

**PROMOTING ACCOUNTABILITY IN THE BUDGET CYCLE:
THE EXPERIENCES OF THE PUBLIC SERVICE ACCOUNTABILITY
MONITOR IN SOUTH AFRICA**

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Promoting Accountability in the Budget Cycle: The experience of Public Service Accountability Monitor in South Africa

The Public Service Accountability Monitor (PSAM) is an independent monitoring unit dedicated to strengthening democracy in South Africa. We believe that transparency and accountability are the cornerstone of a healthy democracy. The PSAM conducts independent research, monitoring and policy analysis.

We are based at Rhodes University in South Africa's Eastern Cape province. We gather information on the management of public resources and the handling of misconduct and corruption cases by government departments. This information is collected in a rigorous, objective and politically impartial fashion. By publishing this information the PSAM hopes to give members of parliament, civil society organisations and ordinary citizens the tools necessary to hold government ministers and public officials accountable for their performance and public resources. Through our efforts we also hope to give government ministers and officials the opportunity to communicate their successes and achievements to the South African public.

PSAM's Performance Monitoring Project

The PSAM's Performance Monitoring project collects and databases information on the performance of Eastern Cape and selected national government departments.

PSAM researchers extract information on the budget allocations and resources available to these departments, their plans to utilize these resources and the problems that they experience in the course of implementing these plans.

They track the recommendations made by oversight bodies and attempt to establish whether these are implemented.

In addition, records are kept of all promises and commitments made by government ministers and departmental officials in respect of service delivery in order to establish whether these are redeemed. The above information is extracted from a range of official documents, which are often produced by government departments themselves. These include budget documents, policy speeches, strategic plans, operational plans, and annual reports.

Information is also obtained from the reports of oversight bodies such as the Auditor-General's reports and the minutes of parliamentary committee meetings. The objective is to make the information contained in these bulky volumes of documents available to ordinary citizens and parliamentarians in an easily accessible and user-friendly format. We hope that this will enable more effective oversight of the performance of the ministers and senior managers responsible for government departments.

This project seeks to empower civil society to be able to hold government institutions accountable and to help penetrate state institutions that are out of reach from the people. Civil society organisations present a number of capabilities for citizens and these can enhance the citizen's ability to claim citizenship rights.

- Civil society groups have broad membership, ideally cutting across classes and other social divisions.
- They offer incentives to cause citizens to co-operate;
- They use media and other forums to build a sense of urgency behind citizen's concerns e.g. PSAM
- They can combine protest with constructive engagement with officials.

They can challenge policy-maker's assumptions about needs and rights of their constituencies and how resources are distributed to address these to and draw state institutions to a culture of responsiveness and habituate the democratic values.

To promote accountability in the budget cycle, the PSAM has developed this database of information beginning from budgeting and ending in evaluation of delivery according to value for money and reporting to oversight bodies.

The focus of this tool is tracking public funds and monitor how these are utilised in delivering services. This database records instances of fruitless and wasteful expenditure, fraud and financial misconduct which in many instances are a result of a lack of internal controls within a department. In this way it will make possible the tracking of these issues from financial year to financial year and comparisons between these years.

The ability to draw trends and comparisons from financial year to financial year is important because it will demonstrate patterns in management and delivering and will inform our advocacy interventions.

The PSAM's experiences in South Africa

The Public Service Accountability Monitor has begun with monitoring the Eastern Cape Provincial Government, South Africa and four National Departments of Health, National Treasury, Social Development and Education. The provincial departments share a budget of R20 billion a year. 50% of this budget goes to remuneration of 127 000 public officials. Of the 13 provincial departments, 4 account for about 80 of the budget. These are social cluster departments (Health, Education, Social Development and Housing).

The following discussion is will be divided in six categories. These categories have drawn from South African public management legislation and public financial management and administration best practices. These categories are:

- Effective strategic planning and budgeting
- Effective financial management and controls
- Accountability to oversight bodies
- Value for money
- Effective handling of misconduct, corruption and maladministration
- The quality of reporting information and public access to information.

Effective strategic planning and budgeting

According to South African legislation departments are required to prepare strategic plans. This is the basis upon which they allocate budgets. This strategic plan must be based on some social needs analysis exercise in order to inform budget priorities. In the past two financial years these departments' strategic plans failed to undertake a needs analysis exercise to identify needs specific for each sector or departmental mandate.

In the case of the Eastern Cape Department of Health, the strategic plan sets out a list of vague strengths, weaknesses, opportunities and threats (SWOT) faced by the department instead of clear evidence of analysis of needs. This SWOT analysis focuses only on the internal administrative needs. As a result there has been a lack of effective budgetary planning and a failure to base budget objectives on an evaluation of the greatest social needs. This lack of planning and public consultation has resulted in underspending, weak financial management and control systems and failed service delivery.

For instance, despite prioritising HIV/AIDS epidemic and the knowledge of 21% equivalence and 10500 (30% of provincial births) estimated to have died from mother-to-child transmission of HIV/AIDS, the Eastern Cape Department of Health failed to deliver HIV/AIDS programme. There was no planning in place to spend this budget, as a result 100% of this budget was transferred by the department to Fort Hare Foundation with out approval from the Treasury and the executive or and without any explanation. Upon this discovery the amount was returned to the department except for the interest it had accumulated whilst in the Fort Hare Foundation account.

Effective financial management and controls

Financial audits conducted by the Auditor-General's Office show that less than 4 percent (3.8 percent) of the Eastern Cape provincial budget has been properly accounted for in the six financial years between 1996 and 2002.

Auditor-General's Financial Audits of Eastern Cape departments between 1996 and 2002

Financial Year	Amount (R 000s)	Disclaimer amount (R 000s)	Number of Departments Disclaimed	Percentage of budget unaccounted for
1996/1997	16 740 919	16 705 685	10 out of 12	99.8%
1997/1998	16 478 201	16 446 118	12 out of 13	99.8%
1998/1999	15 622 907	15 571 041	11 out of 13	99.7%
1999/2000	16 307 310	16 154 030	10 out of 13	99.6%
2000/2001	18 162 161	17 398 103	8 out of 13	95.8%
2001/2002	21 193 288	17 462 395	4 out of 13	82.3%
Total	104 513 786	99 737 372	10 out of 13	96.2%

The Auditor-General has issued audit disclaimers for an amount of R99.7 billion out of a total budget allocation of R104.5 billion (or 96.2 percent of the budget) during this period. An audit disclaimer is issued when so many transactions are not included in the department's financial statements, and so little supporting documentation can be produced to justify the department's expenditure, that no audit could be conducted in the first place.

Audit disclaimers are usually an indication of a serious lack of financial control measures and a lack of effective financial management within a department. They do not indicate that the amounts which have not been properly

accounted for have been misappropriated or stolen. However, because no documents have been produced to verify how these funds were used it is not possible to demonstrate that significant amounts of these funds have not been misappropriated or stolen.

There has been evidence of improvement in the ability of the Eastern Cape government to account for the province's budget. In the 2001/2002 the province managed to account for 17.7 percent of the budget. The proportion of the provincial budget that it failed to properly account for decreased from 96.2 percent to 82.3 percent.

For further information other problematic issues, see annexure A in this paper under financial management controls.

Accountability to oversight bodies

The South African parliamentary oversight committee system is structured to promote accountability by the executive. The major observation that the PSAM has made is that the effectiveness of the Provincial Legislature may be hampered by the fact that the Members of the Provincial Legislature are junior members of the party while the Executive is normally chosen from the senior members. For instance, in the Eastern Cape, the Premier is the chairperson (the Head of the ruling party) this may pose problems for the MPL's in holding the executive accountable as we shall see in the following paragraphs.

There has been a lack of political will on the part of the provincial Executive to address shortcomings pointed out by parliamentary oversight bodies and a sustained resistance by the Provincial Treasury to being held accountable by these bodies. This has resulted in the breakdown of the democratic oversight process in the province and the non-implementation of legislature resolutions designed to improve the state of financial management in departments.

For instance, during a parliamentary oversight meeting in November 2001 with the Standing Committee on Public Accounts (SCOPA), the head of the provincial Treasury, called on the Auditor-General to withdraw his audit

reports on the provincial government for the previous two years. This call demonstrates an attitude of contempt for the oversight functions of Parliament and is effectively unconstitutional. Neither the MEC for Finance or the Premier dissociated themselves from this call and no disciplinary action was taken against the Head of Treasury.

The fact that the parliamentary oversight function is clearly indicated in the failure of these departments to address their recommendation. The Legislature does not have any monitoring and research framework to ensure compliance with its recommendations by the executive and no effective systems facilitate the reporting back of the executive on such issues.

Value for money

This speaks to the quality of spending and delivery. Because of the lack of monitoring of service delivery internally for both current and capital budgets, there is difficulty in delivering to the timeframes in the instances where they have been set. Because of this, it has also been difficult to determine. Departments overspent against very bad state of delivery in crucial service delivery programmes.

For instance, the Eastern Cape Department of Health overspends on its District Health programme responsible for provision of primary health care through the province. The reason for the underspending is payment of previous liabilities and rank and leg promotion. This had been carried from the previous financial year. The department could pay some of these responsibilities because of underbudgeting and slow processing of payments. This programme had not spent 100% of HIV/AIDS budget, failed to expedite immunisation of children and had a number of irregularities in School Nutrition and Feeding Scheme programme, which has been. This has been so for the 2000/2001 and 2001/2002 financial year.

Effective handling of misconduct, corruption and maladministration

There a number of instances where members of the provincial cabinet have been found to have abused their office for personal benefit. Premier Stofile, the MEC for Health, Dr Bevan Goqwana and the MEC for Safety and Security, Mr. Dennis Neer, all fall into this category. None of these instances have been met with an effective investigation or any form of corrective action.

The Public Financial Management Act has a provision that if accounting officer (head) department or a constitutional institution commits an act of financial misconduct and if that accounting officer willfully or negligently, makes or permits an unauthorised expenditure, an irregular expenditure or a fruitless and wasteful expenditure, should be held responsible. These cases have been reported by the department in most of the provincial department for the past three financial years but no official has been brought to book.

The quality of reporting information and public access to information

The Public Financial Management Act provided for high level of reporting to the legislature and the public through annual reports and other public access documents. In some instances the PSAM has had to write formal letters requesting these annual reports from the departments because of their unavailability at public places including the legislature. In many instances these annual report are not complete and coherent, and their quality is very poor.

The legislature usually requests the re-production of an annual report because of its inability to determine reporting. For instance since 1999/2000, the Eastern Cape Department of Health has never reported comprehensively on its HIV/AIDS spending. The amount that they have not properly accounted for to the Eastern Cape public amounts to R197 million.

The PSAM's has resorted to the institution of Promotion of Access to Information Act which allows the public and other institutions to apply for access to information. With regard to HIV/AIDS, the PSAM has sent an application for information on expenditure of this budget. The Health

Department has failed to provide this information within the required period of 30 days. The following are obstacles faced in the use of this Act within the public service context.

Obstacles faced by PSAM in using POATIA

- The process of using the Act is time consuming and onerous in having to pay to courier documents to departments with revenue stamps. Despite this departments rarely acknowledge receipt of the POATIA request.
- No Information Officers have been appointed by Eastern Cape departments. These departments are still imbued with a culture of secrecy, non-responsiveness and non-accountability. Representatives of departments appear to feel threatened by any request for information. There is a general lack of awareness of the provisions of POATIA.
- In order to pursue information requests through to their logical conclusion will require the litigation of test cases. We urgently need to set a precedent to demonstrate that requests submitted in terms of the Act are enforceable. This will require access to funds for litigation.

Conclusion

The PSAM developed a tool to empower civil society through its specific advocacy interventions and informing the public, whilst as an independent monitoring institution; it will continue to conduct its advocacy efforts for clean governance in South Africa. So far, it has worked with the Treatment Action Campaign, to pressure HIV/AIDS treatment especially for mother-to-child transmission prevention, The Black Sash and Legal Resources Centre on the socio-economic rights of the elderly, i.e. Social grants.

References

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2. U. Millie and C. Allan, 2002, "Using the Promotion of Access to Information Act to track cases of alleged corruption and to hold government accountable for its management of public resources", paper presented Open Democracy Advice Center, Second Annual Conference, Cape Town.
3. Eastern Cape Department of Health Annual Report, 2000/2001 and 2001/2002
4. <http://www.psam.org.za>
5. Goetz, A. M. & Gaventa, J (et al). 2001. Bringing Citizen and Client Focus into Service Delivery, Institute of Development Studies, Brighton (Working Paper 138)

ANNEXURE A

The PSAM's scorecard for government departments is designed to provide impartial answers to a series of questions about coherent planning, performance, accountability and delivery by departments. All questions are weighted equally and a score of either one (for Yes) or zero (for No) is awarded to each answer. The total score is calculated as a percentage of the points scored versus the number of questions posed.

SCORECARD		
Effective strategic planning		
Were the department's strategic objectives based on a thorough needs analysis?	No	The department's strategic plan indicates that it failed to undertake a needs analysis exercise to identify the Eastern Cape's most pressing Health requirements. This strategic plan sets out a list of vague strengths, weaknesses, opportunities and threats faced by the department. The objectives contained in the department's strategic plan appear to have been based on this SWOT analysis. View details.
Were these objectives shaped through a process of stakeholder consultation?	No	The department's strategic plan contained no evidence of consultation with external stakeholders. View details.
Did the strategic plan take into account the strengths and weaknesses of the department's organizational structure and operational capacity?	No	Despite conducting a SWOT analysis and identifying an acute lack of professional staff the department proceeded to plan activities premised on a full staff complement. View details.
Were the department's strategic objectives clear, measurable, and tied to realistic norms, performance standards and timeframes?	No	The department failed to attach any performance standards or timeframes to its strategic objectives. Many of the strategic objectives set by the department were unrealistic and vague and were not measurable. View details.
Was the department's strategic plan based on readily available sources of information necessary for the measurement of its performance?	Yes	The department provided a list of planned outputs attached to performance standards, responsible personnel and timeframes. View details.
Did the department have a coherent operational plan? (Was there a coherent relationship between the department's strategic objectives, its programmes, the activities making up its	No	No operational plan specific for the financial year could be located.

programmes, and their timeframes?)		
Were programmes allocated budgets that were consistent with the costs of carrying out programme activities?	No	The department failed to set out the costs of the various activities identified within its programmes. View details.
Subtotal: 1 out of 7 = 14%		
Effective financial management and controls		
Did the department have a satisfactory asset management system?	No	The Auditor-General pointed to a lack of effective financial management controls in the department. This included the failure to maintain a satisfactory asset and loss control register. View details.
Did the department have reliable human resource management and performance evaluation system?	No	The Auditor-General pointed to a number of serious problems with the department's human resource management system. It failed to maintain many of the records required to management system. It failed to maintain many of the records required to manage its staff, and their performance, effectively. It failed to keep personnel and leave records and could not substantiate its R2.3 billion personnel expenditure. View details.
Did the department have a reliable Internal Audit section and an effective Audit Committee?	No	The Auditor-General found no evidence of an evidence of an internal audit function within the department despite the appointment of a chief director for this purpose. View details.
Could the department properly account for all expenditure including conditional grants, grants, donor funds transferred to outside organisations?	No	The Auditor-General identified serious shortcomings in respect of payments for goods and services as well as poor controls over the transfer of funds. The department failed to submit so many documents for auditing that it is impossible to establish how its funds were utilized. View details.
Did the department take effective steps to prevent unauthorised, fruitless or wasteful expenditure?	No	The Auditor-General identified an amount of R128 million that the department in conjunction with the Welfare department had not yet recovered. View details.
Did the department take effective steps to avoid excessive over/under expenditure of funds?	No	The department failed to spend its entire HIV/AIDS budget of R33 million this amount was transferred to the University of Fort Hare on the last day of the financial year. Without explanation.

		View details.
Did key managers sign publicly available performance contracts, which were linked to service delivery outputs of the department?	No	The Head of Department spent a large proportion of the financial year on suspension with full pay. No performance agreement for the Head of Department could be found on the department's website.
Did the department comply with proper procurement and payment procedures in all instances?	No	It is impossible to say whether Pharmaceutical depots complied with tender and procurement regulations as their financial statements had not been audited since 1994. View details.
Subtotal: 0 out of 8 = 0%		
Accountability to oversight bodies		
Did the department submit its plans and reports to oversight bodies (including the Auditor General and Legislature Standing Committees) timely?	Yes	There is no evidence to suggest that the department did not submit its plans and reports timeously. It is therefore not possible for the PSAM to suggest otherwise.
Did the department report accurately on its financial statements and its performance to oversight bodies?	No	The department failed to report accurately on its financial statements and performance to oversight bodies. The Auditor-General pointed out that the department submitted incomplete and inaccurate financial statements to the office, even though it had been given the opportunity to make the changes. View details.
Did the department take adequate steps to address problems identified by the Auditor General and Legislature Standing Committees?	No	The department failed to take adequate steps to address problems identified by the Auditor -General and Legislature committees resulting in many problems such as failure to properly manage personnel expenditure reappearing during this financial year. View details
Did the department take adequate steps to address problems raised by community campaigns?	No	The department failed to take steps to address problems raised by community campaigns. This is demonstrated in the department's failure to provide mother-to-child-transmission treatment to HIV positive mothers in all public health facilities.
Subtotal: 1 out of 4 = 25%		
Value for money and output		
Were promises made by representatives of the department redeemed in all	No	The department failed to complete the Nelson Mandela Academic Hospital within the planned timeframe. View

cases?		details.
Were promised outputs delivered?	No	The delivery of promised outputs was unsatisfactory for most programmes. For example the department failed to deliver on its Primary School Nutrition Programme as this programme was in disarray for a large proportion of the financial year. View details.
Did outputs address the social needs identified in the department's strategic plan?	No	Health needs were not properly identified in consultation with stakeholders. The department failed to deliver the drug management system due to delayed tender processes caused by the department's compliance with Public Private Partnership requirements and failed to spend 100% of HIV/AIDS budget resulting in non-delivery. View details.
Given its outputs, did the department's expenditure deliver value for money?	No	There was unsatisfactory delivery by most programmes. The department overspent on clearing rank and leg promotion backlogs even though this process had not been finalised by end of financial year. Despite the unjustifiable underspending, the department failed to deliver quality of spending on its outputs for main programmes such as District Health, Hospital Services and Health Facilities' Development. View details.
		Subtotal: 0 out of 4 = 0%
Effective handling of misconduct, corruption and maladministration		
		Subtotal: 0 out of 0 = %
FINAL SCORE: 7.8%		