



# Report on the Evaluation of the Batho Pele Principle of Value for Money in the Public Service

Public Service Commission

August 2007

## Vision

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.

## Mission

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.

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Published in the Republic of South Africa by:

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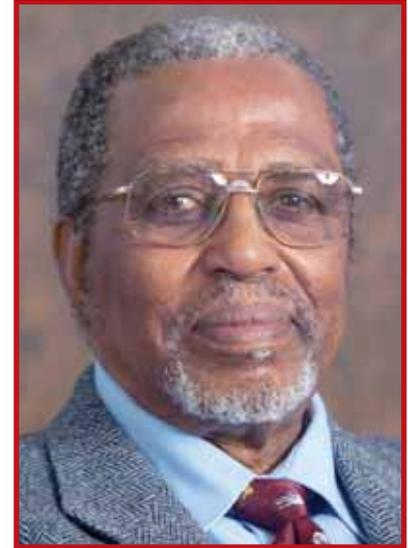
Compiled by Branch: Monitoring and Evaluation

Distributed by Directorate: Communication and Information Services

ISBN: 978-0-621-37549-7  
RP: 235/2007



# FOREWORD



The creation of public value through effective and efficient resource utilization is at the heart of Public Service delivery transformation in South Africa. Section 195 (1) (b) of the Constitution of South Africa states that Public Administration must be governed by the democratic values and principles. One of the democratic principles asserts that efficient, economic and effective use of public resources must be promoted<sup>1</sup>. The White Paper on the Transformation of Service Delivery (1997) defines Value for Money as providing public services economically and efficiently. Government departments therefore have a responsibility to ensure that public funds are utilised effectively, efficiently and economically to address the needs of citizens. If services are not rendered in the most economical and efficient manner, resources and taxpayers' monies are wasted. Citizens have the right to hold government accountable for not only rendering services in line with their needs, but also to render those services in such a manner that the best value for money is achieved. The impact of public spending on the lives of ordinary citizens becomes an essential element of the concept of value for money. Without adequate, appropriate, and accessible services, the needs of citizens cannot be addressed.

The concept value for money cannot be separated from economic terms such as economy, efficiency, and effectiveness. It is an integral part of any discussion on promoting economic growth. As a response to addressing the glaring inequalities and duality of the South African economy, government adopted the Accelerated and Shared Growth Initiative of South African strategy (AsgiSA). Value for Money is an intrinsic element of AsgiSA and the capacity of the Public Service to implement strategies to ensure greater Value for Money in the rendering of services is therefore critical for the successful implementation of AsgiSA.

The Public Service Commission trust that this report will contribute to a thoroughly grounded understanding of the concept of Value for Money, and the creation of a comprehensive Value for Money Framework. Such a framework will enable the Public Service to adapt existing performance indicators to measure economy and efficiency in real terms, and to ensure that Value for Money is attained, measured and evaluated in the Public Service.

A handwritten signature in black ink that reads "Sangweni". The signature is stylized and cursive.

**PROF SS SANGWENI**  
**CHAIRPERSON: PUBLIC SERVICE COMMISSION**

<sup>1</sup> Republic of South Africa. The Constitution. Act 108 of 1996.

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## ACKNOWLEDGEMENTS

The Public Service Commission acknowledges the following people and organizations who have contributed to this report:

- German Technical Cooperation Agency (GTZ) for funding the research.
- All the respondents in various government departments who gave their time to provide information for this report.

## ACRONYMS AND ABBREVIATIONS

3Es	The three “E”s Economy, Efficiency, and Effectiveness
AG	Auditor-General
CFO	Chief Financial Officer
DHIS	District Health Information System
DORA	Division of Revenue Act
DPSA	Department of Public Service Administration
EMIS	Education Management Information System
GTZ	German Agency for Technical Cooperation
GWMES	Government-Wide Monitoring and Evaluation System
HOD	Head of Department
ID	Identity Document
M&E	Monitoring & Evaluation
MEC	Member of the Executive Council
MTEF	Medium-Term Expenditure Framework
NGO	Non-governmental organisation
NHBRC	National Home Builder’s Registration Council
PFMA	Public Finance Management Act (Act No. 1 of 1999 as amended by Act 29 of 1999)
PIF	Performance Information Framework
PSC	Public Service Commission
SAPS	South African Police Service
SASAS	South African Social Attitudes Survey
SCM	Supply Chain Management policies (in terms of PFMA)
SON	State of the Nation Address
SOP	State of the Province Address



# Executive summary

## 1. Background

In terms of section 196 of the Constitution of the Republic of South Africa (1996) the Public Service Commission (PSC) has the mandate to promote the constitutional values set out in section 195 and to propose measures to ensure effective and efficient performance in the Public Service. To this end, the PSC monitors the level and quality of government rendered services and promotes a culture of effectiveness in delivering services, which meet the basic needs of all South African citizens. In line with its constitutional duty, in 2006, the PSC included the evaluation of the implementation of and compliance with Value for Money principle by government departments in its workplan. According to the *Batho Pele White Paper on Transforming Public Service Delivery* public services should be provided economically and efficiently in order to give citizens the best possible value for money.

The broad aim of the study was to establish the understanding, implementation, and performance of the Batho Pele Principle of Value for Money in the provincial departments responsible for the five key delivery sectors of the Public Service which are the provincial departments of Agriculture, Education, Health, Housing, and Social Development. All nine provinces were included in the study.

The specific objectives of the study were to:

- assess how the principle of Value for Money is understood in the Public Service;
- evaluate the performance of departments in implementing approaches intended to improve Value for Money of government-rendered services and products as required by the White Paper; and
- formulate recommendations about how the principle of Value for Money could be better implemented in national and provincial departments to enhance Public Service delivery.

## 2. Methodology

A self-administered questionnaire was used as a primary data collection instrument. The key informants that were purposefully sampled for this study were Chief Financial Officers (CFOs), Programme Managers and Officials responsible for monitoring and evaluation systems in respective departments. Key literature such as departments' annual performance plans, annual reports, Auditor-General's reports, and South Africa Social Attitudes Survey reports were reviewed. There were discussion groups that were conducted during the refinement of the definition of the Value for Money.

The following limitations to the methodology were identified:

*Role-players at the interview:* The interviews included three officials (who are Programme Managers, Chief Financial Officers, and Monitoring & Evaluation (M&E) officials) who were thought to be the most appropriate officials to supply relevant information for this particular study. However it was only programme managers who were well-placed to provide the study with the most insightful inputs. Chief Financial Officers and M&E officials were not able to add the much needed value.

*Duration in post:* The length of time a person had occupied the post, or worked in the provincial department had a significant influence on the insight and information they could provide. However, some of the key informants that provided information in this project were officials who were not with the respective departments for a long enough time to have institutional memory about the department that would benefit the study.

### 3. Main Findings

The study found that there is no common understanding of the Batho Pele Principle of Value for Money among the departments that participated. Each department seems to have its own understanding and the interpretation of what Value for Money is. Most of the interpretations seem to be department-specific. The following are some of the key findings on the understanding and definition of the Value for Money:

#### 3.1 Operational meaning and common understanding of the Value for Money principle

- **Departments' definition of Value for Money.** Departments' definition of Value for Money is interpreted in various ways. The understanding of Value for Money is often derived from vision and mission statements. This is potentially a favourable finding in that departments may want to relate their Value for Money statements to the medium to long term outcomes expressed by their vision and mission statements. Such a process may also facilitate the internalization and institutionalization of Value for Money.

#### 3.2 Systems and Processes to Realise Value for Money

- **Existing performance indicators.** The study found that there is a need to focus on how existing measures can be improved to introduce a Value for Money approach and measurement. It is fundamentally about improving how departments deliver and assess the services that they are already responsible for. There is a real concern in the Public Service about increasing the administrative and reporting burden, and this must be considered very seriously.
- **Incorporating the concepts of economy and efficiency into practice of Value for Money:** There are inadequate systems and processes to realize Value for Money. For example, there is little evidence of established benchmarking of costs and other approaches to measure economy, which could help measure costs and lead to possible reductions. The adoption of zero-based budgeting is a possible indication of adherence to economy and efficiency, but can by no means be seen as the full (or even necessary) solution.
- **Norms and Standards:** While many departments expressed some vagueness about Value for Money, a more concrete set of descriptions was offered in sectors where there are clear norms and standards, such as within the departments of Housing.
- **Decision making processes:** Some front-line programme managers indicated that the control of service delivery lay beyond their reach. A number of obstacles identified as potential challenges to achieving Value for Money in the study also refer to typical aspects of bureaucratic culture and modes of operation. The references to top-down influence in terms of both planning and budgeting are examples of this. Planning, which is undertaken at the strategic level, is regarded largely as the alignment of plans and spending with the political strategies at the national level. The identified key role players in determining Value for Money in the respective departments are the heads of department (HoDs), Members of the Executive Council (MECs) responsible for their respective departments, and the provincial legislatures.
- **The user's input in Value for Money:** The popular izimbizo allows for extensive feedback but this appears to have a low impact on policy and practice. The public issues raised by communities may be many-sided, cut across departments and may demand more than existing resources.
- **Supply Chain Management (SCM):** Some departments found the SCM time-consuming and ineffective in achieving Value for Money. Some reported that procurement procedures actually caused higher final costs as all suppliers quoted more for government tenders than they would if they were tendering to a private sector company. On balance, the departments were positive about the SCM procedures as they created certainty although they did not provide the best economy. However, opinions on SCM as an effective instrument varied across provinces and departments.

### 3.2.1 Existence of effective monitoring and evaluation systems to assess Value for Money

- **Reporting systems:** In many instances the platform for effective reporting systems and cultures has been laid and should be built-on constructively through building capacity. Because of skills shortage, systems are not implemented correctly. The emphasis on fiscal discipline and the budget reforms have created a framework of legitimacy which focuses on spending within budget limits and being able to report financial information.
- **Quality and credibility of non-financial data:** The systematic and rigorous collection of non-financial data for key indicators is crucial to the assessment of departmental performance. Unfortunately, the necessary rigor in the collection, assessment and presentation of data is not always achieved. The problem is at times the definition of the indicator. For an example, a patient waiting time as an indicator at a hospital may be interpreted as meaning a patient waiting to be attended to by a doctor and/or a nurse. However waiting time might refer to the entire period at the hospital, starting from registration to obtain a medical file and consulting a nurse or a medical practitioner to finally receiving prescribed medicine at the dispensary.
- **Progress in delivering Value for Money:** The majority of departments rated themselves as average to good in terms of the progress they have made to deliver Value for Money. The Departments of Agriculture and Social Development largely rated themselves as average. The findings reflect an acknowledgement that while delivery on Value for Money is crucial, there is a lot of room for improvement in the Public Service.

## 4. Recommendations

The recommendations based on the conclusions and findings are as follows:

### 4.1 Appropriate Definition and Common Understanding of Value for Money

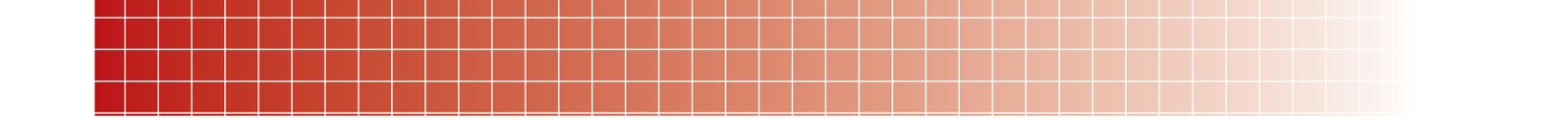
- **An appropriate and operational definition of Value for Money must be institutionalized in departments:** The adoption and institutionalization of an appropriate definition of Value for Money in departments should be encouraged as it will help develop a common understanding of its meaning throughout departments. Such a definition should include all the major issues, which need to be known about the Value for Money concept.

A systematic approach should be followed to institutionalise the definition, outlining clearly how Value for Money of departmental programmes will be determined and measured. This is a process that could be implemented on a departmental level, and should focus both on the instrumental level (the operational and reporting procedures of departments) as well as the implementation levels (activities, outputs, outcomes, and impact).

In anticipation of such a systematic process, departments should in the meantime begin identifying performance indicators that can be readily collected to provide measures of accessibility, appropriateness, and adequacy that describe the value of their services to their users as a complement to their existing quantitative measures. If these two broad measures (quality and quantity) can be established, and complemented with rigorous information about inputs, then the most basic measurement of economy, efficiency and economy becomes feasible.

### 4.2 Systems and Processes to Implement Value for Money are not achieved

- **Make Substantial Investments in Reporting Systems:** The study confirmed the statement made by the President in the 2007 State of the Nation Address: *“Many of the weaknesses in improving services to the population derive in part from inadequate capacity and systems to monitor implementation. As such, in the period leading up to 2009, the issue of organization and capacity of the state will remain high on our agenda.”* The government planning and monitoring systems seem to be weak and need to be strengthened urgently.



The process of improving these must be undertaken within a holistic and long-term perspective, and include on-the-job capacity building to allow for new systems to be given sufficient time to be tested, refined, take effect and produce tangible outputs.

#### 4.3 Existence of effective monitoring and evaluation systems to assess Value for Money

- ***Future assessments of Value for Money must be seen as a continual oversight process:*** Future assessments of Value for Money should aim to measure Value for Money as a holistic process rather than as an ex-post assessment. There should be systems and procedures in place in the Public Service that ensure that all departments understand the concept of Value for Money and how their Value for Money will be assessed. This will ensure that Value for Money is mainstreamed into the planning, monitoring and evaluation, and reporting systems of all departments.

#### 4.4 Performance in delivering Value for Money

- ***Foster accountability before integration:*** Many departments identify integrated service delivery as a pre-requisite for effective service delivery. While there is no doubt that integrated service delivery is essential, it is crucial that departments first and foremost become fully accountable for their service delivery obligations.
- ***User inputs:*** Departments must not only ensure that users are consulted about their needs, preferences, and service concerns, but also use these customer inputs as critical information towards better planning within departments and affecting service delivery improvements. User feedback should be recorded and noted and departmental systems should be established to monitor the use of customer feedback in planning service improvements.
- ***Establish skills profiles and HR strategies in critical areas:*** Skills shortages are a problem in government as has been detailed in the report and this is a difficult issue to address. However, immediate improvements are likely to come from improving the capacity of staff to plan and manage processes, and this may create the platform for further improvements.

# Chapter One

## INTRODUCTION

## 1.1 BACKGROUND TO THE STUDY

In 1997 the democratic government introduced the White Paper on Transforming Public Service Delivery. The overall purpose of the Batho Pele paper is to transform the Public Service into a people-centred institution. The intention was that with the implementation of and compliance with the Batho Principles contained in the White Paper, service delivery would improve.

One of the eight Batho Pele Principles is the principle of Value for Money. This principle states that “Public Services should be provided economically and sufficiently in order to give citizens the best possible Value for Money. Given the limited resources from which government has to draw in order to deal with a range of competing transformation priorities, it is expected of the Public Service to operate in such a manner that leverages these resources effectively to deliver Value for Money.

The Public Service Commission (PSC) conducted a study to assess the extent to which departments’ are implementing and complying with the Principle of Value for Money. This is the fifth in a series of evaluations of the implementation of Batho Pele that the PSC has been conducting since 2000. Other evaluations focused on Survey of Compliance with Batho Pele Policy (2000), Service Standards (2005), Access (2006), and Redress (2006). In conducting the studies, the PSC is guided by Chapter 10 of the Constitution which mandates the PSC to, among other things promote the constitutional values set out in Section 195 and propose measures to ensure effective and efficient performance in the Public Service. To this end, the PSC monitors the level and quality of government services and promotes a culture of access, openness and transparency that in turn, should build more confidence and trust between the Public Service and the public it serves.

## 1.2 AIMS OF THE STUDY

The broad aim of the study was to establish the status of understanding and implementation of the Batho Pele Principle of Value for Money by departments. The primary focus of the study was on five key delivery sectors of the Public Service at the provincial level, namely Agriculture, Education, Health, Housing, and Social Development.

The specific objectives of the study were to:

- assess how the principle of Value for Money is understood in the Public Service;
- evaluate the performance of departments in implementing approaches intended to improve Value for Money of government services and products as required by the White Paper; and
- formulate recommendations about how the principle of Value for Money could be better implemented in national and provincial departments to enhance Public Service delivery.

## 1.3 CONTEXT

The apartheid-led system that governed South Africa prior to 1994 caused extreme inequities in the delivery of services in South Africa. The delivery of services was based on the race of the recipients. In 1994, the new democratic order committed itself to redress the imbalances of the past. In its attempt to build a people-centred government, in 1997 the new dispensation introduced the White Paper on Transforming Service Delivery<sup>2</sup> also referred to as the “*Batho Pele* White Paper”.

The *Batho Pele* White Paper states that “a transformed South African Public Service will be judged by one criterion above all: its effectiveness in delivering services which meet the basic needs of all South African citizens. Improving service delivery is therefore the ultimate goal of the Public Service transformation programme. Public

<sup>2</sup> Republic of South Africa. *White Paper on Transforming Service Delivery (1997)*

services are not a privilege in a civilized and democratic society: they are a legitimate expectation." Therefore, the *Batho Pele* White Paper sought to transform Public Service delivery by introducing a customer-oriented approach that puts the people first.

Furthermore, the White Paper specifically requires national and provincial departments to transform and improve their Public Service delivery in terms of the eight service delivery principles. Specific requirements are outlined for departments to put these principles into practice. The ultimate aim is to improve customer service in general, and Value for Money in particular. Constitutionally, the Public Service Commission (PSC) is tasked with the responsibility to monitor departments' progress with the implementation and compliance with the principles.

### 1.3.1 The Batho Pele Principles

The following are the eight principles of Batho Pele, which continue to guide government departments in their effort to deliver sustainable services:

1. Consultation	Citizens should be consulted about the level and quality of the Public Services they receive and, wherever possible, should be given a choice about the services that are offered.
2. Service Standards	Citizens should be told what level and quality of Public Services they would receive so that they are aware of what to expect.
3. Access	All citizens should have equal access to the services to which they are entitled.
4. Courtesy	Citizens should be treated with courtesy and consideration
5. Information	Citizens should be given full, accurate information about the Public Services they are entitled to receive.
6. Openness and transparency	Citizens should be told how national and provincial departments are run, how much they cost, and who is in charge.
7. Redress	If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation, and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.
8. Value for Money	Public services should be provided economically and efficiently in order to give citizens the best possible Value for Money

It is important to note that the above-mentioned principles are interrelated. They cannot be achieved in isolation from each other. The PSC has since 2000 conducted several studies meant to evaluate the implementation and compliance of government departments with the Batho Pele principles. The following are the principles whose implementation has already been assessed by the PSC:

- Service Standards<sup>3</sup>;
- Access<sup>4</sup>; and
- Redress<sup>5</sup>.

<sup>3</sup> Republic of South Africa. Public Service Commission: Evaluation of Service Standard in the Public Service, 2005

<sup>4</sup> Republic of South Africa. Public Service Commission: Report on the Evaluation of Performance and Compliance with the Batho Pele Principle of Access, 2006

<sup>5</sup> Republic of South Africa. Public Service Commission: Report on the Evaluation of Performance and Compliance with the Batho Pele Principle of Redress, 2006

This report focuses on the principle of Value for Money.

### 1.3.2 Value for Money

Through the *Batho Pele* principle of Value for Money, the *Batho Pele* White Paper requires that government departments search for creative ways to simplify procedures and eliminate wasteful expenditure and inefficiency. The Value for Money principle encourages public servants to prioritise the use of the resources of the state and by so doing generate more public value. Of importance is to note that Value for Money is not just about the cutting of costs, it is about careful spending by departments while at the same time ensuring that effective service delivery is not compromised.

The White Paper and other Batho Pele documentation such as the Batho Pele Handbook<sup>6</sup> do not offer a specific, operational definition of Value for Money. As such, descriptions of Value for Money have been uneven in the Public Service<sup>7</sup>. The tendency is for some departments to concentrate on the “value” part of the definition that focuses on the wider impact of service delivery, for example ensuring that all beneficiaries of a programme received the services that are being offered. Other departments concentrate on the “money” part of the definition, which focuses on economy and efficiency savings to ensure, for example, that the outputs are delivered at the least cost. Departments rarely focus on the relationship between the two concepts contained in “value for money.”

### 1.3.3 Constitutional and Legislative Context

The Public Service Commission is mandated through Section 196 of the Constitution of the Republic of South Africa (1996)<sup>8</sup> to promote the principles set out in Section 195 of the Constitution, which promote efficient, economic and effective use of resources in a development-oriented manner and respond to peoples’ needs. To this end, in 2006 the PSC undertook the current study to evaluate the performance and compliance of provincial government departments with the Batho Pele Principle of Value for Money.

Value for Money is also stipulated in the Public Finance Management Act<sup>9</sup> (PFMA) and is measured within specific limits by the Auditor-General (AG). The PFMA requires that accounting officers ensure Value for Money when considering policy proposals affecting their service delivery. More specifically, the PFMA states that each accounting officer is responsible for the effective, efficient, economical and transparent use of the resources in the department. The PFMA Supply Chain regulations<sup>10</sup> also emphasize Value for Money.

The National Treasury is mandated through Section 216 of the Constitution to promote uniform expenditure classifications and uniform treasury norms and standards. These classifications, norms, and standards can include standard measurements of Value for Money. In addition, the National Treasury, with the help of the Provincial Treasury departments, monitors and enforces the reporting of financial and non-financial information. This information provides for analysis and oversight of the value that departments provide and how much money has been spent per budget programme. At the time of writing this report, the National Treasury had just produced a Framework for Managing Programme Performance Information<sup>11</sup>, which, among other things, seeks to clarify definitions and standards for performance information and promote accountability for and transparency in reporting. The Framework also clarifies how government departments should work with economy, efficiency and effectiveness indicators, all of which are important for promoting Value for Money.

<sup>6</sup> Republic of South Africa. Department of Public Service and Administration: *Batho Pele Handbook: A Service Delivery Improvement Guide*, 2003

<sup>7</sup> Treasury regulations also offer a definition of value for money, although this is with reference to the provision of government functions by a private party through a Public Private Partnership

<sup>8</sup> Republic of South Africa. *The Constitution of the Republic of South Africa 1996. Act 108 of 1996*

<sup>9</sup> Republic of South Africa. *Public Finance Management Act 1999. Act 1 of 1999*

<sup>10</sup> *The Supply Chain Regulations (SCM)* were introduced to support the implementation of the PFMA and detailed the processes and responsibilities involved in the procurement of goods and services of departments and agencies implicated by the PFMA.

<sup>11</sup> Republic of South Africa. National Treasury: *Framework for Managing Programme Performance Information*. May 2007.



On an annual basis, the AG's office audits and reports on the accounts, financial statements, and the quality of financial management of all three tiers of government. On various occasions, a number of government departments received qualified audit reports. In a country like South Africa with enormous social problems such as high levels of unemployment and poverty, such reports are among others signs of financial mismanagement, which do not augur well with the principle of Value for Money. These statements are based on measurements of economy, efficiency, and effectiveness of departments.

## 1.4 STRUCTURE OF THE REPORT

This report is structured in the following manner:

- **Chapter 2** describes the methodology that was applied in the study.
- **Chapter 3** presents the working definition of Value for Money and a framework on how the Value for Money principle is determined in the public services.
- **Chapter 4** presents the key findings of the study.
- **Chapter 5** presents conclusions and recommendations drawn from the study.

# Chapter Two

## METHODOLOGY



## 2.1 INTRODUCTION

In order to achieve the objectives of the study, it was necessary to adopt a research methodology, which draws on information from existing documentary sources, as well as elicit responses from the departments included in the study. This chapter outlines the research methodology that was used, including the processes of sampling, data gathering, and the quality assurance of data. The chapter also presents the limitations of the study.

## 2.2 RESEARCH PROCESS

The research process applied in this study included a literature review of key documents such as the Batho Pele Handbook and Batho Pele White Paper. There were also national and provincial focus groups that were conducted, especially during the formulation of the working definition of the Value for Money principle. Based on the literature reviewed and inputs from the focus groups, a self-administered questionnaire to serve as a data collection instrument was developed and piloted. Comments received during the pilot phase were used to refine the questionnaire. To facilitate the data collection process, each department was requested to nominate a contact person who would work closely with the staff from the PSC. The above-mentioned stages of the research process are explained below.

### 2.2.1 National Discussion Group

In a study of this nature there was a need to establish if there was a common understanding of the concept of Value for Money among government officials. To this end a national discussion group was conducted. Several key role players were invited to attend a discussion group on the concept. The objective of the discussion group was also to obtain input and buy-in from as many of these role players as possible on a definition of Value for Money.

The following institutions and departments were represented at the discussion group:

- The Presidency,
- National Treasury,
- Office of the Auditor-General,
- Public Service and Administration (DPSA),
- Health,
- Agriculture,
- Education,
- Water Affairs & Forestry, and
- Health (Gauteng).

### 2.2.2 Assessment Instrument

After the national discussion group, a questionnaire was designed to collect data for the assessment. The initial draft questionnaire was tested with six provincial departments in Gauteng and KwaZulu-Natal. Comments received during the pilot phase were used to refine the tool that was finally used during the interviews.

The questionnaire was divided into six sections:

- i) Questions around the service delivery context of the department to provide a platform on which the rest of the questionnaire would be based.
- ii) Questions around Value for Money to identify the departments understanding of the term, how it is defined, used and the processes that affect it.
- iii) Questions on specific performance indicators of Value for Money were asked. The questionnaire attempted to identify very specific information about Value for Money to understand the issues from a number of different perspectives.

- iv) Interviewees were asked to respond to a series of questions related to customer satisfaction surveys previously performed by the PSC to discover how issues raised in these evaluations have been dealt with.
- v) The department officials were asked to complete a self-evaluation, and to identify the key challenges, obstacles, and successes of their departments in implementing Value for Money approaches.
- vi) A list of important documents that would provide information relevant to Value for Money was requested.

The data collection instrument was designed to enable both qualitative and quantitative assessment and analysis.

### 2.2.3 Sample

Purposive sampling was applied in this study. This sampling requires that only those departments that would provide the needed information would be involved in the sample. Using this approach, 5 departments from each Province were selected. A process to determine which programmes<sup>12</sup> to be assessed was then undertaken. The approach taken was to focus on programmes that have significantly large budgets as well as extensive contact with end users of the services. A third step entailed identifying a focal measurable objective<sup>13</sup> as a point of reference for some of the more specific questions. This was identified by selecting a single objective from each programme that appeared to be central to the delivery mandate of that programme, of significant user focus, and more or less consistent across the provinces.

The following provincial departments, programmes, and measurable objectives were identified for the purpose of this study:

*Table 1: Departments and programmes sampled*

Department	Programme assessed	Description
Agriculture	Farmer Support and Development Services	This programme provides support for the settlement of farmers on state owned land, facilitates land redistribution together with pre- and post settlement support to land reform projects; as well as the provision of support services and development to emerging farmers and homestead producers
Education	Public Ordinary School Education	The Public Ordinary School Education programme provides school education to learners from grade 1-12 in terms of the South African Schools Act, 1996.
Health	Provincial Hospital Services	The programme provides provincial and specialist hospital services
Housing	Housing Performance / Subsidies	Administration of subsidies in line with housing policy
Social Development	Social Welfare Services	Implementation of effective policies and strategies on integrated welfare services that meet the needs of all vulnerable groups

<sup>12</sup> The word "Programme" in this document actually refers to the sub-programme as identified in the provincial departments' annual budgets. Each provincial department has a number of programmes and each programme is broken into sub-programmes which carry responsibility for one of the key services these Departments deliver. Although the structure of programmes in the budget should be consistent, they are often not consistent with the organizational structure of these departments.

<sup>13</sup> A measurable objective is a statement of intended performance of a programme in the departments' budget. There is wide ranging inconsistency in the way these are applied and measured.



The selection of the above programmes was based on the size of the budget allocated to them. These programmes seemed to have similar budget amounts allocated to them in all provinces. The issue of identifying well-defined and comparable measurable objectives was found to be more challenging. The study found fairly significant differences across provinces (as in Agriculture), organisational structures that did not directly correspond to the measurable objectives (as in Education), or situations where a vast number of distinct functions are linked to a single measurable objective (as in Social Development). However, it was possible to negotiate an agreeable approach in all cases from which relevant and comparable responses could be given during the interview process.

#### 2.2.4 Provincial Workshops

The purpose of the provincial workshops was to prepare the officials of selected provincial departments for the assessment process by fostering a common framework for understanding the process and its premises. To this end, the assessment process in each province was immediately preceded with a provincial workshop held with the relevant stakeholders from the targeted departments.

The objectives of the provincial workshops were to:

- outline the purpose and objectives of the assessment of Value for Money;
- discuss the working definition of Value for Money;
- familiarize the officials with the questionnaire, related concepts and the objectives of the questionnaire;
- identify the input and documentation required from the provincial departments; and
- make logistical arrangements with the provincial departments for the interview process.

All of the provincial workshops followed the same basic format. The process started with the circulation of the questionnaires to the relevant departmental officials to prepare them for the presentations by the research team. This would then be followed by discussions focusing on the background to the study, the definitions of Value for Money principle, and critical issues influencing their service delivery.

#### 2.2.5 Interviews

Following the provincial workshops, interviews were conducted with Programme Managers from each of the selected provincial departments. Prior to the workshops, invitations had been sent out by the PSC to the respective Heads of Department (HODs) and Chief Directors in each of these departments. The letter requested active participation of the relevant programme manager(s), the Chief Finance Officer, and officials responsible for monitoring and evaluation (M&E) in the interviews. Interviewing this set of role-players was seen as a way of ensuring a balanced perspective between the various role-players involved in aspects of service delivery, financial management, planning, and monitoring and assessment.

Interviews were also conducted with representatives of the corresponding national departments. The purpose of the interviews was to obtain their perspectives on Value for Money and to understand how such perspective are brought to bear on service delivery at national and provincial level. Constitutionally, National departments set norms and standards that are implemented by their corresponding provincial departments. It was therefore important to establish the extent to which these norms and standards influence the implementation of and compliance with the Value for Money at provincial level.

Furthermore, representatives from National Treasury and the Auditor-General's office were interviewed to obtain their perspectives based on the reporting and assessment they are responsible for. National Treasury plays a pivotal role in reviewing expenditure by all three tiers of government and performance evaluations of specific sectors focusing on the economy, efficiency, effectiveness and equity of service delivery<sup>14</sup>. National Treasury works

<sup>14</sup> Republic of South Africa. National Treasury: Framework for Managing Programme Performance Information, 2007

with government departments to identify performance indicators that may be used for budget decision-making and for tracking service delivery against targets. On the other hand Auditor-General's office review audit reports and general reports on systems used to manage performance information. It was envisaged that their perspective would add the much-needed value in assessing implementation of and compliance with Value for Money Principle by government departments.

## 2.3 LITERATURE REVIEW

There was a need to review key literature which reflect on Value for Money. This literature was meant to augment information obtained from the departments. It was necessary to have such literature reviewed to assess if the information received from departments was a true reflection of what is documented in their respective documents. It was also important to review the previous reports conducted by the Commission which have aspects of Value for Money. The information obtained from the literature reviewed indicate that indeed there is no common understanding on the concept Value for Money across government department. Each department implements Value for Money principle as interpreted by an official at a given time. The following literature to support the workshop and interview findings were reviewed:

- Documentary analysis of materials that were sourced from various provincial departments;
- A review of provincial and national documentation relating to the departments and programmes that were being assessed (such as annual performance plans<sup>15</sup>, annual reports<sup>16</sup>, and AG reports<sup>17</sup>);
- Previous PSC studies, in particular the Citizen Satisfaction Survey (2003); and
- South Africa Social Attitudes Survey (SASAS) 2005.

## 2.4 LIMITATIONS

### 2.4.1 Methodological Limitations

The following methodological limitations were identified:

- The questionnaire included a range of subjective questions to which the respondent would give their subjective judgement on the issues asked. Therefore, many of the findings and issues discussed are based on the opinion and perspectives of the people interviewed, and there was no systematic process of verification employed. The expectation, however, was that the respondents were the key officials responsible for the programmes being assessed and therefore would be expected to have the most relevant working knowledge for the purposes of this assessment.
- The study did not include a beneficiary survey. Therefore, although the instrument included sections that drew upon prior user surveys, the information presented in this report primarily reflects the officials' perceptions of the provincial department and its performance. Where possible, this information has been complemented with information from departmental documents, AG reports, and other relevant studies.

### 2.4.2 Procedural Limitations

In addition to the methodological constraints, there are other limitations on the study based on challenges experienced during the actual data collection process. During the interview process, two main factors were found to influence the quality of inputs provided by the provincial departments:

15 Each year a department submits an Annual Performance Plan that details the expenditure and intended performance for the relevant fiscal year, with provisional estimates of budget allocations for the following two years.

16 A departmental Annual Report presents the Vision and Mission of a department and sets out the reports of the Executive Authority, Head of Department, and of Programmes. It also carries the financial statements and report of the departmental Audit Committee.

17 An Auditor General's Report provides a statement of how well the department has complied with accounting standards, financial reporting requirements and performance reporting requirements.

- i. **Role-players at the interview:** The interviews that included all three of the suggested officials (Programme Manager, Chief Financial Officer, and M&E) were found to be the most productive. Programme Managers were found to provide the most insightful inputs. The quality of information from Chief Financial Officers varied with only a few of the CFOs demonstrating a clear grasp of appropriate planning and assessment indicators for inputs and outputs and of the service delivery environment. This might suggest that CFOs are not intimately involved in design and planning processes for the programmes, and creates a concern about whether they are able to provide a Value for Money-based motivation for funds during Medium Term Expenditure Framework (MTEF) processes. M&E officials could provide a very good overview of service standards and aspects of performance assessment; however, their understanding of the service delivery environment and the challenges faced was sometimes limited.
- ii. **Duration in post:** The length of time a person had occupied the post, or worked in the provincial department had a significant influence on the insight and information they could provide. If a person had been in the department long enough to experience a full policy cycle from formation through to evaluation and refinement, which takes at least three fiscal years, they were able to share very constructive insight to the challenges of policy interpretation, implementation, and measurement compared to those who had experience for a shorter period. All these processes have critical influences on Value for Money. Unfortunately, the officials at a number of the interviews were relative newcomers in their posts and therefore could not reflect this breadth of experience and history.
- iii. **Suitability of officials interviewed:** It was not always possible to have the relevant set of officials at the interviews due to a range of issues, including time constraints and the unpredictable environments in which officials work in. In many instances, scheduling meetings was an onerous process. This difficulty in accessing necessary information and officials was something of a major concern in the project, especially when the Constitutional mandate of the PSC to perform its oversight role is considered.

## 2.5 PROVINCIAL DEPARTMENTS' RESPONSE TO THE ASSESSMENT PROCESS

Prior to the study, concerted efforts were taken to raise awareness about the study among the sampled departments. The purpose of raising awareness about the potential study was to ensure that relevant officials would be available for interviews. A week ahead of the actual data collection process departments were contacted as a way of reminding them about the dates and times on which they would be visited. These dates and times were also reconfirmed. Despite all the above-mentioned efforts and commitments some departments still could not make relevant personnel available. **Table 2** below shows the officials departments made available for the purpose of this study, where Y means a relevant official was made available and n means the relevant official was not made available.

*Table 2: Provincial Departments where a Programme Manager or other Senior Manager was present at interview*

	EC	FS	GP	KZN	LP	MPU	NC	NW	WC	
Agriculture	Y	Y	Y	Y	Y	Y	Y	Y	Y	100%
Education	N	Y	N	Y	Y	Y	Y	N	Y	67%
Health	Y	Y	Y	Y	Y	N	N	Y	Y	78%
Housing	Y	Y	Y	Y	Y	Y	Y	Y	Y	100%
Social Development	Y	N	Y	Y	Y	Y	N	Y	Y	78%
	80%	80%	80%	100%	100%	80%	60%	80%	100%	

Y=yes, N=no

Table 2 above, shows that seven provincial departments did not make relevant officials available for the interview.

*Table 3: Departments where the CFO or suitable designate was present at interview*

	EC	FS	GP	KZN	LP	MPU	NC	NW	WC	
Agriculture	N	Y	Y	Y	N	Y	N	N	Y	56%
Education	N	N	N	N	Y	Y	N	N	Y	33%
Health	N	Y	N	Y	N	N	N	N	Y	33%
Housing	N	Y	N	Y	Y	Y	Y	Y	N	67%
Social Development	Y	Y	N	N	N	Y	Y	Y	N	56%
	20%	80%	20%	60%	40%	80%	40%	40%	60%	

*Y=yes, N=no*

The participation rate was considerably lower when it came to the CFOs. The CFOs of twenty-three departments (about 50%) did not attend the interviews. This is also the case with M&E officials.

Overall, the provincial departments of Education, Health, and Social Development emerge consistently as the ones whose commitment to the assessment appeared to be weak. The analysis of participation per province reflects the Eastern Cape and Northern Cape as the weakest respondents.

However, it was deemed that reasonable input was achieved despite this response level. This means that the interviews might have had to go on for longer than necessary (up to six hours in multiple sessions in some cases), or that follow-up investigations were required. There were instances where additional interviews had to be conducted to obtain missing information.

# Chapter Three

## CONCEPTUALIZATION OF VALUE FOR MONEY

### 3.1 INTRODUCTION

The purpose of this chapter is to discuss the conceptualization of Value for Money and its application to public administration. The chapter analyses the different elements of value for money and some of the key processes they involve. A critical consideration throughout the chapter is that the realization of Value for Money requires careful planning and implementation, and is a cumulative process as opposed to disparate activities.

### 3.2 WHAT IS VALUE FOR MONEY?

According to the Batho Pele White Paper (1997) and the Batho Pele Handbook, Value for Money is achieved when public services are provided economically and efficiently. For this to happen government departments are required to search for creative and sustainable ways to eliminate wasteful expenditure and promote the productive use of resources such as money, time, equipment and facilities. At the heart of the concept of value for money, there appears to be three critical elements, namely economy, efficiency and effectiveness.

- Economy:** Explores whether specific inputs are acquired at the lowest cost and at the right time.
- Efficiency:** This refers to how productively inputs are translated into outputs. It further means that there should be maximum output with little cost.
- Effectiveness:** The extent to which outputs achieve the desired outcomes<sup>18</sup>.

The successful practice of the above-mentioned critical elements of value for money is likely to improve the living conditions of the citizens who are the primary customers of the Public Service. Productive use of public resources by those responsible (public servants) ensures that government delivers on its mandate which is to meet the needs of citizens. Undoubtedly, government will never have adequate resources to address all the immediate needs of its people simultaneously, thus careful use of resources will contribute towards meeting the needs.

### 3.3 THE DYNAMICS OF VALUE FOR MONEY

Value for Money can be applied and practiced in different ways in government departments. However, the temptation is often to associate Value for Money with the cutting of costs which is money oriented. In reality, Value for Money is not only about cutting costs, it is also about careful spending by departments while at the same time ensuring that effective service delivery is not compromised. A mechanical process of cutting costs may save government some money in the short term. However, such savings may not create any value for the public. Indeed, the savings may only be a temporary one-sided achievement which has even more serious future cost implications for the state.

It is therefore important to note that there are ways of ensuring Value for Money. These ways include elimination of wasteful expenditure, proper management of time when rendering public services and simplification of procedures to be followed to access certain services (for example completion of government forms).

Value for Money can also be demonstrated through public servants who are knowledgeable about the services provided by their respective departments. When public servants who are at the coalface of service delivery are not knowledgeable, it does not augur well for public service. In such instances, members of the public are likely to be told to move from one office to another unnecessarily with no help at all. The public may waste time unnecessarily searching for the relevant office as a result of a Public Service official who is not knowledgeable. Members of the public should not waste their money and time by traveling back and forth to the government offices seeking the same services.

<sup>18</sup> Republic of South Africa. National Treasury: Framework for Managing Programme Performance Information, 2007

### 3.4 MAINSTREAMING VALUE FOR MONEY

There is a need for government departments to mainstream Value for Money as an integral part of their service delivery. For example, during procurement, Value for Money could be factored into the process to ensure that the best service provider with adequate resources and expertise is awarded the contract. It should not be only the service provider with the lowest price and not having necessary expertise who gets the contract. The table below presents possible areas for departments to focus on to achieve Value for Money.

*Table 4: Seven key aspects of public service delivery which departments need to target to achieve Value for Money<sup>19</sup>*

	Factors which need to be addressed or where greater progress is needed
<ul style="list-style-type: none"> <li>• <b>Plan carefully</b> prior to implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure timeframes are realistic and allow for early planning and detailed specification as this will save both time and resources in the long run.</li> <li>• Make full use of pilots to test projects on a small scale prior to rolling out and testing on a larger scale.</li> <li>• Ensure that pilot projects are subject to rigorous monitoring and evaluation.</li> </ul>
<ul style="list-style-type: none"> <li>• Strengthen <b>project management</b></li> </ul>	<ul style="list-style-type: none"> <li>• More realistic business cases and timelines.</li> <li>• Better assessment and management of risk.</li> <li>• Breaking large complex projects into smaller, easy to achieve and more manageable components.</li> <li>• Always having reliable contingency arrangements in place.</li> </ul>
<ul style="list-style-type: none"> <li>• Reduce <b>complexity and bureaucracy</b></li> </ul>	<ul style="list-style-type: none"> <li>• Simplify and streamline complex processes which increase costs and the likelihood of error.</li> <li>• Reduce tiers of expensive bureaucracy and multiple funding streams which also complicate accountability for the use of public money.</li> </ul>
<ul style="list-style-type: none"> <li>• Improve public service <b>productivity</b></li> </ul>	<ul style="list-style-type: none"> <li>• Practical matching of resources to workload to meet the public's demand for services.</li> <li>• Benchmarking of services and support functions to identify and tackle excessive costs and poor performance.</li> <li>• Address identified and potential bottlenecks in service delivery chains which contribute to inefficient use of resources and delays in service delivery.</li> </ul>
<ul style="list-style-type: none"> <li>• Be more <b>commercially astute</b></li> </ul>	<ul style="list-style-type: none"> <li>• Always taking greater advantage of departments' buying power to secure Value for Money.</li> <li>• Increase use of professional procurement expertise in developing contract strategies.</li> <li>• More awarding of contracts on achieving longer term sustainable VFM than simply lowest price.</li> <li>• Greater use of incentives and partnership working with suppliers where appropriate.</li> </ul>
<ul style="list-style-type: none"> <li>• Tackle <b>fraud</b></li> </ul>	<ul style="list-style-type: none"> <li>• Better information to help determine the most effective responses to deal with corruption and to understand the extent of corruption in the public service.</li> <li>• Prompt use of penalties and greater publicity to heighten public awareness about possible punishment.</li> </ul>

<sup>19</sup> Adapted from United Kingdom, House of Commons Committee of Public Accounts: *Achieving Value for Money in the Delivery of Public Service, seventeenth Report of Session, 2005-06.*

- Better and more timely implementation of policies and programmes

- More reliable baseline information on which to base decisions about new policies.
- Well-developed implementation plans.
- More use of best practice models.
- Implementing strong management grip.

### 3.5 DECISION-MAKING LEVELS OF VALUE FOR MONEY

In the context of government processes, decisions that influence Value for Money are made at a number of different levels. For the purposes of this study, these levels are described as strategic, allocative, and operational levels.

While no clear and documented guidance exists on the principle activities and Value for Money determinants at these distinct levels, the following sections offer an initial discussion of what some key issues and Value for Money influences might be at the levels. This framework of understanding broadly underpinned the approach to enquiry that was used in this study.

#### 3.5.1 Strategic Level

At the strategic level, it is proposed that Value for Money means that strategies pursued ensure that the desired outcomes are being achieved in the most economic and efficient means. This means that alternative strategies to achieve the same outcomes should have been costed and considered.

At this level, the evaluation of the most efficient and effective strategies to pursue will largely be determined through national and provincial policy processes. Policies are general statements on what will be delivered to the public and how, and they need to balance the demanding needs of the public with resource availability and the diverse set of constraints facing different provinces. It is at this policy level that decisions should be made about the minimum standards of service and the maximum costs per output. These standards, in effect, quantify the minimum Value for Money beneficiaries should receive.

Control of funding is a key way in which responsibility for strategic decisions can be established. With the exception of conditional grants (which have to be spent in compliance with the conditions attached to the respective grants, and therefore provinces only make allocative decisions around the funding), provinces – initially through their provincial legislatures – have discretion over how their equitable share allocations<sup>20</sup> can be spent. However, they have to comply with norms and standards set out in national policy and therefore the strategic decisions around maximising Value for Money with this money will largely be about aligning provincial policy set out in Provincial Growth and Development Plans and (in some cases) comprehensive provincial sector plans with national policies. Provinces have complete discretion over their own revenue and therefore can make strategic decisions as to how this money will be directed to provide Value for Money.

#### 3.5.2 Allocative Level

At the allocative level, money should be allocated to programmes where the best possible value can be achieved after alternative strategies and programme designs have been costed and considered. This requires that provincial departments decide how best to align their own policies with national policies and in doing so choose where to spend the limited resources they have in a way that optimally meets the needs of their users. Put differently, it is at this level that the departments decide how to allocate available funds towards achieving specific policy objectives in an environment of competing needs for resources.

<sup>20</sup> The amount of money that provinces receive from the national fiscus is determined by formulae of the equitable share based on population sizes, levels of poverty, age cohorts, and economic productivity.



To provide the best Value for Money, decision making processes at this level must be informed by rigorous planning information, including the needs and preferences of users, the relative priority of these needs and preferences, the cost of satisfying the needs and preferences, and the capacity of the department to deliver the required services. If these are all known, decision makers then analyse the information to determine an optimal allocation of resources across these competing needs. It is of course necessary to acknowledge that this is often a balancing act, and that there are likely to be a range of other influences and considerations such as political pressures, parallel priorities (for example, special programmes and national imperatives), and legacy issues (such as the need to address equity issues). In such a context, the focus is not on getting the perfect formula, but to at least be able to demonstrate a rational and defensible process through which allocations are ultimately determined.

### 3.5.3 Operational Level

For the purpose of this study, Value for Money at the operational level refers to the level of implementation where cost per unit of output should be calculated and compared over time with other organisational or geographic units, or with standard cost per unit.

At this level, departments decide how best to operationalize their plans and deliver on agreed objectives within the resource constraints (determined at the allocative level) to their programmes and their programme objectives. There are several decisions at this level that influence Value for Money. One key decision is the determination of how to maximise the efficiency of processes to ensure that maximum output is produced with minimum resources. Also important to the attainment of Value for Money at this level is the question of how the minimum standards of outputs or services can be exceeded. In terms of effectiveness, the attitudes and practices of the front-line providers tend to make a substantial difference to the perceived Value for Money received by users. Good communication systems and inter-personal skills can influence the perception of Value for Money received by beneficiaries substantially.

# Chapter Four

## KEY FINDINGS

## 4.1 INTRODUCTION

This chapter presents the findings on how the Batho Pele principle of Value for Money is understood, complied with and implemented in the Public Service. Approaches used by departments to improve Value for Money of government services and products are also presented. The analysis provided is based on the understanding formulated during both the national and provincial discussion groups and the responses obtained during the interviews with provincial departments. The findings of the study are presented in two parts. Firstly, the observations emanating from the deliberations of the National Discussion Group are reflected. These are then followed by the findings from the interviews conducted with departmental officials. The following areas form the basis of the analysis of the findings:

- Understanding of the Batho Pele Principle of Value for Money (Do departments have an appropriate definition and common understanding of Value for Money?)
- Systems and processes for Value for Money (Do departments have systems and processes in place to enable the realisation of Value for Money)
- Monitoring and Evaluation of Value for Money (Do departments have effective monitoring and evaluation systems in place to enable continual assessment of whether they are still delivering Value for Money)
- Progress in offering Value for Money (Do departments believe that they are offering Value for Money)

### 4.1.1 Findings from National Discussion Group

#### 4.1.1.1 Understanding of Value for Money

During the national discussion group, participants were requested to develop a working definition of Value for Money based on their understanding. The need to have a working definition was informed by lack of common definition of Value for Money amongst the participants. Participants also seemed to agree that the definition of Value for Money provided in both Batho Pele White Paper and Batho Pele Handbook was narrow. Unlike other Batho Pele Principles which are broadly defined, Value for Money Principle only states that public services should be provided economically and efficiently in order to give citizens the best possible Value for Money.

The discussion group agreed on the following working definition which was finally used for the purpose of this study:

*Value for Money in the Public Service is maximizing value as perceived by the citizen and optimally balancing efficiency, effectiveness, and economy within the constraints of public expenditure management. Providing Value for Money is ensuring that services are accessible, appropriate, and adequate to meet citizens' needs, and involves using available resources judiciously, eliminating wasteful and unnecessary expenditure, and procedures.*

In addition to the above working definition, participants emphasized efficiency, economy and effectiveness (3Es) as the basic features of Value for Money. Furthermore, accessible, appropriate and adequate (3As) were identified as other key terms which should be defined if common understanding of Value for Money is to be established.

The key terms used in the working definition are interpreted as follows:

- **Economy:** Securing quality inputs at the lowest possible cost.
- **Efficiency:** efficiency refers to the ratio of inputs (or resources) to outputs.<sup>21</sup>

<sup>21</sup> Improving efficiency means improving that ratio in one of three ways: increased output for given input, stable output with decreased input, or increased output with fewer inputs. Maximising efficiency means maximising the ratio of output to inputs (by any one of the three ways mentioned above).

- **Effectiveness:** The extent to which an activity or output achieves its purpose. This term is expanded upon through the 3As.
- **Accessible:** Intended beneficiaries either can get to the service or are reached by the service.
- **Appropriate:** The service or output is fit for its purpose.
- **Adequate:** The service is provided in sufficient quantities and is of sufficient quality.

This working definition was introduced to the provincial participants at the Provincial Workshops, and was used as the benchmark for the assessment exercise.

Furthermore, during presentations and discussions with the role players at the discussion group, the following key challenges and conclusions regarding implementing a Value for Money approach were identified:

- **Understanding Value for Money:** The “Value for Money” concept seems abstract and subjective, and not every manager can be presumed to be implementing it given that there is a lack of understanding of what it means. A clearer definition of Value for Money is therefore required in order to enable a common understanding of the term.
- **Determining and Measuring Value for Money:** A common framework for implementing and assessing Value for Money is essential. This would enable Value for Money to be mainstreamed into existing planning, budgeting, monitoring, and reporting stages of the delivery cycle. Based on such a framework, Value for Money should be a part of existing performance management processes, and indicators of Value for Money should be reported on in existing performance reports.
- **Monitoring Value for Money:** There is a need for good performance indicators to be developed to assist departments in determining whether they are delivering Value for Money. There is a lack of existing, accurate, and complete data and performance information specific to Value for Money. Furthermore, there is a sense that measuring effectiveness and outcomes is difficult due to complexities such as interdependencies between the departments and other role-players in service delivery. Such factors make it difficult to monitor and evaluate Value for Money.

## 4.2 FINDINGS FROM THE PROVINCIAL DEPARTMENTS

### 4.2.1. Understanding of the Batho Pele Principle of “ Value for Money”

In order to successfully implement Value for Money, it is imperative that a well-defined understanding of Value for Money be achieved with the findings from the provincial departments. Such an understanding would need to be sound (in the sense of being a suitable response to the intentions of the Batho Pele principle) and common between the departments’ role-players. The assessment of the understanding officials had of the concept of Value for Money was carried out by:

- Checking the extent to which their definitions were consistent with the comprehensive working definition as stated in *Section 3.2 of Chapter 3* of this report;
- Determining the extent to which definitions given were subjective (in other words, views held by individual officials) or common across the departments; and
- Synthesizing the key elements that emerged in department officials’ definitions, including whether there were any sectoral specificities.

### 4.2.2. Consistency with the Working Definition of Value for Money

Assessing whether a department’s definitions of Value for Money conformed to the working definition of value for money, respondents were first asked to define ‘Value for Money’ in the context of their service sector.

To provide a framework for comparing the definitions given by provincial departments to the working definition,

the working definition was broken down into eight parts against which the compliance of the departments' definitions could be measured:

- Value as perceived by citizen
- Efficiency
- Economy
- Adequacy
- Appropriateness
- Access
- Judicious delivery
- Within Constraints

The definitions given by the officials in their interviews were all reviewed carefully against each of these eight points. These criteria were used to construct a table reflecting the extent to which departmental definitions include the required Value for Money aspects.

*Table 5: Consistency of Departments' definitions with the VFM working definition*

	EC	FS	GP	KZN	LP	MPU	NC	NW	WC
Agriculture	-	-	+	+		+	-	+	-
Education	-	-	+	-	+	+	-		
Health		+		+	-	-	-	+	-
Housing	-	-	+	+	+	+	-	+	-
Social Development		-	+	-	+	-	+		

+ Average consistency - Below average consistency

Table 5 shows how each individual provincial department's definitions of Value for Money compared in terms of consistency with the eight criteria listed during the development of the working definition of value for money. The level of consistency was averaged by sector. If a department does not have a common definition, then their relative consistency was not brought into the above comparison. This was informed by the fact that comparing a definition that is not widely used and was perhaps a personal reflection with widely used definitions would not be appropriate. Therefore, the blank cells reflect departments where their officials stated that they had no common understanding of Value for Money in their departments.

The result reflects that, on a relative scale, the Eastern Cape and Western Cape perform below average and have a lower level of common understanding, and the Northern Cape follows thereafter. Gauteng possibly stands out as the strongest overall in indicating a higher than average level of consistency with a common definition of Value for Money in its departments. Among the sectoral departments, the departments of Housing have above average consistency while the departments of Social Development have the lowest level of common understanding.

#### 4.2.3. Formal Understanding of Value for Money

The respondents were also asked whether the definition they had given was one that is common in their department. This was important in establishing whether their responses were reflecting an individual perspective, or one that is common across their departments.

Figure 1: Common definition or understanding of Value for Money (by province)

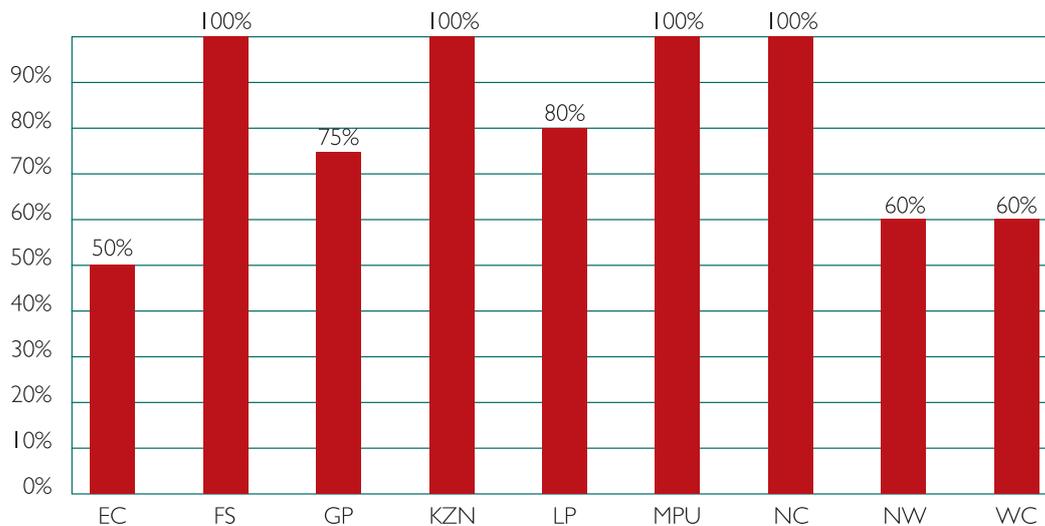


Figure 1 above shows that all the departments in the Free State, Mpumalanga, KwaZulu-Natal, and the Northern Cape have a common definition of Value for Money in their departments. The opinion of other provinces in respect of a common definition and understanding ranges from 50% in the Eastern Cape to 80% in Limpopo. There are a number of possible explanations for these variances, including the relative sizes of departments, or departments being at various stages of restructuring and reform, which may mean that common definitions are not yet mutually agreed upon or there is no induction process to raise awareness among new and existing staff of the departments.

Many respondents used their provincial departments' vision and mission statements as a point of reference for departmental understanding of Value for Money. This is potentially a favourable finding in that departments may want to relate their Value for Money statements to their vision and mission statements and this may facilitate the internalization and institutionalization of Value for Money.

Figure 2: Common definition or understanding of Value for Money (by sector)

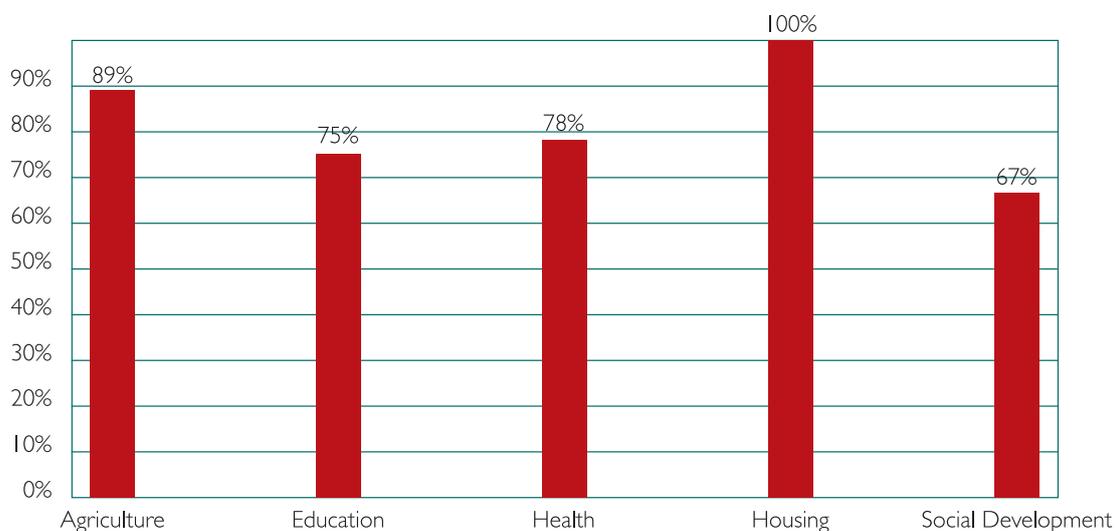


Figure 2 above shows the same data on common definitions presented by the sectoral departments assessed. It



shows that all of the nine provincial departments of Housing have a common understanding of Value for Money in their departments. For the other sectors, an average of seven out of nine of their provincial departments indicated the same, with the lowest rating come from the departments of Social Development (67%).

The 100% common understanding scored by the provincial departments of Housing could be explained by the very formal norms and standards the provincial departments are required to comply with. Many aspects of service delivery in the departments of Health are also governed by norms and standards. However, the severe resource constraints and the diverse set of needs that the provincial departments of Health face might explain why their rating for this question was lower.

The different functions of the provincial departments of Social Development have varying interpretations of Value for Money due to the diverse set of services delivered by the department across the provinces, and this may explain their low score. Similar comments about varying interpretations of Value for Money were also made in the provincial departments of Agriculture, but as their activities are largely project-based, they define Value for Money in terms of project-level success and impact.

#### 4.2.4. Key Elements of Officials' Understanding of Value for Money

When comparing the phrases used by the department officials to the Batho Pele definition, almost all (93%) of the departments interviewed referred to the “impact” or “value” of their services when attempting to define Value for Money. This suggests that, though it is difficult to quantify, most departments do associate their service delivery with downstream value to their users.

On the other hand, only 53% referred to concepts of economy or efficiency in their definitions. Reference to input: output ratios in defining Value for Money was made mostly by departments of Health and Housing, while none of the provincial departments of Social Development referred to this indicator.

The following sections discuss the specific terms used by sector departments to define Value for Money.

##### 4.2.4.1. Value for Money in the provincial departments of Agriculture

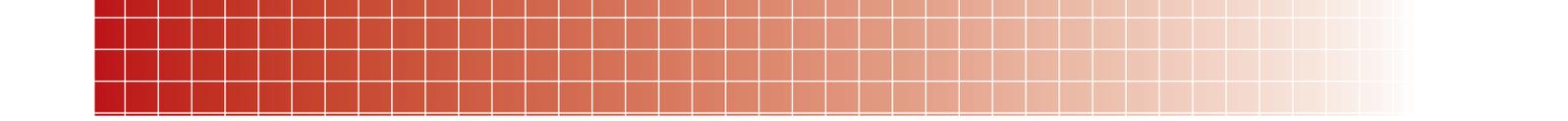
In six of the provinces, the ‘Number of outputs for the budget programme’ was used as a measure to define Value for Money. This is similar to saying maximum output per input or efficiency. The word “impact” was also used in six provinces and “sustainability” and “viability of projects” was mentioned in three provinces. Other terms used included profitability and increased profits, ensuring accessible services, maximum number of people benefiting, and migrating emerging farmers from subsistence to commercial farmers.

Although the term “impact” was used relatively widely, there was diverse understanding of how to define the impact any department of Agriculture should achieve through farmer support services. The meaning of impact varied across the provinces, depending on the role the department of Agriculture played in their region and relative per capita wealth in the province. For instance in a province where the agricultural sector is relatively large, a focus area was on ensuring that farmers could compete on the export market, whereas in provinces with wider spread poverty they felt impact was providing emerging farmers with dignity.

Therefore, “Value for Money” in the departments of Agriculture would appear to mostly be about making an impact by using available resources; however defining that impact in narrow terms is seemingly difficult.

##### 4.2.4.2. Value for Money in the departments of Education

Six of the provincial departments of Education used “quality learning and teaching” to describe Value for Money. Three provinces used terms such as “Number of outputs for given inputs, pass rates, and access to learning and



teaching” to describe Value for Money. Other terms used across the provinces, included timeliness of provision, complying with norms and standards, producing literate learners, and producing rounded learners.

Quality learning and teaching were referred to as more than just a pass rate. The view was that quality learning and teaching should reflect the quality of life long benefits learners would have acquired through the education system. The quality of learning and teaching should improve the lives and the living conditions of both the people and their communities.

Overall, the concept of “Value for Money” in the provincial departments of Education is mostly understood in terms of providing quality learning and teaching that would contribute towards the improvement of the lives and living conditions of the learners and their communities. At the end of either their high school or their tertiary education, learners must have increased their opportunities to lead their lives productively.

#### *4.2.4.3. Value for Money in the departments of Health*

In the health sector, seven provinces referred to outputs produced for given inputs when describing value for money. This included referring to cost per patient day equivalents and cost per outpatient days. Four provinces referred to the impact of the departments, while quality care and access were each raised by three provinces. Provinces that raised the issue of access emphasized that health services should be accessible to a diverse set of users. A number of terms were used to suggest that short waiting period for service is a big factor in Value for Money in the departments of health. Two provinces felt their Value for Money could be measured in terms of the health status of the communities they serve. Other terms used included patient satisfaction, providing the right treatment at the right places, and positive patient outcomes.

The point was made that the efficient use of resources in the health sector is sometimes contrary to meeting patients’ preferences. The typical example is that some patients perceive services rendered at primary health care facilities (clinics) to be inferior to those provided at provincial or regional hospitals, even if this is not the case. Therefore, macro level studies of “patient satisfaction” in literal terms could be a potentially misleading or incomplete measure of Value for Money, as patient satisfaction would be based on perceived value, rather than an objective or even a departmental value.

“Value for Money” is generally understood in the departments of Health in terms of providing quality health care within prescribed cost limits; however, the notion of “quality” seems difficult to define objectively.

#### *4.2.4.4. Value for Money in the departments of Housing*

In six provinces, the concept of the value of the house provided was raised as an indication of Value for Money. This generally referred to the asset value the beneficiary could gain from the house. Five provinces mentioned cost per unit, four mentioned meeting standards set in national policy, and three referred to sustainability. Sustainability referred to the durability of the house. Other issues that were raised were the impact, the building of communities, and providing value at each stage of production.

The number of provinces who stated that meeting standards is an important measure of Value for Money is evidence of the role played by defined norms and standards within the departments of Housing. It is also interesting to note that many provinces mentioned the *Breaking New Ground Strategy*<sup>22</sup> and the emphasis that the strategy places on building “sustainable human settlements”. Given this observation, it is surprising that few provinces referred to the delivery of sustainable human settlements as an indicator of Value for Money.

<sup>22</sup> This is a comprehensive plan for the development of sustainable human settlements. The Plan was approved by Cabinet in 2004.



Therefore, the concept of “Value for Money” as understood in departments of Housing appears to be mainly about effectively providing an asset of defined specification, according to prescribed norms and standards.

#### 4.2.4.5. *Value for Money in the departments of Social Development*

In the departments of Social Development, “providing appropriate services,” meaning being able to provide the right kind of intervention to the client, was the most common phrase used to define Value for Money. Other terms used were compliance, efficiency, and impact, which were each used by three provinces. On the other hand, quality of services, response times, and client satisfaction were raised by some officials in a fewer provinces.

The meaning of “impact” of this service was also difficult to define and interpreted differently by the different provinces. The Social Welfare Services Programme deals with such diverse and complex problems that defining impact is difficult because it means different things to different people. Response times was not widely referred to in definitions of Value for Money but referred to as a critical aspect of service delivery that could be improved to provide better Value for Money in separate discussions in the interview.

“Value for Money” in the context of provincial departments of Social Development is therefore mostly interpreted as ensuring that beneficiaries receive services appropriate to their needs, within constraints. However, these needs are very difficult to predict, and the full value achieved in social development interventions is very dependant on the contribution of other role-players.

#### 4.2.4.6. *Provincial Treasuries’ understanding of Value for Money*

The definitions provided by Provincial Treasury officials focused firstly on issues of the 3 Es and spending within limits, and secondly on quality, value, timeliness and impact. The Treasury officials also emphasized the role that good information and reporting plays in measuring Value for Money.

### 4.3 SYSTEMS AND PROCESSES FOR ACHIEVING VALUE FOR MONEY

This study also sought to establish the extent to which the provincial departments have systems and processes in place to ensure that they are delivering and monitoring Value for Money. In order to make this determination, it is necessary to begin by establishing in broad terms what systems and processes are considered important in enabling Value for Money. It is proposed in this regard that in order to implement a Value for Money approach in line with *Batho Pele*, a department needs to:

- Have ongoing knowledge of the needs and perceptions of its service users;
- Define, manage and balance the 3Es as key elements of the Value for Money definition;
- Operate within the public expenditure management framework which represents the regulatory parameters; and
- Have internal systems and processes that are suitable and enabling for Public Service delivery.

The following sections discuss the findings of the study concerning these criteria, with the exception of the first aspect, which is discussed in *Section 4.4*.

#### 4.3.1. *Defining, Managing, and Balancing the 3Es*

An important aspect of appropriate systems and processes for enabling a Value for Money approach is reflected in the extent to which departments understand the 3Es and are able to effectively manage and balance them. The assessment focused on examining certain aspects of the 3Es as reported in this section.

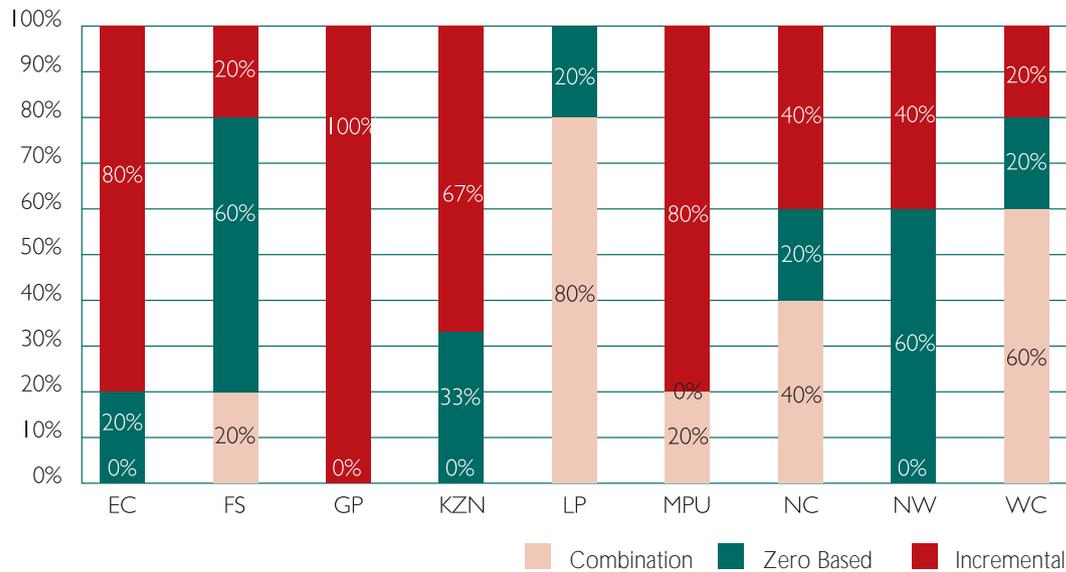


### 4.3.1.1. Economy

The criterion of economy suggests that departments are securing quality inputs at the lowest possible cost. The study attempted to establish whether departmental budgeting is conducted rigorously and based on concrete input norms or standard cost per unit of output. To establish this, department officials were asked about the basis of their resource allocation. It was important to establish if departments use incremental, zero-based, or some other hybrid approach to budgeting. In a study of this nature, it is imperative to find out factors that inform departments to adopt a particular budgeting approach. Each budgeting approach is based on a particular principle, for example, zero-based budgeting suggests that the costs of functions and programmes are identified and considered during budgeting.

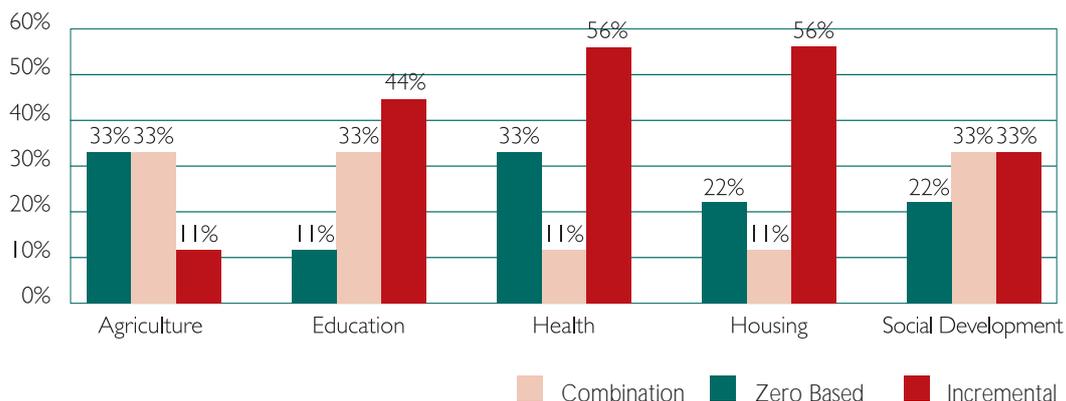
However, as reflected in *Figure 3* and *Figure 4*, only an average of 25% of the provincial departments indicated that they are preparing their budgets through a zero-based budgeting approach. Half of the departments that were interviewed are primarily preparing their budgets through incremental budgeting, and the balance indicated some mix between the two. The “mix” option typically reflected that new programmes are costed up from a zero base, while ongoing programmes may tend to be approached incrementally.

*Figure 3: Approach to budgeting (by province)*



Respondents from Gauteng, Eastern Cape, Mpumalanga, and KwaZulu-Natal provinces indicate that they are primarily doing incremental budgeting. Free State and North-West province indicate the highest level of zero-based budgeting (at 60% of departments).

*Figure 4: Approach to budgeting (by sector)*





Over 50% of the provincial departments of Health and Housing indicate that they are budgeting incrementally. Some of the provincial departments of Health indicated during their interviews that comprehensive, zero-based budgeting is a waste of time in their sector because they will go through a time consuming process of costing their programmes only to find their actual resource needs far outweigh what is ever allocated to them. This might explain then why they are inclined towards incremental budgeting, which is less time consuming. The provincial departments of Housing on the other hand is strongly driven by output cost norms from a national level (cost per subsidy) and they may therefore simply adjust for delivery targets and not necessarily undertake detailed zero-based budgeting year-on-year. The relatively low proportion of zero-based budgeting by the provincial departments of Education might be explained by the high need for the service, plus detailed norms and standards for school funding.

It is understandable that the departments of Agriculture would show a higher proportion of zero-based budgeting since the programme is project driven, and these are costed in detailed business plans. The departments of Social Development also have some project-based social welfare work, and outsource many of its services to non-governmental organisations (NGOs) who would be expected to cost their services.

The other aspect of economy that was explored was about the extent to which programme managers believe that they are sourcing quality inputs at the lowest cost, and whether they are benchmarking these costs. In general, the response given was in reference to the supply chain management (SCM) process as their means to ensuring that this aspect of economy was achieved. In provinces such as Limpopo and Mpumalanga, findings showed that there are serious doubts that these processes are actually ensuring that they are paying the lowest cost. There is a sense that government in general is overcharged for everything (relative to actual market prices), and that the current rules force government to procure goods or services from the lowest bidder even if the official is sure that even the lowest bid price is inflated compared to true market cost. There are also examples cited of preferential procurement regimes where departments are forced to procure services from a list of providers whose prices may not be competitive in the market. There did not appear to be significant or consistent efforts to benchmark input costs against market prices (although a few provinces did suggest that they do extensive benchmarking), however reference was made to personal knowledge of what similar goods or products would cost a private consumer in the market.

This notion that “government pays more for everything” was an interesting finding that should be explored further as it presents a fundamental threat to the idea of economy, one of the pillars of Value for Money, in the public administration.

The department officials were generally not able to indicate any other specific indicators or initiatives around ensuring economy in their service delivery.

#### *4.3.1.2. Efficiency*

To conclude that a programme has systems and processes in place to ensure efficiency (maximising the ratio of inputs to outputs), the following criteria are proposed:

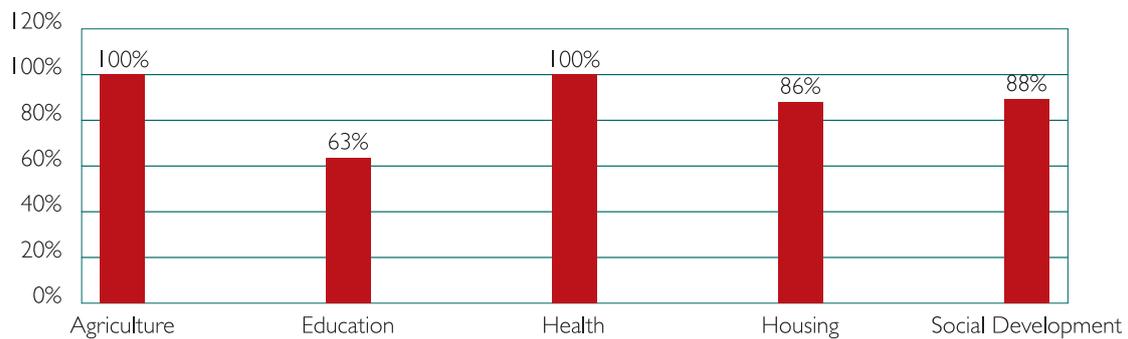
- The programme is calculating its cost per unit of output so that trends thereof can be tracked and benchmarked;
- The linkage between the outputs and defined outcomes are established, and alternative strategies to achieve the same outcome are costed and considered;
- Programme allocations are based on trade-off analysis; and
- Other innovations that could result in improved performance are continuously sought and explored.

When these criteria are applied, it emerged that most department officials did not have an awareness of any specific efficiency indicators, and the understanding of measuring efficiency in general appeared to be limited.

Formulation of input: output ratios did not appear to be a standard, and some department officials even made comments like “our focus is on not under-spending rather than on being efficient.” This is possibly an unintended consequence of a national focus on under expenditure in departments. Examples of innovations were few, appeared to be small-scale pilots, and there was no real sense of a systematised culture of innovation to improve efficiency in the departments.

All the department officials were asked whether they typically conduct any options or trade-off analyses as part of their strategic and business planning exercises as a way to ensure that resource were being allocated in the most efficient and effective manner. The findings in this regard are reflected in the following figures.

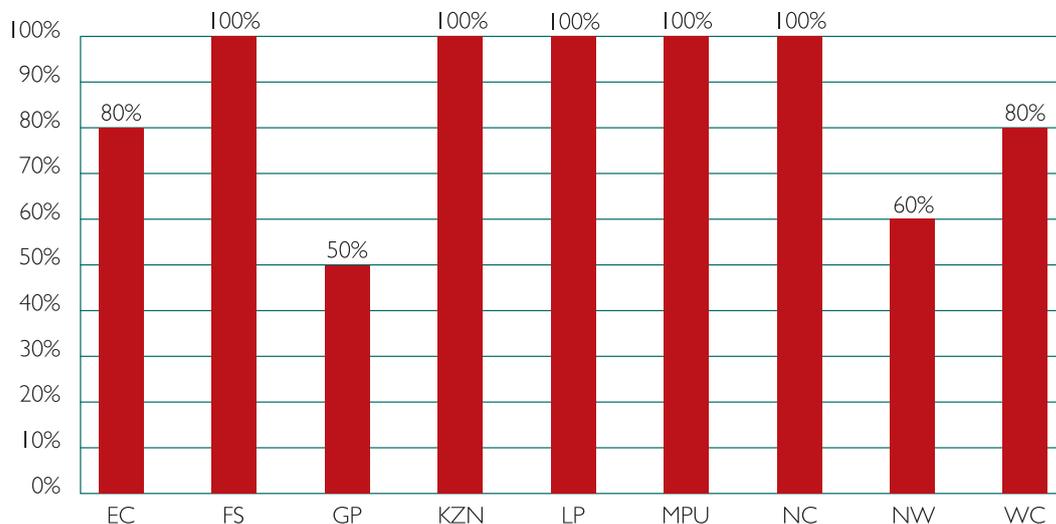
*Figure 5: Departments that are conducting options and trade-off analysis (by sector)<sup>23</sup>.*



As shown in **Figure 5**, the majority of the provincial departments (an average of 88%) indicate that they are doing some kind of options / trade-off analysis. The Agriculture and Health sector departments give the strongest indications at 100%, while the Education sector seems to do the least by way of options and trade-off analysis. This may reflect a lack of significant effort to optimise and innovate in delivery in this sector.

**Figure 6** illustrates the provincial reflection of the same. It is interesting that Gauteng scores itself the lowest, although missing responses may partially account for this.

*Figure 6: Departments that are conducting options and trade-off analysis (by province)*



<sup>23</sup> Note: Responses for KwaZulu Natal departments of Agriculture, Housing, and Social Development, and Gauteng departments of Agriculture, Education, and Housing are missing from the results presented in Figure 5 and Figure 6.



Further interrogation on this question revealed that department officials were generally referring to informal processes of discussion conducted as part of programme meetings or strategic planning sessions. There was generally no systematic approach to the analyses indicated by departments' officials. Strategic sessions were not informed by any of the established tools and techniques for option and trade-off analysis. Some departments seem not have well-trained and competent analysts on hand to advise or guide this process.

The combination of the informal processes followed to allocate resources, as well as a very lukewarm response to prompts about whether innovation is important to the departments suggests that ensuring efficiency is not a primary or systematised concern in departments.

#### *4.3.1.3. Effectiveness*

Effectiveness refers to the extent to which an activity or output achieves its purpose. As such, systems for ensuring effectiveness should include defining and monitoring output and outcome objectives. In this study's framework, this was done using the criteria of accessibility, appropriateness, and adequacy of service provision.

Department officials were able to respond to most of the indicators that were provided, both in terms of what their targets are as well as how they perform against these targets. In some cases, the information reported did not correspond with information found in other sources such as annual reports or budget statements.

It was evident that the range of indicators used in the study to map the measurement of effectiveness is not entirely or consistently used in the departments. Often the quantitative indicators elicited a more specific and conscious response.

#### *4.3.1.4 Approaches to ensuring the 3Es*

For a department to be able to assess if it is implementing Value for Money, there should be a well-developed system to measure both economy and efficiency. The assessment tools should be able to monitor **economy** (securing quality inputs at the lowest cost), **efficiency** (the ratio of inputs/resources to outputs) and **effectiveness** (the extent to which an activity or output achieves its purpose). Effectiveness should in turn be looked at in terms of the 3As which are equally important in understanding Value for Money. These are **accessibility** (the intended beneficiaries either can get to the service or are reached by the service), **appropriateness** (the service or output is fit for its purpose) and **adequacy** (the service is provided in sufficient quantity and is of sufficient quality). Officials who participated in this study seemed to struggle to understand both the three 3Es and 3As. Despite the presence of a CFO and other senior members of departments in interviews, questions on both the 3Es and 3As were often not answered at all. The difficulty expressed by these senior officials might be a reflection of lack of awareness or training on these concepts. This lack of understanding of these concepts is likely to affect the performance of these official in the implementation of Value for Money.

In discussing economy and efficiency, department officials mention general measures such as mid-year reviews, close attention to strategic plans, use of SCM, accurate and continuous monitoring and evaluation, and staying within budgetary constraints. Few officials mentioned some specific measures relating to economy and efficiency.

The provincial departments of Social Development stated that economy in their environment is ensured through established operational policies, procedure manuals, and performance plans. They also suggested that economy is achieved through M&E overall, and that quality therein is assured by tracking feedback and complaints received if services are not effectively provided. A question could be raised regarding the validity of these instruments in relation to ensuring economy (defined in terms of securing the quality inputs at the lowest possible cost). The provincial departments of Social Development then indicated that efficiency is sought through their audit reports, filing documents and retrieval, and better housekeeping of data. Taken as a whole, however, the departments argued that it is very difficult to relate output to input in social development due to the nature of the service.

Provincial departments of Agriculture stated that their economy is rigidly guided by SCM criteria, and some suggested that efficiency comes from thorough follow through on the strategic plan, which may be a result of the rigidity of conditions of the conditional grants this department accesses. Despite this, officials expressed concern that striving for economy can compromise quality – the balancing between which is the essence of a Value for Money approach. National and provincial poverty reduction objectives are also cited as contradictory to strict economy and efficiency because projects that are supported are frequently not selected based on economic criteria such as the likelihood of success or return on investment.

Provincial departments of Health have appeared to have the most specific indicators of efficiency (such as cost per patient day equivalent, bed occupancy ratio, and average length of stay), suggesting that they have a good understanding of how to measure their efficiency. These indicators are stipulated at a national level. However, provincial departments of Health also suggested that service delivery is generally a process of responding to crises and emergencies, and that the efficiency indicators do not always assist or support planning for delivery. One provincial Health department mentioned that greater economy was achieved by the department using an infrastructure monitoring tool to check expenditure through the Department of Public Works and quality of work. The District Health Information System (DHIS)<sup>24</sup> was mentioned as leaving an ‘extensive audit trail’ allowing all expenditure to be tracked and an assessment of economy and efficiency. One provincial Health department mentioned that economy could be achieved by ensuring that over-expenditure is properly explained. This department made estimates of the comparative cost of patient care in district hospitals. This was the first time mention was made of comparative costing and benchmarking in the study.

Provincial departments of Housing mentioned instruments to improve the inspection of building in progress such as a checklist, which could lead to corrective measures. They feel the happy letter<sup>25</sup>, which is signed by the beneficiary, is confirmation that value has been achieved for the customer and, in a sense, a measure of efficiency: providing a house at reasonable standards for a set subsidy. Provincial departments of Housing are now also utilising the National Home Builder’s Registration Council (NHBRC)<sup>26</sup> to effect better inspection as a way to ensure quality. Some departments use a specific mechanism, such as a steering committee at the project level, to ensure both economy and efficiency. Information provided in performance reports is obtained through random on-site physical examinations and through building control inspectors. One provincial Housing department mentioned instituting a system of penalties to ensure compliance; where construction is of poor quality the contractor is not paid. Another provincial Housing department mentioned that economy is achieved through a “value created sheet” which is used throughout; the sheets cascade down to the project level and are used by quality assurers. This department employs clerks of work to check that the right proportion of cement to sand is used in mixing concrete.

It is important to note the mix in responses with some provincial departments referring to processes that are about planning, others that are about monitoring, and yet others that are very possibly neither. This diversity of understanding reinforces the overall finding that the 3Es are not adequately operationalised in departments.

#### 4.3.2 Operating within the Public Expenditure Management Framework

Value for Money systems and processes in departments should ensure that programmes are operating and spending according to the budget and rules as specified in the pertinent policies. The purpose is to ensure that effective spending of tax payers money is achieved.

24 *The District Health Information System is a software system used by provinces for capturing, validating, analyzing, and presenting routine data / information from all public health care facilities.*

25 *A “Happy Letter” is the letter beneficiaries of housing projects are required to sign on receipt of their house to acknowledge that they are content with the house.*

26 *The National Home Builder’s Registration Council was established in terms of the Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998) to protect the interest of housing consumers, and to regulate the home building industry e.g. by monitoring quality standards and providing technical and management support to Provincial Housing Departments and Local Authorities.*

The Auditor-General (AG) of South Africa conducts routine audits of both national and provincial departments with the aim of determining, among other things, the reasonableness, and reliability of financial statements and information, areas of non-compliance with key financial legislation, and areas of poor controls and potential fraud. These indications relate to matters of systems and process within departments, and therefore it was deemed suitable to briefly reflect upon the AG report of regularity audit findings as part of this assessment process. The following key points from the latest AG report (2004/5 Provincial Outcomes) were highlighted for this purpose<sup>27</sup>:

#### 4.3.2.1 Overall General Assessment of Audit Outcomes

The AG ranks departments on the basis of the severity of audit opinions for the given year. Negative audit findings are reflected overall in disclaimers (indicating that departments are not able to substantiate the transactions and finances of the department) and qualified audit opinions (indicating serious concerns about the management of the department).

*Table 6: Qualified Audit Opinions with regard to the three main sectors for 2004-5*

	Education	Health	Social Dev
EC	D	D	U
FS	Q	U	Q
GP	U	Q	Q
KZN	Q	U	D
LP	U	U	U
MPU	D	U	U
NW	D	Q	Q
NC	U	D	U
WC	Q	U	U
<b>TOTAL Q/D</b>	<b>20%</b>	<b>80%</b>	<b>20%</b>

*D=Disclaimed, Q=Qualified, U=Unqualified*

As reflected in **Table 6**, only half of the departments in the three main sectors (Education, Health, and Social Development) received unqualified audit opinions. They are Eastern Cape Social Development, Free State Health, Gauteng Education, KwaZulu-Natal Health, Limpopo Education, Limpopo Health, Limpopo Social Development, Mpumalanga Health, Mpumalanga Social Development, Northern Cape Education, Northern Cape Social Development, Western Cape Health, and Western Cape Social Development. In general, the Education sector performed the worst.

The overall AG assessment paints a generally negative picture of the systems and processes of the majority of the departments included in this study on the basis of their regularity audit. This raises serious concerns about the ability of the departments to manage and monitor their own systems and processes at the basic level of financial management to ensure Value for Money.

<sup>27</sup> The AG Provincial Outcomes report from 2004/5 is the most current available. Some of the results are updated in the 2005/6 General Audit Outcomes report which is also referenced. It is also noted that the Social Development assessments may also include social grants administration which currently is no longer a function of the department.

#### 4.3.2.2 Consistency of Performance Information

The AG's assessment found that it was only possible to correlate the departments' annual reports with the corresponding provincial budget statements in 4 out of 27 of the main sector departments. The implication of this is that it is not possible to link performance information to budget information for 85% of the departments. The AG concluded from this that "the basis of funding and the reporting requirements in the public domain are not aligned, resulting in a lack of clear accountability" (Auditor-General, 2006a).

This finding has critical implications for any Value for money assessment. It is not possible to measure the efficiency aspects of Value for Money if performance (outputs) cannot clearly be associated with budgets (inputs).

#### 4.3.2.3 Evaluation of Measurable Objectives

The AG assesses measurable objectives on the basis that they should be specific, measurable, and time-bound. It is also expected that Measurable Objectives should be "consistent among provinces to ensure alignment with national goals" (Auditor-General, 2006a). However, the AG findings were that:

- There was no consistency across provinces in the formulation of Measurable Objectives for the selected sample of programmes;
- 56% of departments (including 7 out of 9 Social Development departments) did not report on all performance measures stipulated in their Provincial Budget Statements; and
- 74% of departments did not link the Measurable Objectives to a set time frame.

These findings also bear negative tidings for a Value for Money approach, as it is not possible to measure effectiveness of service delivery if there are no established, objective measures of effectiveness, which are implemented and monitored by departments.

#### 4.3.2.4 Reporting on Actual Performance

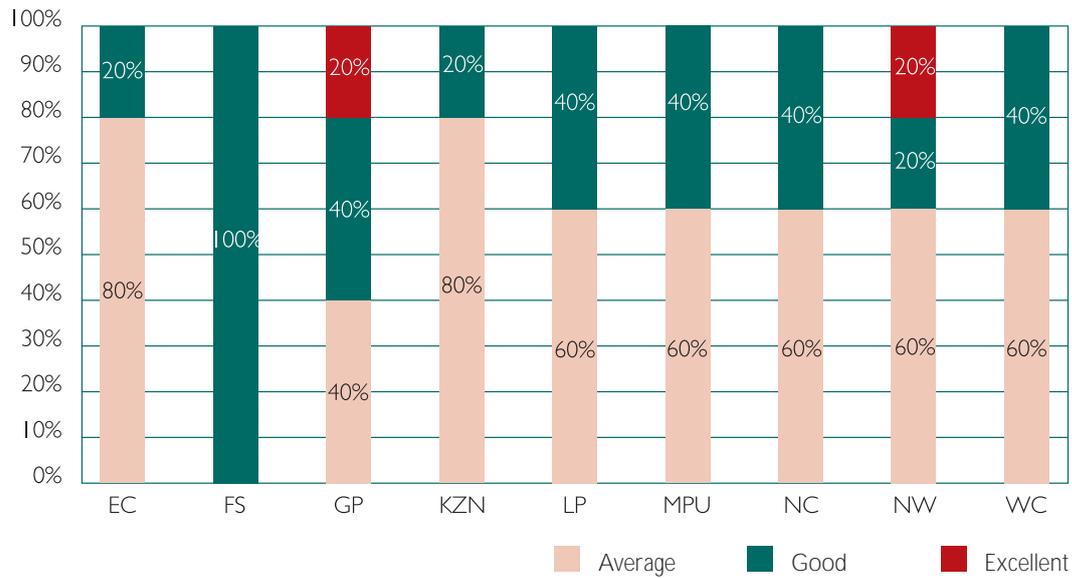
The AG assesses whether actual performance is reported for each indicator, and any variances explained. However, the AG found that 52% of the sampled programmes did not report at all on differences between the targets set in Provincial Budget Statement and their actual performance.

This again suggests a gap in the system of accountability, and is a serious limitation in measuring and achieving effectiveness of service delivery. The AG finding in this respect is consistent with the study team's findings when going through the series of indicators on the 3As where the ability to report on actual performance was often uncertain and inconsistent.

### 4.3.3 Suitable and Enabling Internal Systems

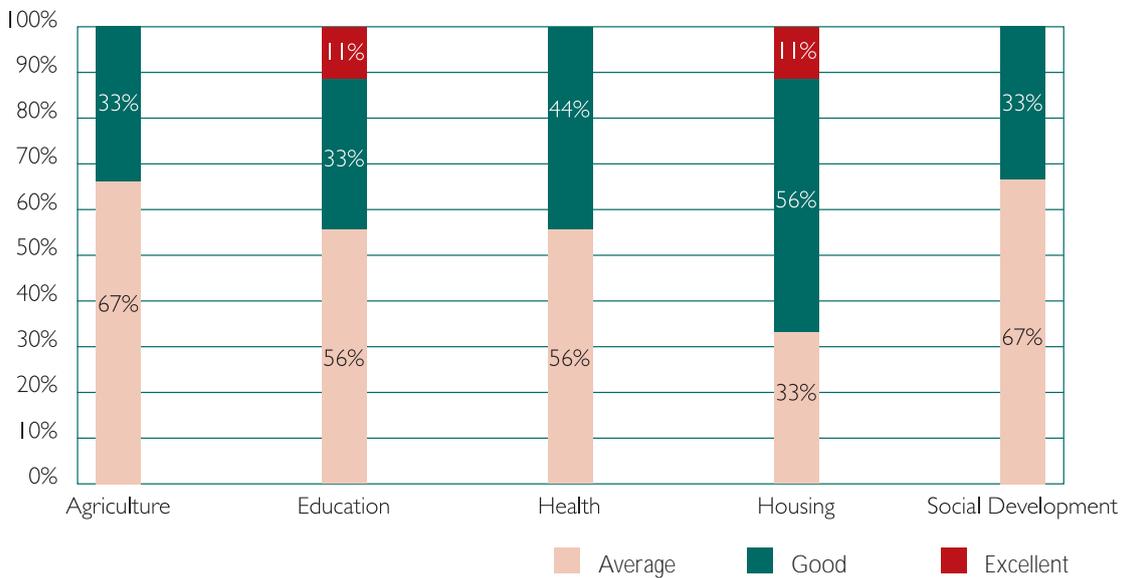
All the provincial departments were also asked to rate themselves in terms of how well they feel that their departmental systems and procedures enable them to deliver Value for Money. Ratings ranged from average, good to excellent. The results as shown in **Figure 8** reflect that most departments give an average rating for their departmental systems and processes.

Figure 7: Rating of department's systems and processes in enabling Value for Money (by province)



Departments within the Free State rated themselves as “Good” across the board, which reflects their general sentiment that they have reasonable systems in place. Eastern Cape and KwaZulu Natal gave themselves the lowest rating in general.

Figure 8: Rating of department's systems and processes in enabling Value for Money (by sector)



In the sectoral picture, the Agriculture departments and Social Development departments have the lowest summary rating, while the Department of Housing would appear to be most optimistic about their processes – perhaps implying that their challenges lie elsewhere.

#### 4.4 MONITORING AND EVALUATION OF VALUE FOR MONEY

A department's commitment to both monitoring and evaluating their Value for Money would prove their commitment to prioritising and improving their ability to achieve Value for Money. A high level of awareness of the need to achieve Value for Money would be indicated if departments had appropriate instruments in place

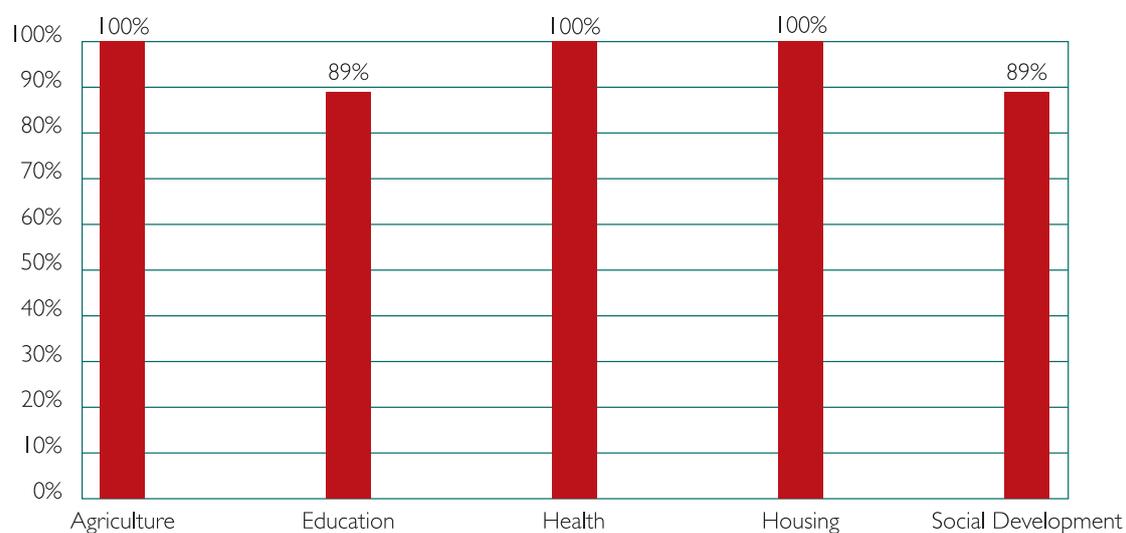
to gauge their performance by relevant indicators and by the satisfaction of the needs of users as customers or clients.

#### 4.4.1. Monitoring of User Needs and Perceptions

Consulting users about their ongoing needs, preferences, and concerns forms a critical input towards planning. It is the starting point to ensuring Value for Money, and it is the most direct means of monitoring the perceptions of users on the effectiveness of service delivery. The study sought to establish the existence of such consultation mechanisms, as well as their frequency and impact.

#### 4.4.2 User Consultation

Figure 9: Proportion of departments that are monitoring user needs and preferences (by sector)



#### User Consultation

Figure 9 above shows the percentage of respondents that responded affirmatively to the question “Do you have any specific mechanisms in place to consult the users of your service about their ongoing needs and preferences?” Almost all of the departments claimed to be monitoring user needs and preferences to a certain extent. Given the significant emphasis of Batho Pele on consultation and redress, this was not a surprising finding. However, other PSC studies have shown that the nature and scope of consultation by departments is generally still inadequate<sup>28</sup>.

Respondents mentioned the following specific means of consultation:

- Izimbizo;
- Visits by Heads of Department and Members of Executive Council (MECs);
- road-shows and information sharing sessions;
- open days;
- stakeholder forums and committees;
- public hearings;
- customer satisfaction surveys;
- information, feedback and complaints systems such as hotlines and suggestion boxes;
- consultations, e.g. with traditional leaders;

<sup>28</sup> See for example, Republic of South Africa. Public Service Commission. Third Consolidated Monitoring and Evaluation Report. March 2007

- provincial councils with civil society (churches, professional associations, etc);
- outreach programmes;
- conferences; and
- talk shows on radio.

The *izimbizo* were mentioned frequently as means of consulting with the service users. They, therefore, appear to be one of the primary methods of ensuring that departmental services are aligned to user needs.

#### 4.4.3 Frequency of User Consultations

How frequently user perception information is collected is another important aspect of monitoring.

Figure 10: Frequency of user perception information collection (by province)

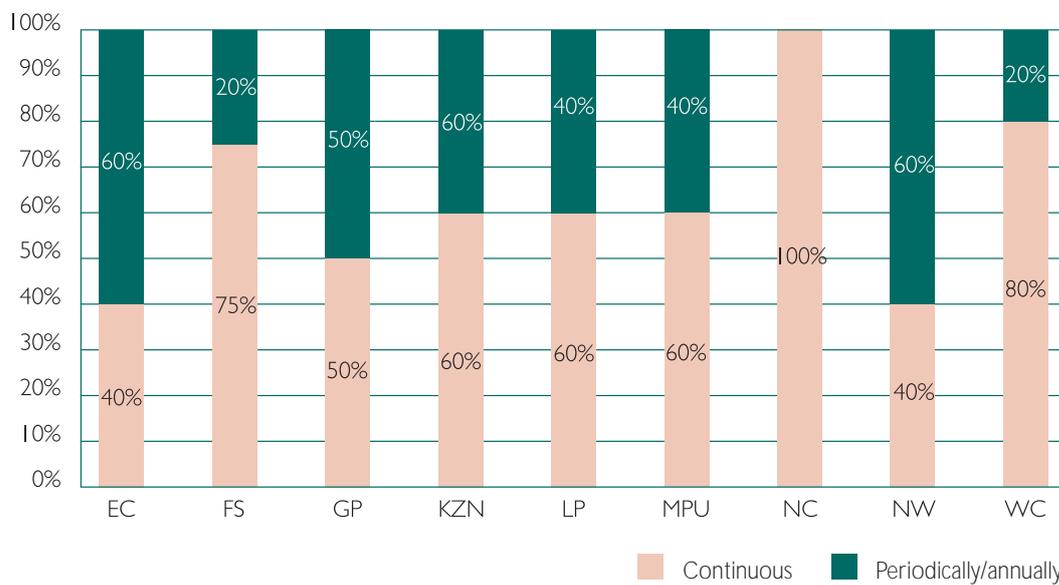
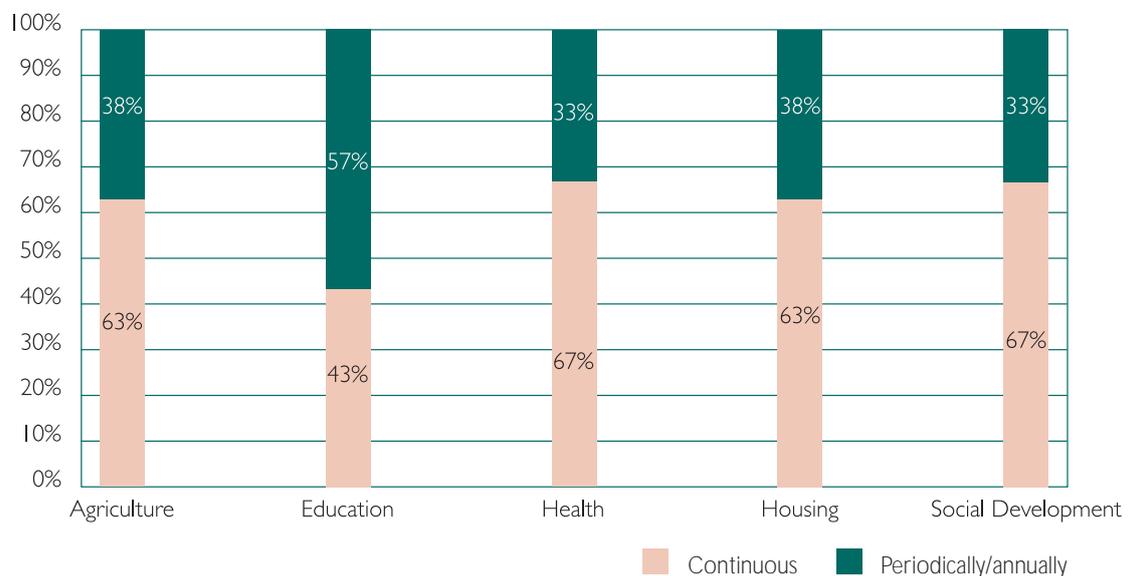


Figure 10 above shows the frequency of the departments in collecting service users views to inform their budgeting and planning processes. Different departments collect service users opinions at different times. Some departments collect information more regularly than others.

Figure 11: Frequency of user perception information collection (by sector)



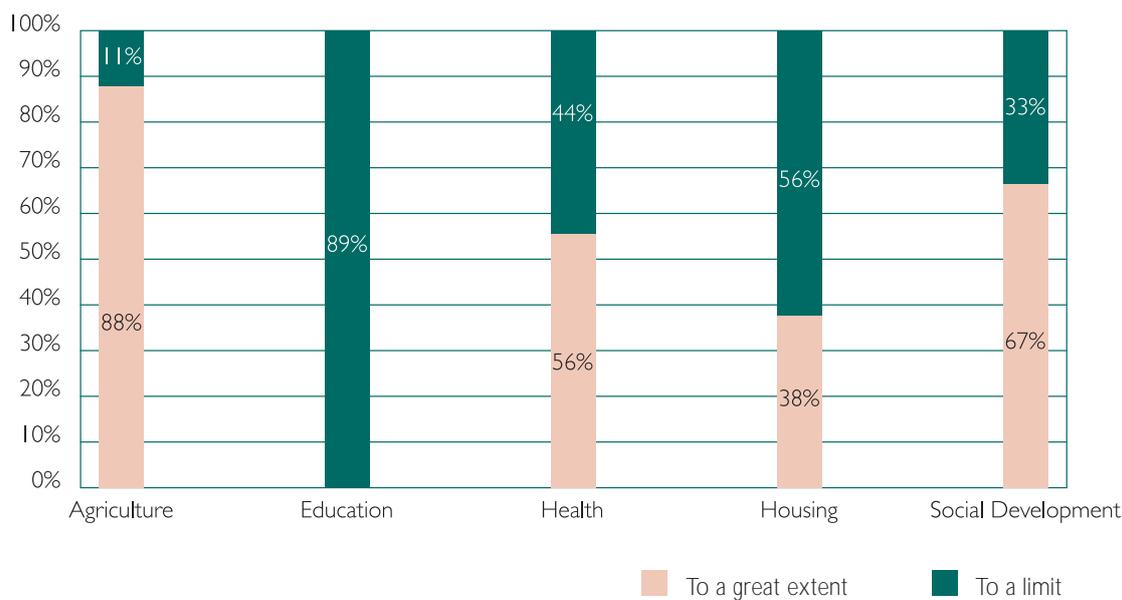
As reflected in **Figure 11** above, an average of about 60% of the departments indicated that they collect information on user perception on a continuous basis. Some departments indicated that they collect information 24 hours a day, some just indicated that they collected the information frequently, whereas some indicated that information collection is done at an ongoing basis. Forty per cent of the departments indicated that information on user feedback was collected either on monthly, quarterly or annually. This means that the collection of information was done at periodically. The Northern Cape stands in the only province that indicated that information user perceptions was collected on a continuous basis

#### 4.4.4 Influence of User Inputs

On the question of how do user inputs influence departments activities, virtually all departments from all provinces indicated that these inputs on the users' ongoing needs and preferences directly influence their planning, operations and service improvement processes.

However, when asked more specifically about the extent to which service users can actually directly influence departmental priority-setting and allocations to address their needs and preferences, a far more subdued picture emerged as seen in **figures 12 and 13** below.

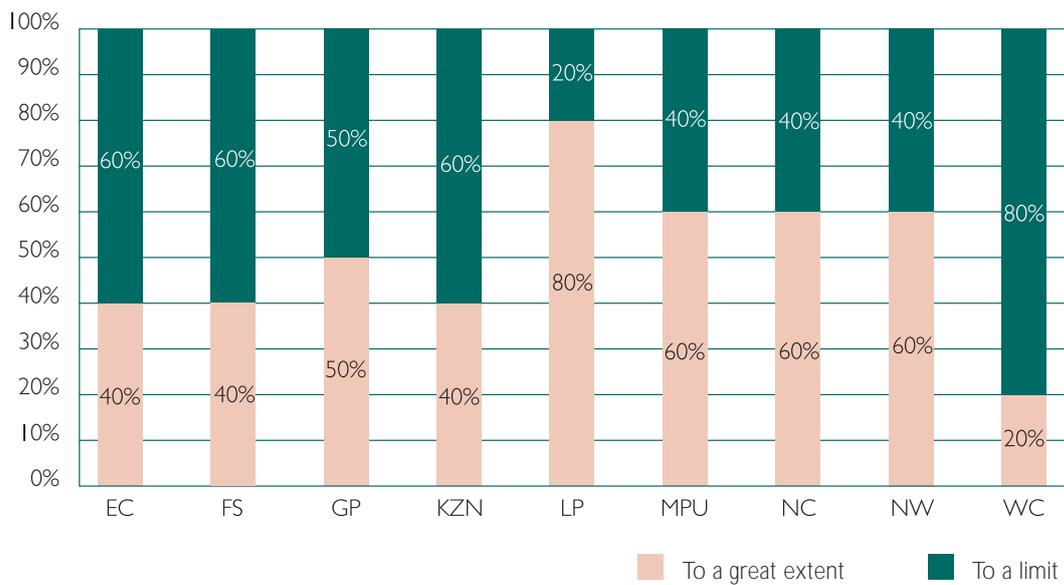
*Figure 12: Extent to which users can directly influence priorities and allocations (by sector)*



The figures reflect that that, on average, in 50% of the departments the influence of users on departmental priorities and plans is substantial, the other half indicating that departmental priorities and plans are only to a limited extent influenced by user inputs. Reasons given for the limited influence included that in some instances, the influence may not be constant or representative of all stakeholders. Again, influence may apply more in special cases such as where users are lobbying politicians or where the inputs are being specifically solicited in a troubleshooting effort.

Education emerged as the sector in which the influence of users on priority-setting and allocation is the weakest, with all respondents suggesting that user influence is too limited. This is not surprising given that the services (teaching) provided are influenced by set norms and standards for school funding and predetermined curricula, which cannot easily be changed except through policy processes. The Agriculture sector demonstrates the most significant influence, which again is not surprising given that the programme that was reviewed is project-driven and reportedly strongly influenced by consultative fora with farmers and close engagement with beneficiaries.

Figure 13: Extent to which users can directly influence priorities and allocations (by province)



In terms of the provincial picture, Limpopo claims the highest extent of user influence at 90%, while the Western Cape indicates the lowest impact of user influence at 20%. It is difficult to provide reasons for this without investigating the issue more thoroughly.

#### 4.4.5 Discussion of Monitoring User Perceptions

The working definition of Value for Money offered earlier in this Chapter of the report suggests that “value” is also determined from the perspective of the beneficiary. It therefore follows that if a department is to provide Value for Money it will need to have a good understanding of the needs and preferences of its beneficiaries.

A very positive result emerges from this study as it shows the programme managers are aware of their users’ needs, preferences and concerns. However, this finding is contradicted by the perception of at least three out of the five national departments interviewed who expressed serious doubts that the provinces are in tune with their users. Perhaps this is explained by the fact that the high awareness of user inputs appears not to necessarily translate into their incorporation into decision-making as discussed in the previous section.

Furthermore, given the significant levels of beneficiary discontent often expressed in South Africa’s public space it is necessary to understand what is meant when departments express a view that user inputs influence their plans and activities. This suggests that effective systems of consultation for purposes of planning, monitoring, and evaluation in the provinces are still inadequate.

The effectiveness of the consultation measures can be gauged in terms of whether the user feedback is recorded, noted, and affects the plans of a department and results in changes in policies where possible and/or necessary. Although department officials suggest beneficiary feedback does have an affect, the evidence would be in how departments actually change the delivery of their services to meet beneficiary needs and whether ground level staff record and use feedback.

Many provincial departments mentioned using feedback from users, however it is more difficult to assess whether the feedback was used to provide greater value. Although complaints systems were mentioned, there was less mention of how these complaints were sorted, recorded, and then lead to improving service delivery.

It is important to ensure that the inputs are used and lead to concrete forms of change. Unfortunately, the concrete relationship between feedback and impact on service delivery and policy was not made clear.

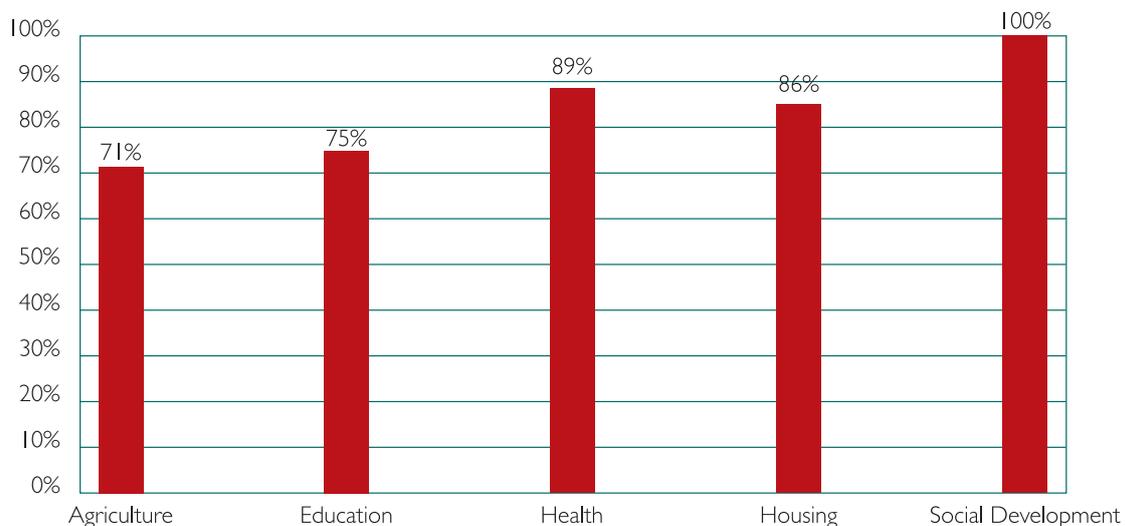
There are also problems of the complexity of issues raised during consultation processes. In general, *izimbizo* can often range over a considerable number of issues e.g. water, joblessness, agriculture, housing, etc. This is not surprising because the hardships faced by communities are usually applicable to a number of sectors. Therefore, the involvement of a number of departments at *izimbizo* is important to ensure the right level of departmental representation so that when issues are raised, the right departments are present to understand the challenges and identify possible solutions, which often require inter-departmental cooperation and coordination between different levels of government. Often the range of departments required for this coordination is not present at the *izimbizo*.

Another reason why feedback is not used as effectively as it could be is that programme managers may be very aware of their users' problems, but are not able to respond to all their needs given the constraints the departments are facing.

#### 4.4.6 Measuring Value for Money

Figure 14 below presents the results to the question whether provincial departments currently measure themselves in terms of delivering Value for Money

Figure 14: Department measures itself in delivering Value for Money (by sector)



Most department officials stated that they do measure themselves in terms of Value for Money. All the provincial departments of Social Development reported that they do. On average 80% of the balance of department officials reported that they measure themselves in terms of Value for Money.

Figure 15: Department official measures delivering Value for Money (by province)

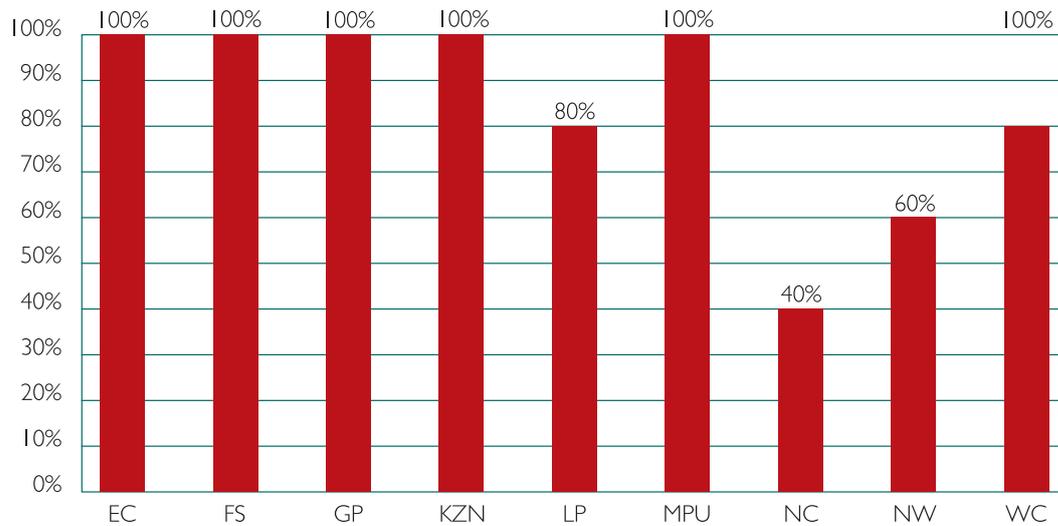


Figure 15 above shows that in five of the provinces, officials indicated that their departments measure themselves in terms of Value for Money. These provinces are Eastern Cape, Free State, KwaZulu-Natal, Mpumalanga, and Western Cape. The Northern Cape reported the lowest percentage of department officials measuring themselves in terms of Value for Money (40%), followed by North-West (60%) and Limpopo (80%).

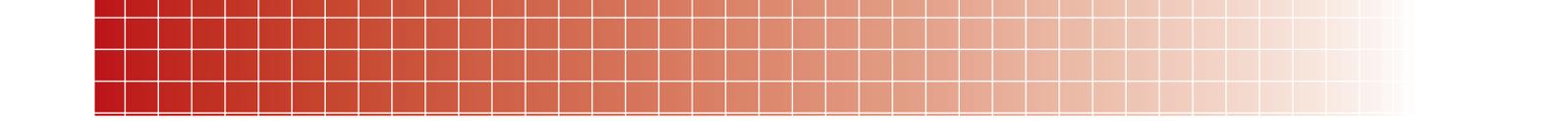
Most departmental officials stated that they assess themselves through measures that are part of their regular service delivery processes. Departments are adopting measures which officials feel will directly reflect the opinion of their users and complement their planning processes. For instance, the departments of Agriculture prefers *izimbizo* as a means of accessing farmers but the departments of Social Development depend on non-governmental organizations to implement foster care and other non-grant responsibilities. Therefore, the departments of Agriculture will use *izimbizo* for planning and feedback, whereas the departments of Social Development will get feedback from NGOs.

Some department officials may report they are achieving a relatively high level of Value for Money as that value can be easily measured, when in fact they may not be providing any more Value for Money than a department that rates themselves poorly. For instance in the departments of Housing it is obvious a house has been built, whereas in departments of Social Development more difficult to measure the value of the foster care that a child is receiving.

There are also a host of challenges to objectively assessing Value for Money due to the complex objectives of government. For instance in the departments of Agriculture, it is difficult to measure the Value for Money achieved when beneficiaries stop using extension services because they have found a job that pays better than farming. The inter-relatedness of service delivery must also be considered, for instance a teacher will struggle to provide Value for Money when teaching a curricula when the foundation learning has not been provided at previous schools.

#### 4.4.7 Data and validation

During strategic planning and budget preparation processes departments are required to identify performance indicators and target levels of performance. Indicators and targets are identified for each of the various programmes. The assignment of annual targets is usually reached in strategic discussions held by departments often in combination with 'clients' and stakeholders such as municipalities and NGOs. The measurement and reporting on these indicators is a time consuming activity, but critical to monitoring and evaluating performance.



There are, however, a number of problems associated with the collection of data. To give a few examples from interviews, one department of Agriculture stated that not all extension workers report when they make extension visits, and that therefore the figures provided may be misleading.

Since problems with the authenticity of data is known, virtually all departments subscribe to the need to validate measures, for example, independent checks on the outputs recorded or consultation with beneficiaries. The validation of data is however, unevenly achieved in various departments. In interviews with departmental officials, this issue was pursued and two questions were asked about the validation of measures to measure Value for Money and of the data presented in annual reports. Many departments acknowledged there was a problem in accurate data collection and that they had adopted various measures to validate the data used in reports.

While not all departments said they validate reported data, some examples were offered. One department of Education reported that educational data is collected in the Education Management Information System (EMIS) reports “so accuracy is not a problem.” Unfortunately, however, there are opposing views on the reliability of the EMIS data as users complain this data is out of date or unreliable.

In Social Development departments data is drawn from the child protection register, which is maintained by a South Africa Police Service (SAPS) which is an outside agency. This unit is not part of the department of social Development.

The Departments of Health operate the District Health Information System (DHIS) which is maintained with quarterly data ‘cleanouts’ and can be manipulated to provide various reports. The DHIS, which is networked nationally, is regarded as reliable although it does not measure impact which is crucial in Value for Money monitoring and evaluation. The data captured on the system could be validated through a time consuming audit of journals and invoices at each of the clinics.

A Housing department measures itself in terms of the number of houses delivered and checks its figures against internal audits on a sample basis conducted by inspectors.

A department of Agriculture states it maintains ‘honest data’ by regularly monitoring the figures. Verification is through quantitative measures such as traceable records and independent assessment. Many role-players in agriculture are in social and research institutions and can function as external researchers by acting independently. “If we don’t do verification we won’t understand our outputs.” Agricultural departments also have their own research stations that also check on the impact of service delivery.

However, many department officials mentioned that although their reports reflect expenditure and performance data, the quality of the data is not assessed. In addition, many department officials admitted that measuring efficiency was problematic, even impossible. Although departments are required to report their performance each quarter and comprehensively at the end of the year, many respondents suggested a culture of reporting performance and using that information to improve performance does not exist. One of salient points made is the time delay between delivery and reporting on it. This delay is substantial and therefore problems are identified too late to correct as too much time has passed since delivery has taken place.

Monitoring and evaluating service delivery is a critical facilitator in providing and improving Value for Money. These evaluations tell departments where they are providing good value and where services need to be improved to provide better Value for Money. However if the validity of data is questioned, or validating data is a time consuming process, it makes it very difficult to objectively and timeously evaluate performance and assess whether value has been provided or where corrective measures need to be taken.

## 4.5 PROGRESS IN DELIVERING VALUE FOR MONEY

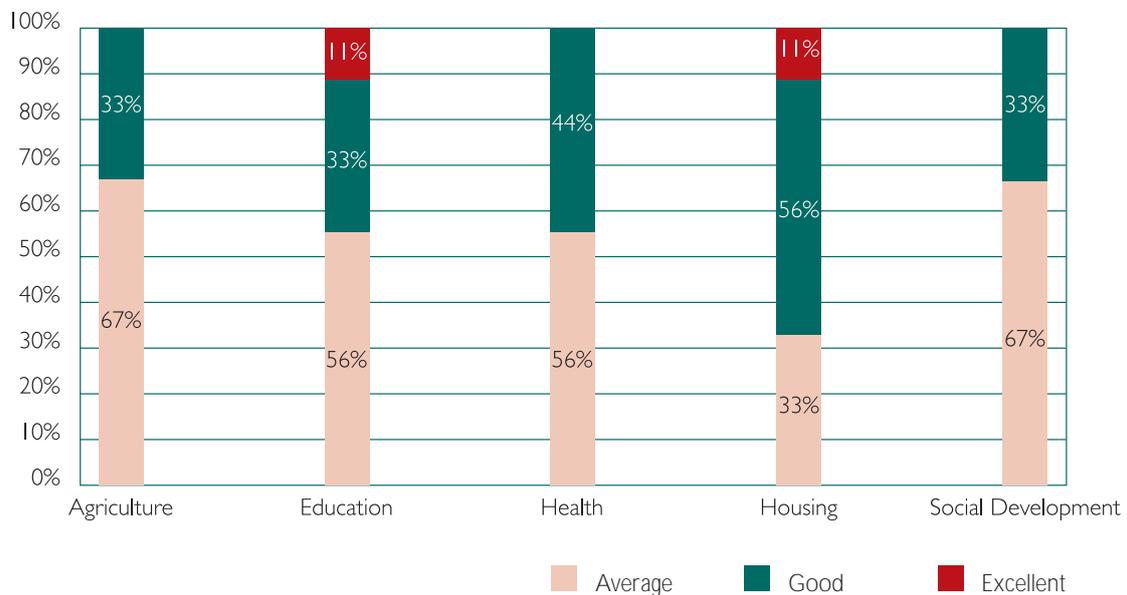
Perhaps the most important aspect of assessment conducted by this study is the extent to which departments are actually delivering Value for Money, both from their own perspective as well as from the perspective of their beneficiaries. Therefore, department officials were asked to rate themselves.

### 4.5.1 Self-Ratings in Achieving Value for Money

The interview placed emphasis on how departments assessed themselves as having satisfied the needs and preferences of their users. This is an approach, which can allow for reflection, for self-rating, and for comparison of attitudes over time.

In **Figure 16** the responses are presented on the department officials' opinions on how well their programmes have performed in meeting the needs of users.

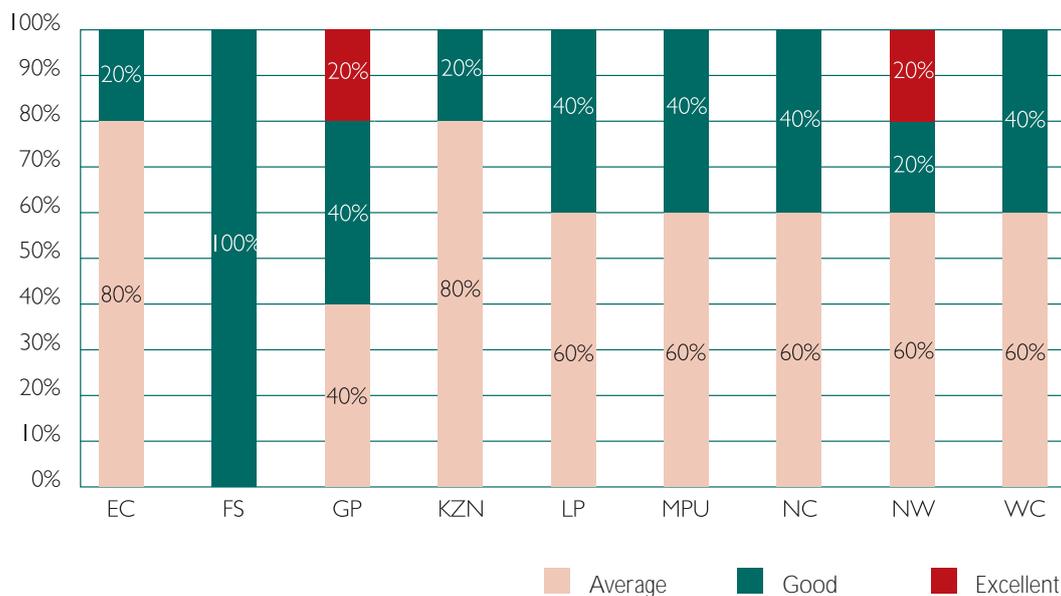
*Figure 16: Self-rating of Value for Money performance (by sector)*



The lowest self-ratings are recorded by the Agriculture and Social Development departments (67% rating themselves as average) and highest by the departments of Housing (56% recording a “good” and 11% an “excellent”). One department of Education also rates itself as excellent. With some exceptions (the self-rating of “excellent,” the ratings are fairly similar across departments. There was often indecision about the most correct rating and many departments upgraded their ratings from “poor” to “average” when they began discussing the constraints that they face.

The departments of Housing tends to show a relatively good score, which may be indicative of the fact that the department is under pressure to deliver, and works according to clear standards.

Figure 17: Self-rating of Value for Money performance (by province)



In Figure 17, the self-ratings are presented at the level of provinces. Assessed at a provincial level, departments in KwaZulu-Natal and in the Eastern Cape rate themselves the lowest in achieving Value for Money; and those in Gauteng the highest (20% award themselves as excellent and 40% as good). Departments in the North-West similarly rate themselves highly (20% at the “excellent” level and 20% at the “good” level).

#### 4.5.2 User perspectives on Value for Money

It is important to complement the self-assessments with how citizens are actually rating the service they are receiving to determine whether there is any correlation. Since this study did not undertake any primary research with beneficiaries, this section refers to two additional instruments used to get a sense of user perspectives on the delivery of departments:

#### 4.5.3 Departmental responses customer service complaints

The questionnaire included a section in which issues identified in previous customer satisfaction surveys are listed and the performance of a department assessed.

Departmental officials were invited to respond to a schedule of typical complaints which have been reported in previous PSC studies and which could still be relevant. They were asked whether the item was relevant and if relevant if it was resolved; if it was not resolved, the reasons were further investigated. The responses are tabulated below. Table 7 below reflects the responses of the Department of Agriculture to service issues.

*Table 7: Service Issues Departments of Agriculture:*

Service User Issue Identified in Previous Studies	Service Issue Still Applicable	Service issue Resolved
Lack of awareness of services rendered	63	100
Lack of knowledge of qualification criteria	100	43
Lengthy procedures and channels followed to benefit from services	68	0
Availability of information and forms	57	75
Complexity of application process	76	67
Time taken to pay out	50	67
Lack of commitment and motivation by staff	75	67

The most important issues not resolved are those of lack of knowledge of qualification criteria and lengthy procedures followed by complexity of applications, time taken to pay out, and lack of motivation of staff. That all respondents felt the issue of complex procedures is not being resolved illustrates frustration most of the respondents from the departments of Agriculture expressed about the rigid and somewhat impractical conditions they are required to conform with. There was widespread agreement that there is a lack of commitment and motivation of staff working in the Department of Agriculture.

In **Table 8**, the responses to the service issues for the departments of Education are reflected.

*Table 8: Service Issues Departments of Education*

Service User Issue Identified in Previous Studies	Service Issue Still Applicable	Service issue Resolved
Improve teaching methods	88	71
Define subject matter	63	80
Training of educators	75	71
Qualification of educators	88	83
Free education	63	100
Quality, size and number of classrooms	71	40
School educational materials	29	0
School equipment	71	40
Student transportation	57	100
Attention to complaints	83	60

The most important issues not resolved are those of school educational materials (although few provinces reported this as applicable), quality, size and number of classrooms, and school equipment.

The responses to the issues identified by service of the Department of Health are reflected in *Table 9* below.

*Table 9: Service Issues Departments of Health*

Service User Issue Identified in Previous Studies	Service Issue Still Applicable	Service issue Resolved
Opening times not convenient	50	40
Long waiting times for treatment	68	29
Incorrect diagnosis	38	25
Medicines in short supply	25	100
Facilities not clean	75	43
Lack of toilets	25	33
Lack of shelter and seating	25	33
Access for people with disability	38	0
Patient confidentiality	50	60
Attitude of staff	68	29
Facilities need improvement (buildings, equipment and security)	100	25
Transport to healthcare facilities	50	40

The most important issues not resolved are those of access to people with disability, incorrect diagnosis, facilities needing improvement, and long waiting times for treatment. The only issues that were resolved were medicines in short supply.

The findings related to facilities and waiting times are consistent with comments made during the interviews that Provincial Departments of Health are under severe budgetary and human resource constraints.

**Table 10** below reflects the responses the service Issues for the Department of Housing to service user issues.

*Table 10: Service Issues Departments of Housing*

Service User Issue Identified in Previous Studies	Service Issue Still Applicable	Service issue Resolved
Misunderstood application, time taken to approve application	89	75
Building deadlines not kept	100	78
Poor quality houses built	89	50
Quicker response to requests and complaints needed	75	33
Mistrust of the department	78	14
Community does not feel empowered by the Department	56	50

The most important points not resolved are those of mistrust of the department, quicker response to beneficiaries' requests, poor quality of houses built and the community does not feel empowered by the department.

Possibly the most direct indicator of Value for Money in Housing is poor quality of houses built, yet 89% of the respondents suggested this is a valid complaint with half saying this is still not being resolved.

In **Table 11** below, the responses to the service issues for the Department of Social Development are reflected.

*Table 11: Service Issues Departments of Social Development*

Service User Issue Identified in Previous Studies	Still Applicable	Service issue Resolved
Attitude and behaviour of staff towards beneficiaries	86	50
Access for people with disabilities	100	50
Lack of toilets	50	100
Lack of shelter and seating	17	100
Lack of First Aid	17	0
Complaints process	71	60
Mismatch between services offered and the needs of the citizens	14	0
Inadequate provision of services to vulnerable members of the community	86	17

The most important points not resolved are those of lack of First Aid, mismatch between services and needs of citizens and inadequate provision of services to the vulnerable. Items such as lack of toilets and lack of shelter were regarded as entirely resolved.

It is necessary however to discount to some extent the responses in regards to the issues of lack of shelter and seating, lack of First Aid, and mismatch of services because respondents indicated that these are likely to be issues that refer to the social grants aspect which is no longer delivered directly through the department.

## 4.6 DETERMINANTS OF VALUE FOR MONEY AT DECISION-MAKING LEVELS

This study has established that there are three broad levels<sup>29</sup> at which decisions that can influence Value for Money are made:

- i) **Strategic:** Meaning that strategies pursued ensure that the desired outcomes are being achieved in the most economic and efficient means. This means that alternative strategies to achieve the same outcomes should have been costed and considered.
- ii) **Allocative:** Meaning that money is allocated to programmes where the best possible value can be achieved after alternative strategies and programme designs have been costed and considered.
- iii) **Operational:** Meaning that, on the level of implementation, cost per unit of output is calculated and compared over time with other organisational or geographic units, or with standard cost per unit.

Therefore, all three levels have important influences on whether overall Value for Money is achieved in a department's delivery since Value for Money decisions are influenced at each stage.

Three levels were discussed at both national and provincial workshops. During the interviews respondents were asked to identify the key role players in the determining what Value for Money entails and who the primary role players are at each of the following level:

<sup>29</sup> See pages 14 and 15 of this report for detailed discussion of the levels.

- who makes the primary inputs into the strategic plan, how are priorities identified, and how are outputs and outcomes planned for to address those priorities (strategic);
- who determines the relevant targets and how resources will be allocated/deployed across programmes (allocative); and
- how are decisions about resource use and service delivery made at the front line (operational)?

#### 4.6.1 Strategic Level

The respondents generally commented that the broad strategic direction is determined by the political mandate of the province and national policies as set out by the national departments. They felt that strategic decisions made at the provincial level are about aligning their political mandates with national strategies.

The most influential documents on strategic decisions include the Provincial Growth and Development Strategies, the national departments' Strategic Plans, and the Government Programme of Action. Other key documents include Spatial Development Frameworks and Comprehensive Provincial Strategies and Frameworks. In a limited number of cases, national conventions were mentioned, and in even fewer instances municipal Integrated Development Plans (IDP) were mentioned. The latter was a curious matter given that provinces are required to align their strategies with the IDPs. The fact that only a few departments identified IDPs as documents that they should refer to in their planning might go to support repeated comments received from workshop participants and interview respondents that policy in South Africa is, from their perspective, a top-down process.

A large number of respondents suggested their strategic planning is influenced by the President's State of the Nation address (SONA) and Premiers' State of the Province addresses (PSPA). Although comments made in these speeches may be expected to influence departments, it would not be expected that they should be fundamentally affect their strategic planning because:

- i) By the time these speeches are made in February, the departments' budgets and plans should already have been approved (as explained in Box 1, see page 49). It could be expected that a few items may be identified in these speeches that would affect the emphasis of budgets, and these changes could be accommodated, but it would not be reasonable for budgets and plans to be substantially overhauled at that stage; and
- ii) The logic, in principle, is that the speeches should be influenced by the strategies and expenditure plans of departments as outlined in their budgets at the time of the speech, not significantly the other way round. Therefore, the regular reference to the SONA and PSPA suggest that many, and possibly significant, late changes are made to the budgets shortly before they are finally approved and adopted by provincial legislatures in time for the start of the financial year on the first of April, possibly overriding months of planning by the departments.

## Box 1: Overview of government planning and budgeting cycle

The government budget cycle reflects the key stages in strategy, budgeting and planning. The cycle generally starts after April and runs until the first draft of the provincial Annual Performance Plan is presented in July to the provincial Treasuries. This planning happens within a medium term expenditure framework (the MTEF) such that, when planning between April and July, decision-makers have already seen provisional allocations for the year they are planning for as well as for the following year.

From July through to November, a number of committees and fora are held to arrive at what are considered final allocations in November, which are approved. Between November and April there are a number of technical planning processes that departments go through to plan for the implementation of their final allocations.

From 1 April, officials start implementing the current budget, start preparing reports on the previous year's performance, and begin to start all over with the process of planning for the following year's budget.

It is important to note here that plans and decisions made before July are only implemented the following April.

### 4.6.2 Allocative Level

The advice the Treasuries give to Cabinet influences how much funding is allocated, through votes, to the different departments. The policy and strategic documents mentioned above will provide the framework for these negotiations. In addition, medium term allocations for the year being planned for would have been known for two years and these will be borne in mind.

Logically a department that presents a sound strategy showing alignment with priorities and budget totals based on informed business plans and rigorous costing methodologies in July can be expected to be rewarded for this effort. However, as is discussed elsewhere, many respondents suggested that they do not bother wasting their time with detailed planning and costing as they perceive that it will not make any difference to what they are allocated. They therefore resort to incrementally increasing their budget from year to year. During this time (July to November, and especially towards the end), the Value for Money the provincial Treasury perceives a department to be achieving will have a substantial influence on the funds that department are allocated.

Once the allocation has been made to the departments, the MEC is advised by the HOD and Chief Directorates before signing off on allocations across the departmental programmes. This advice will be based on information coming through from the programmes and their front line providers. In the provincial departments of Agriculture, Housing, and Social Development the front line providers will inform their managers of their needs and the information is cascaded upwards. The final decisions on how much each region receives is based on where the senior management and the MEC judge the relative need to be. In the departments of Health and Education, the process is much more formulaic.

The needs of the front line are identified through different combinations of the following:

- Conditions attached to grant funding will stipulate criteria beneficiaries must comply with to qualify for benefits. The minimum amount of funding available will be known as it comes from conditional grants, which cannot be influenced by any provincial political processes. If the number of beneficiaries exceeds what funds allow, beneficiaries will go on to a waiting list.
- Incremental budgeting based on needs for services of the programme of the previous years.
- Zero-based budgeting estimates of new programme proposals. The costing processes varied from being based on costed norms and standards to estimates of the costs.

- Needs calculated on statistics provided by Stats SA.
- Service delivery data reported during the year (especially pertinent to health and social development).

For most of the departments reviewed, there is some form of minimum norms and standards that must be adhered to. In the departments of Housing for instance, the cost per house is determined by national policy. The allocation process is a formulaic process where the available budget is divided out to regions based on relative need and the outputs per region will be a calculation of resource availability and cost per output. In some programmes, where standards are less clearly defined the cost per output is less easy to calculate and the decision on output levels will be made at the programme level by programme managers. Where norms and standards are clearly defined, they provide the basis for costing and therefore the basis on which resources are allocated to service delivery needs.

In some instances, provinces can choose to exceed the minimum in some way and still adhere to costing frameworks associated with the norms. For example, a house has to be a minimum of 30m<sup>2</sup> but if a provincial department is able to save in some way, for instance through acquiring free land, it may decide to increase this minimum to 40m<sup>2</sup>. This is a decision made by the MEC and the Head of Department as a strategic decision and would be based on how they, or they perceive beneficiaries to prioritise characteristics of a house. That decision, largely, determines what Value for Money is in housing in a province.

In programmes where spending must be consistent with rigid conditions, business plans will be submitted during planning processes and resources will be allocated to projects based on relative needs. Once the funding is allocated to these projects, it has to be spent as was specified in the business plans.

### 4.6.3 Operational Level

Although the front line does play important roles in identifying beneficiary needs, respondents suggested that during budget implementation, the ways to influence Value for Money at the operational level were limited to the “soft issues” and how users are handled. For instance, a teacher has fixed resources to use to teach a fixed number of learners. The care that she or he teaches with will determine the value the learners receive. Agricultural extensions officers have to deliver according to targets specified with the approved budget and do this within resource constraints. Their soft skills will make a tremendous difference. Beyond playing a role in identifying needs, the front line was reported to have limited operational ability to affect Value for Money.

Many officials interviewed stressed the important role that adequate information from the front line makes in providing Value for Money as this helps inform strategic decisions during planning and especially the negotiation processes. If an MEC and HOD are able to provide credible information during the negotiation processes based on recent service delivery performance information, they are able to quantify their resource needs more convincingly than if the information were absent. The front line can be instrumental in influencing Value for Money in this manner. However, the affect of timely reporting will only become evident in a subsequent budget cycle rather than having an immediate impact.

During the budget cycle outlined in Box 1 of section 4.5.1, departments are required to prepare monthly reports on the state of revenue and expenditure in their departments and after the end of each quarter they are required to submit quarterly performance reports. According to respondents these systems are established, but still require refinement and improvement. Many respondents felt the system of reporting has the potential to influence Value for Money significantly by providing information that is useful for planning future budgets, but also assessing current performance and adjusting plans appropriately. However, at the time this study was conducted most respondents felt the system was not yet sufficiently efficient to ensure this actually happened.



## 4.7 ROLE PLAYERS INFLUENCING VALUE FOR MONEY

Respondents were presented with a list of potential role-players who may have an influence on Value for Money in delivering services. They were asked to identify who had the greatest influence on determining Value for Money in service delivery. Officials were permitted to choose more than one role-player and asked to describe the influence these role-players had on Value for Money processes.

The following are the key role players in influencing the budgeting process of respective government departments. They are ranked in the order of their influence:

1. Head of Department (HOD)
2. Member of Executive Council (MEC)
3. Provincial legislature
4. Provincial treasury
5. Front-line provider
6. National treasury
7. Chief Director
8. Programme manager
9. Media
10. Other organizational provider<sup>30</sup>
11. President.

The scoring shows that the MEC and HOD emerged strongly as the top two role players having an influence on Value for Money. This may show how much these two role-player's perceptions of the environment and judgment of the needs of the department influence what the programmes are able to do.

One of the most striking features of the ranking is that, besides the HODs, the highest ranked person that has a direct role in service delivery is the front-line provider, listed at number five. The fact that external role players such as the provincial treasury, provincial legislature and the MEC are ranked higher than the person directly responsible for what actually happens at the coalface of service delivery (the programme managers) suggests, and supports comments made elsewhere, that government systems and institutions work in a very top down manner. In most instances, the respondent was a programme manager and therefore their perception that they have less influence than a whole host of other role-players, reinforces the point.

The following sections discuss the influence of the above listed role-players as discussed with respondents.

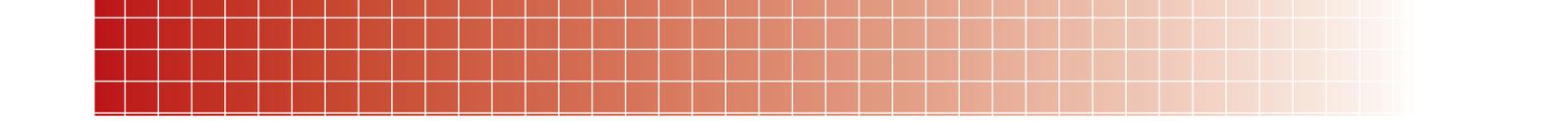
### 4.7.1 HOD

As the administrative head of the department, the HOD influences Value for Money by promoting relevant policies, advising the MEC on the programmes of the departments and representing the department at fora where key decisions related to funding the department receives are made.

### 4.7.2 MEC

The MECs are responsible for political leadership of their respective departments. An MEC oversees the implementation of the policies and the political direction of the department. MECs have control over the performance of the HOD and therefore, implicitly, over the entire department that they are responsible for.

<sup>30</sup> "Other organizational providers" included municipalities or implementing agents.



The MEC represents departments at public hearings and many intergovernmental fora. The MEC therefore has a tremendous influence on high-level decisions that affect frontline service delivery in their departments. MECs generally have a very positive influence on Value for Money as they can mobilise resources and role-players towards areas where attention is required. However, some departments also mentioned that MECs could intervene and disrupt processes and plans.

#### 4.7.3 Provincial Legislature

The Legislature primarily influences Value for Money in deciding on the priorities of the province and approving the very influential Provincial Growth and Development Strategies. The provincial budgets and plans are at various stages of the budget cycle presented to the provincial legislature as well as for final approval.

#### 4.7.4 Provincial Treasuries

Provincial Treasuries play a significant role throughout the budgeting cycle and are required to assist departments with their planning and budgeting, reporting and play a monitoring role during budget implementation. The capacity of the Provincial Treasuries and their understanding of the service delivery environment in which departments operate have a tremendous influence on the nature of the relationship between departments and their treasuries. In provinces where there is a lack of capacity on both sides, a number of problems arise that have a direct influence on Value for Money.

#### 4.7.5 Front Line Provider

The front line provider plays a critical and substantial role in influencing the perception of beneficiaries of the services, but their role in actually influencing Value for Money varies across the departments and depends on the nature of services rendered. In the departments of Education, Social Development, and Health the soft skills of the front line provider play a role in the Value for Money a person receives. This is relevant, even if less so, in the departments of Agriculture. In the departments of Housing the front line provider has little influence as they have to build houses according to specifications.

Most of the departments noted that frontline providers have an important role to play in collecting and reporting information on the actual service delivery. This information plays an important role in assessment and decision-making processes towards current and future budget cycles. Timely and accurate information has a significant influence on a department's ability to provide Value for Money.

#### 4.7.6 National Treasury

Technically, National Treasury does not really have a direct influence on Value for Money at the provincial level. However their high ranking may reflect discontent the departments have with National Treasury reporting formats and conditions attached to conditional grants. There may also be perceptions that inadequate budgets can be blamed on the National Treasury.

#### 4.7.7 Chief Director

Chief Directors promote the needs of the programmes under their management during planning and budgeting. Chief Directors assist HODs in the policy making process and provide information to their HODs about the programmes under their directorates. Their relationship with the HOD has a tremendous influence on how the HOD will influence provisions made to the programmes under the Chief Directors' control. In this sense, they are the main "gate-keepers" between the highest levels of the bureaucracy and the implementers and thereby are perceived to have a significant influence on Value for Money.

#### 4.7.8 Programme Managers

Programme managers are the officials most directly engaged with coordinating programme implementation and manage the front line providers' performance and the programme budget. The way people are managed is going to have a direct influence on the way they perform, and the management of the budget will have a direct influence on the way resources are utilised. Programme managers have important monitoring and reporting responsibilities, and the quality of information provided from programmes would be expected to influence future allocations.

Largely, one would expect that the programme managers have the most direct influence on Value for Money decisions on an operational level. As the officials who should also have the highest level of awareness of what is working or not in programme implementation, they can significantly inform and influence programme planning. Their low ranking is perhaps the greatest surprise and concern in this study

#### 4.7.9 Media

The media was mentioned by more than 20% of respondents as having an influence on Value for Money. Media publicise problem areas and help departments mobilise resources to address these areas.

Departments use the media to create awareness of services they provide. Most departments could cite a variety of forms of media used in awareness campaigns to publicise their services and public participation in those processes.

#### 4.7.10 Other Role-Players

The questionnaire provided the option of "other organizational providers" and this was noted by a few. In the departments of Housing, these providers included contractors and municipalities. The departments of Health, Social Development, Agriculture and Education have very important relationships with non-governmental organizations (NGOs). The NGOs play a particular role in the budgeting process of these departments.

#### 4.7.11 The President

The fact that the President is listed last might be a reflection of the formal planning cycle within departments. The presidency had a limited direct influence on the budgetary processes respective government departments. However, the president may raise issues during his state of nation address which would form priorities of government departments and government programme of action of a particular year.

### 4.8 OTHER SPECIFIC FACTORS THAT INFLUENCE VALUE FOR MONEY

During the interviews, there was an open exchange on issues and opinions on what influences the department's ability to provide Value for Money. This section reflects factors that were raised:

#### 4.8.1 Resource Availability

Financial constraints were mentioned by most people interviewed from various departments. Many participants appreciated the fact there was nothing they could do about this challenge.

Resource constraints affect every aspect of service delivery. This include human resources availability, facilities maintenance, purchasing quality consumables and implementing quality systems. It affects almost every issue discussed in this section. Resource constraints delay or divert resources from implementing systems that can help improve the efficiency and effectiveness of departments that lead to long term cost savings and improved delivery, such as information system.

However, officials did admit that more resources would not necessarily solve all the challenges departments face.

## 4.8.2 Human Resource Constraints

Human resource constraints and skills shortages are problems that were mentioned often. These shortages cause many problems and present a significant obstacle to service delivery such as:

- Increasing staff mobility and resulting in high turnover affecting the range of jobs from the most senior positions to the front line in departments. This affects both the efficiency and the effectiveness of departments because institutional memory and experience are not accumulated adequately to ensure that policies are implemented correctly and reflectively, and inexperienced staff are constantly faced with the challenge of learning how to plan and implement within government's highly bureaucratic frameworks.
- Causing available skills to be used inefficiently. For instance, social workers, nurses, and doctors are sometimes required to perform roles that can be easily and better completed by administrators because the department does not have enough administrators. These constraints place undue burdens on people and these negatively affect the morale, attitude, and commitment of staff, which in turn has a direct effect on the quality of work these people produce.
- Catastrophic failures due to inadequate quality, quantity, or timing of delivery. In critical sectors like health and social development, if the correct service is not delivered at the correct time and quality, the service could cease to be of any value due, for example, to loss of life, or the service may then require disproportionately more resources to have the effect it should have had.

There are also crucial complementary skills that are required, which are inadequate in many departments. These include project management, planning, information management, and reporting skills, which affect the efficiency and effectiveness of departments in their planning, delivery, and monitoring and evaluation.

### 4.8.2.1 Lack of Accountability

A number of respondents commented broadly that there was "a lack of accountability in the public sector." There were two types of reference in this regard:

- i) Firstly, some officials suggested that they could not be held accountable for their own lack of performance because of the influence of other role players' poor or non-delivery. This seems to be a recurrent problem in departments, and the hopeless attitude expressed is worrying. Departments cannot simply abdicate their own responsibility to deliver complete (adequate) and appropriate services by blaming other departments. Instead, they should be finding ways to ensure they can deliver effectively, even if this involves mobilising other departments into action or holding them to account.
- ii) Secondly, many officials commented that poor or even a complete lack of performance is rewarded in the same way that good performance is rewarded, and bad performance is generally not penalized in the public sector. This makes good performance discretionary, affects morale, and can create a vicious cycle of apathy that is very difficult to reverse. What makes matters worse is that high performance can be seen to be "rewarded" through increased responsibilities, but with no proportional benefits, which is unfair and demoralising.

## 4.8.3 Integrated Service Delivery

Many respondents felt that integrated service delivery made a significant impact on the Value for Money a beneficiary received. Unfortunately, far more people blamed the silo approach to working as a reason why they did not provide Value for Money. Although it is not always a panacea to problems, where services were



provided in an integrated manner the service provided better Value for Money (both in terms of efficiency and effectiveness) than otherwise. Unfortunately, most successful examples of integrated service delivery involved an integrated approach within the department, rather than through interdepartmental coordination.

#### 4.8.4 Value for Money and Multiple Objectives

An issue that arose were the fact that Value for Money and government's multiple objectives, especially around poverty relief programmes, are sometimes seen to be in tension with each other. For instance in the Agricultural sector, technically the best return on investment for government money would be earned from investing in the well-developed agricultural regions and high-potential farmers. However, this is understandably not consistent with the development-orientation of the relevant conditional grants. Another example is in the Education sector, where money spent on functional schools is used to better effect than dysfunctional schools, but government policies dictate how money should be distributed to reach equity objectives. In this context, it is necessary to have an understanding of Value for Money, which accounts adequately for the various objectives of a developmental state.

#### 4.8.5 Information and Information Systems

Respondents at a number of levels, including the national departments and provincial treasuries suggested that if more and timeous information were available the Value for Money provided by government would improve dramatically.

Timely and accurate information from the frontline would help in the following ways:

- It provides decision makers a credible basis to evaluate the success of programmes and therefore judge quickly where value has been provided and can continue to be provided.
- Identify the scale and kind of needs of beneficiaries and target service delivery appropriately to provide maximum value. This is especially important in the Health and Social Development sectors.
- Allow for effective in year monitoring of programmes.
- Provide a reliable basis on which the next years plans can be based.
- Allow the frontline to play a role in strategic planning.

Some people felt that publicizing information would “name and shame” officials and therefore the regular publication of this information would improve accountability.

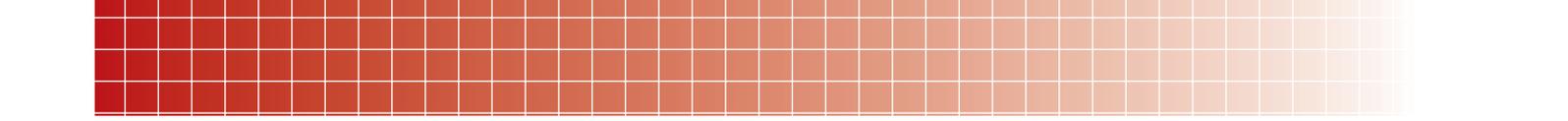
Information only has a positive impact if used correctly. The availability of information does not mean the problems of accountability discussed above will disappear; and the problems identified in the accountability discussion may cause information, even if made available, to be embargoed and/or not used effectively.

Physical Information systems that will produce the information required to realize the benefits described above would require substantial investment of resources and training. Information in a system is only as good as the data captured by users and the right skills and attitudes of users would need to be developed to ensure credible and reliable data is inputted in the right format.

Something that would facilitate the production of quality information would be the standardization of reporting formats. Many participants expressed frustration with the many different reporting formats they are required to adhere to, the confusion it creates and how time consuming this is.

#### 4.8.6 Red tape

Confusing, complicated, and inflexible procedures affect service delivery in many departments. One of the constraining problems identified by respondents in this regard is the procedures for appointing staff, which is



especially problematic for remote areas where skills are rare. Red tape slows SCM procedures and does not allow departments to respond sufficiently quickly to demands.

#### 4.8.7 Ways of doing things

According to respondents, many people in government are stubbornly stuck in their old ways and will not transform to ensure new approaches are implemented successfully. This means that old ways of doing things are entrenched in new staff members and trying to find more efficient, effective and innovative ways of doing things does not happen, or where innovations are discovered, they are not assimilated.

#### 4.8.8 Government culture

Separate to the point of 'stuck in old ways' was the point raised by a few officials that government officials do not see providing Value for Money as their role. This is manifested in poor attitude and commitment to government jobs and is an attitude in itself. The only positive that can be taken from this is that the respondents noted this as a problem.

#### 4.8.9 Service Delivery Standards

Norms and standards and conditions were either a problem because they were too rigid or not present. In the departments of Social Development, many officials expressed a need for standards in their service delivery environment. Standards provide a good basis for costing services and provide one way in which a variety of role players can agree on the value that will be derived from budget allocations to different programmes.

Many officials in the departments of Housing felt that the "one size fits all" approach to the norms and standards is problematic. Provinces with large remote areas were the most vocal as they found adhering to prescribed cost limits for individual building products very problematic.

Many officials in the departments of Agriculture complained about the rigidity of conditions attached to their conditional grants and that these do not allow them to respond to the complex and dynamic nature of their service delivery environment.

The "one size fits all" approach that is implicit in standards was criticized by a number of officials, including treasury officials and many felt that provinces should be given a greater role in setting their own standards that are more appropriate to their context.

#### 4.8.10 Decentralization

A number of officials felt that if the responsibility to make decisions and manage funds was decentralized government could be more responsive to needs at the ground and therefore provide better Value for Money. Many respondents mentioned the centralized control of money hampered their ability to provide Value for Money. Respondents also felt that if decisions around norms and standards were more decentralized they would be able to offer greater Value for Money.

This is a complex argument and many officials could refer to stories where decentralized control had invited corruption and ineffective service delivery.

#### 4.8.11 Customer knowledge

Many officials felt that if their users knew more about the responsibilities of the department, the service delivery environment, the service and its output, the more Value for Money the customer would get from the department.



Some officials felt that if beneficiaries had a better understanding of the processes underpinning government planning and the budget cycle they would understand how to use government services better. For instance in agricultural extension services the lag time between identifying beneficiary needs for a project and providing it are usually a full year, however beneficiaries expect to receive services much sooner and therefore make requests based on this assumption. The consequence is that once the funds is approved and project implementation starts the beneficiary has moved and therefore no value is derived from the time spent planning. The approved funds have to be returned to provincial revenue funds, which negatively affect the chances of the department when applying for future funding.

Customer knowledge of the services would also help improve Value for Money for both the department and the customer. For instance in the departments of Health, many patients perceive hospital treatment to be superior to the same treatment in clinics, even though clinics are cheaper to get to and cheaper to run. In the housing departments, beneficiaries would derive far more value from their houses if they maintained them better. In the departments of Education, parents of pupils who would qualify for fee-free schools<sup>31</sup> choose to send them to schools in cities because of perceptions of better teaching, when in fact the opposite is true.

#### 4.8.12 Customer Identity

A problem especially acute in the departments of Housing, Health, and Agriculture is the lack of Identity Documents (ID) of potential beneficiaries. An ID number gives the department a unique code that can be used to track information about beneficiaries. Due to the shortage of ID documents, the customers of these departments can give false ID numbers or simply not know what their ID number is and this makes filing and tracking records problematic. In the departments of Housing, the problem manifests itself in people applying for more than one house; in the departments of Health, important information is not stored and customers have to waste time repeating application procedures; in the departments of Agriculture, trying to do means tests is costly.

#### 4.8.13 Fraud and corruption

The study did not elicit any significant reference to corruption from respondents, besides the occasional reference to investigative units or initiatives in place to militate against fraud and corruption. The point was not pursued with any specific investigation of the matter. However, it is critical to acknowledge that, worldwide, corruption is one of the key impediments to Public Service delivery.

Allegations of fraud and corruption in various departments are occasionally highlighted in the media, including some of the departments that were reviewed in this study, leading to a lingering public suspicion that delivery failures may in part be attributable to corrupt practices involving government officials. Any assessment of Value for Money must, therefore, in future consider whether the prevalence of fraud and corruption is presenting a substantial and real threat to Value for Money in South Africa's Public Service.

### 4.9 BEST PRACTICES

All the Departments participating in the study were also asked to highlight examples of key successes that they could cite as good or best practices that are being common or could be common with other programmes or departments. In all cases, the respondents were easily able to relate some success stories. Typically, these were success stories based on having won provincial recognition, or out-performing their counterparts in other provinces (from their perspective). Typical examples included:

- Reduction of turnaround times, for example patient waiting times, or processing of housing applications.

<sup>31</sup> Recent Department of Education policy has established that schools in specified quintiles (the poorest schools) will qualify for "fee-free" status which grants fee exemption to all learners in those schools.

- Examples of efficiency savings, for example being able to deliver more than other counterparts within similar constraints by leveraging strategic (public-public or public-private) partnerships, or innovations in procurement approaches to speed things up or ensure best prices.
- Initiatives to cut administrative and operational costs, e.g. in one province, the Treasury has taken a bold step in identifying major cost savings that are possible from uneconomical administrative practices in areas such as catering (60%), cell phone usage (10%), landline and fax usage (30%), venue rentals for workshops (30%), and advertising (30%). The total estimated savings possible by implementing simple policies and measures are in excess of R150 million rand.
- Innovative targeted service improvement programmes.
- Integrated Service Delivery Teams or Multi-Disciplinary Teams where a customer would contact one front desk and communicate a need and the front desk would ensure the correct expertise is called on to address the problem.
- Rotating shifts so that officials were available to provide a 24-hour service without additional cost.
- Medical supplies management system that delivered supplies to clinics on the days needed to save them from being on site permanently. This system might be discontinued due to lack of funding.

However, the nature of examples given indicated that best practices emerge as uncertain candidates for displaying and replication, either because they are reflected as individual projects, are not particularly unique to a department, or are actually just examples of the intended implementation of policies and programmes. A determination of what are genuine best practices that represent learning and replication opportunities for other programmes and departments would therefore require a more detailed interrogation than was undertaken through this study.

## 4.10 SUCCESSES

Since 1994, and especially since the late 1990's, the South African Public Service has gone through some tremendous reforms and policy changes that have changed many of the ways government has operated. These reforms are starting to bear fruit. Departments appear to be very aware of customer needs and their preferences. Government officials and their political leaders should be involved in a host of consultative processes mentioned in this report. By so doing both officials and political leaders would be closer to the people they serve. And they would understand their needs.

Emphasis on the *Batho Pele* principles has required most departments to adopt feedback and complaints mechanisms. Officials feel this has made them much more accessible to users of their service. In general, it has also contributed to a fairly high level of awareness in officials about the needs and preferences of service users, which is an important precondition to delivering Value for Money from the user's perspective.

Some departments reported on the success of integrated and multi-disciplinary teams that are able to respond to needs of beneficiaries in extremely effective ways. By ensuring that a multi-disciplinary approach was adopted the real cause of problems is addressed in a very efficient and effective manner. In a similar vein, a number of departments could report on the success of partnerships they have had with service providers. The departments of social development have partnerships with NGOs and the departments of health develop partnerships with service delivery agents that generally prove to provide good Value for Money.

Departments are increasingly becoming aware of the value of quality information and how good reporting can be used to facilitate effective service delivery. Although they admitted they have a long way to go, there is wide consensus, particularly from the Treasury departments, that progress has been made and the foundations on which good reporting systems can be built have been laid. Officials are able to debate extensively about the complex issues around measuring their service delivery, suggesting they understand the environment and want to find ways to improve their approaches to measuring service delivery.

## 4.11 CHALLENGES

The findings of this study indicate that the Public Service still faces significant challenges in understanding and implementing the *Batho Pele* principle of Value for Money. While departments have a reasonably high level of awareness about what more effective service delivery would entail, there appear to be significant obstacles to their being able to perform at that level.

Value for Money and its elements are not a common part of the public sector discourse. Concepts such as efficiency and economy are not discussed with any frequency and therefore no real effort is taken to analyse and improve on them. Too often, economy and efficiency are seen as objectives that will be achieved if possible, and are measured after the event, when in fact departments should be planning to be economical and efficient.

One of the greatest obstacles facing government emanates from human resource constraints and shortages. The widespread lack of commitment, poor attitude to government work and lack of accountability as reported on in section three is a direct manifestation of these shortages. Government needs to create a working environment that improves current levels of morale, commitment and especially limits the scope for people to continually move and change positions. Organisational structures and chains of accountability appear to be making officials feel totally disempowered in what they do and therefore they do not feel accountable for their programmes.

Reward systems within government departments are not creating the necessary sanctions on poor performers. People who prove themselves tend to be lumped with more work and poor performers continue to perform poorly with no difference in the rewards paid to either type of performer.

The current budget cycle would appear to be creating a number of complex problems in government. The lag time between consultation in planning processes and the time when projects are implemented is problematic. This is closely linked to how certain financial management legislation is implemented and interpreted. In many cases, the flexibility granted by legislation is not fully understood and the letter of the law is followed rather than its spirit. This causes departments to hamstring themselves more than they need to. This limits attempts to be innovative and creative.

Current reporting systems do not always produce sufficient information than can quickly help in planning or that can quickly provide an effective input in performance management. Too often in year reporting information comes out when it is too late to be used in forward looking plans and too late to address service delivery gaps. Not only is timing a problem, but the quality of information produced contributes to the problem. Current reporting formats and systems favour quantitative approaches to reporting over more qualitative issues such as quality and customer satisfaction, which should be a key part of non-financial and outcomes reporting. Officials therefore have incentives to perform in ways that can be easily measured so they can report on their performance rather than trying to make an appropriate impact in their service delivery environment. Many departments seem to be still grappling to understand the best way to define performance indicators that can comply with prescribed formats and best reflect their achievements. The focus in financial information is mostly on spending. However, while this should be maintained, other financial dimensions of spending such as efficiency and cost savings need to be considered. In addition to the above, reporting is generally seen as something done for the sake of compliance rather than as a valuable input into process improvement. As a result of the above-mentioned issues, as well as the complex budget and planning cycle, departments take a long time to change their service delivery plans in response to the needs of beneficiaries.

# Chapter Five

## CONCLUSIONS AND RECOMMENDATIONS

## 5.1 INTRODUCTION

The chapter presents conclusions and recommendations of the study. Implementation and compliance of with Value for Money by provincial departments seem to be a challenging task. The implementation and compliance that is currently taking place seem to vary from one department to another.

## 5.2 CONCLUSION

This study has shown that the term “Value for Money” is interpreted in a variety of ways within departments. The understanding of Value for Money is often derived from vision and mission statements. Debates about whether a common understanding did exist were typically resolved only by reference to the visions and mission statements of departments. The vision and mission statements of many departments thus sum up “Value for Money” for officials. This is potentially a favourable finding in that any considerations of Value for Money should include a medium to long term perspective so that departments do not focus on short term gains. Such a short term focus could easily ignore future implications that may impact either positively or negatively on the initial gains that had been achieved. The real value of certain initial investments in service provision may only become more discernable in the medium to long term, thus making crucial for departments to retain a visionary approach to Value for Money.

## 5.3 RECOMMENDATIONS

Recommendations were drawn from the key objectives of the study. Furthermore, recommendations are not necessarily listed in order of importance. However, it is important to note that some of the recommendations are almost pre-requisites for others. The implementation of one recommendation could easily lead to the facilitation of others. The implementation of these recommendations would contribute to a better understanding of Value for Money principle and the implementation of its approaches in departments.

### 5.3.1 Appropriate Definition and Common understanding of Value for Money

#### *5.3.1.1 An Appropriate and operational definition of Value for Money must be institutionalised in departments*

The adoption and institutionalisation of a common definition of Value for Money in departments should be encouraged as it will help develop a common understanding of its meaning throughout departments. This framework should include all the major issues, which need to be understood about the concept (e.g. key inputs about its institutionalisation and assessment). The definition discussed at the national Discussion Group provides a useful starting point for this. This requires that the major role players in the Public Service agree upon on the common definitional framework and an approach for how Value for Money should be reported. Programme managers and officials responsible for service delivery in national and provincial departments should also be consulted about their needs, as part of the development of the framework. It is essential that the framework provides clarity on the concept of Value for Money in the Public Service and creates the foundations for a common vocabulary on Value for Money that is appropriate from the national department level right down to the front-line of service delivery. Developing a framework would ensure that the entire department has a common understanding during all processes and talk to the same issues during planning, budget and reporting. This can lead to the development of an institutional vocabulary of Value for Money, which fosters a better understanding of what needs to be measured, how it should be measured, and why. This in turn should lead to more accurate measurement, which will enable objective benchmarking of Value for Money across provinces and departments.

At the time of writing this report, the PSC was aware of a Performance Information Framework (PIF) being developed by the National Treasury. It is the National Treasury's responsibility to define the frameworks for performance information, and therefore any approach to defining Value for Money and reporting thereon by departments should be done in a way that satisfies the objectives and principles of the PIF. This is not only

very feasible, but is also an efficient way of ensuring that a government-wide understanding of how to use and institutionalise the term is established. It is therefore recommended that the National Treasury is a relevant champion for driving this process of broadly institutionalising Value for Money.

A systematic approach should be followed to institutionalise the definition, outlining clearly how Value for Money of departmental programmes will be determined and measured. This is a process that could be implemented on a departmental level, and should focus both on the instrumental level (the operational and reporting procedures of departments) as well as the implementation levels (activities, outputs, outcomes, and impact).

In anticipation of such a systematic process, departments should in the meantime begin identifying performance indicators that can be readily collected to provide measures of accessibility, appropriateness, and adequacy that describe the value of their services to their users as a complement to their existing quantitative measures. If these two broad measures (quality and quantity) can be established, and complemented with rigorous information about inputs, then the most basic measurement of economy, efficiency and economy becomes feasible.

### 5.3.2 The Existence of systems and processes to enable the implementation of value for money

#### 5.3.2.1 Make Substantial Investments in Reporting Systems

The following statement was made by the President in the 2007 State of the Nation Address: *“Many of the weaknesses in improving services to the population derive in part from inadequate capacity and systems to monitor implementation. As such, in the period leading up to 2009, the issue of the organisation and capacity of the state will remain high on our agenda.”*

Indeed, this research has found that government planning and monitoring systems are weak and in urgent need of strengthening. The process of improving these must be undertaken within a holistic and long-term perspective, and include on-the-job capacity building to allow for new systems to be given sufficient time to be tested, refined, take effect and produce tangible outputs. The process must aim at creating cultures within government of using a credible information-base for planning, identifying what will be reported against from the very beginning, and using this information to hold people to account for service delivery as an ongoing process. This implies that during the planning stages departments must identify what indicators they will report against and the targets they intend achieving, how they will report on these indicators, and how they will collect this information. Therefore, reports and reporting procedures will be based on this framework for monitoring.

A culture of placing priority on the substance of performance indicators over the number of indicators must also be developed. Exact ways in which this can be done are likely to be identified and explained in more detail in the PIF. However, it is proposed that the emphasis should be on establishing a few, robust indicators that provide a balanced perspective on levels of expenditure (input), service delivery output (quantity), and service effectiveness (quality and user satisfaction). Reporting on a few indicators may send stronger messages about performance than a lengthy list of poorly conceived, quantitative indicators. In addition, performance indicators should aim to report on short and long-term achievement of objectives.

The improved reporting systems should also facilitate the validation of data reported, and operate in a way that ensures objectivity in the collecting and reporting of information on the performance of programmes. This is important in ensuring accountability and eliminating opportunities for false reporting on programme performance.

#### 5.3.2.2 Address challenges in inter-governmental relationships and coordination

The scope of this study did not include analyzing the intergovernmental system and providing recommendations on how it should be structured. However, the influence of intergovernmental failings on departments' ability to



provide Value for Money in their service delivery is problematic. The system through which policies are developed at national level and implemented at the provincial level with funding being partially a provincial decision has created a level of tension between national and provincial departments that must be addressed.

At least, national departments must use feedback from their provincial departments more and give them a greater role in policymaking and standard setting processes. National departments need to communicate more closely with provincial departments when specifying and deciding on norms and standards, and conditions attached to conditional grants. There is value in maintaining minimum standards that can be used across all provinces, however in some sectors there are some standards that are not appropriate and/or are too difficult to achieve given their circumstances. National departments should pay greater attention to the service delivery environments of their provincial departments and feedback provided by provincial departments so that problem areas are understood and provinces are given greater flexibility where required.

There is no doubt that provincial departments appreciate frameworks they can use to plan and measure. However, when these are not done in consultation with the provincial departments, and where they are provided erratically, they often cause departments to report inane against indicators that are not feasible, do not actually give a good measure of what they are delivering, and create perverse incentives that cause departments to not address certain crucial service delivery needs.

### 5.3.3 The Existence of effective monitoring and evaluation systems to enable the continual assessment of value for money

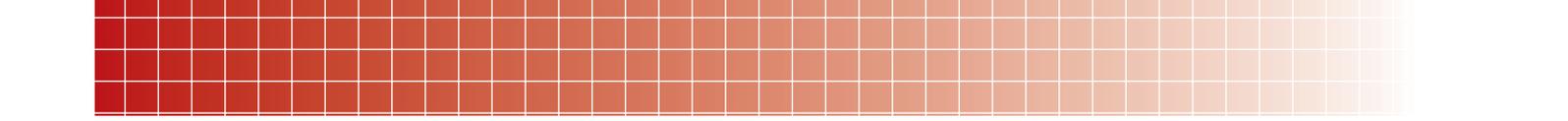
#### 5.3.3.1 Future assessments of Value for Money must be seen as a continual oversight process

Future assessments of Value for Money should aim to measure Value for Money as a holistic oversight process rather than as an ex-post assessment. In other words, there should be systems and procedures in place in the Public Service that ensure that departments all understand the concept of Value for Money and how their Value for Money will be assessed. This will ensure that Value for Money is mainstreamed into the planning, monitoring and evaluation, and reporting systems of departments. Future assessment should focus on:

- i) How well departments can measure and monitor efficiency, economy and effectiveness, and how they use these measures to plan, evaluate and improve their services.
- ii) How departments have institutionalised Value for Money into their operations. This would require evaluating how the principle is considered during all stages of the budget cycle, from planning through to reporting as well as how the concept is discussed and assessed in oversight processes.
- iii) The level of pre-conditions for Value for Money in the public sector by analysing three main issues:
  - a. Human resource management processes with a focus on three main indicators: effective performance management systems for all employees; the number of vacancies in the organisation; and the rate of turnover of staff.
  - b. Systems and procedures to prevent fraud and corruption, as well the extent of fraud and corruption.
  - c. Systems of accountability, including planning, measuring, and reporting systems.

#### 5.3.3.2 User inputs

Departments must not only ensure that users are consulted about their needs, preferences, and service concerns, but also use these customer inputs as critical information towards better planning within departments and affecting service delivery improvements. User feedback should be recorded and noted. Departments should establish systems to monitor the use of customer feedback in planning and implementing service improvements.



### *5.3.3.3 Establish skills profiles and HR strategies in critical areas*

Skills shortages are a problem in government as has been detailed in this report and this is a difficult issue to address. However, immediate improvements are likely to come from improving the capacity of staff to plan and manage processes, and this may create the platform for further improvements. It appears that the focus on complying with the principles of New Public Management introduced by the PFMA has neglected the need for departments to continually build capacity to perform basic bureaucratic and administrative procedures. Therefore, capacity building specific to the public sector that builds administrative and bureaucratic skills would fill in critical gaps that would most likely allow departments to implement the PFMA in the way it was intended, and let managers manage.

Departments should be encouraged to describe the skills gaps in their sectors according to levels of skills, and develop practicable and innovative strategies for addressing their critical capacity challenges. For instance, they could identify lower level qualifications and pursue an interim strategy of encouraging entrants in the human resource pipeline to obtain the lower level qualifications quicker and cheaper than the full qualifications to get them into the public service sooner to perform basic, but critical, functions. This will free up the time of more qualified and specialised officials so that their time can be used more effectively and efficiently. Continuing education could then be mobilised to up-skill junior personnel.

# Chapter Six

## ANNEXURES

## Annexure A: References

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## Annexure B: Participating departments

The following departments were assessed for this Value for Money study:

Province / National	Department (or Section)
Eastern Cape	Agriculture
	Education
	Health
	Housing
	Social Development
Free State	Agriculture
	Education
	Health
	Housing
	Social Development
Gauteng	Agriculture
	Education
	Health
	Housing
	Social Development
KwaZulu Natal	Agriculture
	Education
	Health
	Housing
	Social Development
Limpopo	Agriculture
	Education
	Health
	Housing
	Social Development

Mpumalanga	Agriculture
	Education
	Health
	Housing
	Social Development
Northern Cape	Agriculture
	Education
	Health
	Housing
	Social Development
Northwest	Agriculture
	Education
	Health
	Housing
	Social Development
Western Cape	Agriculture
	Education
	Health
	Housing
	Social Development

In addition, the following were also consulted to varying degrees:

- Provincial Treasuries
- National departments of Agriculture, Education, Health, Housing, and Social Development
- National Treasury
- Attorney-General
- Department of Public Service Administration
- Office of the President
- Public Service Commission



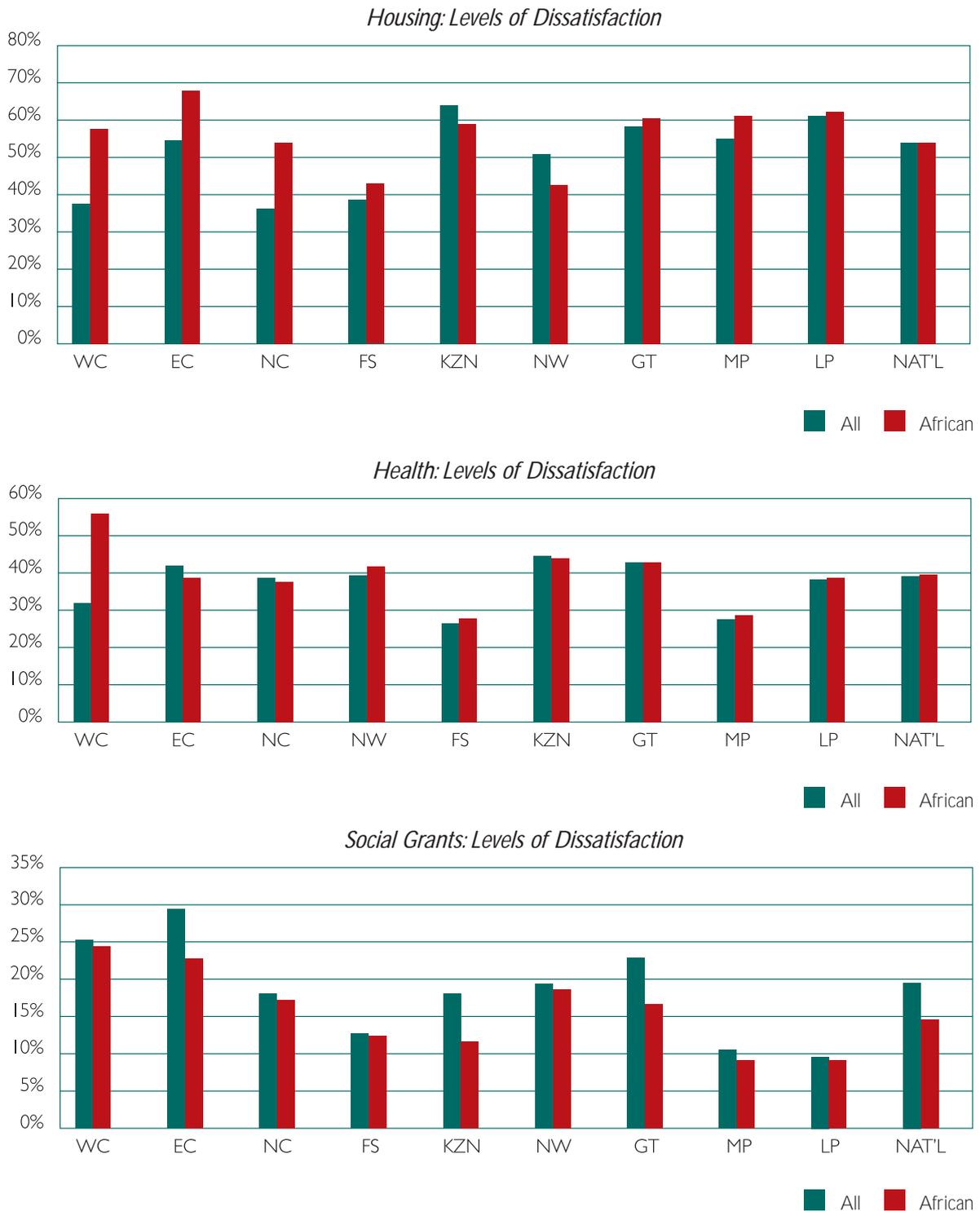
## Annexure C: Questionnaire

This Annexure presents the questionnaire that was used as a schedule in interviewing provincial officials. It is important to note that the questionnaire was not one that was sent out for individuals to complete and submit as with previous PSC assessments. It was utilised as a tool by a qualified researcher who would interact with a team of departmental officials (typically including the Programme Manager, CFO, and M&E officers) and complete the form based on exact response, as well as other inferences derived from the conversation (e.g. assessing whether the department was really able to answer a particular question coherently or not). It is for this reason that the interview findings are not reported back verbatim or literally, but rather used to inform the analytical framework.

## Annexure D: South African Social Attitudes Survey (SASAS) 2005

In this study, attitudes of the public as captured in the SASAS opinion survey are presented by province in the categories of Housing, Health and Social grants. In the interests of presenting the data simply, it was decided to present attitudes on dissatisfaction to highlight specific provinces or services in which there may be 'hotspots'. In addition to reflecting the public ("All" which represents a sample of all adults of all racial groups) response, the results are disaggregated at the level of African respondents, who are demographically the largest group of users of these services, to assess whether they reflect more or less favourable attitudes towards these services.

Figure 18: Attitudes to delivery in Housing, Health, & Social Grants (SASAS)





The following explanation is provided of the charts reflected in:

- iv) In Housing, the national average level of dissatisfaction is 55% and the provinces with higher than average levels of dissatisfaction are Mpumalanga, Gauteng, Limpopo, and KwaZulu-Natal. In all cases, Africans respondents are more dissatisfied than all groups; this is particularly evident in the Western Cape 16%.
- v) The national level of dissatisfaction in Health, at 40%, is lower than that of Housing. The North-West, Eastern Cape, Gauteng and KwaZulu-Natal demonstrate above-average levels of dissatisfaction. Again, in most cases Africans are more dissatisfied than all groups, particularly in the Western Cape where there is a difference of 25% between the expressions of dissatisfaction among Africans and all groups.
- vi) The national average of dissatisfaction with Social Grants is 19%. The highest levels of dissatisfaction are in the Eastern Cape and Western Cape. Unlike attitudes to Housing and Health, in each case, Africans are less dissatisfied than all groups; this is particularly evident in KwaZulu-Natal.

These findings from SASAS raise at least two interesting points in relation to the Value for Money study. Firstly, it is found that public perceptions of Housing would appear to be significantly worse than the department's perception of itself. Secondly, the study's finding that Free State departments rate themselves quite favourably is supported by the attitudes reflected in SASAS.



## Evaluation of Value for Money

The Office of the Public Service Commission and the German Agency for Technical Co-operation (GTZ) has commissioned a study to evaluate performance and compliance with the Batho Pele principles of value for money amongst government departments. This study will consider the extent to which this principle has been implemented as specified in the White Paper (1459 of 1997) on Transforming Service Delivery. Once information has been gathered from selected provincial departments, a report indicating the performance and compliance with this principle will be compiled and tabled in Parliament.

We are aware that other studies have been under taken recently and that a government-wide monitoring and evaluation process is underway. However, this study will provide useful information to help us draw up recommendations for all role-players to ensure that the spirit of the Batho Pele Principle of Value for Money is factored in by the public service.

FULL NAME OF RESPONDENT										
DESIGNATION										
DEPARTMENT	Agriculture	Education	Health	Housing	Social Dev	Other:				
PROGRAMME/SECTION										
NATIONAL/PROVINCIAL										
PROVINCE (if relevant)	EC	FS	GP	KZN	LP	MP	NC	NW	WC	
DEPARTMENT'S PHYSICAL ADDRESS										
TELEPHONE NUMBER					CELL PHONE					
EMAIL ADDRESS										
OTHER INTERVIEW PARTICIPANTS: (name & designation)										

**Note:** Space has been provided on the questionnaire to allow you to record your answers to the questions asked. If necessary please feel free to record your answers on separate pages. If you do so, please ensure that you indicate the question number to which the response relates and staple the additional pages to the questionnaire.

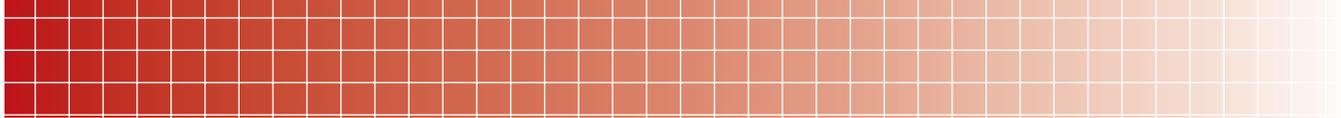


1. Service Delivery Context:	
1.1)	Who would you define as the users <sup>33</sup> of your service?
1.2)	Who are your front-line service providers?
1.3)	What is the relationship between your unit and your front-line providers?
1.4)	How is your programme output defined? (E.g. one admission to a hospital, one clinic visit, one learner, one seat, one mine safety inspection, one housing subsidy, one social grant)

2. VFM Processes:	
2.1)	a) How would you define "Value for Money" in the context of your service sector?
	b) Is there a common definition or understanding throughout your Department? If so, how does it compare to your definition?
	<input type="checkbox"/> YES <input type="checkbox"/> NO
2.2)	How does your department determine what "Value for Money" entails at the following levels? Who are the primary role-players in determining what "value" will entail?
2.2.1)	<b>Strategic</b> i.e. Who makes primary inputs into your strategic plan? How are priorities identified, and then how are outputs and outcomes planned for to address those priorities?

<sup>33</sup> The term "users" is used generically in this questionnaire to refer to citizens / customers / clients / beneficiaries – essentially, the target audience for your service who would be referred in the context of Batho Pele.



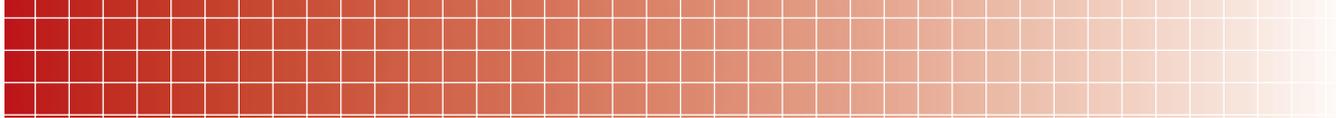


2. VFM Processes:	
2.2.2)	<b>Allocative</b> i.e. Who determines the relevant delivery targets and how resources (financial, human, etc.) will be allocated / deployed?
2.2.3)	<b>Operational</b> i.e. how are decisions made about what exactly will be done within the constraints of available resources, and what are the considerations factored?
2.3)	Do you evaluate your programmes before your strategic planning cycle?
	<input type="checkbox"/> YES <input type="checkbox"/> NO
2.4)	a) What is the basis for your department's resource allocation?
	<input type="checkbox"/> Incremental <input type="checkbox"/> Zero-based
	b) If zero-based, what kinds of options have been considered (e.g. increase efficiency, optimizing level of service, reviewing processes, reviewing delivery arrangements, identifying cost-saving or recovery opportunities)?
2.5)	Are options and trade-offs assessed during your strategic and business planning cycle to ensure that resources are allocated to outputs in the most effective and efficient manner?
	<input type="checkbox"/> YES <input type="checkbox"/> NO
2.6)	a) In what ways are your users' perceptions of "value for money" directly affected by your front-line providers?
	b) How is the performance of your front line providers' in this regard assessed?





2. VFM Processes:				
c) To what extent can you manage your front-line providers' performance in this regard?				
2.7)	To what extent can the users of your service directly influence your priority-setting and funding allocations to address their specific needs and preferences? Explain.			
	1. Not at all	2. To a limited extent	3. To a great extent	
2.8)	For your programme, who has the greatest influence on determining "value for money" in your delivery? Indicate all applicable and briefly describe how (e.g. through what process is this influence exercised).			
	<input type="checkbox"/> The President <input type="checkbox"/> National department <input type="checkbox"/> National treasury <input type="checkbox"/> Provincial treasury <input type="checkbox"/> Provincial legislature <input type="checkbox"/> HOD <input type="checkbox"/> Chief Director <input type="checkbox"/> Programme manager <input type="checkbox"/> Front-line provider <input type="checkbox"/> Other organizational provider (e.g. municipality or implementing agent) <input type="checkbox"/> Media <input type="checkbox"/> Users <input type="checkbox"/> Other: _____			
2.9)	a) Do you have any specific mechanisms in place to consult the users of your service about their ongoing needs and preferences?			
	<input type="checkbox"/> YES <input type="checkbox"/> NO			
	b) How regularly is this information collected?			
	1. NA	2. Through once-off exercises	3. Periodically: at least every 3 years	4. Periodically: at least annually
	5. On an continuous basis			
	c) Do these inputs directly influence your planning, operations and service improvement processes? Give specific examples.			
	<input type="checkbox"/> YES <input type="checkbox"/> NO			



2. VFM Processes:	
2.10)	Does your department currently measure itself specifically in terms of whether it is delivering value for money to its service users?
	<input type="checkbox"/> YES <input type="checkbox"/> NO

3. PERFORMANCE AGAINST INDICATORS OF VALUE FOR MONEY	
	<p>This section requests you to report on how your department is planning and delivering against some indicators of value for money for one of your measurable objectives. If you feel that an indicator is not relevant to your service area, please explain why this is the case.</p> <p>The columns under (C) require you to indicate reasons for not being able to achieve value for money (only where there is under-achievement):</p> <ul style="list-style-type: none"> <li>• <b>Planning:</b> <i>list challenges in your departments strategic planning and/or problems with policy.</i></li> <li>• <b>Budgeting:</b> <i>identify issues such as cash flow problems or lack of resources.</i></li> <li>• <b>Implementation:</b> <i>identify any specific operational problems.</i></li> <li>• <b>Organisation/Coordination:</b> <i>identify issues related to internal procedures and interdepartmental / intergovernmental coordination.</i></li> </ul>
	<b>I. Measurable Objective Assessed:</b>

VFM criteria (Indicate the measure that is used / NA)	(A) Planned Delivery	(B) How / by whom determined?	(C) Achieved?		(D) Reasons:			
			Yes	No	P	B	I	O
<b>3.1) Adequacy of outputs<sup>34</sup>:</b>								
i) Quantity of output:								
ii) Unit amount/size of output:								
iii) Quality of service:								
iv) Equitable and progressive service delivery:								

<sup>34</sup> "Adequacy": There is enough of the output to meet the requirements



VFM criteria (Indicate the measure that is used / NA)	(A) Planned Delivery	(B) How / by whom determined?	(C) Achieved?		(D) Reasons:			
			Yes	No	P	B	I	O
<b>3.2) Fitness for purpose<sup>35</sup>:</b>								
v) Technical specification of output correct (i.e. it is suitable for use):								
vi) Output usable by all intended beneficiaries towards achieving the desired outcome:								
vii) Reasonable waiting times to receive service:								
viii) Sufficient time / explanation given in delivery of service:								
ix) Maintenance of output catered for:								
x) Output caters for the dignity of the user:								
<b>3.3) Accessibility of outputs<sup>36</sup>:</b>								
xi) Customer has knowledge of service:								
xii) Various literacy levels catered for:								
xiii) Various language groups catered for								

35 "Fitness for purpose": Design of output is suitable for intended overall purpose

36 "Accessible": Easy to approach, enter, operate, participate in, and/or use safely and with dignity by all intended beneficiaries



VFM criteria (Indicate the measure that is used / NA)	(A) Planned Delivery	(B) How / by whom determined?	(C) Achieved?		(D) Reasons:			
			Yes	No	P	B	I	O
xiv) Affordability of service/ output:								
xv) People with disabilities catered for:								
xvi) Distances to access output/ services (including transport issues if any):								
xvii) Provided in necessary combination with other services:								
<b>3.4) Innovation</b>								
xviii) Alternative strategies developed and considered								
xix) Alternative strategies analysed and costed								
<b>3.5) Economy</b>								
xx) Quality inputs sourced at lowest cost								
xxi) Input costs benchmarked								
Please describe the other / additional indicators you would use to measure your economy								
<b>3.6) Efficiency</b>								
xxii) Ratio of input : output <sup>37</sup>								

<sup>37</sup> E.g. cost per unit, cost per beneficiary

VFM criteria (Indicate the measure that is used / NA)	(A) Planned Delivery	(B) How / by whom determined?	(C) Achieved?		(D) Reasons:			
			Yes	No	P	B	I	O
xxiii) Efficiency savings compared to previous period								
xxiv) Efficiency compared to other comparable providers (your benchmark reference)								
xxv) Trade-offs made <sup>38</sup>								

### 3.7) "Wider impacts"

If there are any other outcome / impact / effectiveness measures of your services/outputs that are not covered by your descriptions above, please provide them here.

--

### 3.8) Specific indicators

Please describe the other / additional indicators you would use to measure your economy and efficiency, and discuss how you plan to achieve efficiency and economy in your service provision.

a) Economy	i) Measurements / Indicators:
	ii) Plan to achieve:

<sup>38</sup> Saving in one programme that is applied to improve services or outcomes in the same or another programme

b) Efficiency	i) Measurements / Indicators:
	ii) Plan to achieve:
c) How are you able to ensure that achieving economy (managing your input costs) still leads to quality in service delivery?	
d) How are you able to ensure that achieving greater efficiency still leads to quality in service delivery?	
3.9) In what way can the information that you have provided in your performance reports be verified?	

5. Self Evaluation				
5.1) In your opinion how well has your programme done in satisfying the needs and preferences of your users? [Cross relevant section]				
1. Very Poor	2. Poor	3. Average	4. Good	5. Excellent
5.2) How well do your department's systems and procedures enable you to deliver value for money to your users in your service delivery programme?				
1. Very Poor	2. Poor	3. Average	4. Good	5. Excellent
5.3) Please describe a specific example where your department has been able to successfully demonstrate the <i>Batho Pele</i> principle of delivering Value for Money within your resource constraints?				



vi) Service Standards			
vii) Data sheets used in assessing service standards			
viii) User satisfaction studies			
<i>Other documents:</i>			
ix)			
x)			
xi)			
xii)			
xiii)			

**Thank You!**

**Follow-up Actions:**


#### 4. Customer Evaluation: DEPARTMENT OF AGRICULTURE

The following are some specific service issues that customers in your sector have expressed dissatisfaction in through one province's customer satisfaction surveys. Are you aware of such issues for your province, have you addressed them, and if not, why not? Please describe any additional / alternative service issues you have identified through your own processes / experience, and assess similarly.

Service Issues:	Applicable?		Being resolved?		Reasons why not service issue has not been resolved			
	Yes	No	Yes	No	Planning	Budgeting	Implementation	Organisation/ Coordination
3.1 Lack of awareness of services rendered								
3.2 Lack of knowledge about the qualification criteria								
3.3 Lengthy procedures and channels to follow in order to benefit from the services								
3.4 Availability of information and forms								
3.5 Complexity of application process								
3.6 Time taken to pay out								
3.7 Lack of commitment and motivation of DoA staff								



#### 4. Customer Evaluation: DEPARTMENT OF HEALTH

The following are some specific service issues that customers in your sector nationally have expressed dissatisfaction in through previous PSC customer satisfaction surveys. Are you aware of these issues, have you addressed them, and if not, why not? Please describe any additional service issues you have identified through your own processes / experience, and assess similarly.

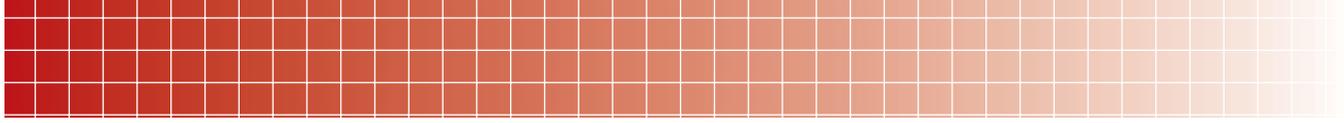
Service Issues:	Applicable?		Being resolved?		Reasons why not service issue has not been resolved			
	Yes	No	Yes	No	Planning	Budgeting	Implementation	Organisation/ Coordination
	3.1 Opening times not convenient							
3.2 Long waiting times for treatment								
3.3 Incorrect diagnosis								
3.4 Medicines in short supply								
3.5 Facilities not clean								
3.6 Lack of toilets								
3.7 Lack of shelter and seating								
3.8 Access for people with disability								
3.9 Patient confidentiality								
3.10 Attitude of staff								
3.11 Facilities need improvement – esp. buildings, equipment and security								
3.12 Transport to healthcare facilities								



#### 4. Customer Evaluation: DEPARTMENT OF SOCIAL DEVELOPMENT

The following are some specific service issues that customers in your sector nationally have expressed dissatisfaction in through previous PSC customer satisfaction surveys. Are you aware of these issues, have you addressed them, and if not, why not? Please describe any additional service issues you have identified through your own processes / experience, and assess similarly.

Service Issues:	Applicable?		Being resolved?		Reasons why not service issue has not been resolved			
	Yes	No	Yes	No	Planning	Budgeting	Implementation	Organisation/ Coordination
3.1 Attitude and behaviour of staff towards beneficiaries								
3.2 Access for people with disabilities								
3.3 Lack of toilets								
3.4 Lack of shelter and seating								
3.5 Lack of First Aid								
3.6 Complaints process								
3.7 Mismatch between services offered by the Department and the needs of the citizens								
3.8 Inadequate provision of services to vulnerable members of the community								



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