three financial years although PAs were not concluded, which is contrary to the conditions under which the performance rewards should have been granted.

3.3.2.2.1 SMS budget for the granting of performance rewards

In terms of paragraph 15.4(3) of the SMS Handbook, Departments may not spend more than 1,5% of their total annual SMS remuneration budget on performance rewards for the SMS. The 1,5% may, however, in exceptional cases be exceeded with the approval of the EA.

The Departments of Social Development in the Free State, North West and Western Cape exceeded the limitation of 1,5% of the annual SMS remuneration budget each on one occasion without obtaining the EAs approval. In the Free State 2,87% was spent for 2005/2006, the North West Department spent 1,8 % for 2003/2004 and the Western Cape Department 2,17% for 2005/2006.

The national, Eastern Cape, Gauteng, KwaZulu-Natal and Mpumalanga Departments of Social Development did not submit the annual SMS budget for the three financial years in order to determine whether the 1,5% was exceeded. Free State Department submitted the information for 2005/2006 only and Northern Cape for 2004/2005. Limpopo and North West did not submit the information for 2005/2006.

3.3.2.2.2 Information provided by PERSAL on payment of performance rewards

The total amount paid for performance rewards for the three financial years in the Departments of Social Development as provided by the Departments is R 4 161 496,78. According to the schedule of payments obtained from PERSAL, however, the amount paid in respect of the three financial years is R 2 585 807,99. The discrepancy regarding such information needs to be addressed between the Departments and PERSAL as it may be attributed to the incorrect application of PERSAL by the Departments.

3.4 APPROVAL FOR THE GRANTING OF PERFORMANCE REWARDS

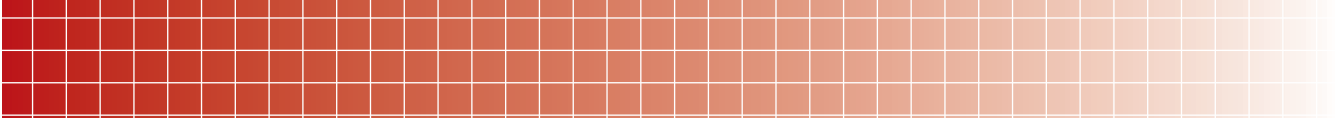
In terms of paragraph 15.1(3) of Chapter 4 of the SMS Handbook the final decision on the granting of performance rewards must be taken by the EA personally, who shall act on the advice of a moderating committee.

3.4.1 Departments of Education

With regard to the Departments of Education, performance rewards in the national, Northern Cape and North West Departments were approved by the EA. In the Departments of Eastern Cape and Limpopo, no performance rewards were granted and hence no approval was required from the EA. No documentation was received from the Departments of Gauteng and Mpumalanga for the approval for payment of performance rewards for all three financial years. In the case of the Western Cape, no documentation regarding payment of rewards was provided to the PSC for the financial year 2004/2005. The granting of performance rewards for the financial year 2003/2004 in the Free State was approved by the HoD which is a transgression of paragraph 15.1(3) of Chapter 4 of the SMS Handbook which provides that such approval should be granted by the EA.

3.4.2 Departments of Social Development

In the Departments of Social Development, performance rewards in the Free State, Gauteng, Limpopo and Northern Cape were approved by the EA. No documentation was received from the national, Eastern Cape, KwaZulu-Natal and Mpumalanga Departments on the approval for the payment of performance rewards for all three financial years. The granting of performance rewards for the financial years 2003/2004 and 2004/2005 in



the North West Department and for the financial years 2004/2005 and 2005/2006 in the Western Cape was approved by the HoD. Such approval is a transgression of paragraph 15.1(3) of Chapter 4 of the SMS Handbook which provides that such approval should be granted by the EA.

3.5 LACK OF PROPER RECORD KEEPING BY DEPARTMENTS

As reported in many instances departments were unable to provide the PSC with documents and information that are critical in the performance management process. The non availability of such information and documents from the departments could be as a result of poor record keeping. As the PM&D system often gives rise to queries and grievances, departments should take appropriate steps to ensure the safe keeping and accessibility of all documentation pertaining to the PM&D processes. Such documentation is a prerequisite for formal auditing purposes. Previous investigations by the PSC into various human resource matters confirmed that document management by departments is inadequate in many instances.

3.6 SUMMARY

Basic human resource management (HRM) requirements such as entering into PAs and scheduling performance assessments are still not being complied with. In many instances performance rewards are being granted to employees without evidence of performance appraisals having being undertaken. Such practices compromise the potential of the Public Service to contribute effectively towards growth and development in many ways. Firstly, they undermine the efforts of the Public Service to enforce its policies and regulations and secondly, they work against efforts to incentivise good performance and productivity¹².

The overall picture of performance management of SMS members in the Departments of Education and Social Development is bleak. The fact that so many copies of SMS members' PAs could not be provided does not augur well for the state of management in these departments. It is somewhat disturbing that the departments display the level of non-compliance as reflected in this report. The PSC is also concerned that it has to rely on such inadequate information from the Departments, in performing its oversight role.

¹² Republic of South Africa. Public Service Commission. State of the Public Service Report, 2007.

Chapter Four

FINDINGS AND RECOMMENDATIONS: INDIVIDUAL DEPARTMENTS

4.1 INTRODUCTION

A global overview of performance management in the Departments of Education and Social Development at national level and in all the provinces has been provided in Chapter 3. In Chapter 4, the management of performance in each individual department is reviewed. Specific findings and recommendations are made in respect of each Department. In order to facilitate an understanding of how the review was conducted, the indicators used are first discussed.

4.2 INDICATORS APPLIED IN THE ASSESSMENT OF PERFORMANCE MANAGEMENT IN THE DEPARTMENTS OF EDUCATION AND SOCIAL DEVELOPMENT

In assessing the status of performance management in the Departments of Education and Social Development, the PSC applied the following indicators based on the PM&D system for the SMS as well as the provisions of the PSR and SMS Handbook.

Table 5: Requirements to be met regarding certain performance management indicators

INDICATOR	REQUIREMENTS TO BE MET
Extent to which performance agreements have been concluded	<p>In terms of paragraph 8.1 of Chapter 4 of the SMS Handbook, all SMS members (managers and professionals) shall enter into PAs by not later than 31 March annually. These PAs apply for a particular financial year that runs from 1 April of a year to 31 March of the following year. The PAs shall be reviewed annually.</p> <p>A Circular issued by the PSC requires the filing of PAs of HoDs with the PSC, commencing from 2002/2003, in terms of a Cabinet decision.</p>
Alignment of PAs with core functions of the department	<p>The PAs of SMS members shall be based on the department's strategic/operational plan, the milestones agreed upon by the relevant EA and top management, as well as the work plan of individual components.</p>
Quality of PAs	<p>Workplans</p> <p>In terms of the pro-forma in the SMS Handbook, basic information must be provided in the PAs, whilst more detailed information is contained in the workplans, CMCs and PDPs as annexures to the PAs. The setting of KRAs in the workplan should be derived directly from the required outputs of the approved strategic/operational plan of the Department.</p> <p>CMCs</p> <p>Although the SMS Handbook makes provision for 11 CMCs which could be used to determine expected performance standards, it is the duty of a supervisor and supervisee to ensure that CMCs relevant to the employee's job are included in the PA. Furthermore, the CMCs chosen must correlate with the specific goals of the department/organization. This provides meaningful guidelines to good management principles and highlights those that are critical in order to deliver on the identified KRAs.</p> <p>The PM&D system provides for CMCs that must be included in all SMS members' PAs.</p>

INDICATOR	REQUIREMENTS TO BE MET
	<p>PDPs</p> <p>The purpose of a PDP is to identify job-specific developmental needs of an employee. It provides the signatories to the PA with an opportunity to address developmental gaps in a structured and formalized manner. Given that most departments have limited resources available for training interventions, and that training provided must address the needs of the department, failure to conclude PDPs does not provide the opportunity for the development of skills to equip the employee better to be able to contribute to the goals of the department.</p>
Measuring levels of performance	<p>Performance reviews</p> <p>Performance reviews are important feedback sessions that should take place at regular intervals during the course of the PM&D cycle. It provides the opportunity for employees to receive feedback on their performance and for structured reflection by the member. In terms of the SMS Handbook, at minimum one formal performance review should take place annually, preferably in the middle of the PM&D cycle.</p> <p>Performance appraisals</p> <p>Performance appraisal, in terms of the SMS Handbook, takes place at the end of the PM&D cycle. This is necessary to enable departments to make decisions in a range of areas, including the following:</p> <ul style="list-style-type: none"> • Confirmation/non-confirmation of probation • Promotability assessment • Pay progression • Performance bonus allocation • Non-financial rewards • Staff development needs • Access to career development opportunities • Initiation of incapacity procedures <p>The criteria used to assess a SMS member is comprised of two components, namely, the KRAs and the CMCs.</p>

INDICATOR	REQUIREMENTS TO BE MET
Rewarding performance	<p>One of the key objectives of having a performance management system is to identify and reward meritorious performance. Thus, performance rewards are granted as an incentive measure for outstanding work performance. Employees have to complete an assessment period of at least 12 months over a period commencing on 1 April of a particular year and ending on 31 March of the following year.</p> <p>Percentage of SMS remuneration budget spent on performance rewards</p> <p>In terms of paragraph 15.4(3) of the SMS Handbook, Departments may not spend more than 1,5% of their total annual SMS remuneration budget, (that is, the budget for the all inclusive flexible remuneration packages of all the SMS members) on performance rewards for the SMS. The 1,5% may, however, in exceptional cases, be exceeded with the approval of the EA.</p> <p>Authorizing the payment of performance rewards</p> <p>Paragraph 15.1(3) of Chapter 4 of the SMS Handbook provides for the final decision on the granting of performance rewards to be taken by the EA personally, who shall act on the advice of a moderating committee.</p>

4.3 DEPARTMENTS OF EDUCATION

4.3.1 NATIONAL DEPARTMENT OF EDUCATION

4.3.1.1 BACKGROUND

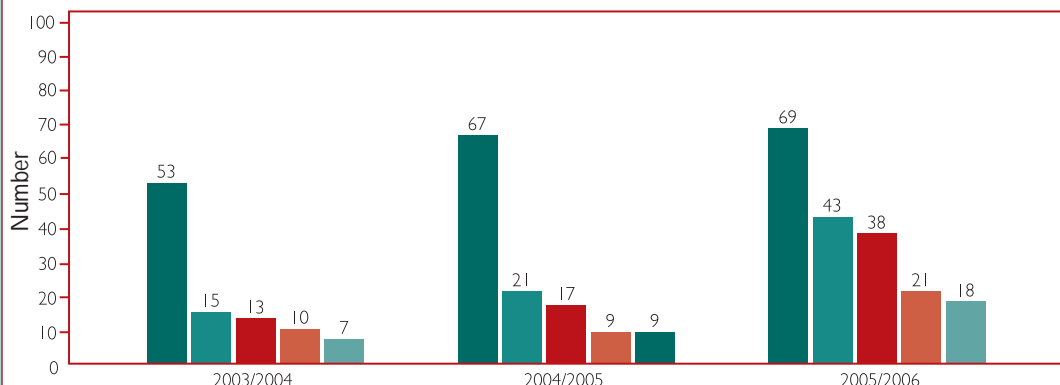
The EA of the Department was informed of the investigation on 24 March 2007. The EA was requested to provide the name of a contact person for the Department by 30 March 2007.

The name of the contact person was confirmed on 5 April 2007 and a meeting was set up with the Director: Administration, who was identified as the contact person for the Department, on 12 April 2007. At this meeting, a checklist was submitted to the Department indicating the information and documentation required for the audit. The Department requested that the deadline for the submission of the information and documentation be extended to 4 May 2007.

After thorough scrutiny of the information made available by the Department it was found that certain information was still outstanding. Further communication took place between the PSC and the Department in an effort to obtain the outstanding information and documentation. Some of the documentation was made available to the PSC on 28 August 2007. However, documentation such as PAs was still outstanding.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.1.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	<p>Figure 7 below provides a graphic illustration of the management of PAs in the National Department of Education.</p> <div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div>  <table><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr><tr><td>2003/2004</td><td>53</td><td>15</td><td>13</td><td>10</td><td>7</td></tr><tr><td>2004/2005</td><td>67</td><td>21</td><td>17</td><td>9</td><td>9</td></tr><tr><td>2005/2006</td><td>69</td><td>43</td><td>38</td><td>21</td><td>18</td></tr></table> <p>Figure 7: The Management of Performance Agreements The National Department of Education</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	53	15	13	10	7	2004/2005	67	21	17	9	9	2005/2006	69	43	38	21	18
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
	2003/2004	53	15	13	10	7																			
	2004/2005	67	21	17	9	9																			
	2005/2006	69	43	38	21	18																			
	<p>For the 2003/2004 financial year only 15 out of 53 (28,3%) of PAs were concluded in the Department. For the 2004/2005 financial year, this improved slightly as 21 out of 67 PAs (31,3%) were concluded. A more significant improvement is noted for the 2005/2006 financial year when 43 out of 69 (62,3%) PAs were concluded. However, a relatively high number of PAs (37,7%) were still not concluded for 2005/2006. For the three financial years an average of 41% of PAs were concluded.</p>																								
	<p>Only one PA was concluded for 2003/2004 before 31 March and only two for 2004/2005. In 2005/2006 this number increased to eight (18,6%). The majority of PAs (81,4%) were concluded during April and after. Of these nine (21%) were concluded as late as September 2005.</p>																								
	<p>The HoD’s PAs were filed with the PSC for all three financial years.</p>																								
	<p>The management of PAs raises a concern as on average, for the three financial years, proof could not be provided by the Department that 59% of PAs were concluded. It is not clear whether this is as a result of poor record keeping or whether PAs were not concluded. The PSC has to conclude that the PAs do not exist.</p>																								
	<p>An investigation into the State of Performance Management Systems in the Public Service in 2004 found that this Department was at that stage already in the implementation phase of its PM&D system. This means that the PM&D system should by now be fully implemented. The relatively large number of PAs and other documentation outstanding, however, does not support this notion.</p>																								

INDICATOR	EXTENT OF COMPLIANCE
Alignment of PAs with core functions of the department	For all the financial years the KRAs contained in the workplans of the PAs generally corresponded with the KRAs contained in the Strategic Management Plan of the Department. This analysis is against an annual average of 41% of the PAs concluded. As such the extent to which PAs have contributed to the achievement of the Department's objectives would have been limited.
Quality of PAs	<p>In all three financial years the majority of PAs were completed as required by the SMS Handbook. The most common information not included in the PAs, was dates required for progress reviews and feedback sessions as well as the annual performance appraisals. This is indicative of a lack of commitment in the utilization of PAs and performance management for the purpose for which it was designed, namely, as a tool to monitor and improve performance and provide feedback or corrective measures in relation to performance.</p> <p>Completion of workplans</p> <p>Workplans were attached to 13 (87%) PAs for 2003/2004, 17 (81%) PAs for 2004/2005 and 38 (88%) PAs for 2005/2006. The average number of PAs that had workplans attached for the three years is 85,3%. The majority of these workplans, were properly completed. However, on average, 59% of managers had no PAs and therefore no workplans to guide their performance.</p> <p>Determination of CMCs</p> <p>For the 2003/2004 financial year, 10 of the 15 (66,7%) PAs concluded had completed CMCs attached. For 2004/2005, nine of the 21 (42,9%) PAs concluded had completed CMCs attached and for 2005/2006, twenty one of the 43 (48,8%) PAs concluded had completed CMCs attached.</p> <p>On average, for all financial years, CMCs were attached to 52,8% of the PAs concluded. This means that almost half of the PAs concluded in the Department did not have CMCs attached. Where the CMCs were attached, it was completed as required in terms of the SMS Handbook.</p> <p>The most common information not included in the CMCs for the three financial years is job specific criteria and the weighting thereof. CMCs should be modified to suit the specific circumstances of a job and its various components.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Inclusion of PDPs</p> <p>For the 2003/2004 financial year, seven of the 15 (46,7%) PAs concluded had completed PDPs attached. For 2004/2005, nine of the 21 (42,9%) PAs concluded had completed PDPs attached and for 2005/2006, eighteen of the 43 (41,9%) PAs concluded had completed PDPs attached.</p> <p>On average, for all financial years PDPs were attached to 43,8% of the PAs concluded. For the financial year 2004/2005 only one completed PDP was attached. Given that PAs could not be provided for an average of 59% of managers, the personal development of the majority of managers in the Department may not have received any attention.</p>																				
Measuring levels of performance	<p>Figure 8 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>53</td><td>15</td><td>53</td><td>37</td></tr><tr><td>2004/2005</td><td>67</td><td>21</td><td>67</td><td>31</td></tr><tr><td>2005/2006</td><td>69</td><td>43</td><td>69</td><td>36</td></tr></tbody></table> <p>Figure 8: The Granting of Performance Rewards The National Department of Education</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	53	15	53	37	2004/2005	67	21	67	31	2005/2006	69	43	69	36
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	53	15	53	37																	
2004/2005	67	21	67	31																	
2005/2006	69	43	69	36																	
	<p>Mid term performance reviews</p> <p>For all the financial years, no copies of performance reviews were made available to the PSC. It is therefore not clear whether mid term performance reviews have been conducted by the Department. In the absence of documents in this regard, the PSC has to assume that performance reviews of SMS members were not conducted.</p> <p>Absence of performance reviews denies an opportunity for feedback to be provided to employees regarding their performance. Performance reviews are an important step in identifying room for improvement and to immediately address shortcomings that may exist. It is also in contravention of paragraph 12(1)(b) of the SMS Handbook which requires at minimum, one formal performance review to be undertaken, preferably in the middle of the cycle.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Annual performance appraisals</p> <p>For all the financial years, no copies of individual performance appraisals were made available to the PSC. However, departmental submissions seeking approval for the granting of performance rewards from the EA were provided to the PSC. Based on these submissions, SMS members were formally moderated in each financial year.</p> <p>Assessment of KRAs and CMCs</p> <p>For all the financial years no copies of individual performance appraisals were made available to the PSC. The PSC therefore could not determine whether KRAs and CMCs as contained in the PAs corresponded with the KRAs and CMCs as listed in the performance appraisals.</p>
Rewarding performance	<p>Figure 8 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>For 2003/2004 performance rewards were granted to 37 SMS members (69,8% of the total number of SMS members for that year). However, in 27 of these cases performance rewards were granted without PAs being concluded (24 PAs of the officials involved were not submitted to the PSC and three PAs were submitted but were not duly signed by the incumbent and supervisor respectively).</p> <p>For 2004/2005 performance rewards were granted to 31 SMS members (46,3% of the total number of SMS members for that year). However, in 18 of these cases performance rewards were granted without PAs being concluded (16 PAs of the officials involved were not submitted to the PSC and two PAs were submitted but were not duly signed by the incumbent and supervisor respectively).</p> <p>For 2005/2006 performance rewards were granted to 36 SMS members (52,2% of the total number of SMS members for that year). However, in 12 of these cases performance rewards were granted without PAs being concluded (10 PAs of the officials involved were not submitted to the PSC and two PAs were submitted but were not duly signed by the incumbent and supervisor respectively).</p> <p>Over the three financial years 57 performance rewards were granted for which proof was not provided that PAs have been concluded. If a PA was not legitimately concluded there is no basis on which a performance reward can be granted and payment made.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>Cost implications and percentage of SMS budget spent</p> <p>The amount paid out in respect of performance rewards for the financial year 2003/2004 was R 730 000,00. The total annual SMS remuneration budget was R 33 271 000,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 2,19%.</p> <p>For the financial year 2004/2005 the total amount spent on the payment of performance rewards was R 759 000,00. The total annual SMS remuneration budget was R 37 339 000,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget is 2,03%.</p> <p>For the financial year 2005/2006 the total amount spent on the payment of the performance rewards was R 867 000,00. The total annual SMS remuneration budget was R 41 640 000,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget is 2,08%.</p> <p>For each of the three financial years, the submission to the EA requesting approval for the granting of performance rewards to SMS members did not include the financial implications of such grants and did not request authority to exceed the prescribed 1,5% of the total annual SMS remuneration budget. This omission indicates poor financial controls. It also reflects lack of transparency by the department to the EA.</p> <p>The granting of performance rewards to SMS members for all three financial years was duly authorized by the EA.</p>

4.3.1.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- The Department should strive to obtain 100% compliance in the compliance of PAs.
- Performance reviews of all SMS members must be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- In cases where performance rewards were granted but PAs were not concluded, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- The Department should in future determine the financial implications of the granting of performance rewards for each financial year. In instances where the payment of the rewards exceeds the stipulated 1.5% of the total annual SMS remuneration budget, the authority of the EA must be obtained in this regard.

- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs to the PSC is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.3.2 EASTERN CAPE DEPARTMENT OF EDUCATION

4.3.2.1 BACKGROUND

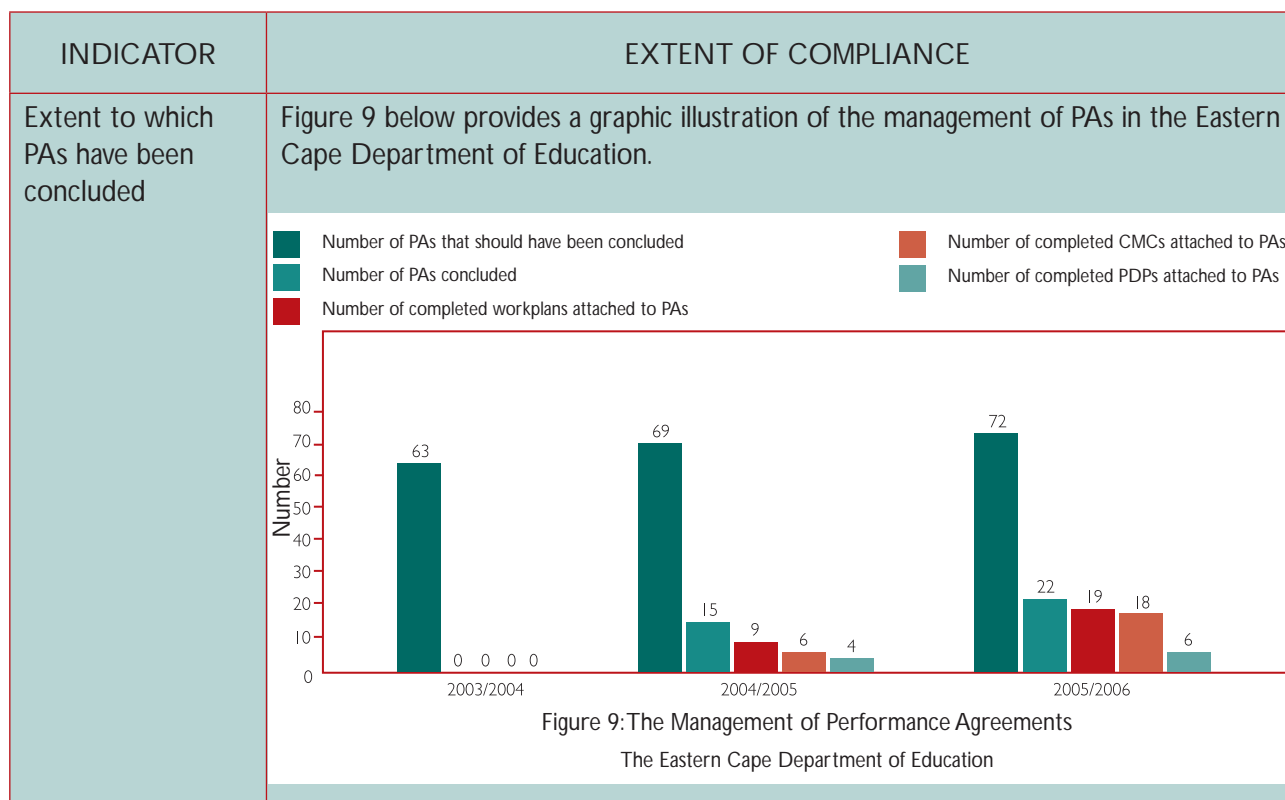
The EA of the Department was informed of the investigation on 24 March 2007. The EA was requested to provide the name of a contact person for the Department by 30 March 2007.

The name of the contact person was confirmed on 04 April 2007 and a meeting was set up with the official who was identified as the contact person for the Department, on 30 May 2007. At this meeting, a checklist was submitted to the Department indicating the information and documentation required for the audit.

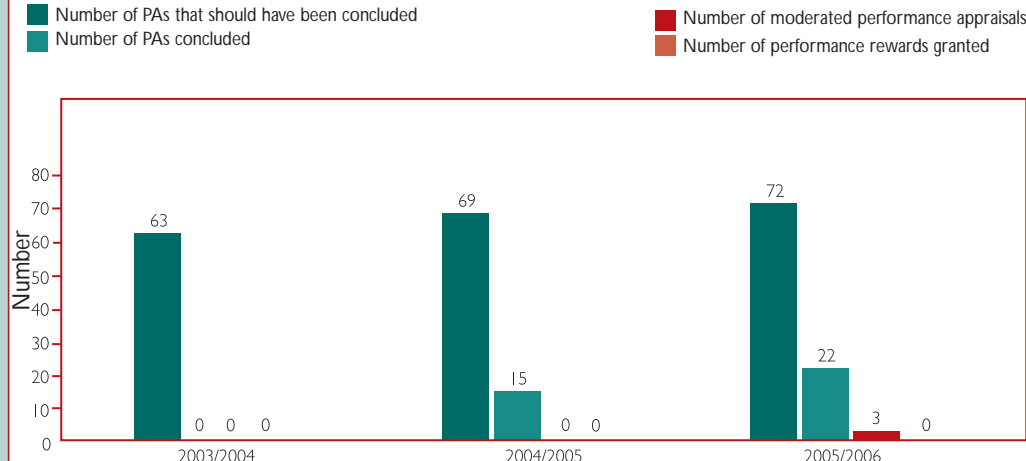
After thorough scrutiny of the information made available by the Department it was found that certain information was still outstanding. Further communication took place between the PSC and the Department in an effort to obtain the outstanding information and documentation. This information was submitted in a piecemeal fashion by the Department to the PSC up until the end of August 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.2.2 STATUS OF PERFORMANCE MANAGEMENT



INDICATOR	EXTENT OF COMPLIANCE
	<p>For the 2003/2004 no documentation was received from the Eastern Cape Department of Education. The Department indicated that 63 SMS members were in its employ. For the 2004/2005 financial year, only 15 of 69 (21,7%) PAs were concluded in the Department. The figure improved marginally for the 2005/2006 financial year when 22 out of 72 (30,6%) PAs were concluded. For the two financial years more than 70% of the PAs were not concluded.</p> <p>No PAs were concluded before 31 March of each financial year. In the financial year 2004/2005, 10 of the 15 (66,7%) PAs were only signed in the second half of the financial year. Such delay on the part of supervisors to conclude PAs does not only undermine the objectives of performance management, but sets a bad example to subordinates and the rest of the Department.</p> <p>No PAs of the HoD were filed with the PSC for the three financial years. This is in contravention of the Circular issued by the PSC which requires the filing of PAs of HoDs, commencing from 2002/2003, in terms of a Cabinet decision.</p> <p>The performance management process falls short in many ways in the Eastern Cape Department of Education. Over the three financial years, almost two thirds of PAs together with workplans and PDPs were not concluded.</p>
Alignment of PAs with core functions of the department	<p>The Department did not provide sufficient information to enable the PSC to make any findings in this regard. As only 37 out of 204 (18,1%) PAs were concluded for the three financial years and with limited numbers of workplans attached to the PAs, it would be difficult to make an assessment of the extent to which the PAs were aligned to the core functions of the Department.</p>
Quality of PAs	<p>For the financial year 2004/2005, only six of the 15 (40%) PAs concluded were complete. For the financial year 2005/2006, this figure improved to 21 out of 22 (95,5%).</p> <p>Completion of workplans</p> <p>For the 2004/2005 and 2005/2006 financial years, on average, workplans were attached to 73,2% of all the PAs concluded. The majority of these workplans were properly completed. However, this is against the average of 26,2% of PAs concluded for the two financial years. The majority of SMS members performed their duties during these financial years without having formally reached an agreement in terms of the goals and objectives of the Department that had to be realized. This is a very undesirable situation as far as performance management and service delivery are concerned.</p> <p>Determination of CMCs</p> <p>For the financial year 2004/2005, only six of the 15 (40%) PAs concluded had CMCs attached to it. For the financial year 2005/2006, this figure again showed an improvement in that 18 out of 22 (81,8%) PAs concluded had CMCs attached to it.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Inclusion of PDPs</p> <p>For the 2004/2005 and 2005/2006 financial years, on average, completed PDPs were attached to PAs in only 27% of the cases. If viewed against the background that, on average, only 26,2% of PAs were concluded for the two financial years in question, it raises a serious concern with regard to the management of PDPs.</p> <p>Developmental requirements of the SMS member should be identified, based, amongst others, on PDPs. Agreement should also be reached between the SMS member and the supervisor on the steps to be taken to address the developmental needs of the SMS member. Without having gone through this process, the impression is created that the development of SMS members is not considered critical for the service delivery of the Department.</p>																				
Measuring levels of performance	<p>Figure 10 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div><table><caption>Data for Figure 10: The Granting of Performance Rewards</caption><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>63</td><td>0</td><td>0</td><td>0</td></tr><tr><td>2004/2005</td><td>69</td><td>15</td><td>0</td><td>0</td></tr><tr><td>2005/2006</td><td>72</td><td>22</td><td>3</td><td>0</td></tr></tbody></table><p>Figure 10: The Granting of Performance Rewards The Eastern Cape Department of Education</p></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	63	0	0	0	2004/2005	69	15	0	0	2005/2006	72	22	3	0
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	63	0	0	0																	
2004/2005	69	15	0	0																	
2005/2006	72	22	3	0																	
	<p>Mid term performance reviews</p> <p>For the 2003/2004, 2004/2005 and 2005/2006 financial years, no copies of performance reviews were made available to the PSC. It is therefore not clear whether performance reviews have been conducted by the Department. This is in contravention to paragraph 12(1)(b) of the SMS Handbook which requires at minimum, one formal performance review to be undertaken, preferably in the middle of the cycle.</p> <p>This issue remains a challenge for the Department. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to the employees on their performance and identify areas for improvement.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Annual performance appraisals</p> <p>For the 2003/2004 and 2004/2005 financial years, no copies of individual performance appraisals were made available to the PSC. The copies of only three moderated performance appraisals for 2005/2006 (4,2% of SMS members) were submitted to the PSC.</p> <p>This may be due to poor record keeping or because appraisals were not conducted. This is a highly unsatisfactory situation in the performance management process and requires urgent redress by the Department. In the absence of performance appraisals, the extent to which SMS members contributed towards achieving the goals and objectives of the Department in terms of the KRAs cannot be determined. It should be borne in mind that performance appraisal is not only utilized for determining the granting of performance rewards but also to identify and rectify shortcomings of SMS members in order that employees' skills may improve to enhance the service delivery imperatives of the Department.</p> <p>Assessment of KRAs and CMCs</p> <p>For all the financial years no copies of individual performance appraisals were made available to the PSC. The PSC therefore could not determine whether KRAs and CMCs as contained in the PAs corresponded with the KRAs and CMCs as listed in the performance appraisals.</p>
Rewarding performance	<p>Figure 10 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>The Department did not provide any documentation on the granting of performance rewards for the three financial years.</p> <p>According to information obtained from PERSAL, however, no performance rewards were granted for the three financial years. This raises serious concerns regarding the management of SMS members' performance and the actual performance of SMS members in the Department.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The Department did not indicate the performance rewards that were paid in the three financial years. According to information obtained from PERSAL, however, no performance rewards were granted for the three financial years.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The Department has not provided the PSC with any information regarding the total annual SMS remuneration budget in order to determine the percentage spent on performance rewards. Furthermore, the Department did not indicate the performance rewards that were paid in the three financial years. However, if the information provided by PERSAL to the effect that no SMS members were granted performance rewards for the three financial years is accurate, the specified percentage of 1,5% would not have been exceeded for those years.</p> <p>As the Department did not grant any performance rewards for the three years no documentation in this regard was provided.</p>

4.3.2.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- The Department should take the necessary steps to ensure that performance management is handled in an effective and professional manner to ensure, amongst others, that departmental organizational objectives are realized and that SMS members are developed and rewarded appropriately.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- Performance appraisals should be conducted in respect of each SMS member, and based on that PDPs should be developed and exceptional performance should be rewarded.
- The HoD must ensure that he sets the example to the rest of the Department in that the PA is filed timeously with the PSC. The culture of performance management should begin with the HoD.
- A culture of identifying and rewarding meritorious performance must be promoted in the interest of improved management and service delivery.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.3.3 FREE STATE DEPARTMENT OF EDUCATION

4.3.3.1 BACKGROUND

The EA of the Department of Education in the Free State Province was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The Department provided the name of the contact person by means of a letter to the PSC on 23 April 2007. The PSC received the requested documentation on 3 May 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.3.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE
Extent to which PAs have been concluded	<p>Figure 11 below provides a graphic illustration of the management of PAs in the Free State Department of Education</p> <p>Legend:</p> <ul style="list-style-type: none"> Number of PAs that should have been concluded Number of PAs concluded Number of completed CMCs attached to PAs Number of completed PDPs attached to PAs <p>Figure 11: The Management of Performance Agreements The Free State Department of Education</p> <p>For the financial year 2003/2004, there were 26 posts on salary levels 13 and higher in the Department and therefore 26 PAs should have been concluded between the SMS members and their respective supervisors. Only two PAs out of 26 (8%) were concluded. None of the PAs were signed before 31 March 2003.</p> <p>For the financial year 2004/2005, there were 30 posts on salary levels 13 and higher in the Department. Thirty PAs should have been concluded between the SMS members and their respective supervisors. Only 10 PAs out of 30 (33%) were concluded, of which four were signed before 31 March 2004.</p> <p>For the financial year 2005/2006, there were 35 posts on salary levels 13 and higher in the Department and therefore 35 PAs should have been concluded between the SMS members and their respective supervisors. Only six PAs out of 35 (17%) were concluded. None of these were signed before 31 March 2005.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The HoD's PA was filed with the PSC for the three financial years, 2003/2004, 2004/2005 and 2005/2006.</p> <p>The process of performance management falls short in many ways in the Department. Over the three financial years audited, 92%, 67% and 83% SMS members did not have PAs. This is a significant number that have not complied with the provisions of the Handbook for SMS members. By not concluding PAs, the SMS members do not commit themselves towards achieving the service delivery objectives of the Department.</p> <p>An investigation into the State of Performance Management Systems in the Public Service in 2004 found that the Department was at that stage already in the implementation phase of its PM&D system. This means that the PM&D system should by now be fully implemented. The relatively large number of PAs and other documentation outstanding, however, does not support this notion.</p>
Alignment of PAs with core functions of the department	<p>The KRAs contained in the workplans of the PAs that were concluded, for all the financial years under review, generally corresponded with the KRAs contained in the Strategic Management Plan of the Department.</p> <p>In terms of the pro forma in the SMS Handbook, basic information is provided in the PAs, whilst more detailed information is contained in the workplans, CMCs and PDPs as annexures to the PAs.</p>
Quality of PAs	<p>Completion of workplans</p> <p>For the 2003/2004 financial year, all the PAs concluded had workplans attached to them and both were complete.</p> <p>For the 2004/2005 financial year, all the PAs concluded had workplans attached to them, of which only six (60%) were complete. The information that was found to be incomplete in the workplans in the majority of cases for all financial years relates to standards, resource requirements and enabling conditions.</p> <p>For the 2005/2006 financial year, only five of the six (83%) PAs concluded had workplans attached to them, of which only three (60%) were complete.</p> <p>For all three financial years, on average, 73,3% of workplans were complete.</p> <p>Determination of CMCs</p> <p>For the 2003/2004 financial year, all the PAs concluded had completed CMCs attached to them. For 2004/2005, nine of the 10 PAs (90%) concluded had CMCs attached to them, of which eight were complete and for 2005/2006, five of the six (83%) PAs concluded had completed CMCs attached to them.</p> <p>For all three financial years, on average, 91,1% of concluded PAs had CMCs attached to them of which 96,3% were complete.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Inclusion of PDPs</p> <p>For 2003/2004 and 2004/2005, all the PAs concluded had completed PDPs attached to them. For 2005/2006, only five of the six (83%) PAs concluded had completed PDPs attached to them.</p> <p>For all three financial years, on average, 94,4% of concluded PAs had PDPs attached to them.</p>																				
Measuring levels of performance	<p>Figure 12 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div><table><caption>Figure 12: The Granting of Performance Rewards</caption><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>26</td><td>2</td><td>11</td><td>11</td></tr><tr><td>2004/2005</td><td>30</td><td>10</td><td>20</td><td>20</td></tr><tr><td>2005/2006</td><td>35</td><td>6</td><td>11</td><td>10</td></tr></tbody></table><p>Figure 12: The Granting of Performance Rewards The Free State Department of Education</p></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	26	2	11	11	2004/2005	30	10	20	20	2005/2006	35	6	11	10
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	26	2	11	11																	
2004/2005	30	10	20	20																	
2005/2006	35	6	11	10																	
	<p>Mid term performance reviews</p> <p>The Department has not submitted evidence that performance reviews have been conducted in respect of its SMS members for all three financial years. The PSC must therefore conclude that these performance reviews were not undertaken.</p> <p>Absence of performance reviews denies the opportunity for feedback to be provided to employees regarding their performance. It should be seen as an important step in identifying room for improvement and to immediately address shortcomings that may exist.</p> <p>Annual performance appraisals</p> <p>For the financial year 2003/2004, moderated performance appraisals in respect of 11 of the 26 (42%) SMS members of the Department were conducted. Only two PAs were, however, concluded.</p> <p>For the financial year 2004/2005, moderated performance appraisals in respect of 20 of the 30 (67%) SMS members of the Department were conducted. Only 10 PAs were, however, concluded.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2005/2006, moderated performance appraisals in respect of 11 of the 35 (31%) members of the Department were conducted. Only six PAs were, however, concluded.</p> <p>It is not clear how the Department would have undertaken the performance appraisals in respect of the SMS members who did not conclude PAs in each of the financial years.</p> <p>Performance appraisals should enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken does not provide an indication of how the employees are performing and identify room for improvement. By not conducting performance appraisals, poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Assessment of KRAs and CMCs</p> <p>In the annual performance appraisal process, the KRAs and CMCs agreed upon in the PAs as aligned to the strategic plan of the department are evaluated. It is therefore important that the assessment of performance especially in relation to the KRAs must be based on the KRAs as agreed to.</p> <p>For the financial year 2003/2004, none of the two PAs concluded had KRAs that corresponded with the KRAs listed in their respective performance appraisals.</p> <p>For the financial year 2004/2005, six out of the 10 (60%) PAs concluded had KRAs that corresponded with the KRAs listed in their respective performance appraisals and seven (23%) had CMCs that corresponded with the CMCs listed in their respective performance appraisals.</p> <p>For the financial year 2005/2006, only three of the 35 (9%) PAs concluded had KRAs that corresponded with the KRAs listed in their respective performance appraisals and two (6%) had CMCs that corresponded with the CMCs listed in their respective performance appraisals.</p>
Rewarding performance	Figure 12 above reflects the number of performance rewards granted in the Department.

INDICATOR	EXTENT OF COMPLIANCE
	<p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the financial year 2003/2004, performance rewards were granted to 11 of the 26 (42%) SMS members with a cost of R 180 965,04. All 11 SMS members had not concluded PAs with their respective supervisors. For the financial year 2004/2005, performance rewards were granted to 20 of the 30 (67%) SMS members with a cost of R 392 524,41. Twelve SMS members were granted rewards without having concluded PAs with their respective supervisors. For the financial year 2005/2006, performance rewards were granted to 10 SMS members with a cost of R 167 752,86. Four of the 10 SMS members were granted rewards without having concluded PAs with their respective supervisors. <p>According to PERSAL the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the year 2003/2004, 13 performance rewards totaling R 207 218,37 were granted. For the year 2004/2005, 25 performance rewards totaling R 520 931,01 were granted and for 2005/2006, 14 performance rewards totaling R 255 741,90 were granted. <p>The total amount paid out in respect of performance rewards for the three financial years as reported by the Department is R 741 242,31. According to the schedule of payments obtained from PERSAL, however, the amount paid in respect of the three financial years is R 983 891,28. It is evident that some of the payments made by the Department in respect of performance rewards were not included in the information provided by the Department. The discrepancy regarding such information could be as a result of poor record keeping by the Department or the utilization of inappropriate codes and fields on PERSAL and may through such practice be able to hide the fact that they have exceeded the 1,5%.</p> <p>For the three financial years 27 performance rewards were granted without the employees having concluded PAs with their respective supervisors. The performance appraisal process in the Department becomes questionable in the absence of the PAs as there were no agreed KRAs, objectives and time frames between the employee and the supervisor as required in terms of such PAs. The PSC is of the view that these payments were not based on merit or work performance.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>Cost implications and Percentage of SMS budget spent</p> <p>According to PERSAL the total amount paid out to SMS members in respect of performance rewards for the financial years 2003/2004, 2004/2005 and 2005/2006 was R 207 218,37, R 520 931,01 and R 255 741, 90 respectively. The Department indicated that it does not “separately allocate the budget of the performance awards for the SMS members from the rest of the employees.” The Department also indicated that it allocates 1.5% of the total salary bill “as part of the performance awards which also include the CS educators.” This would imply that the afore-mentioned figures would include the budget allocated for all salary levels within the Department, including CS educators.</p> <p>As the Department was unable to provide the PSC with the total annual SMS remuneration budget for the three financial years, the PSC was unable to determine the total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget.</p> <p>In terms of departmental delegations the granting of performance rewards was delegated to the HoD for the financial year 2003/2004. However, in terms of the SMS Handbook decisions on the granting of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee. The decision to devolve this authority from the EA to the HoD for the financial year 2003/2004 is therefore incorrect.</p> <p>The Department, for the financial years 2004/2005 and 2005/2006 complied with the prescripts in that the performance rewards granted to SMS members were approved by the EA.</p>

4.3.3.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- In cases where performance rewards were granted but PAs were not concluded, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.

- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.3.4 GAUTENG DEPARTMENT OF EDUCATION

4.3.4.1 BACKGROUND

The EA of the Department of Education in Gauteng was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The name of the contact person was provided on 23 May 2007.

On 23 and 24 May 2007 the contact person was requested to submit copies of the PAs of all SMS members during the financial years in question. After several reminders and interaction with the contact person, the Department submitted the documents on 10 September 2007. This required the intervention of the provincially based Commissioner who interacted directly with the HoD to ensure that the requested documentation was provided.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.4.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	<p>Figure 13 below provides a graphic illustration of the management of PAs in the Gauteng Department of Education.</p> <div><div><div><div>Number of PAs that should have been concluded</div><div>Number of PAs concluded</div><div>Number of completed workplans attached to PAs</div></div><div><div>Number of completed CMCs attached to PAs</div><div>Number of completed PDPs attached to PAs</div></div></div><table><caption>Data for Figure 13: The Management of Performance Agreements</caption><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr><tr><td>2003/2004</td><td>37</td><td>18</td><td>5</td><td>2</td><td>2</td></tr><tr><td>2004/2005</td><td>37</td><td>17</td><td>11</td><td>2</td><td>3</td></tr><tr><td>2005/2006</td><td>37</td><td>17</td><td>12</td><td>2</td><td>5</td></tr></table><p>Figure 13: The Management of Performance Agreements The Gauteng Department of Education</p></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	37	18	5	2	2	2004/2005	37	17	11	2	3	2005/2006	37	17	12	2	5
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
	2003/2004	37	18	5	2	2																			
2004/2005	37	17	11	2	3																				
2005/2006	37	17	12	2	5																				
<p>For the financial year 2003/2004, there were 37 posts on salary levels 13 and higher in the Department. Only 18 out of the 37 PAs (48,6%) were concluded between the respective SMS members and supervisors. Only two PAs were concluded before 31 March 2003.</p>																									
<p>For the financial year 2004/2005, 17 out of 37 (45,9%) PAs were concluded. All the PAs were concluded after 31 March 2004.</p>																									

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2005/2006, 17 out of 37 PAs (45,9%) were concluded and only 3 PAs were concluded before 31 March 2005.</p> <p>Overall, for the three financial years, less than half (46,8%) of the PAs were concluded. A very limited number of workplans, CMCs and PDPs were found to be complete and attached to the respective PAs.</p>
Alignment of PAs with core functions of the department	<p>The Department did not provide sufficient information to enable the PSC to make any findings in this regard. As only 52 out of 111 (46,8%) PAs were concluded for the three financial years and with a limited number of workplans, CMCs and PDPs attached to the PAs, it would be difficult to make an assessment of the extent to which the PAs were aligned to the core functions of the Department.</p>
Quality of PAs	<p>The PAs that were submitted for the three financial years were generally not in the correct format and did not contain the minimum requirements as outlined in paragraph 10.1 of Chapter 4 of the SMS Handbook. On average, only 11,7% of the PAs for the three financial years were complete.</p> <p>Completion of workplans</p> <p>For the 2003/2004 financial year, only five of the 18 (27,8%) PAs concluded had completed workplans attached to them. For 2004/2005, eleven of 17 (64,7%) PAs concluded had completed workplans attached to them and for 2005/2006, twelve of the 17 (70,6%) PAs concluded had completed workplans attached to them.</p> <p>On average for the three financial years, workplans were attached to PAs in only 54,4% of cases. The workplans were generally complete.</p> <p>Determination of CMCs</p> <p>For the 2003/2004 financial year, two of the 18 (11,1%) PAs concluded had CMCs attached to them and none were complete. The information that was found to be incomplete in the CMCs in the majority of cases for all financial years relates to the fact that department specific criteria is not identified and weighted.</p> <p>For the 2004/2005 financial year, two of the 17 (11,8%) PAs concluded had CMCs attached to them and none were complete. For 2005/2006, two of the 17 (11,8%) concluded had CMCs attached to them, of which one was completed.</p> <p>For all three financial years, on average, CMCs were attached in a minimal number of cases (11,6%) and these were also not complete.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Inclusion of PDPs</p> <p>For the 2003/2004 financial year, two of the 18 (11,1%) PAs concluded had PDPs attached to them and none were complete. For 2004/2005, three of the 17 (17,6%) PAs concluded had completed PDPs attached to them. For 2005/2006, five of the 17 (29,4%) concluded had completed CMCs attached to them.</p> <p>For all three financial years, on average, PDPs were attached in a limited number of cases (19,4%) and 66,7% of PDPs that were attached, were complete. The absence of PDPs denies an opportunity for both the Department and the employees to determine the developmental needs of the employees. The very subject of public administration requires that continuous learning takes place to be able to respond to the demands placed on public managers.</p>																				
Measuring levels of performance	<p>Figure 14 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div><table><caption>Data for Figure 14: The Granting of Performance Rewards</caption><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>37</td><td>18</td><td>0</td><td>15</td></tr><tr><td>2004/2005</td><td>37</td><td>17</td><td>0</td><td>21</td></tr><tr><td>2005/2006</td><td>37</td><td>17</td><td>0</td><td>19</td></tr></tbody></table><p>Figure 14: The Granting of Performance Rewards The Gauteng Department of Education</p></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	37	18	0	15	2004/2005	37	17	0	21	2005/2006	37	17	0	19
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	37	18	0	15																	
2004/2005	37	17	0	21																	
2005/2006	37	17	0	19																	
	<p>Mid term performance reviews</p> <p>It would seem that no performance reviews were conducted in the Department for the three financial years. This is in contravention of paragraph 12(1)(b) of the SMS Handbook which requires at minimum, one formal performance review to be under taken, preferably in the middle of the cycle.</p> <p>The fact that the Department has not conducted performance reviews remains a challenge. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to the employees on their performance and identify areas for improvement.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Annual performance appraisals</p> <p>No moderated performance appraisals for the three financial years were submitted by the Department and the PSC has to conclude that performance appraisals were not conducted and moderated as required in terms of paragraph 15.10 of Chapter 4 of the SMS Handbook.</p> <p>Performance appraisals should enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken does not provide an indication of how the employees are performing and identify room for improvement. By not conducting performance appraisals poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p>
Rewarding performance	<p>Figure 14 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the financial year 2003/2004, performance rewards were granted to 15 (40,5%) SMS members. In six (40,0%) cases performance rewards were granted without PAs having been concluded. Of the six cases, one PA had not been signed by the SMS member and his/her supervisor. In the five remaining cases PAs were not submitted to the PSC. For the financial year 2004/2005, performance rewards were granted to 21 (56,8%) SMS members. In 10 (47,6%) cases, performance rewards were granted without PAs having been concluded between the SMS members and their supervisors. These PAs were not submitted to the PSC. For the financial year 2005/2006, performance rewards were granted to 19 (51,4%) SMS members. In eight (42,1%) cases performance rewards were granted without PAs having been concluded. Of the eight cases, two PAs have not been signed and in six cases PAs were not submitted to the PSC. <p>According to PERSAL, however, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the year 2003/2004, 17 performance rewards totalling R 394 298,41 were granted.

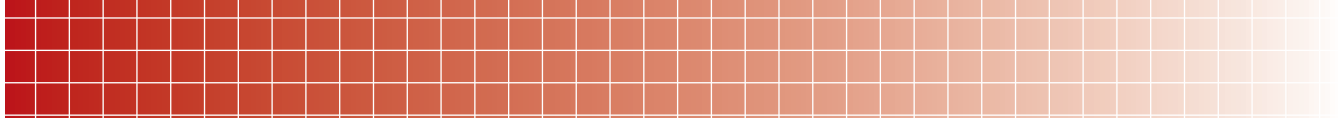
INDICATOR	EXTENT OF COMPLIANCE
	<ul style="list-style-type: none"> For the year 2004/2005, 26 performance rewards totalling R 740 121,76 were granted. For the year 2005/2006, 22 performance rewards totalling R 725 538,67 were granted. <p>The total amount paid out in respect of performance rewards for the three financial years as reported by the Department is R 1 469 355,60. According to the schedule of payments obtained from PERSAL, however, the amount paid in respect of the three financial years is R 1 859 958,80. It is evident that some of the payments made by the Department in respect of performance rewards were not included in the information provided by the Department. The discrepancy regarding such information could be as a result of poor record keeping by the Department or the utilization of inappropriate codes and fields on PERSAL and may through such practice be able to hide the fact that they have exceeded the 1,5%.</p> <p>In 24 cases, performance rewards were granted without the Department being able to produce PAs for these SMS members or PAs were not signed properly by the parties involved. The Department could also not provide proof that moderated appraisals were conducted for any of these SMS members. If PAs were not legitimately concluded and moderated performance appraisals were not conducted, the basis on which performance rewards were granted and payments made becomes questionable.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>According to PERSAL the total amount paid out to SMS members in respect of performance rewards for the three financial years was R 394 298,41, R 740 121,76 and R 725 538,67 respectively which totaled R 1 859 958,80.</p> <p>For all three financial years the Department did not provide the PSC with information regarding the total annual SMS remuneration budget in order to determine the percentage spent on performance rewards.</p> <p>For the granting of performance rewards for the three financial years, the Department did not provide the necessary documentation in support of the approval for the payment of the performance rewards. It is therefore not clear whether the payment of these performance rewards was approved by the EA as required in paragraph 15.1(3) of Chapter 4 of the SMS Handbook.</p>

4.3.4.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Insofar as the future management of the PM&D system is concerned, it is recommended that the Department



takes the necessary steps to ensure that each member of the SMS complies with the regulatory requirements and conclude PAs.

- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- In cases where performance rewards were granted but PAs were not concluded, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- The Department has not provided the PSC with the approval by the EA for the granting of performance rewards for the three financial years. It is recommended that the Department ensures that the approval for the granting of the rewards has been obtained from the EA and was based on the advice of a moderating committee. If the approval of the EA has not been obtained, the Department should regularize the situation by obtaining the approval of the EA for the payment of the performance rewards for the three financial years. In view of the expenditure involved in the granting of performance rewards, the unavailability of the approval of the EA for the granting of the rewards for the three years could be a potential audit query.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.3.5 LIMPOPO DEPARTMENT OF EDUCATION

4.3.5.1 BACKGROUND

The EA of the Department of Education in Limpopo was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person telephonically on 13 July 2007 after several enquiries. The PSC received a letter dated 16 July 2007 indicating that no performance rewards were granted to SMS members for all three financial years.

On 17 July 2007 the contact person was requested to submit copies of the PAs of all SMS members during the financial years in question. After several reminders the Department submitted the first batch of PAs on 22 August 2007. Additional PAs, strategic plans and organizational structures covering the three financial years were not submitted. Hence a reminder dated 4 September 2007 was forwarded to the EA.

The Department responded on 11 September 2007 and indicated that the organizational structures with names and ranks of all SMS members have been deleted from their systems and only a copy of the departmental Strategic Plan for the 2005/2006 financial year was submitted.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.5.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	Figure 15 below provides a graphic illustration of the management of PAs in the Limpopo Department of Education.																								
	<div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div>																								
	<table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>37</td><td>13</td><td>12</td><td>8</td><td>9</td></tr><tr><td>2004/2005</td><td>30</td><td>20</td><td>20</td><td>20</td><td>20</td></tr><tr><td>2005/2006</td><td>29</td><td>7</td><td>7</td><td>7</td><td>7</td></tr></tbody></table>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	37	13	12	8	9	2004/2005	30	20	20	20	20	2005/2006	29	7	7	7	7
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
	2003/2004	37	13	12	8	9																			
2004/2005	30	20	20	20	20																				
2005/2006	29	7	7	7	7																				
Figure 15: The Management of Performance Agreements The Limpopo Department of Education																									
<p>For the financial year 2003/2004, there were 37 posts on salary levels 13 and higher in the Department. Thirteen out of 37 (35.1%) PAs were concluded between the respective SMS members and their supervisors. No PAs were concluded before 31 March 2003.</p> <p>For the financial year 2004/2005, this figure improved substantially as 20 out of 30 (66,7%) PAs were concluded. All the PAs were concluded after 31 March 2004.</p> <p>For the financial year 2005/2006, however, the management of PAs deteriorated drastically as only seven out of 29 (24%) PAs were concluded and only one PA was concluded before 31 March 2005.</p> <p>No PAs of the HoD were filed with the PSC for the financial years 2004/2005 and 2005/2006. This is in contravention of the Circular issued by the PSC which requires the filing of PAs of HoDs, commencing from 2002/2003, in terms of a Cabinet decision. A PA was, however, filed for the financial year 2003/2004.</p> <p>Over the three financial years audited, more than half (58%) of PAs together with workplans, PDPs and CMCs were not concluded. This is an indication that the management of performance in the Department is being neglected and is not receiving the attention that it should receive from its senior managers.</p>																									

INDICATOR	EXTENT OF COMPLIANCE
	<p>In its investigation into the State of Performance Management Systems in the Public Service in 2004, the PSC found that this Department was in the piloting phase of implementation of its PM&D system. This means that the Department, at that stage, was preparing itself for implementation. Taking into account the findings of the current audit, it is clear that the Department has since then made little progress with the implementation of its PM&D system.</p>
Alignment of PAs with core functions of the department	<p>In terms of paragraph 6.1(1)(a) of the SMS Handbook, the content of PAs should clearly and directly devolve from and be related to the department's strategic/operational plan and the plan of the specific unit for the coming year.</p> <p>In the absence of a Strategic Plan for the financial years 2003/2004 and 2004/2005 it was not possible to establish whether the content of the PAs were generally aligned to the Department's strategic/operational objectives.</p> <p>In terms of the financial year 2005/2006 workplans, it was found that the PAs were aligned to the Department's strategic/operational objectives.</p>
Quality of PAs	<p>The PAs that were submitted for the three financial years were generally in the correct format and contained the minimum requirements as outlined in paragraph 10.1 of Chapter 4 of the SMS Handbook.</p> <p>Completion of workplans</p> <p>For the 2003/2004 financial year, 12 of the 13 (92,3%) PAs concluded had completed workplans attached to them. For 2004/2005 and 2005/2006, all the PAs concluded had completed workplans attached to them.</p> <p>Determination of CMCs</p> <p>For all three financial years, CMCs were attached to all the PAs concluded and were complete in 87,2% of the cases. The information that was found to be incomplete in the CMCs relates to department specific criteria not being identified and being weighted.</p> <p>Inclusion of PDPs</p> <p>For all three financial years, PDPs were attached to the PAs concluded and, on average, were complete in 89,7% of cases. The information that was found to be incomplete in the PDPs relates to the fact that proposed action and expected outcomes are not always indicated. In certain instances PDPs are also silent on time frames.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
Measuring levels of performance	Figure 16 below reflects statistics regarding the granting of performance rewards.																				
	<div><div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div></div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div><table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>37</td><td>13</td><td>1</td><td>0</td></tr><tr><td>2004/2005</td><td>30</td><td>20</td><td>0</td><td>0</td></tr><tr><td>2005/2006</td><td>29</td><td>7</td><td>0</td><td>0</td></tr></tbody></table></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	37	13	1	0	2004/2005	30	20	0	0	2005/2006	29	7	0	0
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																
	2003/2004	37	13	1	0																
2004/2005	30	20	0	0																	
2005/2006	29	7	0	0																	
Figure 16: The Granting of Performance Rewards The Limpopo Department of Education																					
<p>Mid term performance reviews</p> <p>For the three financial years, no performance reviews were conducted in the Department. This is strictly in contravention to paragraph 12(1)(b) of the SMS Handbook which requires at minimum, one formal performance review to be undertaken, preferably in the middle of the cycle.</p> <p>This issue remains a challenge for the Department. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to the employees on their performance and identify areas for improvement.</p>																					
<p>Annual performance appraisals</p> <p>No evidence was submitted to indicate that performance appraisals were conducted for any of the three financial years.</p> <p>Performance appraisals should enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals were not undertaken denies an assessment of how the employees are performing. By not conducting performance appraisals, poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact negatively on service delivery.</p>																					
Rewarding performance	Figure 16 above reflects the number of performance rewards granted in the Department.																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Rewards granted</p> <p>The Department has indicated that no performance rewards were granted to SMS members for the three financial years.</p> <p>According to PERSAL, however, the following performance rewards were granted:</p> <ul style="list-style-type: none"> • For the year 2003/2004, one performance reward of R 48 885,12 was granted. • For the year 2005/2006, one performance reward of R 18 209,10 was granted. <p>According to PERSAL, the total amount paid in respect of the three financial years is R 67 094,22. It is evident that none of the payments made by the Departments in respect of performance rewards were included in the information provided by the Department. The discrepancy regarding such information could be as a result of poor record keeping by the Department or the utilization of inappropriate codes and fields on PERSAL.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The Department has indicated that no performance rewards were granted to SMS members for the three financial years. According to PERSAL, however, a total of R 67 094,22 was paid for performance rewards in respect of 2003/2004 and 2005/2006.</p> <p>According to the Department the budget was not utilized in respect of performance rewards for the three financial years as no rewards were granted. Even if the information provided by PERSAL is correct, it is unlikely that the 1,5% of the total SMS remuneration budget would have been exceeded as only one performance reward was granted for 2003/2004 and for 2005/2006.</p> <p>The Department has indicated that no performance rewards were granted for the three financial years and hence the EA was not approached for approval in this regard.</p> <p>However, if the information provided by PERSAL is correct, then the Department did not obtain the approval of the EA for the payment of performance rewards for the two financial years. This would be in contravention of the SMS Handbook which states that the granting of performance rewards should be approved by the EA.</p>

4.3.5.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Insofar as the future management of the PM&D system is concerned, it is recommended that the Department takes the necessary steps to ensure that each member of the SMS complies with the regulatory requirements and conclude PAs.
- Performance reviews and appraisals of all SMS members should be conducted during the middle and end of the PM&D cycle as required in the SMS Handbook.
- The HoD must ensure that he sets the example to the rest of the Department in that the PA is filed timeously with the PSC. The culture of performance management should begin with the HoD.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.3.6 MPUMALANGA DEPARTMENT OF EDUCATION

4.3.6.1 BACKGROUND

The EA of the Department was informed of the investigation on 24 March 2007. The EA was requested to provide the name of a contact person for the Department by 30 March 2007.

The name of the contact person was confirmed on 26 April 2007 whereafter a meeting was held with the contact person on 7 May 2007. At this meeting, a checklist was submitted to the Department indicating the information and documentation required for the audit.

After thorough scrutiny of the information made available by the Department it was found that certain information was still outstanding. Further communication took place between the PSC and the Department in an effort to obtain the outstanding information and documentation. This information was made available to the PSC on 29 May 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.6.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	Figure 17 below provides a graphic illustration of the management of PAs in the Mpumalanga Department of Education.																								
	<div><div><div>Number of PAs that should have been concluded</div><div>Number of PAs concluded</div><div>Number of completed workplans attached to PAs</div><div>Number of completed CMCs attached to PAs</div><div>Number of completed PDPs attached to PAs</div></div><table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>20</td><td>8</td><td>8</td><td>8</td><td>7</td></tr><tr><td>2004/2005</td><td>23</td><td>7</td><td>7</td><td>7</td><td>4</td></tr><tr><td>2005/2006</td><td>23</td><td>8</td><td>7</td><td>8</td><td>7</td></tr></tbody></table></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	20	8	8	8	7	2004/2005	23	7	7	7	4	2005/2006	23	8	7	8	7
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
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2005/2006	23	8	7	8	7																				
Figure 17: The Management of Performance Agreements																									
The Mpumalanga Department of Education																									
For the 2003/2004 financial year only eight of 20 (40%) PAs were concluded in the Mpumalanga Department of Education. For 2004/2005, seven out of 23 PAs (30,4%) were concluded.																									
For the 2005/2006 financial year only eight out of 23 (34,8%) PAs were concluded. In the third year 65,2% of PAs were not concluded.																									
For all three financial years, only one PA was concluded before 31 March. In some of the cases it took the supervisors three to five months to sign the PAs. Although PAs were signed on time (31 March) by the SMS members, some of the PAs were signed as late as September of that year by their respective supervisors. Such delay on the part of supervisors to conclude PAs does not only undermine the objectives of performance management, but sets a bad example to subordinates and the rest of the Department.																									
The management of performance in the Mpumalanga Department of Education raises concern. Over the three financial years, almost two thirds of PAs together with workplans and PDPs were not concluded. This is a significant number that have not complied with the provisions of the Handbook for SMS members. By not concluding PAs SMS members do not commit themselves towards achieving the service delivery objectives of the Department.																									

INDICATOR	EXTENT OF COMPLIANCE
	<p>When the PSC conducted an investigation into the State of Performance Management Systems in the Public Service in 2004, it found that this Department was still in the development phase of its PM&D system. This means that the Department, at that stage, had not piloted nor started to implement its PM&D system whilst a number of departments were already busy with the implementation. The lateness in implementing its PM&D system has clearly impacted on the management of performance in the Department, as evidenced by this audit.</p>
Alignment of PAs with core functions of the department	<p>With regard to those PAs that were completed, it was found that in general, there was a link between the KRAs of PAs and the objectives as contained in the Department's Strategic Management Plan.</p>
Quality of PAs	<p>In all three financial years, the contents of the PAs in the majority of cases were completed as required in terms of the SMS Handbook. This analysis is against the average for the three financial years of only 35% of PAs were concluded. The most common information not included in the PAs, were dates required for progress reviews and feedback sessions as well as the annual performance appraisals.</p> <p>Completion of workplans</p> <p>For the 2003/2004 financial year, all eight PAs concluded had workplans attached to them, of which only three (37,5%) were complete. The information that was found to be incomplete in the workplans in the majority of cases for all financial years relates to standards, resource requirements and enabling conditions.</p> <p>For the 2004/2005 financial year, all eight PAs concluded had workplans attached to them of which six (85,7%) were complete. For 2005/2006, seven of the eight (87,5%) PAs concluded had completed workplans attached to them.</p> <p>For the three financial years, on average, workplans were attached to 95,6% of all the PAs concluded of which 74,4% were properly completed. This should, however, be viewed against the background that, on average, the Department failed to submit copies of 65,2% of the PAs for the three financial years.</p> <p>Determination of CMCs</p> <p>For the three financial years, all 23 PAs that were concluded had CMCs attached to it. The CMCs that were attached were also completed as required in terms of the SMS Handbook.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Inclusion of PDPs</p> <p>For the 2003/2004 financial year, seven of the eight (87,5%) PAs concluded had completed PDPs attached to them. For 2004/2005, four of the seven (57,1%) PAs concluded had completed PDPs attached to them. For 2005/2006, seven of the eight (87,5%) concluded had completed PDPs attached to them.</p> <p>For the three financial years, on average, completed PDPs were attached to PAs in 77,4% of the cases. This analysis is against the average of only 35% of PAs that were concluded for the three financial years.</p> <p>Developmental requirements of the SMS member should be identified, based, amongst others, on PDPs. Agreement should also be reached on the steps to be taken to address the developmental needs. Without having gone through this process, the impression is created that the development of SMS members is not considered critical for the service delivery of the Department.</p>																				
Measuring levels of performance	<p>Figure 18 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div></div>Number of PAs that should have been concluded</div><div><div></div>Number of PAs concluded</div><div><div></div>Number of moderated performance appraisals</div><div><div></div>Number of performance rewards granted</div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>20</td><td>8</td><td>1</td><td>3</td></tr><tr><td>2004/2005</td><td>23</td><td>7</td><td>0</td><td>0</td></tr><tr><td>2005/2006</td><td>23</td><td>8</td><td>3</td><td>3</td></tr></tbody></table> <p>Figure 18: The Granting of Performance Rewards The Mpumalanga Department of Education</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	20	8	1	3	2004/2005	23	7	0	0	2005/2006	23	8	3	3
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	20	8	1	3																	
2004/2005	23	7	0	0																	
2005/2006	23	8	3	3																	
	<p>Mid term performance reviews</p> <p>For the three financial years, no copies of performance reviews were made available to the PSC and it must therefore be concluded that the performance reviews were not undertaken. This is strictly in contravention of paragraph 12(1)(b) of the SMS Handbook which requires at minimum, one formal performance review to be under taken, preferably in the middle of the cycle.</p> <p>Absence of performance reviews denies the opportunity for feedback to be provided to employees regarding their performance. It should be seen as an important step in identifying room for improvement and to immediately address shortcomings that may exist.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Annual performance appraisals</p> <p>For the 2004/2005 financial year, no copies of individual performance appraisals were made available to the PSC. The copies of only one moderated performance appraisal for 2003/2004 and three moderated performance appraisals for 2005/2006 (6% of all SMS members) were submitted to the PSC.</p> <p>In terms of paragraph 12(2) of the SMS Handbook, it is a requirement that a performance appraisal of every SMS member should be conducted at the end of the PM&D cycle. Furthermore, in terms of paragraph 15.10 of the SMS Handbook, a committee should moderate all assessment results and make recommendations to the EA on the granting of performance rewards. The fact that evidence could only be provided on 4 moderated appraisals over the period covered by this audit illustrates a total disregard of the regulatory requirements.</p>
Rewarding performance	<p>Figure 18 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the financial year 2003/2004, performance rewards were granted to three SMS members (15% of the total number of SMS members for that year) with a cost of R 76 908,48. In one case the performance reward was granted without a PA having been concluded. It should also be pointed out that in two of the cases there is no proof that moderated performance appraisals have been conducted. If a PA was not legitimately concluded and a moderated performance appraisal was not undertaken, the basis on which performance rewards were granted and payments made becomes questionable. For the financial year 2004/2005, no performance rewards were granted. No moderated performance appraisals were also conducted for this financial year. For the financial year 2005/2006, performance rewards were granted to three SMS members (13% of the total number of SMS members for that year) totaling R 52 139,01. These performance rewards were granted with PAs and moderated performance appraisals having been conducted. <p>According to PERSAL, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the year 2003/2004, two performance rewards totaling R 43 488, 81 were granted.

INDICATOR	EXTENT OF COMPLIANCE
	<ul style="list-style-type: none"> One performance reward was granted amounting to R 10 615,66 for 2004/2005. Six performance rewards were granted totaling R 168 791,49 for 2005/2006. <p>The total amount paid out in respect of performance rewards for the three financial years as reported by the Department is R 129 047,49. According to the schedule of payments obtained from PERSAL, however, the amount paid in respect of the three financial years is R 222 895,96. It is evident that some of the payments made by the Department in respect of performance rewards were not included in the information provided by the Department. The discrepancy regarding such information could be as a result of poor record keeping by the Department or the utilization of inappropriate codes and fields on PERSAL.</p> <p>For the period 2003/2004, three employees were granted performance rewards whilst documentation was provided to the PSC regarding performance appraisal undertaken in respect of one employee only. Of the three employees, one was granted a performance reward without having concluded a PA.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>According to PERSAL the amounts paid out in respect of performance rewards for the three financial years totaled R 222 895,96.</p> <p>The Department, however, has not provided the PSC with information regarding the total annual SMS remuneration budget in order to determine the percentage spent on performance rewards for any financial year. According to PERSAL the amounts paid out in respect of performance rewards for the financial years 2003/2004 and 2004/2005 were R 43 488,81 and R 10 615,66 respectively.</p> <p>For the financial year 2005/2006, the amount paid out in respect of performance rewards was R 168 791,49. In the absence of the total annual SMS remuneration budget of the Department, the PSC is not in a position to comment on the payment of performance rewards in relation to the total annual SMS remuneration package.</p> <p>The Department was unable to provide the PSC with evidence that approval for the granting of performance rewards was obtained from the EA.</p>

4.3.6.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.

- The Department has not provided the PSC with the approval granted by the EA for the payment of performance rewards for the financial years 2003/2004 and 2005/2006. It is recommended that the Department ensures that such approval was based on the advice of a moderating committee. If the approval of the EA has not been obtained, the Department should regularize the situation by constituting a moderation committee, if necessary, for the purpose of performance appraisal and obtaining the approval of the EA for the payment of the performance rewards. In view of the expenditure involved in the granting of performance rewards, the unavailability of the submission containing the approval of the EA for the granting of the performance rewards for 2003/2004 and 2005/2006 could be a potential audit query.
- In the case where a performance reward was granted but a PA was not concluded, the Department must recover the payment from the staff member concerned in terms of Section 38 of the PSA, 1994.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

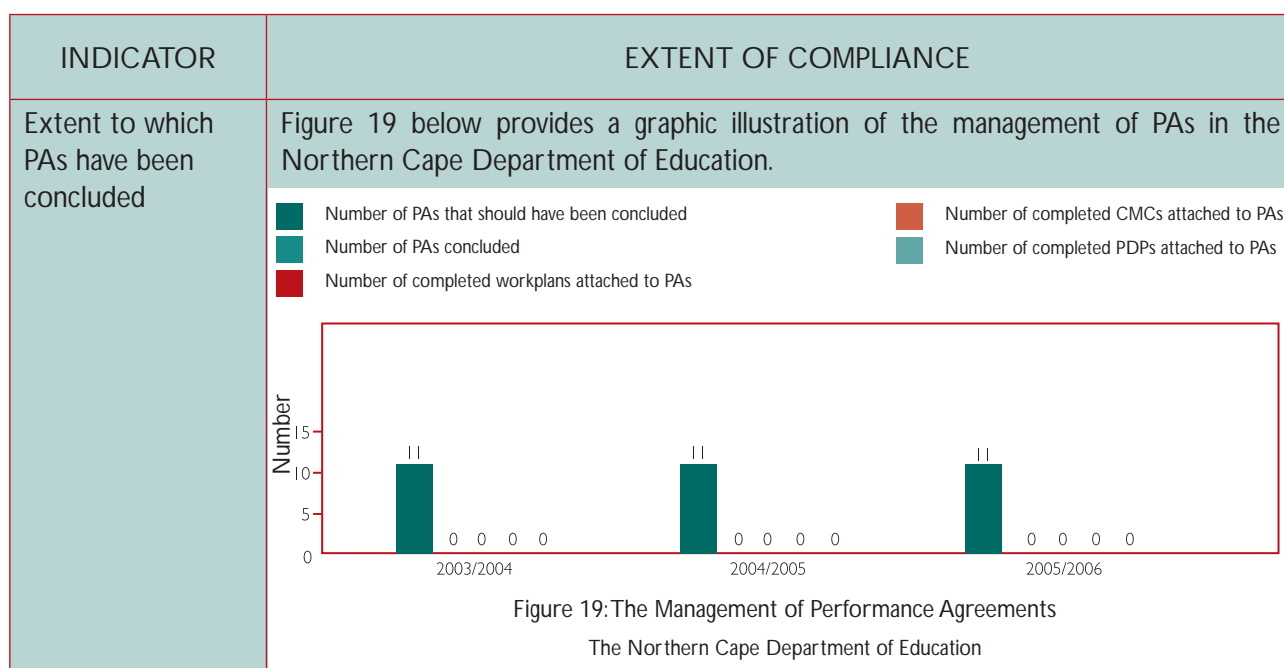
4.3.7 NORTHERN CAPE DEPARTMENT OF EDUCATION

4.3.7.1 BACKGROUND

The EA of the Department of Education in the Northern Cape was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person by means of a letter to the PSC on 11 April 2007. The PSC received limited information on 4 May 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.7.2 STATUS OF PERFORMANCE MANAGEMENT



INDICATOR	EXTENT OF COMPLIANCE
	<p>For the three financial years there were 11 posts on salary levels 13 and higher in the Department and therefore, 11 PAs should have been concluded between the respective incumbents and their supervisors. However, no PAs were submitted to the PSC and in the absence thereof, it must be concluded that no PAs exist for this period.</p> <p>No PAs of the HoD were filed with the PSC for the financial years 2003/2004 and 2004/2005. This is in contravention of the Circular issued by the PSC which requires the filing of PAs of HoDs, commencing from 2002/2003, in terms of a Cabinet decision. A PA was, however, filed for the financial year 2005/2006.</p> <p>The fact that the Department could not provide the PAs of senior managers to the PSC could attribute to poor record keeping. Even the one PA of the HoD which was filed with the PSC was received long after the date it was supposed to have been filed with the PSC.</p> <p>The performance management process falls short in many ways in the Department. Over the three financial years, no PAs together with workplans and PDPs and CMCs were concluded. The Department does not seem to be taking the compilation of PAs by its senior managers seriously.</p> <p>When the PSC conducted an investigation into the State of Performance Management Systems in the Public Service in 2004, it found that this Department was still in the development phase of its PM&D system. This means that the Department, at that stage, had not piloted nor started to implement its PM&D system whilst a number of departments were already busy with the implementation. This has clearly impacted on the management of performance in the Department, as evidenced by this audit.</p>
Alignment of PAs with core functions of the department	As the Department failed to provide the PSC with PAs for the three financial years, the PSC was unable to determine the extent to which the contents of PAs corresponded with the strategic objectives of the Department.
Quality of PAs	As no PAs were received the PSC could not assess the quality of the PAs.

INDICATOR	EXTENT OF COMPLIANCE																				
Measuring levels of performance	Figure 20 below reflects statistics regarding the granting of performance rewards.																				
	<div><div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div></div><div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div></div><table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>11</td><td>0</td><td>0</td><td>5</td></tr><tr><td>2004/2005</td><td>11</td><td>0</td><td>0</td><td>0</td></tr><tr><td>2005/2006</td><td>11</td><td>0</td><td>0</td><td>0</td></tr></tbody></table></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	11	0	0	5	2004/2005	11	0	0	0	2005/2006	11	0	0	0
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																
	2003/2004	11	0	0	5																
	2004/2005	11	0	0	0																
2005/2006	11	0	0	0																	
Figure 20: The Granting of Performance Rewards																					
The Northern Cape Department of Education																					
Mid term performance reviews																					
<p>For the three financial years, the Department has not submitted evidence that performance reviews have been conducted in respect of its SMS members. The PSC must therefore conclude that these performance reviews were not undertaken.</p> <p>This issue remains a challenge for the Department. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to employees on their performance and identify areas for improvement.</p>																					
Annual performance appraisals																					
<p>For the three financial years, the Department has submitted no documentation to the PSC regarding any performance appraisals undertaken. The PSC therefore has to conclude that these performance appraisals did not take place.</p> <p>Performance appraisals enable Departments to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken denies an assessment of how employees are performing. By not conducting performance appraisals poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p>																					

INDICATOR	EXTENT OF COMPLIANCE
	<p>Assessment of KRAs and CMCs</p> <p>In the absence of the PAs and performance appraisals, the PSC was unable to determine the extent to which the KRAs and CMCs as contained in the work plan were assessed.</p>
Rewarding performance	<p>Figure 20 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>For the period 2003/2004, one employee on post level 14 and four employees on post level 13 were granted performance rewards of 8%. However, the performance rewards were granted without PAs being concluded (not submitted to the PSC). The Department failed to provide the PSC with evidence that appraisals were conducted for the three financial years. In the absence of such evidence, the PSC concludes that the performance rewards were granted without performance appraisals having been undertaken.</p> <p>In terms of PERSAL, however, no employee was granted performance rewards for all three financial years.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The amount paid out in respect of performance rewards for 2003/2004, as reported by the Department, is R 166 274,64. According to PERSAL, however, no payments were made in respect of performance rewards. It is evident that some of the payments made by the Department in respect of performance rewards were not included in the amount provided by PERSAL. The discrepancy regarding such information must be addressed between the Department and PERSAL as all salary related payments that include performance rewards made to all employees in the Public Service must be done on PERSAL using the appropriate fields.</p> <p>According to the Department the amount paid out in respect of performance rewards for the financial year 2003/2004 was R 166 274, 64. The Department, however, has not provided the PSC with information regarding the total annual SMS remuneration budget in order to determine the percentage spent on performance rewards.</p> <p>For the financial years 2004/2005 and 2005/2006 the Department has not provided the PSC with documentation regarding the performance rewards granted to SMS members. Furthermore, according to PERSAL, no performance rewards have been granted.</p> <p>In terms of paragraph 15.1(3) of Chapter 4 of the SMS Handbook, the final decision on the granting of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee. The Department, for the financial year 2003/2004, complied with this prescript in that the performance rewards granted to SMS members were approved by the EA.</p>

4.3.7.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Insofar as the future management of the PM&D system is concerned, it is recommended that the Department takes the necessary steps to ensure that each member of the SMS complies with the regulatory requirements and conclude PAs.
- With regard to the payment of five performance rewards for the financial year 2003/2004, the relevant PAs were not available. It is recommended that the Department recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994, should such PAs not have been concluded.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- Although the HoD has filed his PA with the PSC for the financial year 2005/2006, the HoD must ensure that he sets the example to the rest of the Department by filing the PA timeously. The culture of performance management should begin with the HoD.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary charges brought against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.3.8 NORTH WEST DEPARTMENT OF EDUCATION

4.3.8.1 BACKGROUND

The EA of the Department of Education in the North West was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person by means of a letter to the PSC on 4 May 2007. The PSC received the requested documentation on 11 May 2007. Further information was also received on 18 May 2007 and 9 July 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.8.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	Figure 21 below provides a graphic illustration of the management of PAs in the North West Department of Education.																								
	<div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div>																								
	<table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>24</td><td>16</td><td>16</td><td>14</td><td>11</td></tr><tr><td>2004/2005</td><td>30</td><td>23</td><td>23</td><td>23</td><td>19</td></tr><tr><td>2005/2006</td><td>36</td><td>30</td><td>29</td><td>29</td><td>23</td></tr></tbody></table>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	24	16	16	14	11	2004/2005	30	23	23	23	19	2005/2006	36	30	29	29	23
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
	2003/2004	24	16	16	14	11																			
2004/2005	30	23	23	23	19																				
2005/2006	36	30	29	29	23																				
Figure 21: The Management of Performance Agreements The North West Department of Education																									
<p>For the financial year 2003/2004, there were 24 posts on salary levels 13 and higher in the Department. Sixteen out of 24 (67%) PAs were concluded between the respective incumbents and supervisors. Three further PAs were submitted to the PSC that were not signed by either the employee or the supervisor or both. These PAs are not regarded as valid. No PAs were concluded before 31 March 2003. Two of the 16 PAs were concluded in the new financial year (April 2004).</p> <p>For the financial year 2004/2005 there were 30 posts on salary levels 13 and higher in the Department. Twenty-three out of 30 (77%) PAs were concluded between the respective incumbents and supervisors. Seven further PAs were submitted to the PSC that were not signed by either the employee or the supervisor or both. These PAs are not regarded as valid. Nineteen of the 23 PAs were concluded after 1 October 2004 and one was concluded as late as July 2006. One PA was concluded before 31 March 2004 and the employee and supervisor signed the PA as early as 31 January 2004.</p> <p>For the financial year 2005/2006 there were 36 posts on salary levels 13 and higher in the Department. Thirty out of 36 (83%) PAs were concluded between the respective incumbents and supervisors. Five further PAs were submitted to the PSC that were not signed by either the employee or the supervisor or both. These PAs are not regarded as valid. Seven PAs were concluded in the next financial year, 2006/2007. Only three PAs were concluded before 31 March 2005.</p> <p>Over the three financial years there has been an increase in the number of PAs, from 66,7% in 2003/2004 to 83,3% in 2005/2006. However, only a 100% compliance rate is acceptable. By not signing PAs or not signing them timeously, employees are not committing themselves towards achieving the goals of the Department.</p>																									

INDICATOR	EXTENT OF COMPLIANCE
	<p>In its investigation into the State of Performance Management Systems in the Public Service in 2004, the PSC found that this Department was in the development phase of implementation of the PM&D system. This means that the Department, at that stage, still had to pilot the implementation of the system before being in a position to finally implement the system. Taking into account the findings of the current audit, it would seem that the Department has made significant strides towards the successful implementation of the PM&D system.</p>
Alignment of PAs with core functions of the department	<p>In all three financial years the PAs received were aligned to the Department's Strategic Operational Plan.</p>
Quality of PAs	<p>The PAs that were submitted for the three financial years were generally in the correct format and contained the minimum requirements as outlined in paragraph 10.1 of Chapter 4 of the SMS Handbook. Only in two cases were the PAs incomplete in the sense that it did not specify performance standards or measures, resource requirements, enabling conditions and time frames.</p> <p>Completion of workplans</p> <p>For the financial years 2003/2004 and 2004/2005 workplans were attached to all the PAs concluded and were properly completed.</p> <p>For the financial year 2005/2006 only two of the workplans that were attached to the PAs were incomplete. For a workplan to be a workable instrument, it needs to specify performance standards or measures, resource requirements, enabling conditions and time frames. These were absent in the two PAs concerned.</p> <p>Fifteen of the 90 PAs that should have been concluded over the three financial years were not signed by either the employee or supervisor or both. These unsigned PAs are not regarded as valid agreements. It must be concluded that these employees were performing their duties without having reached an agreement on specified outputs and activities.</p> <p>Determination of CMCs</p> <p>For the financial year 2003/2004, CMCs were attached to 14 of the 16 (87,5%) PAs concluded and all 14 were completed as required in terms of the SMS Handbook.</p> <p>For the financial year 2004/2005, CMCs were attached to 23 of the 23 (100%) PAs concluded and all were completed as required in terms of the SMS Handbook.</p> <p>For the financial year 2005/2006, CMCs were attached to 29 of the 30 (96,7%) PAs concluded and all were completed as required in terms of the SMS Handbook.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Inclusion of PDPs</p> <p>For the financial year 2003/2004, there were 11 (68,8%) PDPs attached to the 16 PAs concluded. However, one PDP was not completed. Proposed action and expected outcomes were not indicated.</p> <p>For the financial year 2004/2005, 19 of the 23 (82,6%) PAs had PDPs attached and all 19 PDPs were completed. For 2005/2006, there were 23 (76,7%) PDPs attached to the 30 PAs concluded of which one PDP was not completed.</p>																				
Measuring levels of performance	<p>Figure 22 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div>■ Number of PAs that should have been concluded</div><div>■ Number of PAs concluded</div></div><div><div>■ Number of moderated performance appraisals</div><div>■ Number of performance rewards granted</div></div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>24</td><td>16</td><td>16</td><td>5</td></tr><tr><td>2004/2005</td><td>30</td><td>23</td><td>21</td><td>7</td></tr><tr><td>2005/2006</td><td>36</td><td>30</td><td>31</td><td>7</td></tr></tbody></table> <p>Figure 22: The Granting of Performance Rewards The North West Department of Education</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	24	16	16	5	2004/2005	30	23	21	7	2005/2006	36	30	31	7
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	24	16	16	5																	
2004/2005	30	23	21	7																	
2005/2006	36	30	31	7																	
	<p>Mid term performance reviews</p> <p>For the financial year 2003/2004, one performance review was conducted. A quarterly review was also conducted in one instance for the period April to June 2003.</p> <p>For the financial year 2004/2005, three performance reviews were conducted. In addition three quarterly reviews in respect of one employee for the periods January to June 2004, July to December 2004 and January to March 2005 were undertaken.</p> <p>No performance reviews were conducted for the financial year 2005/2006.</p> <p>The Department has not adhered to the provisions of the SMS Handbook that at minimum one formal performance review should take place annually, preferably in the middle of the PM&D cycle. The Department should grasp the opportunity by effectively utilizing the process to provide feedback to employees on their performance and identify areas for improvement.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Annual performance appraisals</p> <p>For the financial year 2003/2004 performance appraisals were undertaken in respect of 16 employees which includes three employees whose PAs were not signed by either them or their supervisors or both, thereby rendering the PAs invalid.</p> <p>For the financial year 2004/2005 performance appraisals were undertaken in respect of 21 employees that includes four employees whose PAs were not signed by either them or their supervisors or both, thereby rendering the PAs invalid.</p> <p>For the financial year 2005/2006 performance appraisals were undertaken in respect of 31 employees that includes five employees whose PAs were not signed by either them or their supervisors or both, thereby rendering the PAs invalid.</p> <p>No performance appraisals were undertaken in respect of the HoD for the financial years 2004/2005 and 2005/2006 as the HoD was suspended from duty.</p> <p>Assessment of KRAs and CMCs</p> <p>In the annual performance appraisal process, the KRAs and CMCs agreed upon in the PAs as aligned to the strategic plan of the Department are evaluated. It is therefore important that the assessment of performance especially in relation to the KRAs must be based on the KRAs as agreed to.</p> <p>For the financial year 2003/2004 the KRAs and CMCs as contained in the workplans were assessed in accordance with the specified standards selected.</p> <p>For the financial year 2004/2005 one case had 11 CMCs in the PA but only eight in the assessment document. The assessment document was corrected in handwriting but not signed. In some instances the KRAs in the PAs were phrased differently from the KRAs in the assessment documents or differed in numbers. It is not clear whether the PAs were amended as no addendums were attached.</p> <p>For the financial year 2005/2006, CMCs were not attached to the assessment documents forwarded to the PSC in one case. In a few cases the assessment documents of the employees were not signed by the Chairperson of the Moderating Committee and the KRAs and CMCs in the PAs differed from those in the assessment documents both in terms of the phrasing, numbers and weighting.</p>
Rewarding performance	Figure 22 above reflects the number of performance rewards granted in the Department.

INDICATOR	EXTENT OF COMPLIANCE
	<p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted:</p> <ul style="list-style-type: none"> • For the financial year 2003/2004, four employees on salary levels 13 and higher were granted performance rewards. However, one employee was granted a category A performance reward and the PA was not signed by both the employee and the supervisor. • For the financial year 2004/2005, seven employees on salary levels 13 and higher were granted performance rewards. Of the seven employees who were granted the rewards: <ul style="list-style-type: none"> ◦ One PA was not signed by both the employee and the supervisor and the Department has not provided evidence of a moderated performance appraisal having taken place. ◦ Two PAs were not signed by both the employee and the supervisor. ◦ One PA was not signed by the supervisor. • For the financial year 2005/2006, seven employees on salary levels 13 and higher were granted performance rewards. Of the seven employees: <ul style="list-style-type: none"> ◦ One PA was not signed by both the employee and the supervisor. ◦ One PA was not signed by the supervisor. <p>According to PERSAL, seven performance rewards were granted for each of the 2003/2004 and 2004/2005 financial years. For 2005/2006 a total of eight performance rewards were granted.</p> <p>It is of concern that over the three financial years, seven performance rewards were granted without a valid (signed) PA in place.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>According to PERSAL the amount paid out in respect of performance rewards for the financial year 2003/2004 was R 175 126,48. For the financial year 2004/2005 the amount paid out in respect of performance rewards was R 135 143,95 and an amount of R 152 614,41 was paid out in respect of performance rewards for 2005/2006.</p> <p>In order to determine whether the Department exceeded the 1,5% of its total annual SMS remuneration budget on performance rewards for the SMS, the amount provided by PERSAL was used for this purpose.</p> <p>For the year 2003/2004 the total SMS remuneration budget for the year was R 12 418 461,33. The percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration package is 1,41% which is lower than the prescribed 1.5%.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>For 2004/2005 the total SMS remuneration budget for the year was R 18 176 600,00. The percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration package is 0,74% which is lower than the prescribed 1.5%.</p> <p>For 2005/2006 the total SMS remuneration budget for the year was R 17 980 851,00. The percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration package is 0,85% which is also lower than the prescribed 1.5%.</p> <p>In terms of paragraph 15.1(3) of Chapter 4 of the SMS Handbook, the final decision on the granting of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee. The Department complied with this prescript in that the performance rewards granted to SMS members were approved by the EA.</p>

4.3.8.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- With regard to the granting of seven performance rewards for the three financial years where a signed and valid PA was not in place, it is recommended that the Department recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary charges brought against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.
- Where PAs have been appropriately compiled and signed and amendments are made thereto, addendums to the PAs must be in place.

4.3.9 WESTERN CAPE DEPARTMENT OF EDUCATION

4.3.9.1 BACKGROUND

The EA of the Department of Education in the Western Cape was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person by means of a letter to the PSC on 11 April 2007. The PSC received the requested documentation on various dates between 26 April 2007 and 21 August 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.3.9.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE
Extent to which PAs have been concluded	<p>Figure 23 below provides a graphic illustration of the management of PAs in the Western Cape Department of Education.</p> <p>Figure 23: The Management of Performance Agreements The Western Cape Department of Education</p> <p>For the financial year 2003/2004, the number of PAs that should have been concluded was 32. The number of PAs that was signed by the incumbent and supervisor and therefore concluded was 27 (84,4%). Furthermore, one employee was appointed on 1 December 2003 and a PA was not concluded. Two officials were transferred to other departments and the records are therefore not available at the Department. None of the PAs were completed before the beginning of the financial year.</p> <p>For the financial year 2004/2005, the number of PAs that should have been concluded was 39. The number of PAs that were concluded was 37 (95%). One official was in disagreement with the Department over who should be his supervisor. His PA was therefore not concluded. Furthermore, one official was transferred to another department and the records are therefore not available at the Western Cape Department of Education. None of the PAs were completed before the beginning of the financial year.</p> <p>For the financial year 2005/2006 39 out of 40 PAs (97,5%) were concluded. One official was in disagreement with the Department over who should be his supervisor. His PA was therefore not concluded. None of the PAs were completed before the beginning of the financial year.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The PA of the HoD has been filed with the PSC for all three financial years which is encouraging.</p> <p>The management of performance in the Western Cape Department of Education shows some encouraging trend. This is evident by the high rate at which PAs are concluded (84%, 95% and 97%) for the financial years 2003/2004, 2004/2005 and 2005/2006.</p> <p>In its investigation into the State of Performance Management Systems in the Public Service in 2004, the PSC found that this Department was in the piloting phase of implementation of the PM&D system. This means that the Department, at that stage, was preparing itself for implementation. Taking into account the findings of the current audit, it would seem that the Department has successfully implemented the system.</p>
Alignment of PAs with core functions of the department	<p>For the financial year 2003/2004, there were 27 (100%) cases in which the KRAs in the PAs of SMS members corresponded with the KRAs in their workplans. In 22 (81%) cases, the KRAs in the workplans of the SMS members corresponded with the KRAs in the Strategic Management Plan of the Department.</p> <p>For the financial year 2004/2005, there were 36 (97,3%) cases in which the KRAs in the PAs of SMS members corresponded with the KRAs in their workplans. In 33 (91,7%) cases, the KRAs in the workplans of the SMS members corresponded with the KRAs in the Strategic Management Plan of the Department.</p> <p>For the financial year 2005/2006, in 39 (100%) of the cases, the KRAs in the PAs of SMS members corresponded with the KRAs in their workplans. In all 39 (100%) of the cases, the KRAs in the workplans of the SMS members corresponded with the KRAs in the Strategic Management Plan of the Department.</p>
Quality of PAs	<p>In terms of the pro forma in the SMS Handbook, basic information is provided in the PAs, whilst more detailed information is contained in the workplans, CMCs and PDPs as annexures to the PAs.</p> <p>Completion of workplans</p> <p>The workplans submitted by the Department for the three financial years indicate the following:</p> <p>For the financial year 2003/2004 the number of workplans attached to the PAs was 25 (89,3%). The number of workplans that were complete is 24 (96%).</p> <p>For the financial year 2004/2005 the number of workplans attached to PAs was 36 (97%) and all were complete. For the financial year 2005/2006, the number of workplans attached to PAs was 39 (100%). The number of workplans that were complete is 38 (97%).</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>Determination of CMCs</p> <p>For the financial year 2003/2004, the number of completed CMCs attached to PAs is 25 (89,3%). The number of CMCs that are complete is 25 (100%).</p> <p>For the financial year 2004/2005, the number of completed CMCs attached to PAs is 34 (92%). The number of CMCs that are complete is 33 (97%). For 2005/2006, the number of completed CMCs attached to PAs is 39 (100%). The number of CMCs that are complete is 36 (92%).</p> <p>The most common information not included in the CMCs for the three financial years is job specific criteria and the weighting thereof. CMCs should be modified to suit the specific circumstances of a job and its various components.</p> <p>Inclusion of PDPs</p> <p>For the financial year 2003/2004, the number of completed PDPs attached to PAs is 25 (89,3%). The number of PDPs that are complete is 24 (96%).</p> <p>For the financial year 2004/2005, the number of completed PDPs attached to PAs is 32 (86%) and 31 (97%) are complete. For 2005/2006, the number of completed PDPs attached to PAs is 37 (95%). The number of PDPs that are complete is 35 (95%).</p> <p>The information that was found to be incomplete in the PDPs for the three financial years relates to the fact that proposed action and expected outcomes are not always indicated. In certain instances PDPs are also silent on time frames.</p>
Measuring levels of performance	<p>Figure 24 below reflects statistics regarding the granting of performance rewards.</p> <p>Figure 24: The Granting of Performance Rewards The Western Cape Department of Education</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p data-bbox="424 286 766 320">Mid term performance reviews</p> <p data-bbox="424 360 1434 468">The Department has not submitted evidence that performance reviews were conducted in respect of its SMS members for any of the financial years. The PSC must therefore conclude that these mid year reviews were not undertaken.</p> <p data-bbox="424 508 1434 728">The Department conveyed in writing that quarterly reviews had been done and are on record with the line managers, but not filed with the HR component. Because of the fact that the Department has not submitted documentary proof of the performance reviews, the PSC has concluded that performance reviews have not taken place. This is not in compliance with the SMS Handbook which indicates that formal performance reviews should take place annually.</p> <p data-bbox="424 768 769 801">Annual performance appraisals</p> <p data-bbox="424 842 1434 1061">The Department indicated that performance appraisals were undertaken by a moderating committee for all three financial years, but could not provide the names and ranks of the specific moderation committee members, dates and minutes of the moderation committee meetings, nor any decisions taken by them. In the absence of the afore-mentioned evidence, the PSC concludes that no performance appraisals were moderated for the three financial years.</p> <p data-bbox="424 1102 1434 1285">The Department could not provide the names and ranks of the specific moderation committee members, dates and minutes of the moderation committee meetings, nor any decisions taken by them. In terms of the SMS Handbook, the final decision to grant performance rewards shall be taken by the EA who shall act on the advice of a moderating committee.</p> <p data-bbox="424 1326 1434 1592">With regard to the financial year 2004/2005, the Department could not provide a signed copy of the approval by the EA for the granting of the performance rewards. In the absence of performance appraisal documentation and the approval by the EA, it cannot be determined whether such approval was based on the advice of a moderating committee. Furthermore, in view of the expenditure involved in the granting of performance rewards, the unavailability of the submission containing the approval of the EA for the granting of the rewards for 2004/2005 could be a potential audit query.</p> <p data-bbox="424 1632 772 1666">Assessment of KRAs and CMCs</p> <p data-bbox="424 1706 1434 1859">In the annual performance appraisal process, the KRAs and CMCs agreed upon in the PAs as aligned to the strategic plan of the department are evaluated. It is therefore important that the assessment of performance especially in relation to the KRAs must be based on the KRAs as agreed to.</p> <p data-bbox="424 1899 1434 2042">In the absence of the performance appraisal documents being forwarded to the PSC for the 2003/2004 and 2004/2005 financial years, the extent to which the KRAs and CMCs as contained in the work plan were assessed in accordance with the specified standards selected could not be determined.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2005/2006 there were 32 (82%) cases in which the KRAs in the PAs of SMS members corresponded with the KRAs in their performance appraisals. In 32 (82%) cases the CMCs in the PAs of SMS members corresponded with the CMCs in their performance appraisals.</p>
Rewarding performance	<p>Figure 24 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>For the financial year 2003/2004, 15 performance rewards were granted to SMS members. Three performance rewards, however, were granted without PAs being concluded (one not signed and two not submitted to the PSC). The Department did not provide documentary evidence of the performance appraisals being undertaken.</p> <p>For the financial years 2004/2005 and 2005/2006 the number of performance rewards granted to employees is 17 and 20 respectively. As the department did not provide documentary evidence of the performance appraisals being undertaken, the SMS members were granted performance rewards without moderated performance appraisals having been conducted for all three financial years. It should, however, be mentioned that in the submission to the EA requesting approval for the granting of the performance rewards, it has been indicated that a moderating committee did moderate the assessments.</p> <p>The Department granted 52 performance rewards over the three financial years. As indicated earlier, in three cases PAs were not concluded and proof of the performance appraisals could not be provided. In the absence of documentation regarding the annual performance appraisals of the employees concerned, the justification for the granting of such rewards as measured against the achievement of the core objectives of the Department becomes questionable. Performance appraisals of all eligible staff members should be undertaken as the process is also utilized as a developmental tool for employees.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The amount paid out in respect of performance rewards for the financial year 2003/2004 was R 239 620,35. For the financial year 2004/2005 the total amount spent on the payment of performance rewards was R 271 588,56 and the amount spent on the payment of performance rewards for 2005/2006 was R 314 948,34.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The total annual SMS remuneration budget for 2003/2004 was R13 959 489,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 1,72%. No evidence has been provided by the Department that the EA approved that the Department spends more than 1,5% of its total annual SMS remuneration budget on performance rewards for the SMS members for 2003/2004.</p> <p>The total annual SMS remuneration budget for 2004/2005 was R18 137 429,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 1,50%.</p> <p>The total annual SMS remuneration budget for 2005/2006 was R21 017 529,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 1,50%.</p> <p>In terms of paragraph 15.1(3) of Chapter 4 of the SMS Handbook, the final decision on the granting of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee.</p> <p>The Department, for the financial years 2003/2004 and 2005/2006 complied with this prescript in that the performance rewards granted to SMS members were approved by the EA.</p> <p>An unsigned copy of the submission requesting the approval of the EA for the payments made for 2004/2005 has been forwarded to the PSC. The PSC must therefore conclude that the Department did not comply with the prescript for the granting of performance rewards to the 17 SMS members for the financial year 2004/2005.</p>

4.3.9.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- The Department should strive for 100% compliance with regard to the provisions in the SMS Handbook concerning the performance management of senior managers. Areas for improvement include the conducting of mid term reviews, undertaking of performance appraisals and safekeeping of all documentation.
- With regard to the payment of the performance rewards for the financial year 2004/2005, it is recommended that the Department ascertain if approval was indeed obtained from the EA on the advice of a moderating committee. If not, this should be rectified.
- In cases where performance rewards were granted but PAs were not concluded, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.

- In future approval must be obtained if the amount awarded exceeds 1,5% of the SMS remuneration budget.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary charges brought against the managers and supervisors for transgressing the provisions of the PSR.

4.4 DEPARTMENTS OF SOCIAL DEVELOPMENT

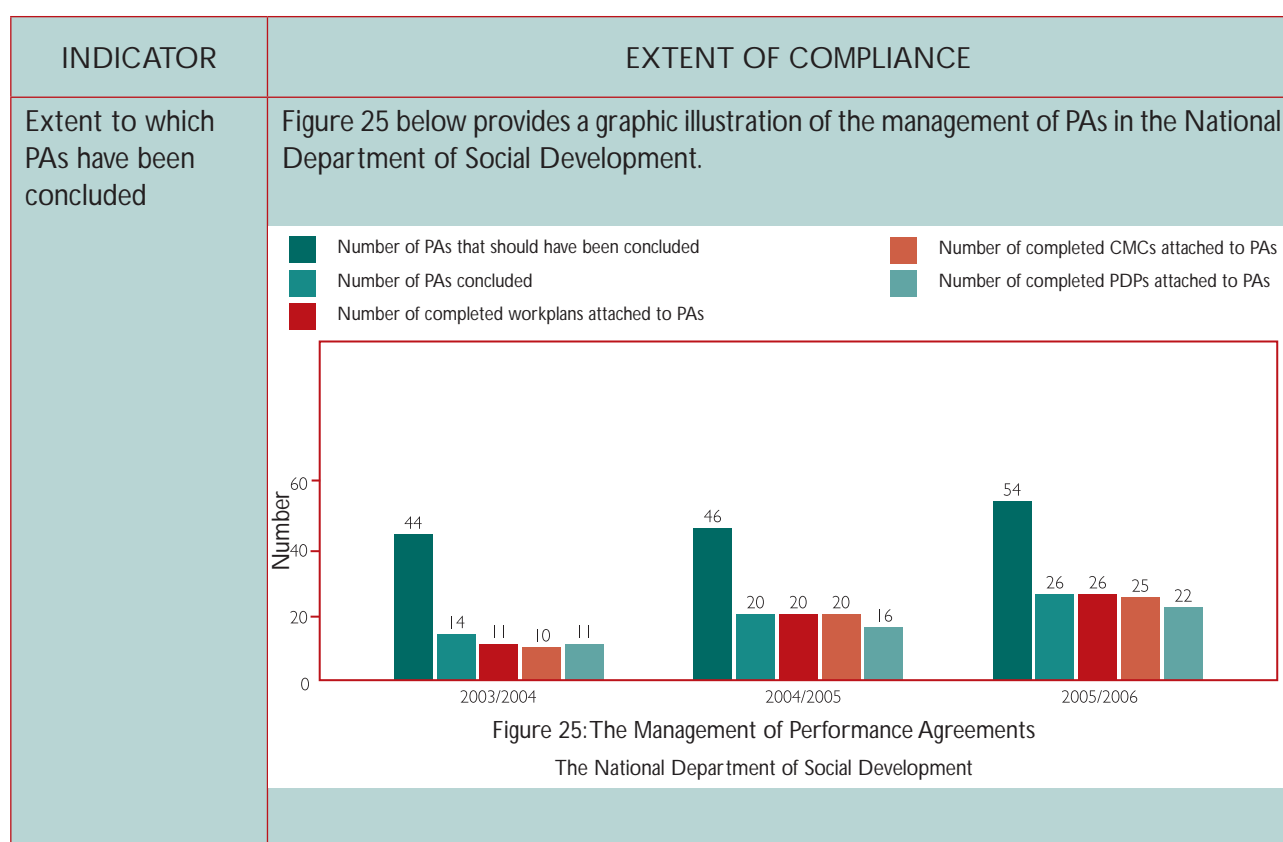
4.4.1 NATIONAL DEPARTMENT OF SOCIAL DEVELOPMENT

4.4.1.1 BACKGROUND

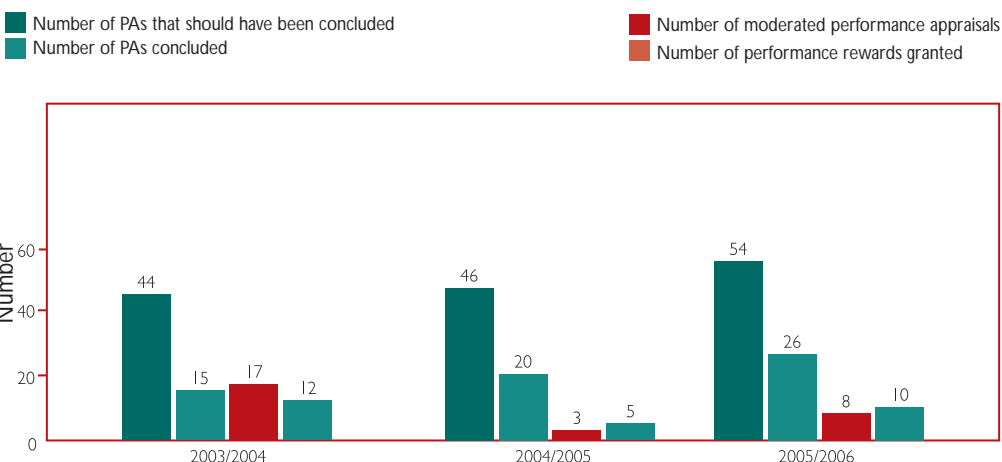
The EA of the Department of Social Development was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person by means of a letter to the PSC on 24 April 2007. The PSC received some of the documentation on 13 June 2007 and the outstanding documentation was received by 8 August 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.1.2 STATUS OF PERFORMANCE MANAGEMENT



INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2003/2004, there were 44 posts on salary levels 13 and higher in the Department. PAs should have been concluded between the respective incumbents and supervisors for all 44 posts to ensure 100% compliance. However, only 14 PAs (31,8%) were concluded. Only one PA was concluded before 31 March 2003 and only half (7) of the PAs were signed within the financial year 2003/2004. The remaining PAs for 2003/2004 were concluded in the financial years 2004/2005 and 2005/2006.</p> <p>For the financial year 2004/2005, the number of PAs that should have been concluded was 46. The number of PAs concluded was 20 (43,5%). No PAs were concluded before 31 March of the relevant financial year. Of the 20 PAs concluded, 18 (90%) were signed in the second half of the financial year. In four cases, the supervisors signed the PAs almost two years after it was signed by the relevant SMS members.</p> <p>For the financial year 2005/2006, 54 PAs should have been concluded. The number of PAs concluded was 26 (48,1%). No PAs were concluded before 31 March of the relevant financial year and 19 (73%) were only concluded in the second half of the following financial year (2006/2007).</p> <p>Over the three financial years on average only 41% of PAs were concluded. This is a worrying trend and is evidence of apathy on the part of the SMS members and the Department in ensuring compliance with the SMS Handbook and more importantly that SMS members commit themselves to achieving the objectives set out in the PAs. In the absence of PAs, it would be difficult to assess the performance of individuals and their contribution towards achieving the Department's strategic/operational plan.</p> <p>The PAs of the HoD were filed with the PSC for all three years.</p> <p>An investigation into the State of Performance Management Systems in the Public Service in 2004 found that this Department was at that stage already in the implementation phase of its PM&D system. This means that the PM&D system should by this stage be fully implemented. The relatively large number of PAs and other documentation outstanding, however, does not support this notion.</p>
Alignment of PAs with core functions of the department	In all three financial years the PAs received were aligned to the Department's strategic/operational plan.
Quality of PAs	<p>Completion of workplans</p> <p>For the 2003/2004 financial year, 11 (78,6%) PAs concluded had completed workplans attached. For 2004/2005, all 20 PAs concluded had completed workplans attached and for 2005/2006, all 26 PAs concluded had completed workplans attached.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>For all the financial years, workplans were attached to approximately 90% of the PAs concluded. These workplans were, as a rule, properly completed. However, it should be taken into consideration that, on average, the Department failed to provide proof of the existence of 59,9% of the PAs for the three financial years. The only conclusion that can be made is that such workplans and/or PAs do not exist for those SMS members. Thus, the majority of the SMS members in the Department performed their duties for these financial years without having reached an agreement on the achievement of the goals and objectives of their components and the Department.</p> <p>Determination of CMCs</p> <p>For the 2003/2004 financial year, 10 (71,4%) PAs concluded had completed CMCs attached. For 2004/2005, all 20 PAs concluded had completed CMCs attached. For 2005/2006, 25 (96,2%) PAs concluded had completed CMCs attached.</p> <p>For all three years, on average, CMCs were attached to 89,2% of the PAs concluded. Where the CMCs were attached, it was completed as required in terms of the SMS Handbook.</p> <p>Inclusion of PDPs</p> <p>For the 2003/2004 financial year, 11 (78,6%) PAs concluded had PDPs attached to them of which 10 (90,9%) were complete. For 2004/2005, sixteen (80%) PAs concluded had completed PDPs attached. For 2005/2006, twenty two (84,6%) PAs concluded had PDPs attached to them of which 20 (90,9%) were complete.</p> <p>For the three years, on average, PDPs were attached to 81,1% of the PAs concluded.</p>
Measuring levels of performance	<p>Figure 26 below reflects statistics regarding the granting of performance rewards.</p>  <p>Figure 26: The Granting of Performance Rewards The National Department of Social Development</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>Mid term performance reviews</p> <p>Eighteen (40,9%) performance reviews were conducted for 2003/2004, 22 (47,8%) for 2004/2005 and 19 (35,2%) for 2005/2006. For all three years, on average (41%) mid term performance reviews were conducted. Mid term performance reviews were therefore not undertaken for more than half (59%) of the SMS members. The fact that performance reviews are not being undertaken denies the opportunity for feedback to be provided to employees regarding their performance. It should be seen as an important step in identifying room for improvement and to immediately address shortcomings that may exist.</p> <p>Annual performance appraisals</p> <p>The Department has indicated that 17 (38,6%) moderated performance appraisals were conducted for 2003/2004, three (6,5%) for 2004/2005 and eight (14,8%) for 2005/2006. The Department, however, has not furnished any documentation to the PSC regarding the moderated performance appraisals undertaken. The PSC therefore has to conclude that the Department did not moderate the performance appraisals of SMS members.</p> <p>The application of performance appraisals will enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken denies feedback on how the employees are performing and where there is room for improvement. By not conducting performance appraisals, poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Assessment of KRAs and CMCs</p> <p>No documents relating to performance appraisals undertaken by the Department were forwarded to the PSC for all three financial years. In the absence thereof, the extent to which the KRAs and CMCs as contained in the PAs were assessed in accordance with the specified standards selected cannot be determined.</p>
Rewarding performance	<p>Figure 26 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the financial year 2003/2004, the Department indicated that performance rewards were granted to 12 SMS members (27,3% of the total number of SMS members for that year). However, in six cases performance rewards were granted without PAs being concluded (two PAs were not submitted to the PSC and four PAs were submitted but not duly signed by the incumbent and supervisor respectively).

INDICATOR	EXTENT OF COMPLIANCE
	<ul style="list-style-type: none"> For the financial year 2004/2005, performance rewards were granted to five SMS members (10,9% of the total number of SMS members for that year). However, a performance reward was granted without a PA being concluded (The PA was not submitted to the PSC). For the financial year 2005/2006, performance rewards were granted to 10 SMS members (18,5% of the total number of SMS members for that year). However, in three cases performance rewards were granted without PAs being concluded (one PA was not submitted to the PSC and two PAs were submitted but not duly signed by the incumbent and supervisor respectively). <p>As indicated earlier, the Department has not provided any documentation to the PSC regarding the performance appraisals undertaken. In the absence of such documentation, the possibility exists that the awards were granted without the appraisals being undertaken.</p> <p>The granting of performance rewards in the Department over the three financial years is problematic. In the absence of PAs as well as moderated performance appraisals of the SMS members concerned, the justification for the granting of such rewards becomes questionable.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The amount paid out by the Department in respect of performance rewards for the financial years 2003/2004, 2004/2005 and 2005/2006 are R 196 687,40, R 79 201,29 and R 206 685,81 respectively.</p> <p>The Department has not provided the PSC with information regarding the total annual SMS remuneration budget for the three financial years in order to determine the percentage spent on performance rewards.</p> <p>For all three years, the Department has indicated that all 27 performance rewards granted to SMS members were approved by the relevant EA and no documentation was provided to substantiate this claim.</p>

4.4.1.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Performance reviews of all SMS members must be conducted during the middle of the PM&D cycle as required in the SMS Handbook.

- In cases where performance rewards were granted but PAs were not concluded, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- The Department has not provided the PSC with the approval granted by the EA for the payment of performance rewards for the three financial years. Neither did it provide proof that performance appraisals were undertaken. It is recommended that the Department ensures that such approval to grant rewards was based on the advice of a moderating committee. If the approval of the EA has not been obtained, the Department should regularize the situation by constituting a moderation committee, if necessary, for the purpose of performance appraisal and obtaining the approval of the EA for the payment of the performance rewards. In view of the expenditure involved in the granting of performance rewards, the unavailability of the submission containing the approval of the EA for the granting of the performance rewards for all three years could be a potential audit query.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action must be taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.2 EASTERN CAPE DEPARTMENT OF SOCIAL DEVELOPMENT

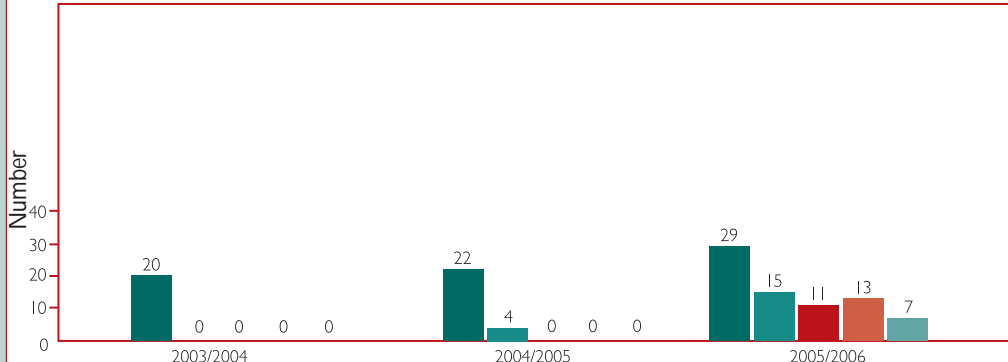
4.4.2.1 BACKGROUND

The EA of the Department of Social Development in Eastern Cape was informed of the investigation on 24 March 2007. The EA was requested to provide the name of a contact person for the Department by 30 March 2007.

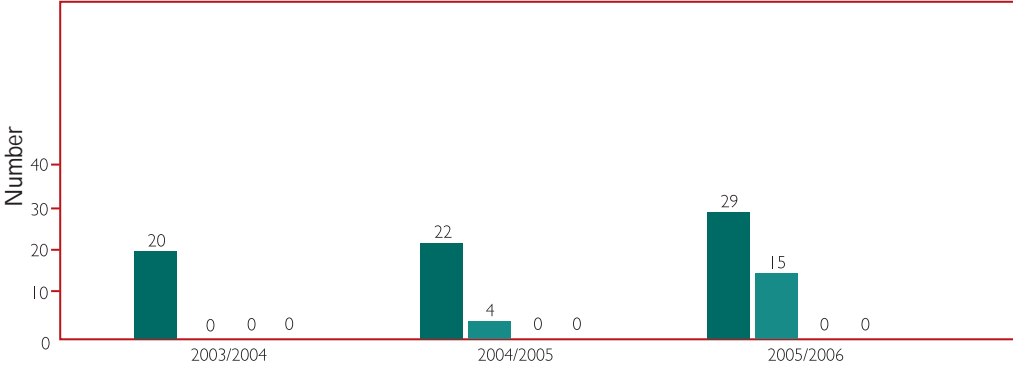
The name of the contact person was provided to the PSC on 29 March 2007. The PSC received documentation and after following up outstanding information was forwarded by the Department up until the end of August 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.2.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE
Extent to which PAs have been concluded	Figure 27 below provides a graphic illustration of the management of PAs in the Eastern Cape Department of Social Development.
	<div><div><div>Number of PAs that should have been concluded</div><div>Number of PAs concluded</div><div>Number of completed workplans attached to PAs</div></div><div><div>Number of completed CMCs attached to PAs</div><div>Number of completed PDPs attached to PAs</div></div></div>
	
	Figure 27: The Management of Performance Agreements The Eastern Cape Department of Social Development
	<p>For the 2003/2004 financial year none of the 20 PAs that should have been concluded were signed either by SMS members and/or their supervisors. If the PAs have not been signed by either party, no formal agreement has been reached between the two parties involved regarding the outputs to be achieved by the SMS member for the particular financial year. The PSC therefore has to conclude that no PAs have been concluded by SMS members for the financial year 2003/2004.</p> <p>For the 2004/2005 financial year, there were 22 posts on salary levels 13 and higher in the Department. The situation improved marginally in that only four out of 22 (18,2%) PAs were concluded.</p> <p>For the 2005/2006 financial year there were 29 posts on salary levels 13 and higher in the Department. A further improvement of 15 out of 29 (51,7%) PAs being concluded between the respective incumbents and supervisors is observed.</p> <p>None of the 19 PAs concluded for the three financial years were concluded before 31 March of each financial year. The majority of PAs were concluded in the second half of the relevant financial year.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The PAs of the HoD were only filed for 2005/2006.</p> <p>The majority of SMS members performed their duties during the three financial years without having reached a formal agreement in terms of the goals and objectives of the Department that had to be realized. This is a very undesirable situation as far as performance management and service delivery are concerned as SMS members were not contracted to achieve specific outputs.</p>
Alignment of PAs with core functions of the department	<p>Only 19 out of 71 (26,8%) PAs were compiled for all three years. Eleven workplans were attached to the PAs. In all the financial years, the PAs received were aligned to the strategic/operational plan of the Department.</p>
Quality of PAs	<p>Completion of workplans</p> <p>For the financial year 2003/2004 no PAs were concluded and consequently there were no workplans. For 2004/2005 no workplans were completed and attached to the four PAs concluded.</p> <p>For the financial year 2005/2006, workplans were attached to 11 of the 15 PAs (73,3%) concluded. Some of these workplans were incomplete as it did not specify performance standards or measures, resource requirements, enabling conditions and time frames.</p> <p>Determination of CMCs</p> <p>For the financial year 2003/2004 no PAs were concluded and consequently there were no CMCs. For 2004/2005, no CMCs were completed and attached to the four PAs concluded. For 2005/2006, thirteen CMCs were attached to the 15 (86,7%) PAs that were concluded of which 10 (76,9%) were complete.</p> <p>Inclusion of PDPs</p> <p>For the financial year 2003/2004 no PAs were concluded and consequently there were no PDPs. For 2004/2005 no PDPs were completed and attached to the 4 PAs concluded. For 2005/2006, seven PDPs were completed and attached to 15 (46,7%) of the PAs that were concluded.</p>

INDICATOR	EXTENT OF COMPLIANCE
Measuring levels of performance	Figure 28 below reflects statistics regarding the granting of performance rewards.
	<div data-bbox="422 371 1439 427"> <div>■ Number of PAs that should have been concluded</div> <div>■ Number of PAs concluded</div> <div>■ Number of moderated performance appraisals</div> <div>■ Number of performance rewards granted</div> </div>  <p data-bbox="703 819 1182 887">Figure 28: The Granting of Performance Rewards The Eastern Cape Department of Social Development</p>
	<p data-bbox="422 931 762 965">Mid term performance reviews</p> <p data-bbox="422 1010 1431 1111">No documentation relating to performance reviews in relation to any of the three financial years were made available to the PSC. The PSC has to conclude that performance reviews have not been conducted by the Department.</p> <p data-bbox="422 1155 1431 1256">This issue remains a challenge for the Department. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to employees on their performance and identify areas for improvement.</p> <p data-bbox="422 1301 767 1335">Annual performance appraisals</p> <p data-bbox="422 1379 1431 1447">No documentation relating to individual performance appraisals in relation to any of the three financial years were made available to the PSC.</p> <p data-bbox="422 1491 1431 1827">The lack of documentation may be due to poor record keeping. However, the PSC has to conclude that appraisals were not conducted in the Department. This is a highly unsatisfactory situation and requires urgent redress by the Department. In the absence of performance appraisals, the extent to which SMS members contributed towards achieving the goals and objectives of the Department in terms of the KRAs cannot be determined. It should be borne in mind that performance appraisals are not only utilized for determining the granting of performance rewards but also to identify and rectify shortcomings of SMS members to enhance the service delivery imperatives of the Department.</p> <p data-bbox="422 1872 770 1906">Assessment of KRAs and CMCs</p> <p data-bbox="422 1951 1431 2085">No documents relating to performance appraisals were forwarded to the PSC for all three financial years. In the absence thereof, the extent to which the KRAs and CMCs as contained in the PAs were assessed in accordance with the specified standards selected cannot be determined.</p>

INDICATOR	EXTENT OF COMPLIANCE
Rewarding performance	<p>Figure 28 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>The Department did not provide any documentation on the granting of performance rewards for all three financial years. The Department also did not confirm whether performance rewards were granted for the three years.</p> <p>According to information obtained from PERSAL, however, no performance rewards were granted for the three financial years.</p> <p>The fact that performance rewards were not granted raises serious concerns about the management of performance of the SMS members and the actual performance of SMS members in the Department.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>As no performance rewards were granted for the three years, there are no cost implications.</p> <p>If the information provided by PERSAL that no SMS members were granted performance rewards for the three financial years is accurate, the limitation of 1,5% would not have been exceeded for those years.</p> <p>As no payments were made, no approvals would have been required.</p>

4.4.2.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- The Department should take the necessary steps to ensure that performance management is handled in an effective and professional manner to ensure, amongst others, that departmental organizational objectives are realized and that SMS members are developed and rewarded appropriately.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action must be taken against the managers and supervisors for transgressing the provisions of the PSR.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- Performance appraisals should be conducted in respect of each SMS member, and based on that PDPs

should be developed and exceptional performance should be rewarded.

- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.3 FREE STATE DEPARTMENT OF SOCIAL DEVELOPMENT

4.4.3.1 BACKGROUND

The EA of the Department of Social Development in the Free State Province was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The Department subsequently provided the name of the contact person to the PSC and the relevant documentation was received by the PSC.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.3.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	<p>Figure 29 below provides a graphic illustration of the management of PAs in the Free State Department of Social Development.</p> <div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>8</td><td>2</td><td>2</td><td>2</td><td>2</td></tr><tr><td>2004/2005</td><td>16</td><td>2</td><td>2</td><td>2</td><td>2</td></tr><tr><td>2005/2006</td><td>17</td><td>14</td><td>13</td><td>13</td><td>12</td></tr></tbody></table> <p>Figure 29: The Management of Performance Agreements The Free State Department of Social Development</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	8	2	2	2	2	2004/2005	16	2	2	2	2	2005/2006	17	14	13	13	12
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
	2003/2004	8	2	2	2	2																			
	2004/2005	16	2	2	2	2																			
2005/2006	17	14	13	13	12																				
<p>For the financial year 2003/2004, there were eight posts on salary levels 13 and higher in the Department and therefore eight PAs should have been concluded between the SMS members and their respective supervisors. Only two PAs out of eight (25%) were concluded. Both the PAs were not signed before 31 March 2003.</p>																									
<p>For the financial year 2004/2005, there were 16 posts on salary levels 13 and higher in the Department and 16 PAs should have been concluded between the SMS members and their respective supervisors. Only two PAs out of 16 (12,5%) were concluded. Both PAs were not signed before 31 March 2004.</p>																									

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2005/2006, there were 17 posts on salary levels 13 and higher in the Department and therefore 17 PAs should have been concluded between the SMS members and their respective supervisors. Fourteen PAs out of 17 (82,4%) were concluded. None of the PAs were signed before 31 March 2005.</p> <p>Over the three financial years audited, 75%, 87% and 18% of PAs were not concluded by SMS members. This is a significant number that have not complied with the provisions of the Handbook for SMS members. By not concluding PAs the SMS do not commit themselves towards achieving the service delivery objectives of the Department. However, there has been progress in the year 2005/2006 regarding the conclusion of PAs between SMS members and their respective supervisors.</p> <p>An investigation into the State of Performance Management Systems in the Public Service in 2004 found that this Department was at that stage already in the implementation phase of its PM&D system. This means that the PM&D should by now be fully implemented and be running efficiently. The fact that 18% of PAs were still outstanding for the financial year 2005/2006, however, does not support this notion.</p> <p>The HoD's PAs were filed with the PSC for all three years. In the year 2004/2005, a new HoD was appointed to the Department. Both the incoming and the former HoD had filed their PAs with the PSC.</p>
Alignment of PAs with core functions of the department	<p>For the financial year 2003/2004, none of the 2 PAs concluded had KRAs that corresponded with the KRAs listed in the workplans that were attached. Furthermore, the KRAs in the PAs did not correspond with the KRAs listed in the Strategic Management Plan for the same year.</p> <p>For the financial year 2004/2005, none of the 2 PAs concluded had KRAs that corresponded with the KRAs listed in the workplans that were attached. None of these PAs had KRAs that corresponded with the KRAs listed in the Strategic Management Plan for the same year.</p> <p>For the financial year 2005/2006, only nine of the 17 (53%) PAs concluded had KRAs that corresponded with the KRAs listed in the workplans that were attached. Eleven of the PAs had KRAs that corresponded with the KRAs listed in the respective supervisor's PA. None of the PAs had KRAs that corresponded with the KRAs listed in the Strategic Management Plan for the same year.</p> <p>Completion of workplans</p> <p>For the financial years 2003/2004 and 2004/2005, both (100%) of the PAs concluded had workplans attached to them. However, none of the attached workplans were fully completed.</p> <p>For the 2005/2006 financial year, 13 of the 14 (93%) PAs concluded had workplans attached to them. None of the attached workplans were fully completed.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
Quality of PAs	<p>On average, for the three financial years incomplete workplans were attached to 97,6% of PAs concluded. Information such as review dates and dispute resolution were lacking in the PAs.</p> <p>Determination of CMCs</p> <p>For the financial years 2003/2004 and 2004/2005, both (100%) of the PAs concluded had completed CMCs attached to them. For 2005/2006, thirteen of the 14 (93%) PAs concluded had completed CMCs attached to them. On average, for the three financial years completed CMCs were attached to 97,6% of concluded PAs.</p> <p>Inclusion of PDPs</p> <p>For the financial years 2003/2004 and 2004/2005, both (100%) of the PAs concluded had completed PDPs attached to them. For 2004/2005, however, only one (50%) of the PDP that was attached was complete. For 2005/2006, twelve of the 14 (86%) PAs concluded had PDPs attached to them. Only 10 (83%) of the PDPs were complete.</p> <p>On average, for the three financial years PDPs were attached to 95,2% of concluded PAs of which 77,8% were complete.</p>																				
Measuring levels of performance	<p>Figure 30 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div>Number of PAs that should have been concluded</div><div>Number of PAs concluded</div></div><div><div>Number of moderated performance appraisals</div><div>Number of performance rewards granted</div></div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>8</td><td>2</td><td>5</td><td>6</td></tr><tr><td>2004/2005</td><td>16</td><td>2</td><td>1</td><td>5</td></tr><tr><td>2005/2006</td><td>17</td><td>14</td><td>9</td><td>10</td></tr></tbody></table> <p>Figure 30: The Granting of Performance Rewards The Free State Department of Social Development</p> <p>Mid term performance reviews</p> <p>No documentation relating to performance reviews in relation to any of the three financial years were made available to the PSC. The PSC must therefore conclude that these mid year reviews were not undertaken.</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	8	2	5	6	2004/2005	16	2	1	5	2005/2006	17	14	9	10
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	8	2	5	6																	
2004/2005	16	2	1	5																	
2005/2006	17	14	9	10																	

INDICATOR	EXTENT OF COMPLIANCE
	<p>If mid term performance reviews are not conducted in the Department, the issue becomes a challenge for the Department. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to the employees on their performance and identify areas for improvement.</p> <p>Annual performance appraisals</p> <p>Moderated performance appraisals in respect of five of the eight (63%) SMS members were undertaken for 2003/2004, one of the 16 (6.3%) for 2004/2005 and nine of the 17 (53%) for 2005/2006.</p> <p>Performance appraisals enable departments to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken gives an indication of how employees are performing. By not conducting performance appraisals poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Assessment of KRAs and CMCs</p> <p>In the annual performance appraisal process, the KRAs and CMCs agreed upon in the PAs as aligned to the strategic plan of the department are evaluated. It is therefore important that the assessment of performance especially in relation to the KRAs must be based on the KRAs as agreed to.</p> <p>For the financial year 2003/2004, none of the 2 PAs concluded had KRAs that corresponded with the KRAs listed in their respective performance appraisals. Only one of the two (50%) PAs concluded had CMCs that corresponded with the CMCs in the performance appraisals.</p> <p>For the financial year 2004/2005, none of the 2 PAs concluded had KRAs that corresponded with the KRAs listed in their respective performance appraisals and the CMCs in the one PA did not correspond with the CMCs listed in the respective performance appraisal.</p> <p>For the financial year 2005/2006, only six of the 17 (35%) PAs concluded had KRAs that corresponded with the KRAs listed in their respective performance appraisals and two (12%) had CMCs that corresponded with the CMCs listed in their respective performance appraisals.</p>
Rewarding performance	<p>Figure 30 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted:</p>

INDICATOR	EXTENT OF COMPLIANCE
	<ul style="list-style-type: none"> For the financial year 2003/2004, six of the eight (75%) SMS members received performance rewards, whilst four (66,7%) of these SMS members were granted performance rewards without having concluded a PA with their respective supervisors. The performance appraisals of five (83%) SMS members who were granted performance rewards were undertaken by a moderating committee. For the financial year 2004/2005, five of the 16 (31%) SMS members were granted performance rewards without having concluded a PA with their respective supervisors. The performance appraisals of four (80%) SMS members who were granted performance rewards were not undertaken by a moderating committee. For the financial year 2005/2006, 10 of the 17 (63%) SMS members were granted performance rewards. All 10 (100%) of these SMS members who were granted these performance rewards had concluded PAs with their respective supervisors. The performance appraisals of nine (90%) SMS members who were granted performance rewards were undertaken by a moderating committee. One SMS member was granted a performance reward without a performance appraisal having been conducted. <p>With regards to the SMS members that received performance bonuses without having concluded PAs, or where no performance appraisals were undertaken, the PSC is of the opinion that these payments were not based on merit or work performance. In this regard the performance appraisal process in the Department becomes questionable in the absence of the PAs as there were no agreed KRAs, objectives and time frames between the employee and the supervisor as required in terms of such PAs.</p> <p>According to PERSAL, however, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the year 2003/2004, four performance rewards totaling R 58 143,60 were granted. For the year 2004/2005, six performance rewards totaling R 160 017,42 were granted. For the year 2005/2006, 11 performance rewards totaling R 243 546,42 were granted. <p>Cost implications and percentage of SMS budget spent</p> <p>According to the Department, the amount paid out in respect of performance rewards for the financial year 2003/2004 was R 117 263,04. For the financial year 2004/2005 the total amount spent on the payment of performance rewards was R 137 360,07 and for 2005/2006 the total amount spent on performance rewards was R 179 010,15.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The Department was unable to provide the PSC with the total annual SMS remuneration budget for the years 2003/2004 and 2004/2005. In the absence of the SMS remuneration budget, the PSC was unable to determine the total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget for those years.</p> <p>The remuneration budget for the financial year 2005/2006 was R8 496 174,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 2,11%. The Department has not provided evidence that the EA had granted approval for the 1,5% to be exceeded for the year 2005/2006.</p> <p>The Department could only provide proof that one out of 6 (17%) of the performance rewards was approved by the EA for 2003/2004, one out of five (20%) approved for 2004/2005 and nine out of 10 (90%) for 2005/2006. The Department was unable to provide the PSC with documentation regarding the approval for the granting of the performance reward to the remaining SMS members.</p>

4.4.3.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- With regard to the payment of performance rewards for SMS members, wherein the relevant PAs were not concluded, it is recommended that the Department recover the payment from the SMS members concerned as per Section 38 of the PSA, 1994.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- The Department must ensure that there is alignment between the KRAs and CMCs in the PAs and those that are used during performance appraisals.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action must be taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.4 GAUTENG DEPARTMENT OF SOCIAL DEVELOPMENT

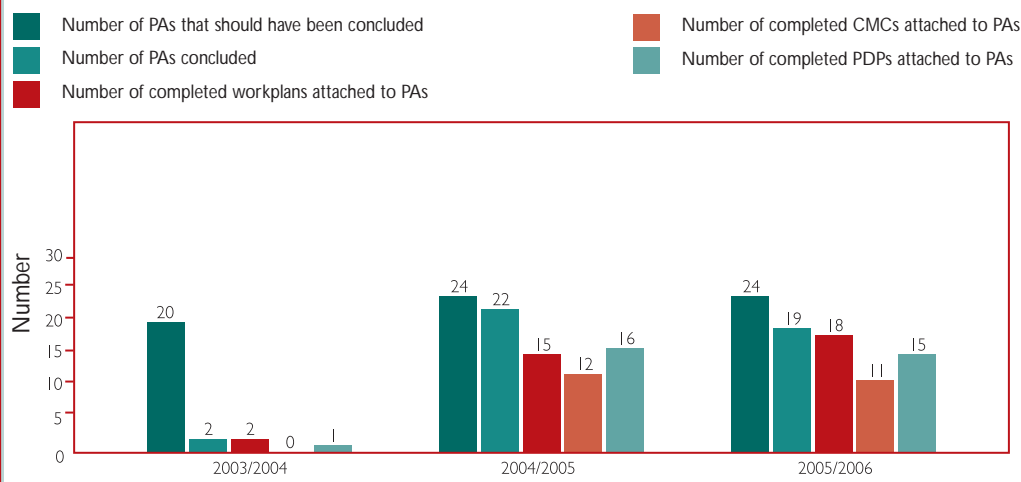
4.4.4.1 BACKGROUND

The EA of the Department of Social Development in Gauteng was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The name of the contact person was provided on 13 May 2007.

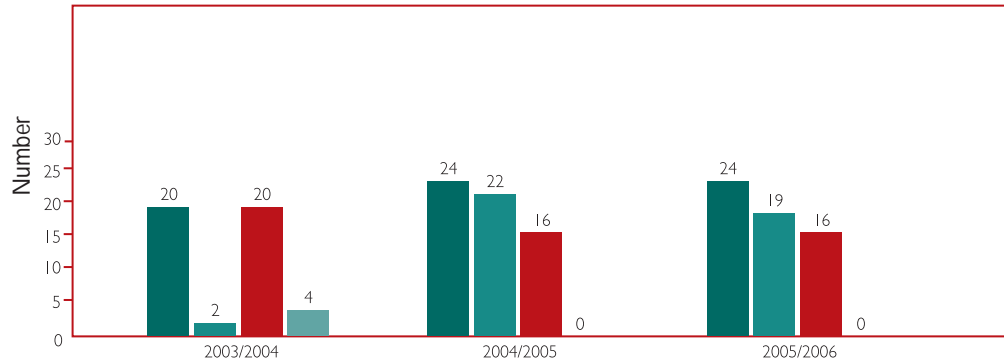
On 31 July 2007 the contact person was requested to submit copies of the PAs of all SMS during the financial years in question. After several reminders the Department submitted the documents on 13 September 2007. This required the intervention of the provincially based Commissioner who interacted directly with the HoD to ensure that the requested documentation was provided.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.4.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE
Extent to which PAs have been concluded	<p>Figure 31 below provides a graphic illustration of the management of PAs in the Gauteng Department of Social Development.</p>  <p>Figure 31: The Management of Performance Agreements The Gauteng Department of Social Development</p> <p>For the financial year 2003/2004, there were 20 posts on salary levels 13 and higher in the Department. Two out of 20 (10,0%) managers PAs were concluded between the respective incumbents and supervisors.</p> <p>For the financial year 2004/2005, there were 24 posts on salary levels 13 and higher in the Department. Compliance in respect to the conclusion of PAs improved substantially in this year, as 22 out of 24 (91,7%) PAs were concluded between the respective incumbents and supervisors.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2005/2006, there were 24 posts on salary levels 13 and higher in the Department. Nineteen out of 24 (79,2%) of PAs were concluded between the respective incumbents and supervisors.</p> <p>For the three financial years, however, none of the PAs were concluded before 31 March of the relevant financial year.</p> <p>In its investigation into the State of Performance Management Systems in the Public Service in 2004 the PSC found that this Department was in the development phase of implementation of its PM&D system. This means that the Department, at that stage, still had to pilot the implementation of the system. Taking into account the above-mentioned, it is clear that the Department has not addressed all its implementation problems sufficiently. However, based on the conclusion of PAs, it would seem that improvement has been made by the Department since 2004.</p> <p>The HoD's PA was filed with the PSC for the financial years 2004/2005 and 2005/2006.</p>
Alignment of PAs with core functions of the department	<p>For the financial year 2003/2004, the Department did not provide sufficient information to enable the PSC to make any findings in this regard. As only two out of 20 (10,0%) PAs were concluded for this financial year, it would be difficult to make an assessment of the extent to which the PAs were aligned to the core functions of the Department.</p> <p>For the financial years 2004/2005 and 2005/2006 the KRAs contained in the PAs that were concluded corresponded on average in 58,2% of cases with the KRAs in the workplans. On the other hand, the KRAs contained in the workplans of the PAs corresponded on average in 64,5% of cases with the KRAs contained in the Strategic Management Plan of the Department. The fact that almost 40% of workplans did not correspond fully with the Strategic Management Plan of the Department is a matter of concern and must be addressed. The alignment of the KRAs in the work plans with the Strategic Management Plan of the Department is crucial towards attaining the service delivery outputs of the Department.</p>
Quality of PAs	<p>Although only 60,3% of PAs were concluded for the three financial years, the quality of the PAs concluded was relatively high notwithstanding issues of non-alignment with the strategic plan. On average for the three financial years, 95,5% PAs were complete.</p> <p>Completion of workplans</p> <p>For the 2003/2004 financial year, both PAs concluded had completed workplans attached. For 2004/2005, 15 (68,2%) PAs concluded had completed workplans attached. For 2005/2006, eighteen (94,7%) PAs concluded had workplans attached to them of which 17 (94,4%) were complete. On average for the three financial years, workplans were attached to PAs in 87,6% of cases.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Determination of CMCs</p> <p>The CMCs were the most neglected aspect of the PAs in the Department. For 2003/2004 no CMCs were attached to the PAs, 12 CMCs were attached to the 22 PAs (55%) concluded for 2004/2005 and 11 CMCs were attached to 19 PAs (57,9%) that were concluded for 2005/2006. CMCs were attached in only 37,6% of cases and were complete in 63,6% of these cases.</p> <p>Inclusion of PDPs</p> <p>One PDP (50%) was attached to the two PAs concluded for 2003/2004, 16 (72,7%) were attached to the PAs for 2004/2005 and 15 (78,9%) were attached to the PAs concluded for 2005/2006. For all three financial years, PDPs were attached in 67,2% of cases and were complete in 64,6% of the cases.</p>																				
Measuring levels of performance	<p>Figure 32 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div>Number of PAs that should have been concluded</div><div>Number of PAs concluded</div></div><div><div>Number of moderated performance appraisals</div><div>Number of performance rewards granted</div></div></div>  <table><caption>Data for Figure 32: The Granting of Performance Rewards</caption><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>20</td><td>2</td><td>20</td><td>4</td></tr><tr><td>2004/2005</td><td>24</td><td>22</td><td>16</td><td>0</td></tr><tr><td>2005/2006</td><td>24</td><td>19</td><td>16</td><td>0</td></tr></tbody></table> <p>Figure 32: The Granting of Performance Rewards The Gauteng Department of Social Development</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	20	2	20	4	2004/2005	24	22	16	0	2005/2006	24	19	16	0
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	20	2	20	4																	
2004/2005	24	22	16	0																	
2005/2006	24	19	16	0																	
	<p>Mid term performance reviews</p> <p>For all three financial years, the Department has provided no evidence that performance reviews were conducted in the Department.</p> <p>The issue of performance reviews remains a challenge for the Department. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to the employees on their performance and identify areas for improvement.</p> <p>Annual performance appraisals</p> <p>The Department provided proof that moderated performance appraisals were conducted for 20 (100%) SMS members in the financial year 2003/2004 and 16 (66,7%) SMS members in each of the financial years 2004/2005 and 2005/2006.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Performance appraisals should enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken does not provide an indication of how the employees are performing and identify room for improvement. By the non-conducting of performance appraisals poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Assessment of KRAs and CMCs</p> <p>In the annual performance appraisal process, the KRAs and CMCs agreed upon in the PAs as aligned to the strategic plan of the department are evaluated. It is therefore important that the assessment of performance especially in relation to the KRAs must be based on the KRAs as agreed to.</p> <p>For the financial year 2003/2004, two (10%) of the PAs concluded had KRAs that correspond with the KRAs listed in their respective performance appraisals. The CMCs in the PAs did not correspond with the CMCs in the performance appraisals in any of the cases.</p> <p>For the financial year 2004/2005, 10 (62,5%) of the PAs concluded had KRAs that corresponded with the KRAs listed in their respective performance appraisals and the CMCs in eight (50%) of the PAs corresponded with the CMCs listed in the respective performance appraisals.</p> <p>For the financial year 2005/2006, 14 (87,5%) of the PAs concluded had KRAs that correspond with the KRAs listed in their respective performance appraisals and 12 (75%) had CMCs that correspond with the CMCs listed in their respective performance appraisals.</p> <p>The non-alignment of appraisals with PAs is cause for concern as there appears to be no process to address concerns prior to appraisals. The PAs had no addendums attached.</p>
Rewarding performance	<p>Figure 32 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>For the financial year 2003/2004, performance rewards were granted to four (20,0%) SMS members. All four cases were appraised and moderated but no PAs in respect of the four officials were concluded (not submitted to the PSC).</p> <p>According to the Department, no performance rewards were granted to SMS members for the financial years 2004/2005 and 2005/2006.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>Cost implications and percentage of SMS budget spent</p> <p>According to the Department the amount paid out in respect of performance rewards for the financial year 2003/2004 was R 62 480,26. No amounts were paid for the other two financial years.</p> <p>The Department did not provide the PSC with information regarding the total annual SMS remuneration budget in order to determine the percentage spent on performance rewards.</p> <p>The granting of performance rewards for the financial year 2003/2004 was duly authorized by the EA of the Department.</p>

4.4.4.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- In cases where performance rewards were granted but PAs were not concluded, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- Insofar as the future management of the PM&D system is concerned, it is recommended that the Department takes the necessary steps to ensure that each member of the SMS has the effective implementation of the agreed PM&D system as one of their priority organizational objectives.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook and performance appraisals should be conducted for all SMS members.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.5 KWAZULU-NATAL DEPARTMENT OF WELFARE AND POPULATION DEVELOPMENT

4.4.5.1 BACKGROUND


The EA of the Department of Welfare and Population Development in KwaZulu-Natal was informed of the audit on 24 March 2007. The EA was requested to provide the name of a contact person for the Department by 30 March 2007.

The name of the contact person was provided to the PSC on 24 May 2007. The PSC made contact with the Department's contact person regarding the documentation to be provided to the PSC. The PSC received the documentation on 30 May 2007. Further documentation was also received on 12 July 2007 as well as 19 September 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.5.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																				
Extent to which PAs have been concluded	<p>Figure 33 below provides a graphic illustration of the management of PAs in the KwaZulu-Natal Department of Welfare and Population Development.</p> <div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>9</td><td>9</td><td>0</td><td>0</td></tr><tr><td>2004/2005</td><td>7</td><td>7</td><td>0</td><td>0</td></tr><tr><td>2005/2006</td><td>5</td><td>5</td><td>0</td><td>0</td></tr></tbody></table> <p>Figure 33: The Management of Performance Agreements The KwaZulu-Natal Department of Welfare & Population Development</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	9	9	0	0	2004/2005	7	7	0	0	2005/2006	5	5	0	0
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																
	2003/2004	9	9	0	0																
	2004/2005	7	7	0	0																
2005/2006	5	5	0	0																	
	<p>For the 2003/2004 financial year all nine PAs that should have been concluded were signed by both the SMS members and their supervisors. For the 2004/2005 financial year, all seven PAs that should have been concluded were signed. For the 2005/2006 financial year, all five PAs that should have been concluded were signed.</p> <p>Of the 21 PAs concluded for all three financial years, no PA was concluded before 31 March of the relevant financial year. All the PAs were only concluded in the second half of the respective financial year.</p> <p>In its investigation into the State of Performance Management Systems in the Public Service in 2004, this Department unfortunately did not return a completed questionnaire on the implementation of its PM&D system. It was therefore not possible to determine the Department's phase of implementation at that stage.</p> <p>The HoD's PA was filed with the PSC only for the financial year 2003/2004.</p>																				
Alignment of PAs with core functions of the department	<p>The Department did not provide sufficient information such as the Strategic Management Plans of the Department to enable the PSC to make any findings in this regard.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
Quality of PAs	For all three years, no workplans, CMCs and PDPs were completed and attached to the PAs concluded. If workplans, CMCs and PDPs are not completed, it defies the purpose of concluding PAs and inhibits the efficiency of performance management. The documents are tools to assist management in determining key performance areas, critical management criteria and personal development needs and plans.
Measuring levels of performance	<p>Figure 34 below reflects statistics regarding the granting of performance rewards.</p>  <p>Figure 34: The Granting of Performance Rewards The KwaZulu-Natal Department of Welfare & Population Development</p> <p>Mid term performance reviews</p> <p>For all three years, no copies of performance reviews were made available to the PSC. It is therefore not clear whether performance reviews had been conducted by the Department.</p> <p>The Department should grasp the opportunity of effectively utilizing the process to provide feedback to the employees on their performance and identify areas for improvement.</p> <p>Annual performance appraisals</p> <p>For the three financial years, no copies of individual performance appraisals were made available to the PSC and it is also not clear whether these were moderated or not as required in terms of paragraph 15.10 of Chapter 4 of the SMS Handbook.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The Department has not provided any documentation indicating that performance appraisals have been conducted. This may be due to poor record keeping or because appraisals were not conducted. This is an unacceptable situation in the performance management process and requires urgent redress by the Department. In the absence of performance appraisals, the extent to which SMS members contributed towards achieving the goals and objectives of the Department in terms of the KRAs cannot be determined. It should be borne in mind that performance appraisals are not only utilized for determining the granting of performance rewards but also to identify and rectify shortcomings of SMS members in order that employees skills may improve to enhance the service delivery imperatives of the Department.</p> <p>Assessment of KRAs and CMCs</p> <p>In the absence of documentation relating to performance appraisals, an analysis could not be provided.</p>
Rewarding performance	<p>Figure 34 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>According to the Department performance rewards were granted to four (44,4%) of the SMS members for the financial year 2003/2004. In one case the performance reward was granted without a PA having been concluded. It should also be pointed out that there is no proof that moderated performance appraisals having been conducted for these cases. If a PA was not legitimately concluded and a moderated performance appraisal was not undertaken, the basis on which performance rewards were granted and payments made cannot be justified.</p> <p>For the years 2004/2005 and 2005/2006, one performance reward was granted in each year. In each case a PA was concluded but there is no proof that moderated performance appraisals were conducted.</p> <p>According to information obtained from PERSAL, however, 11 performance rewards were granted for the financial year 2003/2004 and four performance rewards were granted for the financial year 2004/2005.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The Department has not provided information regarding the amount paid in respect of the performance rewards for the three years. According to PERSAL the amounts paid were R 334 892,88 for 2003/2004 and R 105 988,68 for 2004/2005.</p> <p>The Department, for all three financial years, has not provided the PSC with information regarding the total annual SMS remuneration budget in order to determine the percentage spent on performance rewards.</p>

INDICATOR	EXTENT OF COMPLIANCE
	For the granting of performance rewards for the three financial years, the Department did not provide the necessary documentation in support of the approval for the payment of the performance rewards.

4.4.5.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Insofar as the future management of the PM&D system is concerned, it is recommended that the Department takes the necessary steps to ensure that each member of the SMS has the effective implementation of the agreed PM&D system as one of their priority organizational objectives.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- Performance appraisals should be conducted in respect of each SMS member, and based on that PDPs should be developed and exceptional performance should be rewarded.
- In cases where performance rewards were granted but PAs were not concluded, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.6 LIMPOPO DEPARTMENT OF HEALTH AND SOCIAL DEVELOPMENT

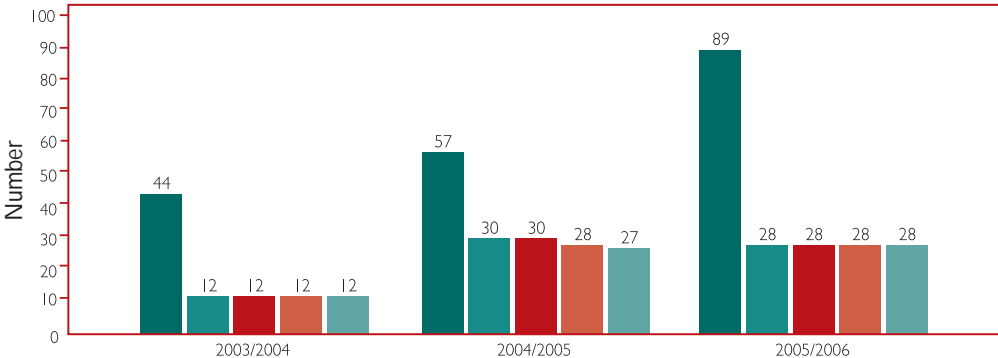
4.4.6.1 BACKGROUND

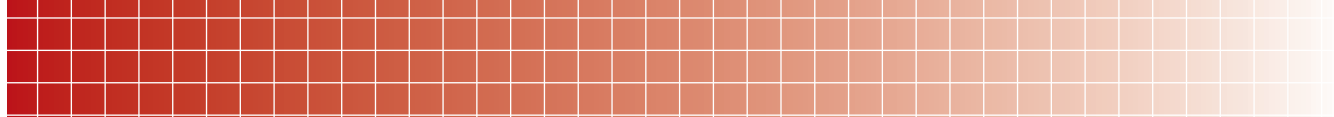
The EA of the Department of Health and Social Development in Limpopo was informed of the investigation on 24 March 2007. The EA was requested to provide the name of a contact person for the Department by 30 March 2007.

The name of the contact person was provided to the PSC on 24 April 2007. The PSC made contact with the Department's contact person regarding the documentation to be provided to the PSC. The PSC received the documentation on 9 May 2007. Further documentation was also received on 18 May 2007 and 9 and 20 July 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

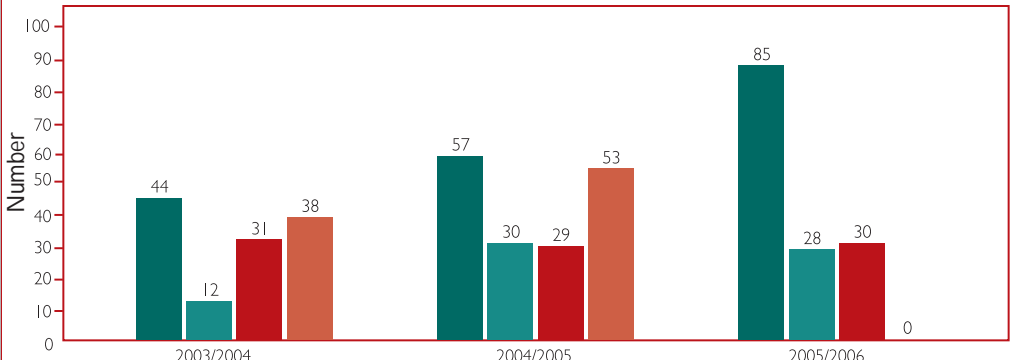
4.4.6.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	Figure 35 below provides a graphic illustration of the management of PAs in the Limpopo Department of Health and Social Development.																								
	<div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div><div><table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>44</td><td>12</td><td>12</td><td>12</td><td>12</td></tr><tr><td>2004/2005</td><td>57</td><td>30</td><td>30</td><td>28</td><td>27</td></tr><tr><td>2005/2006</td><td>89</td><td>28</td><td>28</td><td>28</td><td>28</td></tr></tbody></table></div><div>Figure 35: The Management of Performance Agreements The Limpopo Department of Health & Social Development</div></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	44	12	12	12	12	2004/2005	57	30	30	28	27	2005/2006	89	28	28	28	28
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
	2003/2004	44	12	12	12	12																			
	2004/2005	57	30	30	28	27																			
2005/2006	89	28	28	28	28																				
For the financial year 2003/2004, there were 44 posts on salary levels 13 and higher in the Department and therefore 44 PAs should have been concluded between the SMS members and their respective supervisors. Only 12 PAs out of 44 (27%) were concluded. One (2%) PA was signed before 31 March 2003.																									
For the financial year 2004/2005, there were 57 posts on salary levels 13 and higher in the Department and therefore 57 PAs should have been concluded between the SMS members and their respective supervisors. Only 30 PAs out of 57 (53%) were concluded, only six (11%) of these PAs were signed before 31 March 2004.																									
For the financial year 2005/2006, there were 89 posts on salary levels 13 and higher in the Department and therefore 89 PAs should have been concluded between the SMS members and their respective supervisors. Only 28 PAs out of 89 (31%) were concluded. Only two PAs were signed before 31 March 2005.																									
The HoD's PA was filed with the PSC for the financial years 2003/2004 and 2004/2005. However, in the financial year 2005/2006, the HoD's PA was not filed with the PSC as the HoD had been transferred out of the Department.																									
According to information provided by the Department, the staff complement of SMS members over the three financial years was 44, 57 and 89 respectively. The PSC notes that the information provided by the Department in this regard could be incorrect as it is unlikely that the number of posts in the Department could increase so substantially from 57 in 2004/2005 to 89 in 2005/2006.																									



INDICATOR	EXTENT OF COMPLIANCE
	<p>The process of performance management falls short in many ways in the Department. Over the three financial years, 73%, 47% and 69% of the PAs were not concluded by SMS members. This is a significant number that have not complied with the provisions of the Handbook. By not concluding PAs, the SMS do not commit themselves towards achieving the service delivery objectives of the Department.</p>
Alignment of PAs with core functions of the department	<p>For the financial year 2003/2004, all 12 PAs (100%) concluded had KRAs that corresponded with the KRAs listed in the workplans. Ten (83%) of these PAs had KRAs that corresponded with the KRAs listed in the Strategic Management Plan for the same year.</p> <p>For the financial year 2004/2005, 29 of the 30 (97%) PAs concluded had KRAs that corresponded with the KRAs listed in the workplans. Twenty eight (82%) of these PAs had KRAs that corresponded with the KRAs listed in the Strategic Management Plan for the same year.</p> <p>For the financial year 2005/2006, 27 of the 28 (96%) PAs concluded had KRAs that corresponded with the KRAs listed in the workplans. All 27 (100%) of these PAs had KRAs that corresponded with the KRAs listed in the respective supervisor's PA.</p>
Quality of PAs	<p>For the three years all (100%) PAs concluded had completed workplans attached to them.</p> <p>Determination of CMCs</p> <p>For the financial year 2003/2004, all 12 PAs (100%) had completed CMCs attached to them. For 2004/2005 CMCs were attached to 28 of the 30 (93,3%) PAs concluded and for 2005/2006 all 28 of the PAs (100%) that were concluded had completed CMCs attached.</p> <p>Inclusion of PDPs</p> <p>Completed PDPs were attached to 12 of the concluded PAs (100%) for 2003/2004. For the financial year 2004/2005, 27 of the 30 PAs (90%) concluded had completed PDPs attached and for 2005/2006 all 28 of the concluded PAs (100%) had completed PDPs attached.</p>



INDICATOR	EXTENT OF COMPLIANCE
Measuring levels of performance	Figure 36 below reflects statistics regarding the granting of performance rewards.
	<div><div><div>Number of PAs that should have been concluded</div><div>Number of PAs concluded</div></div><div><div>Number of moderated performance appraisals</div><div>Number of performance rewards granted</div></div></div>
	
	Figure 36: The Granting of Performance Rewards
	The Limpopo Department of Health & Social Development
	<h3>Mid term performance reviews</h3> <p>The Department conducted performance reviews in respect of 12 SMS members for 2003/2004, 15 SMS members for 2004/2005 and 29 SMS members for 2005/2006.</p> <h3>Annual performance appraisals</h3> <p>For all three years moderated performance appraisals in respect of 31, 29 and 30 SMS members were conducted.</p> <h3>Assessment of KRAs and CMCs</h3> <p>In the annual performance appraisal process, the KRAs and CMCs agreed upon in the PAs as aligned to the strategic plan of the department are evaluated. It is therefore important that the assessment of performance especially in relation to the KRAs must be based on the KRAs as agreed to.</p> <p>For all three years the KRAs and CMCs reflected in the workplans corresponded with the KRAs and CMCs in the respective performance appraisals.</p>

INDICATOR	EXTENT OF COMPLIANCE
Rewarding performance	<p>Figure 36 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>For the financial year 2003/2004, 38 of the 44 (84%) SMS members received performance rewards. Twenty six (68%) of these SMS members were granted performance rewards without having concluded PAs with their respective supervisors. The performance appraisal of only 13 (34%) SMS members who were granted performance rewards were undertaken by a moderating committee.</p> <p>For the financial year 2004/2005, 53 of the 57 (93%) SMS members were granted performance rewards, whilst 13 (30%) of these SMS members were granted performance rewards without having concluded PAs with their respective supervisors. The performance appraisal of only 14 (33%) SMS members who were granted performance rewards were undertaken by a moderating committee.</p> <p>For the financial year 2005/2006, the Department has indicated that the process of the awarding of performance rewards had not yet been finalized.</p> <p>The granting of performance rewards in the Department over the three financial years is problematic. In the absence of PAs as well as moderated performance appraisals of the SMS members concerned, the justification for the granting of such rewards becomes questionable.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The amount paid out in respect of performance rewards for the financial year 2003/2004 was R 837 592,89. For the financial year 2004/2005 the total amount spent on the payment of performance rewards was R 1 489 501,81.</p> <p>As indicated earlier, the granting of performance rewards for the financial year 2005/2006 has not yet been finalized.</p> <p>Payment of performance rewards for the financial year 2005/2006 is presently being attended to. Preferably payment should have been made by the end of the financial year 2006/2007. The reward at this late stage, that is, in the financial year 2007/2008, loses its value. It defeats the primary purpose of the PM&D system to identify and reward employees who have been performing above average work. Furthermore, payment for the financial year 2006/2007 in the current financial year causes a strain on the financial resources of the Department as this may diminish the funds available for other priority projects of the Department.</p> <p>The total annual SMS remuneration budget for 2003/2004 was R 61 855 925,88. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 1,35%.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The total annual SMS remuneration budget for 2004/2005 was R 86 644 118,00. The total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 1,72%. The Department has not provided evidence to indicate that the EA's approval to exceed the 1,5% was obtained.</p> <p>For the financial years 2003/2004 and 2004/2005, the granting of performance rewards was approved by the EA.</p>

4.4.6.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Sixty nine percent of PAs were not concluded for the financial year 2005/2006. Insofar as the future management of the PM&D system is concerned, it is recommended that the Department takes the necessary steps to ensure that each member of the SMS has the effective implementation of the agreed PM&D system as one of their priority organizational objectives.
- With regard to the payment of performance rewards for SMS members, wherein the relevant PAs were not concluded, it is recommended that the Department recover the payment from the SMS members concerned as per Section 38 of the PSA, 1994.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.7 MPUMALANGA DEPARTMENT OF HEALTH AND SOCIAL SERVICES

4.4.7.1 BACKGROUND

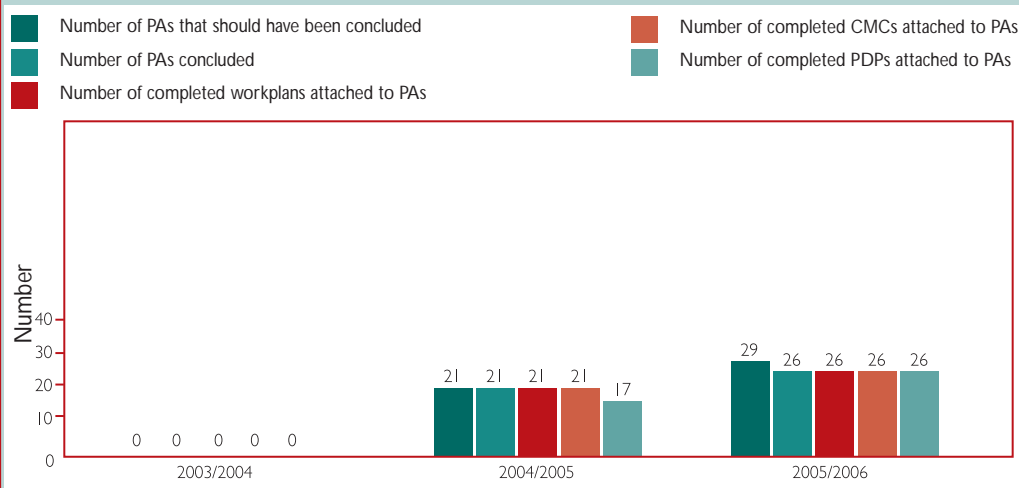
The EA of the Department was informed of the investigation on 24 March 2007. The EA was requested to provide the name of a contact person for the Department by 30 March 2007.

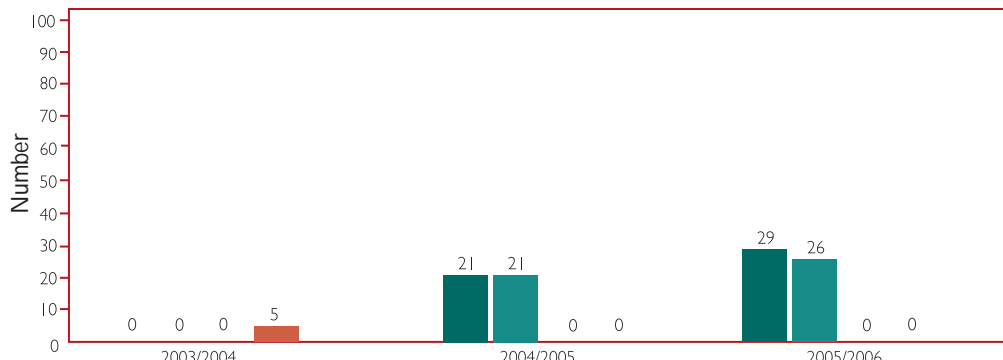
The Department confirmed the name of the contact person on 13 April 2007 and a meeting with the contact person was held on 15 April 2007. At this meeting, a checklist was submitted to the Department indicating the information and documentation required for the investigation. Certain information was made available by the Department on 28 May 2007.

After thorough scrutiny of the information made available by the Department it was found that certain information was still outstanding. Further communication took place between the PSC and the Department in an effort to obtain the outstanding information and documentation. This information was made available to the PSC on 14 and 19 September 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.7.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE
Extent to which PAs have been concluded	<p>Figure 37 below provides a graphic illustration of the management of PAs in the Mpumalanga Department of Health and Social Services.</p>  <p>Figure 37: The Management of Performance Agreements The Mpumalanga Department of Health & Social Services</p> <p>For the 2003/2004 financial year no documentation was made available to the PSC and it is therefore unclear how PAs were managed during that year in the Department. For the 2004/2005 financial year, all PAs (21 out of 21) were concluded. For the 2005/2006 financial year 26 out of 29 PAs (89,7%) was concluded.</p> <p>For the two financial years (2004/2005 and 2005/2006) no PAs were concluded before 31 March of the relevant financial year. For the financial year 2004/2005, however, 14 of the 21 (66,7%) PAs were concluded in April of that year. For the financial year 2005/2006 only eight PAs were concluded in April of that year.</p> <p>An investigation into the State of Performance Management Systems in the Public Service in 2004 found that this Department was in the pilot phase of implementation of its PM&D system. This means that the Department, at that stage, was busy preparing for implementation of its PM&D system. The fact that reviews and appraisals were not conducted as contained in the SMS Handbook, raises concerns about the effectiveness of the Department in the implementation of the PM&D system since then.</p> <p>The HoD's PA was filed with the PSC for all the financial years.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
Alignment of PAs with core functions of the department	With regard to those PAs that were completed, it was found that in general (95,2% of cases), there is a link between the KRAs of PAs at the various levels and also with the objectives as contained in the Department's Strategic Management Plan.																				
Quality of PAs	<p>In the financial years 2004/2005 and 2005/2006, the contents of the PAs in the majority of cases were completed as required in terms of the SMS Handbook. This should also be viewed against the background that for the two financial years only three PAs out of 50 were not concluded.</p> <p>Completion of workplans</p> <p>For the 2004/2005 and 2005/2006 financial years, workplans were attached to all the PAs concluded. The majority of these workplans were also properly completed.</p> <p>Determination of CMCs</p> <p>For the 2004/2005 and 2005/2006 financial years, all 47 PAs that were concluded had CMCs attached to it. The CMCs that were attached were also completed as required in terms of the SMS Handbook.</p> <p>Inclusion of PDPs</p> <p>For 2004/2005 completed PDPs were attached in 17 of the 21 (81%) PAs concluded. For 2005/2006 completed PDPs were attached to all 26 of the PAs concluded.</p>																				
Measuring levels of performance	<p>Figure 38 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div>■ Number of PAs that should have been concluded</div><div>■ Number of PAs concluded</div></div><div><div>■ Number of moderated performance appraisals</div><div>■ Number of performance rewards granted</div></div></div>  <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>0</td><td>0</td><td>0</td><td>5</td></tr><tr><td>2004/2005</td><td>21</td><td>21</td><td>0</td><td>0</td></tr><tr><td>2005/2006</td><td>29</td><td>26</td><td>0</td><td>0</td></tr></tbody></table> <p>Figure 38: The Granting of Performance Rewards The Mpumalanga Department of Health & Social Services</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	0	0	0	5	2004/2005	21	21	0	0	2005/2006	29	26	0	0
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	0	0	0	5																	
2004/2005	21	21	0	0																	
2005/2006	29	26	0	0																	

INDICATOR	EXTENT OF COMPLIANCE
	<p>Mid term performance reviews</p> <p>For the three years, no indication was given by the Department as to whether it had conducted performance reviews.</p> <p>Annual performance appraisals</p> <p>For all three financial years no copies of individual performance appraisals as well as the moderation thereof, was made available to the PSC.</p> <p>Performance appraisal should enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken denies feedback on how the employees are performing and where there is room for improvement. By not conducting performance appraisals, poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Although it would seem that the conclusion of PAs are managed quite effectively in the Department, the same cannot be said for conducting reviews and appraisals. The Department has not provided documentation indicating that performance reviews and appraisals have been conducted. This issue remains a challenge for the Department. Not only is it important for the Department to assess the extent to which individual goals of SMS members were realized through a financial year, but it also provides a platform for personal development programmes and rewarding exceptional performance.</p> <p>Assessment of KRAs and CMCs</p> <p>An assessment could not be made in this regard as no documentation regarding performance appraisals was submitted for all three years.</p>
Rewarding performance	<p>Figure 38 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted as reflected in Figure 38 above:</p> <p>For the financial year 2003/2004, performance rewards were granted to five SMS members. For all five cases, however, the Department was not able to provide copies of the PAs concluded as well as proof that moderated performance appraisals were undertaken. If a PA was not legitimately concluded and a moderated performance appraisal was not undertaken, the basis on which performance rewards were granted and payments made becomes questionable.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial years 2004/2005 and 2005/2006, no performance rewards were granted.</p> <p>According to information obtained by the PSC from PERSAL, however, no performance rewards were granted for all three financial years.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>According to the Department an amount of R 130 966, 92 was paid in respect of performance rewards.</p> <p>The Department for the financial year 2003/2004 has not provided the PSC with information regarding the total annual SMS remuneration budget in order to determine the percentage spent on performance rewards. In the absence of the total annual SMS remuneration budget of the Department, the PSC is not in a position to comment on the payment of performance rewards in relation to the total annual SMS remuneration package.</p> <p>The Department did not provide the necessary documentation in support of the approval for the payment of the five performance rewards for 2003/2004.</p>

4.4.7.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Insofar as the future management of the PM&D system is concerned, it is recommended that the Department takes the necessary steps to ensure that each member of the SMS has the effective implementation of the agreed PM&D system as one of their priority organizational objectives.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- In the case where performance rewards were granted but PAs were not concluded and no approval by the EA has been provided by the Department for the payment of such rewards, the Department must recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- The Department has not provided the PSC with the approval granted by the EA for the payment of performance rewards for the financial year 2003/2004. It is recommended that the Department ensures that such approval was based on the advice of a moderating committee. If the approval of the EA has not been obtained, the Department should regularize the situation by constituting a moderation committee, if necessary, for the purpose of performance appraisal and obtaining the approval of the EA for the payment of the performance rewards. In view of the expenditure involved in the granting of performance rewards, the unavailability of the approval of the EA for the granting of the rewards for 2003/2004 could be a potential audit query.

- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.8 NORTHERN CAPE DEPARTMENT OF SOCIAL DEVELOPMENT

4.4.8.1 BACKGROUND

The EA of the Department of Social Development in the Northern Cape was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person by means of a letter to the PSC on 3 April 2007. The PSC made contact with the Department's contact person regarding the documentation to be provided to the PSC. The PSC received the requested documentation on 8 May 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.8.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	Figure 39 below provides a graphic illustration of the management of PAs in the Northern Cape Department of Social Development.																								
	<div><div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div></div><table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>4</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>2004/2005</td><td>4</td><td>3</td><td>3</td><td>3</td><td>1</td></tr><tr><td>2005/2006</td><td>3</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></tbody></table></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	4	0	0	0	0	2004/2005	4	3	3	3	1	2005/2006	3	0	0	0	0
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
2003/2004	4	0	0	0	0																				
2004/2005	4	3	3	3	1																				
2005/2006	3	0	0	0	0																				
	<p>Figure 39: The Management of Performance Agreements The Northern Cape Department of Social Development</p> <p>For the financial year 2003/2004, there were four posts on salary levels 13 and higher in the Department. PAs should have been concluded between the respective incumbents and supervisors for all four posts to ensure 100% compliance. However, no PAs were submitted to the PSC and in the absence thereof, the PSC assumes that none were concluded.</p>																								

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2004/2005 there were four posts on salary levels 13 and higher in the Department. For three out of four (75%) posts, PAs were concluded between the respective incumbents and supervisors. One PA was signed by the employee as early as 4 January 2004 and by the supervisor on 1 April 2004. The other two PAs were signed by the supervisors in May 2005 and August 2005. The fourth post is that of an employee who was transferred out of the Department during the year together with the post. The Department has indicated that all the documentation pertaining to the employee had been forwarded to the receiving institution and is therefore not available.</p> <p>For the financial year 2005/2006 there were three posts on salary levels 13 and higher in the Department. PAs should have been concluded between the respective incumbents and supervisors for all three posts to ensure 100% compliance. However, no PAs were submitted to the PSC and in the absence thereof, the PSC assumes that none were concluded.</p> <p>In its investigation into the State of Performance Management Systems in the Public Service in 2004, the PSC found that this Department was in the development phase of implementation of the PM&D system. This means that the Department, at that stage, still had to pilot the implementation of the system before being in a position to finally implement it. Taking into account the findings of the current audit, it is clear that the Department experienced implementation problems which have not been addressed sufficiently.</p> <p>The HoD's PA was filed with the PSC for 2004/2005.</p>
Alignment of PAs with core functions of the department	<p>For the financial years 2003/2004 and 2005/2006 no PAs were submitted to the PSC. In the absence of the PAs, the extent to which the content of such PAs corresponds with the Department's Strategic Management Plan for the relevant periods could not be determined.</p> <p>For the financial year 2004/2005 the PAs generally were aligned to the Department's Strategic Management Plan.</p>
Quality of PAs	<p>The PAs that were submitted for the financial year 2004/2005 were generally in the correct format and contained the minimum requirements as outlined in paragraph 10.1 of Chapter 4 of the SMS Handbook.</p> <p>Completion of workplans</p> <p>In the absence of the submission of any of the workplans by the Department for the financial years 2003/2004 and 2005/2006, the PSC could not determine whether the KRAs listed in the PAs did correspond with the KRAs listed in the workplans.</p> <p>For the financial year 2004/2005 all three PAs that were concluded had workplans attached. However, one was incomplete as the resource requirements and enabling conditions were not indicated.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Determination of CMCs</p> <p>Two CMCs were attached to the PAs for the financial year 2004/2005 and both were complete in all respects.</p> <p>Inclusion of PDPs</p> <p>Only one PA submitted for the financial year 2004/2005 had the PDP attached to it.</p> <p>The absence of PDPs do not provide an opportunity for both the Department and the employees to determine the developmental needs of the employees. The very subject of public administration requires that continuous learning takes place to be able to respond to the demands placed on it.</p>																				
Measuring levels of performance	<p>Figure 40 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div></div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div><table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>4</td><td>0</td><td>0</td><td>4</td></tr><tr><td>2004/2005</td><td>4</td><td>3</td><td>2</td><td>0</td></tr><tr><td>2005/2006</td><td>3</td><td>0</td><td>1</td><td>1</td></tr></tbody></table><p>Figure 40: The Granting of Performance Rewards The Northern Cape Department of Social Development</p><p>Mid term performance reviews</p><p>For all three financial years the Department has not submitted evidence that performance reviews have been conducted in respect of its SMS members. The PSC must therefore conclude that these reviews were not undertaken.</p><p>The issue of performance reviews remains a challenge for the Department. The Department should grasp the opportunity of effectively utilizing the process to provide feedback to the employees on their performance and identify areas for improvement.</p></div>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	4	0	0	4	2004/2005	4	3	2	0	2005/2006	3	0	1	1
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	4	0	0	4																	
2004/2005	4	3	2	0																	
2005/2006	3	0	1	1																	

INDICATOR	EXTENT OF COMPLIANCE
	<p>Annual performance appraisals</p> <p>The Department has submitted no documentation to the PSC regarding the performance appraisals that may have been undertaken at the end of the PM&D cycle in the financial year 2003/2004. The PSC therefore concludes that these performance appraisals did not take place.</p> <p>For the financial year 2004/2005 performance appraisals were undertaken in respect of the two employees who compiled their PAs. For 2005/2006 the moderated performance appraisal of one employee was submitted to the PSC.</p> <p>Performance appraisal should enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken denies feedback on how the employees are performing and where there is room for improvement. By not conducting performance appraisals poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Assessment of KRAs and CMCs</p> <p>In the annual performance appraisal process, the KRAs and CMCs agreed upon in the PAs as aligned to the strategic plan of the department are evaluated. It is therefore important that the assessment of performance especially in relation to the KRAs must be based on the KRAs as agreed to.</p> <p>In the absence of PAs for 2003/2004 and 2005/2006 an assessment could not be made on the KRAs and CMCs as contained in the PAs and performance appraisals.</p> <p>Insofar as the financial year 2004/2005 is concerned, the KRAs and CMCs in the PAs corresponded with those listed in the respective performance appraisals.</p>
Rewarding performance	<p>Figure 40 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>According to the Department, the following performance rewards were granted:</p> <ul style="list-style-type: none"> For the financial year 2003/2004, four employees on post level 13 were granted performance rewards. However, the Department has furnished no documentation to the PSC regarding the PAs that should have been concluded as well as the performance appraisals undertaken for 2003/2004. In the absence of the documentation, the possibility exists that the awards were granted for 2003/2004 without PAs having been concluded and appraisals being undertaken.

INDICATOR	EXTENT OF COMPLIANCE
	<ul style="list-style-type: none"> No performance rewards were granted for the financial year 2004/2005. For the financial year 2005/2006 one employee on post level 13 was granted a performance reward whilst no PAs were concluded. Also, the performance appraisal of the employee that was forwarded to the PSC was not in respect of that of the employee to whom the performance reward was granted. <p>Cost implications and percentage of SMS budget spent</p> <p>According to the Department, an amount of R 93 706,17 was paid for performance rewards for 2003/2004 and an amount of R 37 882,43 was paid for 2005/2006.</p> <p>The Department has not provided the PSC with the total annual SMS remuneration budget for the financial years 2003/2004 and 2005/2006. The percentage of the total SMS remuneration budget spent on the granting of performance rewards for both financial years cannot therefore be determined.</p> <p>The Department complied with this prescript in that the performance rewards granted to SMS members were approved by the EA.</p>

4.4.8.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- Insofar as the future management of the PM&D system is concerned, it is recommended that the Department takes the necessary steps to ensure that each member of the SMS has the effective implementation of the agreed PM&D system as one of their priority organizational objectives.
- With regard to the payment of four performance rewards for the financial year 2003/2004 and the one for 2005/2006, the relevant PAs were not available. It is recommended that the Department recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- The HoD must ensure for purposes of consistency that his PA is filed with the PSC for each financial year timeously as required in terms of the Cabinet decision. The culture of performance management should begin with the HoD.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.

- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

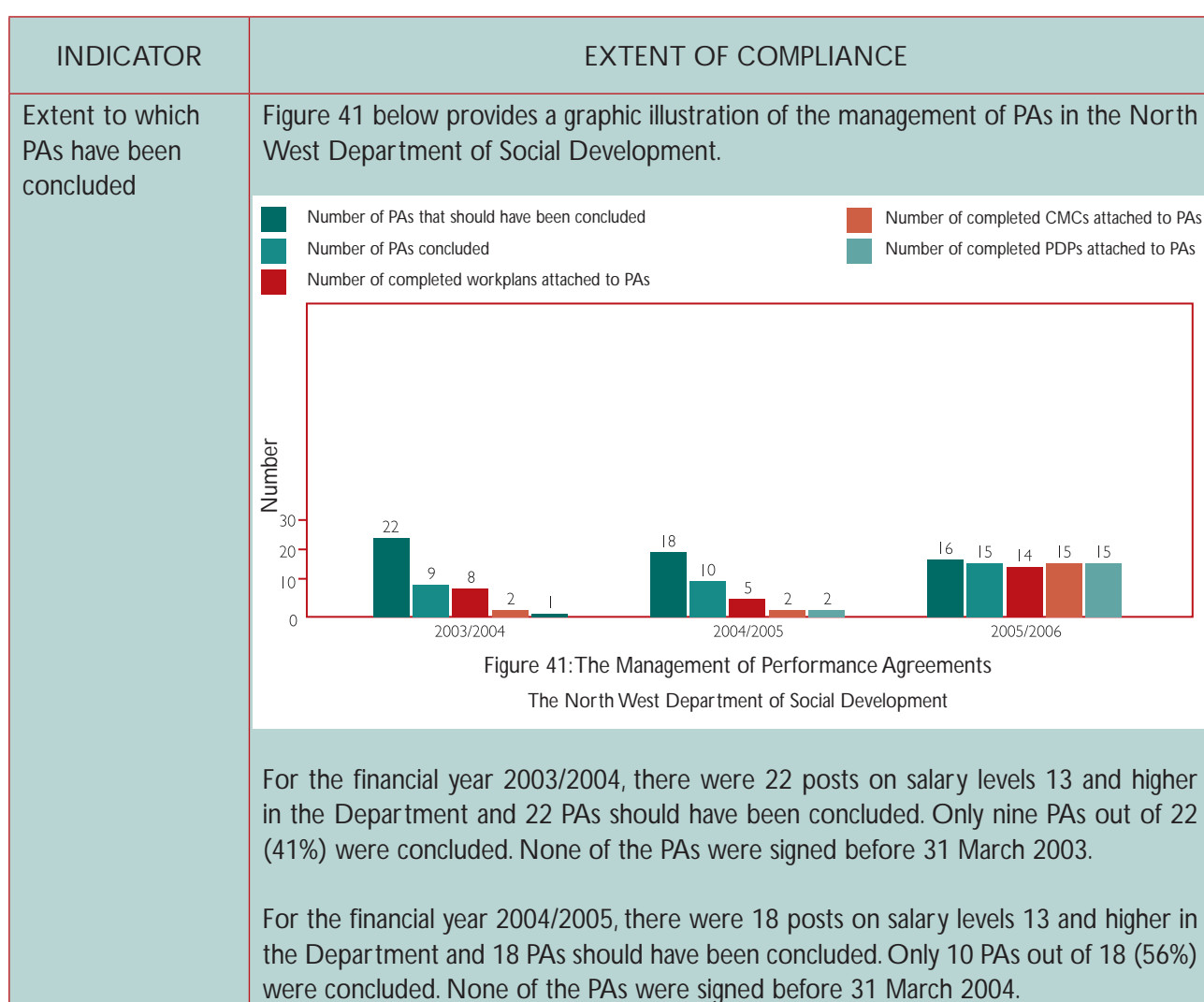
4.4.9 NORTH WEST DEPARTMENT OF SOCIAL DEVELOPMENT

4.4.9.1 BACKGROUND

The EA of the Department of Social Development in the North West Province was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person by means of a letter to the PSC on 10 May 2007. The PSC made contact with the Department's contact person regarding the documentation to be provided to the PSC. The PSC received the requested documentation on 1 June 2007. Further documentation was also received at a later date.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.9.2 STATUS OF PERFORMANCE MANAGEMENT



INDICATOR	EXTENT OF COMPLIANCE
	<p>For the financial year 2005/2006, there were 16 posts on salary levels 13 and higher in the Department and 16 PAs should have been concluded. Fifteen of these 16 (94%) PAs were concluded. Only one of the 16 (6%) PAs were signed before 31 March 2005.</p> <p>The PAs of the HoD were filed with the PSC for all three financial years.</p> <p>An investigation into the State of Performance Management Systems in the Public Service in 2004 found that this Department was at that stage already in the implementation phase of the PM&D system. This means that the PM&D system should by now be fully implemented. The relatively small number of PAs and other documentation outstanding for the financial year 2005/2006 does support this notion.</p> <p>For the three financial years, 59%, 44% and 6% of the PAs were not concluded by SMS members. This is significant in that by not concluding PAs, these SMS members have failed to commit themselves towards achieving the service delivery objectives of the Department and have also failed to comply with the provisions of the SMS Handbook. It is encouraging to note, however, that the number of PAs not being concluded is on the decrease.</p>
Alignment of PAs with core functions of the department	<p>For the financial year 2003/2004, two of the nine (23%) PAs concluded had KRAs that corresponded with the KRAs listed in the workplans. None of the PAs had KRAs that corresponded with the KRAs listed in the respective supervisor's PA. None had KRAs that corresponded with the KRAs listed in the Strategic Management Plan for the same year.</p> <p>For the financial year 2004/2005, two of the 10 (20%) PAs concluded had KRAs that corresponded with the KRAs listed in the workplans. None of the PAs had KRAs that corresponded with the KRAs listed in the respective supervisor's PA. None had KRAs that corresponded with the KRAs listed in the Strategic Management Plan for the same year.</p> <p>For the financial year 2005/2006, 15 of the 15 (100%) PAs concluded had KRAs that corresponded with the KRAs listed in the workplans. Fourteen (93%) of these PAs had KRAs that corresponded with the KRAs listed in the respective supervisor's PA. Fourteen (93%) had KRAs that corresponded with the KRAs listed in the Strategic Management Plan for the same year.</p>
Quality of PAs	<p>Completion of workplans</p> <p>For the 2003/2004 financial year, all nine PAs concluded were complete, of which eight (88,9%) had workplans attached to them. Four (50%) of the workplans were complete.</p> <p>For 2004/2005, nine of the 10 (90%) PAs concluded were complete, of which five (50%) had workplans attached to them. Four (80%) of the workplans were complete. For 2005/2006, all 15 of the PAs concluded were complete and 14 (93,3%) had workplans attached to them. All 14 (100%) of the workplans were complete.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>Determination of CMCs</p> <p>For the 2003/2004 financial year, only two of the nine (22,2%) PAs concluded had CMCs attached to them, of which none were complete.</p> <p>For 2004/2005, only two of the 10 (20%) PAs concluded had CMCs attached to them, of which only one (50%) was complete. For 2005/2006, all 15 PAs concluded had CMCs attached to them, of which 14 (93,3%) were complete.</p> <p>Inclusion of PDPs</p> <p>For the 2003/2004 financial year, only one of the nine (11,1%) PAs concluded had a completed PDP attached. For 2004/2005, only two of the 10 (20%) PAs concluded had completed PDPs attached. For 2005/2006, all 15 (100%) PAs concluded had PDPs attached. Only three (20%) of the attached PDPs were completed.</p>																				
Measuring levels of performance	<p>Figure 42 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div>■ Number of PAs that should have been concluded</div><div>■ Number of PAs concluded</div></div><div><div>■ Number of moderated performance appraisals</div><div>■ Number of performance rewards granted</div></div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr></thead><tbody><tr><td>2003/2004</td><td>22</td><td>9</td><td>0</td><td>17</td></tr><tr><td>2004/2005</td><td>18</td><td>10</td><td>1</td><td>10</td></tr><tr><td>2005/2006</td><td>16</td><td>15</td><td>1</td><td>0</td></tr></tbody></table> <p>Figure 42: The Granting of Performance Rewards The North West Department of Social Development</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	22	9	0	17	2004/2005	18	10	1	10	2005/2006	16	15	1	0
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	22	9	0	17																	
2004/2005	18	10	1	10																	
2005/2006	16	15	1	0																	
	<p>Mid term performance reviews</p> <p>For the financial year 2004/2005 one mid year performance review was conducted in respect of its SMS members.</p> <p>Annual performance appraisals</p> <p>For all three financial years the Department failed to provide evidence that performance appraisals were moderated by a moderating committee except in the case of the HoD for 2004/2005 and 2005/2006. In the absence of the afore-mentioned evidence, the PSC concludes that no performance appraisals were moderated for the three financial years.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>Performance appraisals should enable the Department to make important decisions in a range of areas, and not only for the payment of performance rewards. The fact that performance appraisals are not undertaken denies feedback on how the employees are performing and where there is room for improvement. By not conducting performance appraisals, poor performers are not immediately identified for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Assessment of KRAs and CMCs</p> <p>In the absence of documentation regarding performance appraisals, no assessment could be made regarding the extent to which the KRAs and CMCs in the workplans were assessed in accordance with the achievement of the specified standards selected.</p>
Rewarding performance	<p>Figure 42 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>For the financial year 2003/2004, 17 of 22 (77%) SMS members received performance rewards, whilst nine (52,9%) SMS members were granted performance rewards without having concluded a PA with their respective supervisors. All 17 (100%) of these performance rewards were not determined by a moderating committee.</p> <p>For the financial year 2004/2005, 10 of the 18 (55,5%) SMS members were granted performance rewards, whilst three (30%) received a performance reward without having concluded PAs with their respective supervisors. All 10 (100%) of these performance rewards were not determined by a moderating committee.</p> <p>For the financial year 2005/2006, none of the 15 SMS members were granted performance rewards.</p> <p>According to PERSAL, however, no performance rewards were paid out to SMS members for the three financial years.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>According to the Department, the total amount paid out to SMS members in respect of performance rewards for the financial year 2003/2004 was R 224 868,00 and for the financial year 2004/2005 R 70 390,00. For the financial year 2005/2006, no performance rewards were granted to SMS members.</p> <p>The total annual SMS remuneration budget for the financial year 2003/2004 was R12 220 000,00. Therefore the total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 1.8%.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>The total annual SMS remuneration budget for the financial year 2004/2005 was R9 966 000,00. Therefore the total amount spent on the payment of performance rewards as a percentage of the total annual SMS remuneration budget was 0,71%.</p> <p>For the financial year 2005/2006, no performance rewards were granted to SMS members.</p> <p>The Department was unable to furnish the PSC with evidence indicating that the EA had granted approval for exceeding the 1,5% of the total annual SMS remuneration budget for the financial year 2003/2004.</p> <p>For the financial years, 2003/2004 and 2004/2005, the performance rewards paid out to the SMS members were approved by the HoD. However, decisions on the granting of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee. The decision to devolve this authority from the EA to the HoD for the financial years 2003/2004 and 2004/2005, is therefore incorrect.</p> <p>For the financial year 2005/2006, no performance rewards were granted to SMS members.</p>

4.4.9.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- With regard to the payment of performance rewards for SMS members, wherein the relevant PAs were not concluded, it is recommended that the Department recover the payment from the SMS members concerned as per Section 38 of the PSA, 1994.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- With regard to the payment of the performance rewards for the financial years 2003/2004 and 2004/2005, it is recommended that the Department ensures that such approval be based on the advice of a moderating committee. As the approval of the EA has not been obtained and no performance appraisals were undertaken, the Department should regularize the situation by constituting a moderation committee for the purpose of performance appraisal and obtain the approval of the EA for the payment of performance rewards for the two financial years. The outcome of the moderating committee could result in certain managers not receiving bonuses in which case funds have to be repaid.
- The Department must review the authority of the HoD to approve the granting of performance rewards as such decision resides with the EA in terms of paragraph 15.1.(3) of Chapter 4 of the SMS Handbook.

- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

4.4.10 WESTERN CAPE DEPARTMENT OF SOCIAL DEVELOPMENT

4.4.10.1 BACKGROUND

The EA of the Department of Social Development in the Western Cape was informed of the audit in writing on 24 March 2007 and was requested to provide the name of a contact person for the Department by 30 March 2007. The EA provided the name of the contact person by means of a letter to the PSC on 2 May 2007. The PSC made contact with the Department's contact person regarding the documentation to be provided to the PSC. The PSC received the requested documentation on 9 May 2007. Further documentation was requested from the Department on 18 May 2007. The PSC had made follow-ups with the contact person of the Department on 23 May 2007 and 4 June 2007. The documents were received from the Department on 22 June 2007.

The status of performance management in the Department was assessed based on the indicators as outlined in Chapter 4.2.

4.4.10.2 STATUS OF PERFORMANCE MANAGEMENT

INDICATOR	EXTENT OF COMPLIANCE																								
Extent to which PAs have been concluded	<p>Figure 43 below provides a graphic illustration of the management of PAs in the Western Cape Department of Social Development.</p> <div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div><div><div></div><div>Number of completed workplans attached to PAs</div></div><div><div></div><div>Number of completed CMCs attached to PAs</div></div><div><div></div><div>Number of completed PDPs attached to PAs</div></div></div> <table><thead><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of completed workplans attached to PAs</th><th>Number of completed CMCs attached to PAs</th><th>Number of completed PDPs attached to PAs</th></tr></thead><tbody><tr><td>2003/2004</td><td>12</td><td>7</td><td>5</td><td>1</td><td>4</td></tr><tr><td>2004/2005</td><td>12</td><td>9</td><td>5</td><td>1</td><td>3</td></tr><tr><td>2005/2006</td><td>12</td><td>10</td><td>8</td><td>1</td><td>3</td></tr></tbody></table> <p>Figure 43: The Management of Performance Agreements The Western Cape Department of Social Development</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs	2003/2004	12	7	5	1	4	2004/2005	12	9	5	1	3	2005/2006	12	10	8	1	3
	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of completed workplans attached to PAs	Number of completed CMCs attached to PAs	Number of completed PDPs attached to PAs																			
	2003/2004	12	7	5	1	4																			
2004/2005	12	9	5	1	3																				
2005/2006	12	10	8	1	3																				
<p>For the financial year 2003/2004 there were 12 posts on salary levels 13 and higher in the Department. For seven out of 12 (58,3%) posts, PAs were concluded between the respective incumbents and supervisors. One employee was transferred to the Office of the Premier with effect from 1 June 2006 and the records in respect of the employee were not available.</p>																									

INDICATOR	EXTENT OF COMPLIANCE
	<p>According to the Department, two employees were appointed from outside the public service on 1 October 2003 and 1 November 2003. The Department agreed that both will undergo a six month training programme to acquaint themselves with the strategic goals of the Department and that they be not subjected to a PA until the following financial year. Of the seven PAs concluded, none were signed before 31 March of the financial year.</p> <p>For the financial year 2004/2005 nine out of 12 (75%) PAs were concluded. One employee was transferred to the Office of the Premier with effect from 1 June 2006 and the records in respect of the employee were not available. No PAs were signed before 31 March of the financial year. One PA was concluded in July 2005, that is, after the financial year.</p> <p>For the financial year 2005/2006 10 out of 12 (83,3%) PAs were concluded. One employee was transferred to the Office of the Premier with effect from 1 June 2006 and the records in respect of the employee were not available. No PAs were signed before 31 March of the financial year. Six PAs were concluded in June 2005, three in July 2005 and one as late as March 2006.</p> <p>In its investigation into the State of Performance Management Systems in the Public Service in 2004, this Department unfortunately did not return a completed questionnaire on the implementation of its PM&D system. It was therefore not possible to determine the Department's phase of implementation at that stage.</p> <p>The HoD's PA was filed with the PSC for all three financial years.</p>
Alignment of PAs with core functions of the department	For all the financial years the content of the PAs were aligned to the Department's Strategic Management Plan.
Quality of PAs	<p>Completion of workplans</p> <p>For the financial year 2003/2004 five of the seven PAs had work plans attached. In two further cases the work plans were incorporated into the PA and were not attached to the PA as an annexure. A total of seven PAs were complete in all respects in that the KRAs listed in the PAs did correspond with the KRAs listed in the workplans.</p> <p>For the financial year 2004/2005 five of the nine PAs had work plans attached. In one further case, the workplan was incorporated into the PA and was not attached to the PA as an annexure. Six workplans were therefore properly completed.</p> <p>For the financial year 2005/2006 eight of the 10 PAs had work plans attached. In one further case, the workplan was incorporated into the PA and was not attached to the PA as an annexure. This work plan was complete in all respects. Six workplans were properly completed.</p>

INDICATOR	EXTENT OF COMPLIANCE																				
	<p>The workplans that were incomplete lacked information such as resource requirements, and standards such as time frames and quantities were omitted.</p> <p>Determination of CMCs</p> <p>For 2003/2004 six of the seven (85,7%) PAs did not have the CMCs attached and for 2004/2005 eight of the nine (88,8%) PAs did not have the CMCs attached. For the financial year 2005/2006 nine of the 10 PAs (90%) did not have the CMCs attached to the workplans.</p> <p>It is evident from the above that an extremely high percentage of CMCs were not attached to the PAs. This could bring into question the good management practices that managers should adhere to and abide by, especially as these CMCs are assessed in the performance review and appraisal process of employees. This becomes even more critical as the CMCs have to be assessed considering the specific competencies required for a post.</p> <p>Inclusion of PDPs</p> <p>For 2003/2004, three of the seven (42,9%) PAs did not have PDPs attached and for 2004/2005 six of the nine (66,7%) PAs did not have PDPs attached. For 2005/2006, seven of the 10 (70%) PAs did not have PDPs attached.</p>																				
Measuring levels of performance	<p>Figure 44 below reflects statistics regarding the granting of performance rewards.</p> <div><div><div><div></div><div>Number of PAs that should have been concluded</div></div><div><div></div><div>Number of PAs concluded</div></div></div><div><div></div><div>Number of moderated performance appraisals</div></div><div><div></div><div>Number of performance rewards granted</div></div></div> <table><tr><th>Financial Year</th><th>Number of PAs that should have been concluded</th><th>Number of PAs concluded</th><th>Number of moderated performance appraisals</th><th>Number of performance rewards granted</th></tr><tr><td>2003/2004</td><td>12</td><td>7</td><td>0</td><td>6</td></tr><tr><td>2004/2005</td><td>12</td><td>9</td><td>0</td><td>8</td></tr><tr><td>2005/2006</td><td>12</td><td>10</td><td>0</td><td>10</td></tr></table> <p>Figure 44: The Granting of Performance Rewards The Western Cape Department of Social Development</p>	Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted	2003/2004	12	7	0	6	2004/2005	12	9	0	8	2005/2006	12	10	0	10
Financial Year	Number of PAs that should have been concluded	Number of PAs concluded	Number of moderated performance appraisals	Number of performance rewards granted																	
2003/2004	12	7	0	6																	
2004/2005	12	9	0	8																	
2005/2006	12	10	0	10																	
	<p>Mid term performance reviews</p> <p>One mid term review was conducted in the financial year 2003/2004, one in 2004/2005 and none in 2005/2006. The Department has indicated that performance reviews had been done verbally on a continuous basis by supervisors individually and no reviews had been documented.</p>																				

INDICATOR	EXTENT OF COMPLIANCE
	<p>This is not in compliance with the SMS Handbook which indicates that formal performance reviews should take place annually. The absence or lack of documentation does not make the process formal.</p> <p>Even the conducting of one mid term review is unacceptable when seen against the rationale that performance appraisal should enable the Department to make important decisions in a range of areas, and not only for the granting of performance rewards. The fact that performance reviews are not undertaken or minimal is being undertaken denies feedback on how the employees are performing and where there is room for improvement. The conducting of performance reviews is also utilized to immediately identify the poor performers for purposes of implementing remedial measures or taking action on grounds of incapacity. Poor performers impact on service delivery.</p> <p>Annual performance appraisals</p> <p>The Department has indicated that the moderation committee functions as follows:</p> <ul style="list-style-type: none"> • The HoD is responsible for the assessment of the Chief Directors' performance. • The HoD and Chief Directors are responsible for the Directors' performance. • The HoD consults with the MEC regarding all the nominations for performance rewards. <p>The Department was unable to provide the dates of meetings and minutes containing decisions of the meetings. In terms of the process each supervisor presents the performance reports to the HoD. An individual assessment is then made on the basis of the KRAs and CMCs as set out and agreed upon in the PA.</p> <p>Assessment of KRAs and CMCs</p> <p>In the absence of a formal moderation process of performance appraisals, no assessment could be made regarding the extent to which the KRAs and CMCs in the workplans were assessed in accordance with the achievement of the specified standards selected.</p>
Rewarding performance	<p>Figure 44 above reflects the number of performance rewards granted in the Department.</p> <p>Rewards granted</p> <p>For the period 2003/2004, six employees on post levels 13 and higher were granted performance rewards. In one case a PA was not concluded.</p>

INDICATOR	EXTENT OF COMPLIANCE
	<p>For the period 2004/2005, eight employees on post levels 13 and higher were granted performance rewards. In three (37,5%) cases PAs were not concluded. In two cases the SMS member's PAs could not be located by the Department and was not submitted to the PSC and in one case the PA was not signed by both the employee and supervisor. In the absence of the documentation, the possibility exists that the awards were granted for 2004/2005 without the appraisals being undertaken.</p> <p>For the period 2005/2006, 10 employees on post levels 13 and higher were granted performance rewards. In one case a PA was not concluded. Also as indicated earlier the Department has furnished no documentation to the PSC regarding the performance appraisals undertaken, including the period 2005/2006. In the absence of the documentation, the possibility exists that the awards were granted for 2005/2006 without the appraisals being undertaken.</p> <p>In the absence of documentation regarding performance appraisals for all three financial years, the possibility exists that performance rewards were granted for the three years without appraisals being undertaken. A performance reward was also granted to a SMS member whose PA was not signed by both the employee and supervisor.</p> <p>Cost implications and percentage of SMS budget spent</p> <p>The amount paid out in respect of performance rewards for the financial year 2003/2004 was R 89 441,55. For 2004/2005 an amount of R 84 173,08 was paid and for 2005/2006 an amount of R 124 285,70 was paid.</p> <p>The total SMS remuneration budget for the year 2003/2004 was R 6 266 667,00. The percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration package is 1,43% which is lower than the prescribed 1,5%.</p> <p>The total SMS remuneration budget for the year 2004/2005 was R 6 666 667,00. The percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration package is 1,33% which is lower than the prescribed 1,5%.</p> <p>For 2005/2006 the total SMS remuneration budget for the year was R 6 933 333,00. The percentage spent on the payment of performance rewards in relation to the total annual SMS remuneration package is 2,17%. Under these circumstances the Department would have had to obtain the authority of the EA for the payment to exceed the prescribed 1,5%. The Department did not provide the PSC with the EA's authorization in this regard.</p> <p>The Department, for the financial year 2003/2004, complied with this prescript in that the performance rewards granted to SMS members were approved by the EA.</p>

INDICATOR	EXTENT OF COMPLIANCE
	The granting of performance rewards for the financial years 2004/2005 and 2005/2006 was approved by the HoD. However, decisions on the granting of performance rewards shall be taken by the EA personally, who shall act on the advice of a moderating committee. The decision to devolve this authority from the EA to the HoD for the financial years 2004/2005 and 2005/2006 is therefore incorrect.

4.4.10.3 RECOMMENDATIONS

The Department is requested to implement the recommendations made here in conjunction with the Global Overview and Conclusions and General recommendations contained in Chapters 3 and 5 of this report.

The following recommendations are made with regard to the management of performance in this Department:

- With regard to the granting of one performance reward for 2003/2004, three performance rewards for 2004/2005 and one for 2005/2006, where PAs were not concluded, it is recommended that the Department recover the payment from the staff members concerned in terms of Section 38 of the PSA, 1994.
- Performance reviews of all SMS members should be conducted during the middle of the PM&D cycle as required in the SMS Handbook.
- Moderating committee meetings are not structured in the Department. No minute taking is being done for record purposes. Although the members may be signing the assessment documents it is advisable that a formal record of the decisions be made in the form of minutes. These minutes could be crucial in the event that grievances arise and must be safely kept for record purposes.
- The Department must review the authority of the HoD to approve the granting of performance rewards as such decision resides with the EA in terms of paragraph 15.1.(3) of Chapter 4 of the SMS Handbook.
- In the case where no PAs have been concluded by the SMS members, the matter must be investigated by the Department and disciplinary action taken against the managers and supervisors for transgressing the provisions of the PSR.
- In instances where the non-submission of PAs is due to the poor record keeping by the human resource component, disciplinary action must be considered against those responsible.

Chapter Five

CONCLUSIONS AND GENERIC RECOMMENDATIONS

5. CONCLUSIONS AND GENERIC RECOMMENDATIONS

5.1 INTRODUCTION

This Chapter contains a summary of the conclusions drawn in this report and generic recommendations linked to these conclusions. As specific recommendations have already been provided for each Department in Chapter 4, the recommendations in this Chapter are of a more generic and transversal nature in respect of performance management in general.

5.2 CONCLUSIONS

The following represent the key findings of this audit in the Departments of Education and Social Development at both national level and in all the provinces as far as the management of performance rewards is concerned over the financial years 2003/2004, 2004/2005 and 2005/2006:

5.2.1 Performance agreements are not concluded by the majority of managers

The majority of SMS members in both the Departments of Education and Social Development have been performing their duties without having concluded PAs. A total of 54,6% (917 out of 1679) SMS members, therefore, have been performing their duties without committing themselves to achieving the objectives of their components and departments. The conclusion of PAs is considered to be of paramount importance as the contents thereof are intrinsically linked and geared towards achieving the service delivery objectives as contained in the strategic management plans of departments.

The absence of PAs raises a question on which criteria employees are appraised against in terms of their work performance. From a compliance point of view the compilation of PAs is a regulatory requirement in terms of Chapter 4 of the SMS Handbook and Chapter 1, Part VIII of the PSR and failure to conclude a PA is in breach of such regulations.

5.2.2 Delays in concluding performance agreements

There appears to be no regard for the due date by which PAs should be concluded. In terms of paragraph 8.1 of Chapter 4 of the SMS Handbook, all SMS members (managers and professionals) shall enter into PAs by not later than 31 March annually. Only 38 out of the 762 PAs (5%) in both the Departments of Education and Social Development were concluded before 31 March of the three financial years audited as required in terms of the SMS Handbook.

Many of the PAs were concluded well into the financial year and even beyond the particular financial year. The late conclusion of PAs results in managers not being guided towards achieving the objectives of their components and ultimately the department for long periods in a financial year. Up until the conclusion of PAs there may be minimal accountability and responsibility on the part of the managers. It would seem that PAs are being concluded purely for compliance rather than as a strategic management tool for improving job performance and supporting skills development.

The late conclusion of PAs is also a transgression of the regulatory requirements.

5.2.3 The quality of performance agreements is generally acceptable

The quality of the relatively few PAs that were concluded was generally acceptable. The KRAs were generally aligned to the core objectives of the departments. Workplans, CMCs and PDPs were attached as annexures to

the majority of the PAs that were concluded. In the cases where these were attached, the annexures were in most instances completed in every respect. Cognisance, however, must be taken of the fact that 55% of the PAs were not concluded which could alter the perception of the quality of the PAs. Deficiencies were also identified in that the KRAs in certain of the PAs were not aligned to the Strategic Management Plans of the Departments and CMCs and PDPs did not exist or were inadequately completed.

5.2.4 Performance reviews and appraisals are not held

Performance reviews and appraisals were seriously lacking. No mid term performance reviews were conducted in the majority of departments for all three financial years. This appears to be a major challenge for all the departments. It also indicates that performance management is not actually driven. The purpose of a PA is to facilitate monitoring of performance and without the reviews being held no monitoring is taking place.

Performance appraisals in certain departments were not undertaken at all but performance rewards were granted. This is also contrary to the SMS Handbook which provides for the EA to approve the granting of performance rewards on the advice of a moderating committee. On average 77% of performance appraisals were not undertaken over the three years. Again managers are denied feedback on their performance and departments cannot identify poor performers and deal with their deficiencies.

5.2.5 Performance rewards are not granted following due process

Performance rewards were in some instances granted by Departments without undertaking performance appraisals. These payments were thus not made on merit. Furthermore, rewards were granted in some instances without the existence of PAs. The basis on which the performance appraisals were undertaken in the absence of PAs becomes questionable. The moderating committee is expected to assess the KRAs and CMCs that ought to have been reflected in the PAs, against agreed performance indicators. In certain departments approval for the granting of performance rewards was made by the HoD. Such approval is contrary to paragraph 15.1(3) of Chapter 4 of the SMS Handbook which provides that the final decision on the granting of performance rewards must be taken by the EA personally, who shall act on the advice of a moderating committee. Certain departments could not provide evidence of the approval by the EA for the granting of performance rewards.

5.2.6 Crucial role players in the performance management process are not performing as they should

There are a number of role-players who have specific responsibilities with regard to the facilitation and management of the PM&D system to ensure that its objectives are realized to the maximum. It starts with the EA and the HoD who should be supported by a moderation committee and the human resource (HR) components of departments. Some HoDs are not leading by example as their PAs have not been filed with the PSC. The senior managers themselves also have an important role to play to help ensure that, amongst others, PAs, workplans, CMCs and PDPs are in place and are aligned to the core objectives of the department. As indicated there is a high level of non-compliance.

However, a heavy responsibility rests especially on the HR components to ensure that processes run smoothly and that the PM&D system objectives are realized. Departments have not provided documentation to indicate the role played by the HR components in the management of the PM&D system, such as circulars sent to SMS members, conducting workshops, providing guidance and forwarding reminders with regard to outstanding PAs, workplans, CMCs and PDPs. SMS members therefore are not receiving the necessary guidance on the development and submission of PAs, the moderation of assessments and other relevant information regarding the broader PM&D system of the SMS cadre.

5.3 GENERIC RECOMMENDATIONS

The following generic recommendations are made:

5.3.1 Timeous conclusion and quality of PAs

In accordance with the amendment issued by the DPSA, all SMS members should ensure as priority that their PAs are concluded “within the first month of the new financial cycle” in respect of serving members and within 3 months in the case of new appointments. Employees should commit themselves prior to the commencement of the financial year towards achieving the KRAs indicated in their PAs which are linked to the core service delivery objectives of the Department. The requirements of the SMS Handbook must be strictly complied with by the Departments.

With regard to the deficiencies that exist regarding the compilation of PAs, especially with regard to workplans, CMCs and PDPs, it is recommended that Departments carefully scrutinize the requirements of the PM&D system as outlined in the SMS Handbook and Circular 1/2/6/9 dated 28 March 2006 issued by the DPSA and ensure compliance.

5.3.2 Conduct performance reviews and performance appraisals

Departments must comply with the SMS Handbook with regard to performance reviews in terms of which, at a minimum, one formal performance review should take place annually, preferably in the middle of the PM&D cycle. This will assist departments to identify shortcomings of SMS members and take appropriate and immediate remedial steps and also enable supervisors to provide feedback on performance. A good practice would be for the HR components to take the initiative and set dates by which the work performance of SMS members must be assessed. This should be done by informing the affected staff members through circulars. The assessment documentation must be forwarded to HR for record keeping.

Departments must undertake performance appraisals for all SMS members at the end of the PM&D cycle. This process will enable departments to take crucial decisions affecting the careers of the SMS members on a variety of areas, such as placement and assess the work performance of members. Performance appraisal should also be moderated by a moderating committee which recommends to the EA whether performance rewards should be granted or not. The meetings of moderating committees should be a formal process where minutes of such meetings are recorded and kept safely in the event that queries or grievances arise.

5.3.3 Approval for the granting of performance rewards by the EA

In terms of the SMS Handbook, the decision to grant performance rewards must be taken by the EA personally. This means that the decision to grant performance rewards cannot be delegated. Departments are requested to ensure that this provision is adhered to and that there are no deviations which can lead to audit queries.

5.3.4 Improve record keeping

Many departments did not forward the requested documentation to the PSC. If the non-submission of the documentation is as a result of poor document management, the departments should give serious consideration to this issue and discipline those responsible.

5.3.5 A more active role for the Human Resource Management Components of Departments

Insofar as the future management of the PM&D system is concerned, it is recommended that all departments take the necessary steps to ensure that each member of the SMS is informed and capacitated to manage the PM&D system. In this regard the role of the HR components in departments is crucial and it is recommended that the components should –

- take the initiative and play a more active role in the management of the PM&D system of senior managers within the departments by proactively planning for mid term reviews and performance appraisals and informing managers accordingly. It should support the EA and the HoD of the departments who, in terms of the SMS Handbook, are key figures in ensuring the success of the PM&D system of senior managers;
- improve their record keeping so that documents relating to the PM&D system are easily accessible. The payment of performance rewards has serious financial implications and proper record keeping for financial auditing purposes cannot be over-emphasised. The Chief Financial Officers of departments should take the necessary initiatives in this regard;
- consider the issuing of circulars regularly to SMS members regarding all relevant aspects of the PM&D system, such as the development of PAs, time frames and providing issues of clarity; and
- hold workshops and/or training sessions with SMS members to bring all members on board regarding the PM&D system and to stress its importance and relevance to the institution in the linkage between the PM&D system and attaining the service delivery objectives of the departments and ultimately the South African Public Service in general.

5.3.6 Filing of PAs by HoDs with the PSC

It is disconcerting to note that out of a possible 57 PAs of the HoDs that should have been filed with the PSC in accordance with the decision of Cabinet, only 41 (72%) have been filed. As the head of the department and Accounting Officer, the HoD should ensure that she/he sets the example to the rest of the Department in that she/he concludes a PA timeously and complies with the decision of Cabinet to file the PA with the PSC. The culture of performance management should begin with the HoD. The timely finalization of the PA is critical to ensure that performance and development expectations are clarified and agreed to between the HoD and the EA.

5.3.7 Discrepancy regarding information on PERSAL

It has been indicated in the Global Overview in Chapter 3 that it is evident that payments made by Departments in respect of performance rewards were not included in the amount provided by PERSAL. The discrepancy regarding such information must be addressed between the Departments and PERSAL as all salary related payments that include performance rewards made to all employees in the Public Service must be done on PERSAL, utilizing the appropriate fields. In order to maintain the integrity of the management of PERSAL, it is crucial that departments utilize the system effectively and that the necessary information is fed into the system. It is obvious that PERSAL would generate only the information that the departments feed into the system. Departments therefore should advise those staff members responsible for processing the payment of performance rewards to be more circumspect in the use of the PERSAL system. Departments should also avoid appointing employees at a low salary level to work on PERSAL and all endeavours should be made to adequately skill such employees. Where it is clear that the PERSAL system is not being updated, the Departments should identify the employees concerned and consider disciplinary action against such employees.



5.3.8 Training on performance management

A well structured training programme in departments should be an integral part of the PM&D system. The provision of proper training to all the users of the system should ensure its correct application. The HR components of departments should be prioritized to undergo such training as it is the implementers and co-ordinators of the system within departments. The component provides the necessary support and guidance to the HoD and EA regarding the system.

SAMDI is presently in the process of reviewing its training programmes for the public service. SAMDI should consider including a training programme on the PM&D system for the entire public service. This will contribute towards improving the skills base of not only officials in the HR components of departments but also the SMS.

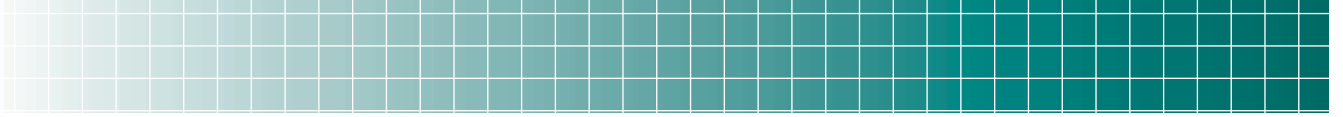
5.4 SUMMARY

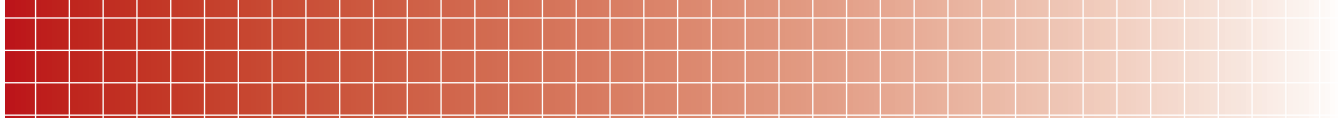
This report has shown that the ineptness of the management of performance by departments and non-compliance with the PM&D system which emerged from the findings of the audit conducted at the request of SCOPA are serious problems in the Public Service. These findings confirm that performance management is not being given the necessary priority attention by departments. It is in the interest of both the State as employer and the senior managers of the Public Service that departments begin to accord performance management the due attention it deserves. In this regard the KRAs in PAs should be linked to the KRAs as contained in the Strategic Management Plans of departments. Performance appraisals should then be undertaken. Moderating committees must assess the extent to which the KRAs have been achieved by the senior managers. When departments place emphasis on the strict management of the PM&D system, senior managers will commit themselves to delivering on the key service delivery objectives of the departments.

PERFORMANCE REWARDS AUDIT

INFORMATION/ COPIES OF DOCUMENTATION REQUIRED		2003/2004		2004/2005		2005/2006		COMMENTS
		Information/copies submitted to OPSC		Information/copies submitted to OPSC		Information/copies submitted to OPSC		
		Yes	No	Yes	No	Yes	No	
1	Strategic Plans of the Department							
2	Organisational structure with names and ranks of all SMS members							
3	PAs of all SMS members (including those members reporting directly to the HoD) which should include: <ul style="list-style-type: none">Appendix A: WorkplansAppendix B: CMCsAppendix C: PDPs							
4	Performance Assessment forms of all SMS members (including those members reporting directly to the HoD) and any other supporting documentation which should include: <ul style="list-style-type: none">Proof of mid-term or quarterly reviewsProof of the Moderating Committee's ratingsProof of the approval of the granting of performance rewards							
5	Proof of approval for the payment of performance rewards by the MEC (or by the person to whom authority for approval is delegated)							
6	Amount spent on the payment of performance rewards for all SMS members as well as an indication of the budget of the flexible part of the remuneration package of SMS members							
7	PERSAL printouts of all performance rewards paid out to all SMS members							
8	Any guiding documents (circulars to staff, minutes of meetings, workshops) on the PM & D System							

Annexure A

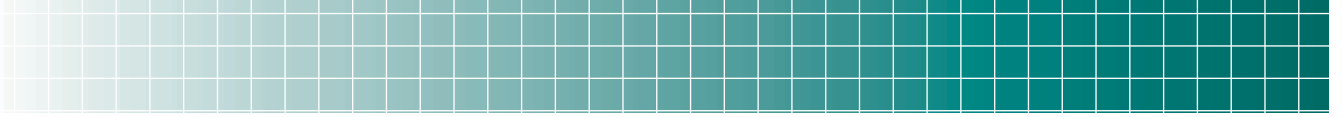


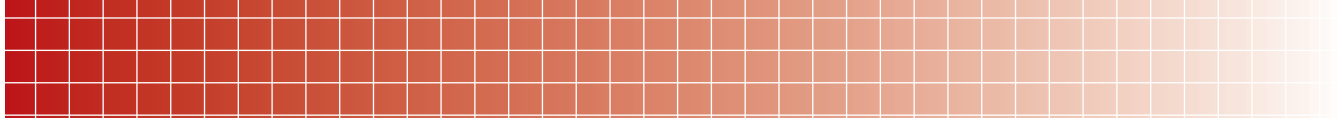


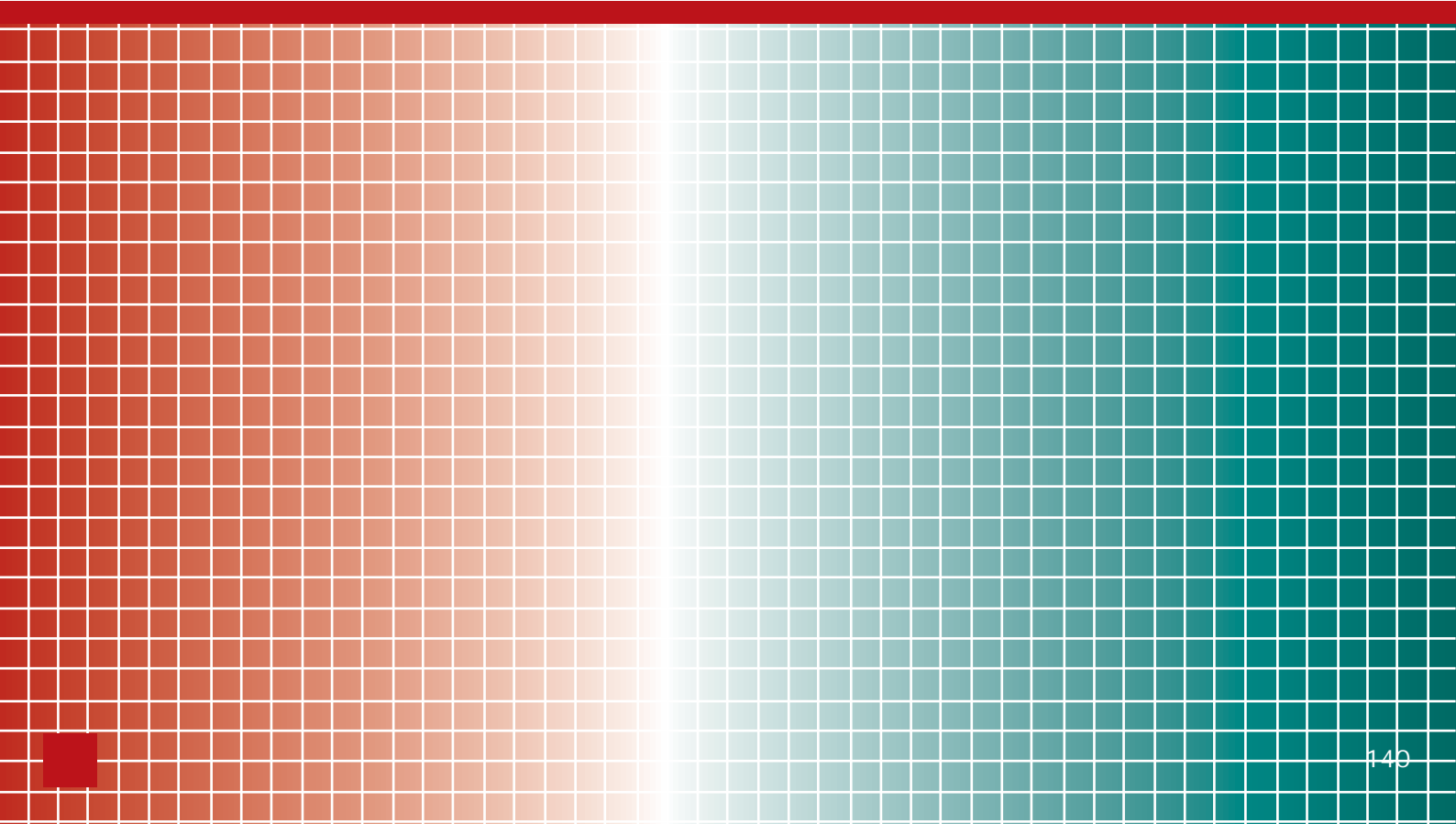


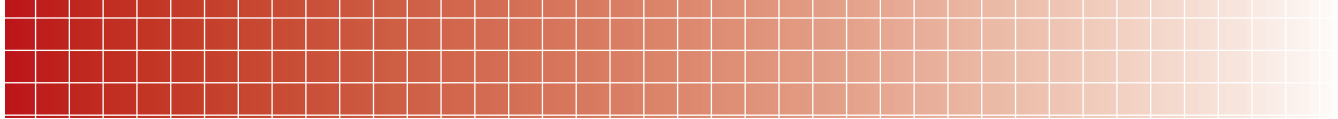
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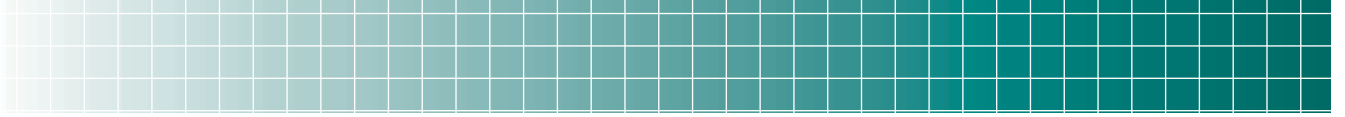


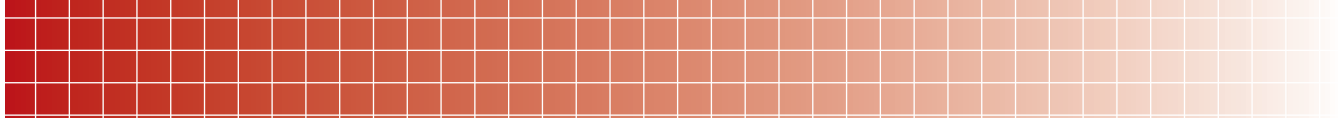


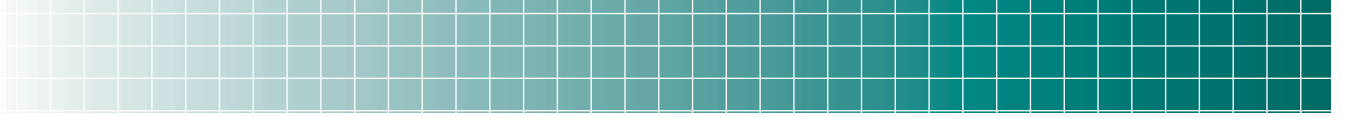


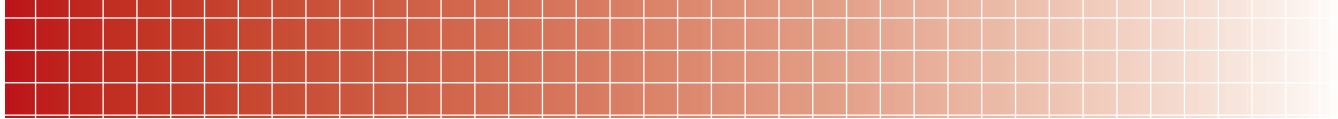


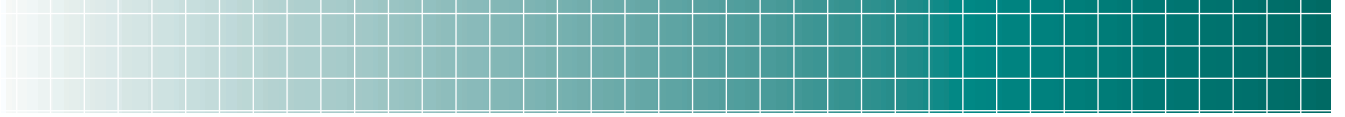


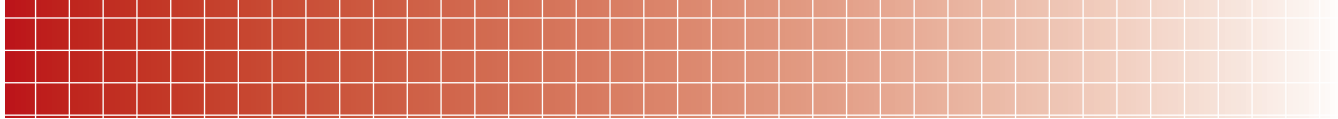


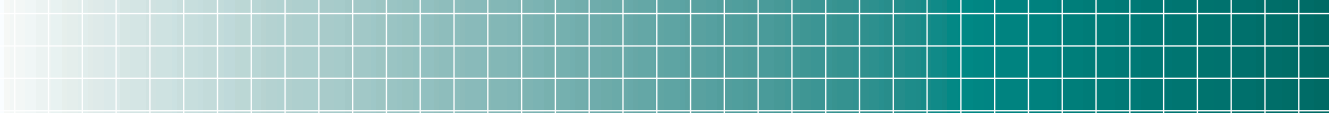


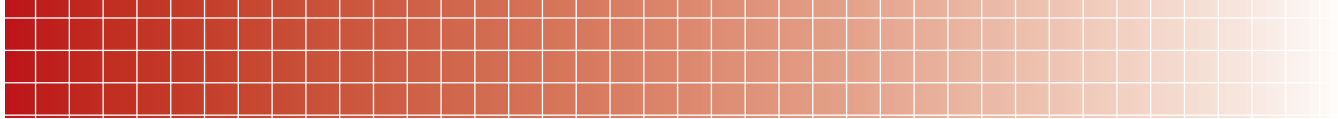


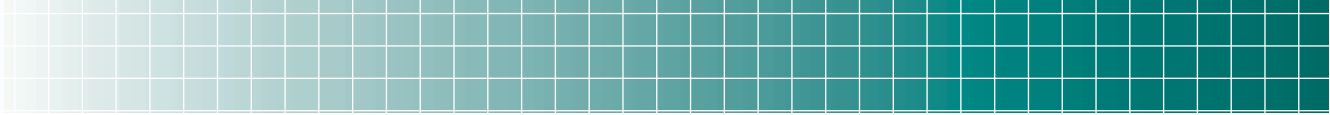


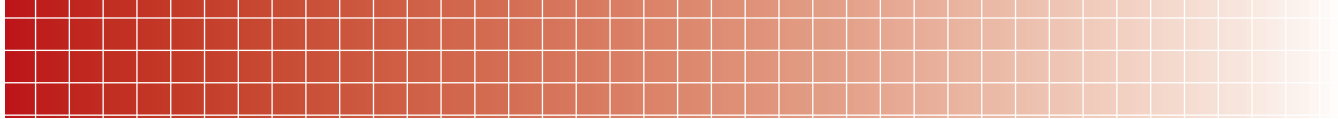


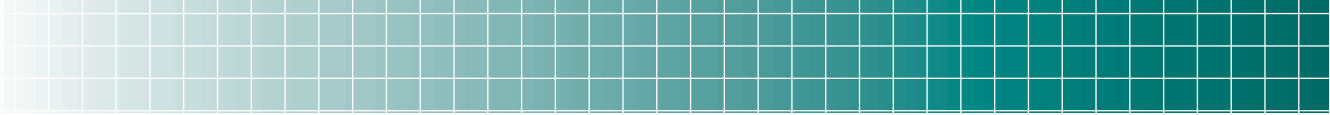


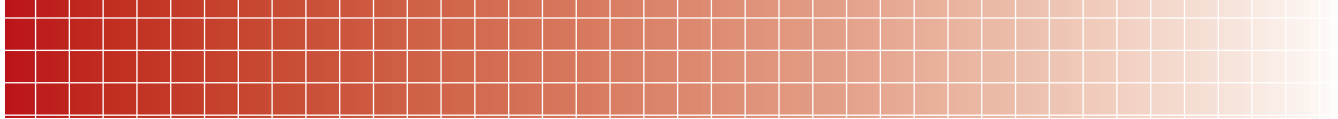












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