



**ANALYSIS OF MONITORING AND EVALUATION AS AN INTERNAL CONTROL
MEASURE FOR SUPPLY CHAIN MANAGEMENT: A CASE FOR DEPARTMENT OF
PUBLIC WORKS AND TRANSPORT**

By

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DECLARATION

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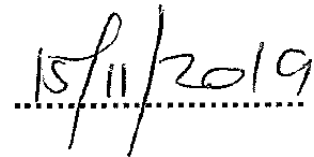
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In accordance with Rule G5.6.3, I hereby declare that the above-mentioned thesis is my own work and that it has not previously been submitted for assessment to another University for another qualification.



L.MFEKETO



Date:

DEDICATION

I dedicate this treatise to the memory of my late mother, Ms. Lindiwe Mfeketo (1970-2001), and my late high school life orientation teacher, Ms. Ncediswa Mgangxela (1961-2017). May their souls rest in eternal peace.

Psalms 37:35, as long as I can remember, good people have never been left helpless and their children have never gone begging for food. Amen

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ABSTRACT

The National Treasury Regulations (2009) require all government departments to exercise transparency, openness and fairness in the procurement of all goods and services. The aim of this study was to analyse and determine the use of Monitoring and Evaluation (M&E) as an internal control measure in the supply chain management (SCM) process by the Department of Roads and Public Works (DRT), Sarah Baartman District Center.

Poor internal controls, in relation to SCM regulatory framework compliance, remains a key challenge for the DPWT which led to negative performance information in the audit findings (Auditor-General, 2016/17). SCM falls within the finance management pillar which is one of the most important governance areas in public resource management. The study presents the place and nature of the public SCM environment, relevant theories and legislative frameworks towards an efficient and transparent SCM value chain.

The Public Finance Management Act of 1999 (PFMA) is meant “To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith”.

The study adopted a qualitative documentary analysis research approach. A core finding of the study suggested that the provincial sphere of government needed to develop a participatory provincial government strategy for provincial development.

A key recommendation that has been forwarded, suggests that the government needs to strengthen the policy on provincial management in order to facilitate sustainable economic growth and thereby promote social welfare gains.

LIST OF ACRONYMS

DPWT	Department of Public Works and Transport
PFMA	Public Financial Management Act
SCM	Supply Chain Management
M&E	Monitoring and Evaluation
GWME	Government-Wide Monitoring and Evaluation
AG	Auditor General
AGR	Auditor General's Report
APP	Annual Performance Plan
PPPFA	Preferential Procurement Framework Act
RSA	Republic of South Africa
MTEF	Medium Term Expenditure Framework
KPA	Key Performance Indicator/ Area
BAS	Basic Accounting System
LOGIS	Logistical Information Systems
PERSAL	Personnel User Verification System
UICN	International Union for Conservation Nature
NPM	New Public Management
OECD	Organisational Economic Cooperation Development

WPTPS	White Paper on Transformation Public Service
GAAP	Generally Accepted Accounting Practices
COGTA	Cooperative Government & Traditional Affairs
SALGA	South African Local Government Association
LRA	Labour Relations Act
EEA	Employment Equity Act
RDP	Reconstruction Development Programme
NMU	Nelson Mandela University
BAC	Bid Adjudication Committee

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The primary aim of this study was to determine and analyse the Department of Roads and Transport' (DRT) internal monitoring and evaluation as a control measure for the supply chain management. The public service, performance and budgeting process is guided by a number of legislative & policy frameworks for the effective and efficient usage of resources (Constitution, 1996). The Public Finance Management Act (PFMA) (1999) makes a clear provision on how the state resources are to be allocated, utilised and monitored in the delivery of goods and services to communities. The National Treasury Regulations further provides frameworks on how different departments and public entities effectively spend and report on the finances in relation to service delivery. In essence, the PFMA contends that the National Treasury must make regulations for a range of matters to do with the effective and efficient management and use of financial resources.

Despite the government's financial management legislative frameworks in providing a foundational basis for internal control, with regards to how government departments and public entities utilise allocated funding, the DPWT has been faced with an increased irregular expenditure and non-compliance over the past three years. It is the constitutional obligation of state departments to develop controls measures in order to promote transparency and accountability. According to Section 216 (1) of the Constitution of the Republic of South Africa (1996), "National legislation must establish a national treasury and prescribed measures to ensure both transparency and expenditure control in each and every sphere of government."

Therefore, internal monitoring and evaluation becomes a critical control measure that can be used to improve risks that are associated with the supply chain management practice in order to give substance to good governance principles in line with King IV report (King Report VI, 2011:7). Ijeoma (2013:11) contends that “monitoring involves collection, analysing and reporting data on inputs, activities, outputs, outcomes and impacts as well as external factors, in a way that supports effective management”.

The section below presents key terms and concepts for the study.

1.2 DEFINATION OF TERMS AND CONCEPTS

The following definitions feature in the study:

Accountability: According to the Constitution of the Republic of South Africa (1998), accountability refers to the public’s ability to hold responsible those who are managing the use of public funds in service delivery, so the government of the day is accountable to its populace.

Monitoring and Evaluation: Thornhill, Van Dyk & Ile (2014:179) writes that “monitoring is a never-ending oversight process that focuses on tracking ongoing activities and it not a once-activity. It consists of a number of small yet integrated tasks to collect routine and on-routine data on implementation to ensure that the activities planned are on track and there is steady process towards the achievement of anticipated or set goals”.

Supply Chain Management: Jespersen & Larsen (2005:12) define supply chain management as “the integration of business processes from end user through original suppliers that provides products, services and information that adds value for customers”. The Supply Chain Management is comprised of these components, amongst others; demand management, acquisition and contracts, logistics, disposal management, risk management and performance management (Fourie & Opperman, 2011: 338).

Value-for-money: The delivery of public goods and service in both partnerships and otherwise must relate to value for money principle. This implies a combination of costs,

completion time, risks and quality, in order to meet the predetermined public requirements (Nyagwachi, 2008: 27).

1.3 PROBLEM STATEMENT

Bryman (2007:5) defines a research problem as “a definite or clear expression [statement] about an area of concern, condition to be improved upon, a difficulty to be eliminated, or a troubling question that exists in scholarly nature, in theory, or within existing practice that point to a need for meaningful understanding and deliberate investigation”. Inadequate compliance to SCM regulatory framework as the result of poor internal controls in the DRT, leads to negative audit findings which ultimately contribute to the non-adherence to the financial management requirements that are prescribed in the PFMA. In the same context, the currently available internal controls are under-utilised due to red-tape and leadership question (Auditor-General Report 2016/17: 6; Department of Road & Transport, Annual Report 2016/2017: 23) in the Sarah Baartman District Centre.

The top three factors that led to the negative financial and non-financial audit findings were, namely: (i) material misstatements in submitted financial statements, (ii) unauthorized, irregular as well as fruitless and wasteful expenditure, and (iii) supply chain management (SCM). Therefore, this study aims to establish and assess the internal M&E tools as a control measure of SCM of DPWT in order to suggest mechanisms, which would enhance SCM to increase possibilities of attaining clean audit.

1.3.1 Background to the Research Problem

Since the inception of the procurement reform in 1995, the Departments, and all other state owned enterprises as prescribed in the national legislation, have been expected to be actively involved in the conceptualisation and implementation of a procurement reform (National Treasury Procurement Regulation, 2001). In addition, supply chain management replaced the outdated procurement practices that could be found in the

contents of the old procurement policy frameworks and this happened after the cabinet had adopted the SCM policy in 2003 to encourage the SCM framework to be utilised by Departments in order to realise an increased responsibility and accountability by the heads of the departments as well as the senior financial accounting officers of departments (National Treasury 2004). The PFMA (1999) outlines the following objectives with regards to financial resources:

- Modernise the system of financial management in the public sector;
- Enable public sector managers to manage, but at the same time be held more accountable;
- Ensure the timely provision of quality information; and
- Eliminate the waste and corruption in the use of public assets.

The National Treasury is responsible for the development, maintenance and support of financial management systems (Basic Accounting system or Bas, Persal, Logis and Vulindlela).

The Auditor General, as the supreme audit institution of the Republic, must, in terms of section 4(1) of the Public Audit Act (Act No. 25 of 2004), audit and report on the accounts, financial statements and financial statement of all government entities. Based on the 2014/15 Consolidated General Report issued by the Auditor General, various government entities were found not to have complied with the legislation relating to the payment of suppliers.

1.4 RESEARCH QUESTIONS

Thiel (2014:17) writes that “the research question is directed to the research aim: every specific type of research aim corresponds with a certain type of research question”. The research question in the same context is regarded as the core of the entire study and it

determines research type, research design, and results presentation (Bless, Smith & Sithole, 2013:71).

The primary question for this study is:

- To what extent does the DPWT comply with the SCM regulatory framework through the utilisation of M&E?

And the secondary questions to the above primary question are as follows:

- How effective are the DPRW internal financial management controls and systems?
- What are the fundamental reasons for non-compliance by the DPWT in discharging on the financial management legislative mandates?
- The aim of this study is to analyse and determine the extent to which DPWT complies with SCM regulatory requirements using M&E as an internal control measure.

1.5 THE OBJECTIVES OF THE STUDY

The primary objective of this study is to:

- Analyse the extent to the DPWT complies with SCM regulatory framework through the utilisation of M&E as an internal control measure.

Secondary objectives:

- Determine the effectiveness of the DPRW internal financial management controls and systems.

- To establish the fundamental reasons for non-compliance by the DPWT in the Sarah Bartmaan District Centre in discharging on the financial management legislative mandates.

1.6 SIGNIFICANCE OF THE STUDY

According to Du Plooy-Cilliers, Davis & Bezuidenhout (2014:286), a study without the importance is meaningless and the significance of the research is also useful in guiding the researcher when embarking on a study. The study seeks to determine and analyse the extent to which the DPWT complies with the SCM regulatory framework through the M&E as an alternative internal control measure. On many occasions, according to the Auditor Generals' Report (2014/15), the Eastern Cape DRT, apart from its structural challenges, continued to have problems with highly irregular as well as fruitless expenditures. As such, expenditure has a direct negative effect on the departments mandate as well as the ideal of servicing the people of the Eastern Cape with quality service.

The study is also important for top management in provincial and national government, researchers and students who require information on the internal monitoring and evaluation mechanism in the supply chain management environment and in the discipline and practice of Public Administration. For these reasons this study will contribute to the existing body of knowledge on M&E and SCM.

1.7 RESEARCH DESIGN AND METHODOLOGY

This section forwards a tentative discussion on the research methodology that the study employed. It contains the research approach, data collection instrument, data analysis and sampling procedure.

The research parameters are set by the title of the treatise, research questions as well as the objectives as articulated in paragraph 1.5 above. Social research methodology involves data collection for both quantitative and qualitative methodologies, with various techniques for data collection, such as questionnaires, which can be measured for validation purposes (Brynard and Hanekom, 1997:25).

1.7.1 Research Design

According to Babbie (2011:85), to every scientific research enquiry there is a research design showing the key factors, the data collection, analysis processes and their interrelationships in ensuring that the final research report responds to the initial research questions. Social research, before data collection or analysis can commence, needs a design or structure. In essence, research design cannot be regarded as just a work plan because a work plan provides details of what needs to be done to have the project completed and often flows from the project's research design. Therefore, the function of a research design is to ensure that the evidence that are obtained, enables the researcher to answer the initial question as unambiguously as possible.

Obtaining relevant evidence can be achieved by specifying the type of evidence that is needed to answer the research question, to test a theory, to evaluate a programme or to accurately describe some phenomenon (Creswell & Clark, 2007: 4). Yin (2008:29) writes that "research design in actual fact deals with logical problem and not a logistical problem".

Research design is different from the method through which data is collected. The research design is not related to any particular method of collecting data or any particular type of data. Any research design can, in principle, use any type of data collection method and it can also use either quantitative or qualitative data. The research design refers to the structure of an enquiry: it is a logical matter rather than a logistical one (Neuman, 2007:7).

Therefore, this study will employ the desktop research, whereby an analysis and evaluation will be conducted on the readily available documentary data in order to respond to research questions and objectives. The reason for employing this research design is to build on the work of other social researchers who have conducted a study on M&E. O'Sullivan and Rassel (1989:7) states that "Research is an iterative process, where investigators build on the work of others. They further writes that existing knowledge quickly brings us up to date".

1.7.2 Research Methodology

Firstly, research methodology is different from research methods, although in some cases both terms are interchangeably used as if they are synonyms. Research methods have to do with the manner in which data collected is systematically interpreted and reported. Sedisa (2008) alternatively suggests that, in the same context, that research methods should be regarded as the true practice of research exercise which is comprised of procedures or techniques and strategies applied in the process of conducting a scientific research enquiry, especially during data gathering.

The research parameters are set by the title of the treatise, research questions as well as the objectives. Social research methodology, as a process, involves data collection for both quantitative and qualitative methodologies (Brynard & Hanekom, 1997:25).

Palys (1997) & Mouton and Prozesky (2001:4) define research methodology as "a procedural logic followed to conduct a scientific inquiry to test a key hypothesis or answer a research question to enable the researcher to predict and explain specific phenomena by amassing various scientific facts in an endeavour to tacitly agree to the epistemic imperative meaning a quest for truthful knowledge".

This section is designed to guide the researcher on how to find answers, contextualise findings by informing the recipients of the study on how data will be gathered to validate and substantiate the arguments. The study will be a qualitative approach by conducting

an extensive theoretical review of various documents that are within the scope of this scientific research enquiry.

1.7.2.1 *Qualitative theoretical review approach*

According to Hart (2012), qualitative research methods draws the attention and captures the researcher's insights and impressions in getting an understanding of the phenomenon through interactions and feelings of research participants. Qualitative research focuses on the qualitative aspects of human nature in order to describe, explain, predict and control behaviour. According to McMillan and Schumacher (1993:327), "qualitative methodology is a naturalistic enquiry describing and analysis people's individual and social actions, beliefs, thoughts and perceptions". Sandelowski (2000:11) states that descriptive study is the method of choice when straight descriptions of phenomena are desired. Qualitative research is an "inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human environmental problem". (Mouton and Prozesky, 2001: 270).

According to Asmah-Andoh (2012), a documentary review consists of indirect observations. And the process size is subject to the relevant phenomenon of the study based on the time of scope. Therefore, it can be deduced that documentary analysis involves getting information that can potentially contribute to the value of the research solution within the parameters of the relevant theory. Holsti (1999) writes that "content analysis is a technique of making inferences by objectively and systemically identifying specified characteristics of messages".

A document Review was used as one technique for data collection. According to De Vos (2012: 56), the use of a document review as data collection technique the researcher can be in a better position to validate and cross check findings of the study. A literature study and review of available texts such as books, journals in the field of Public Administration and Management, and the Economic Sciences. The researcher reviewed and analysed the following documents amongst many for the purpose of the study:

- Academic Journals and Papers
- Auditor-General Reports 2015-2017
- Provincial Development Frameworks 2012-2014
- DPWT Annual Reports 2015-2017
- DPWT Annual Performance Plans 2015-2017
- Performance Management Framework
- Monitoring and Evaluation Framework
- Supply Chain Management Framework
- PFMA, (Act 2 of 1999)
- DPWT Annual Reports 2015/2018

Document review advantage, unlike large scale research surveys, has cost and time efficiency. Babbie and Mouton (2001) agree that document review is modest method. The above documents will be linked to PFMA and DPWT annual reports relevant to the study. The decision to employ the above document review approach was to get evidence based information emanating from theories and studies of Public Administration and Management discipline as well as provincial government plans that outline the adherence to financial management and internal controls within SCM regulatory framework.

1.8 FEATURES OF A GOOD RESEARCH

According to Leedy and Ormrod (2005:34), a good research exercise can be referred to as one that captures the correct data and concludes by providing correct answers to the questions and problem that necessitated the research. Generally, any good scientific research enquiry should meet the key basic requirement of reliability and validity provided that the research is based on a clearly defined and correctly identified problem statement.

Consequently, reliability and validity of research methods are some of the significant features of a good scientific research enquiry.

1.8.1 Research Method Validity

Sedisa (2008) writes that all kinds of research enquiry are fundamentally undertaken to serve a specific purpose and that ultimately translate into understanding the value attached to the research findings and the extent of the research validity. In addition, Hall and Hall (1996) writes that research validity is actually a means of measuring research accuracy, meaningfulness and credibility of the data and outcomes. In essence, the validity concept may well be confined to the tools that are used in a research enquiry, which then refers to the extent to which the tool actually measures what it purposed to measure in line with established practice (Bell, 2005:66; Hall & Hall, 1996:44). In other words, the research in general as well as the research tools are crucial to have and reflect validity in order to ensure that the research results shows credibility and acceptability of research in the community (Neuman, 2007:51 *cf.* Sedisa, 2008:250). Therefore, research results need to be verifiable to ascertain validity. To ensure validity of this study, taking into account the research method applied during the undertaking of this research, adherence to ethics requirements, and by abiding to NMU's policies guiding scientific and professional studies will be maintained throughout the research enquiry.

1.8.2 Research Method Reliability

According to Bell (2005), research method and/or data collection tool reliability measures the extent to which technique produces similar results under normal circumstances on all instances. To note, this might seem rather too ambitious statement but in simple terms it basically means the consistency and trustworthiness of the results obtained during a usage of a particular method. Reliability measurement is predominantly prominent when

it is used in quantitative research method but also applicable in qualitative research method in a most valuable manner (Sedisa, 2008: 252).

1.9 LITERATURE REVIEW

According to Hart (2001:1) “a search of the literature is an essential part of every research project”. The author further mentions that there are two areas to be searched when you are beginning a search project:

- The literature relevant to the topic;
- The literature on research methodology and data collection techniques.

Maree and Van Der Westhuizen (2009: 8) are of the view that “a literature review normally comprises of an overview of current and older relevant research appropriate to the research topic and related facets”. This study will consult literature on monitoring and evaluation and its importance and the search will be done on the internet particularly the online journals by scholars who have previously researched and produce valid information on the similar area of study.

Public policies such as the supply chain management policy, national treasury notes and instructions on supply chain management as well monitoring and evaluation frameworks and guideline will be reviewed for the study and amongst the policies that will be consulted are as follows:

- Supply chain management policy and procedure manual, the reason for this is to understand causal relationship of SCM with M&E as a measure. The SCM terms of reference and state tender board will be consulted as well as theories on Public Private Partnership (PPP).

Monitoring and evaluation policies including the constitution of the republic of South Africa Act 108 of 1996 applicable to the three spheres of government and public entities will be

visited for example framework for the government-wide monitoring and evaluation system policy (2007).

1.10 CHAPTER OUTLINE

CHAPTER ONE: Introduction and Background

This chapter will deal with the scope of the entire study. It will provide the introduction and background to the study, the research problem statement, clarification of terms, research questions and research methodology (in passing) of the study as well as research objectives. Lastly, the chapter will present the chapter outline indicating how the entire project report will be organised in this document.

CHAPTER TWO: Theoretical Framework for Provincial Development and Service Delivery Environment in South Africa

This chapter will provide a theoretical framework for Provincial Development and Government Service Delivery environment within the discipline of Public Administration and Management. It will further explore the origins and legislative framework for financial management and M&E principles. Notably, the chapter will discuss various theories from a scientific management point of view and looks at contemporary approaches in the new public management philosophies.

CHAPTER THREE: Research Design and Methodology

This chapter will provide research method, research design and steps that will be carried to conduct the study at hand.

CHAPTER FOUR: Data Presentation and Analysis

This chapter will constitute the presentation and discussion of data collected and analysed in the study.

CHAPTER FIVE: Summary, Conclusion and Recommendations

The purpose of this chapter is to reiterate the research findings and to validate them by reflecting on the findings presented in Chapter four.

1.11 CONCLUSION

This chapter provided the background to the study and the underpinning research problem. It begins with contextualisation of the government supply chain management as one key aspect in the financial management discipline. It went on to express the need for monitoring and evaluation as an internal control measure in the SCM processes by the DRT, particularly at Sarah Baartman District Center.

CHAPTER TWO

THEORETICAL OVERVIEW OF MONITORING AND EVALUATION IN PUBLIC ADMINISTRATION AND MANAGEMENT

2.1 INTRODUCTION

This chapter describes the setting, nature and theories of Monitoring and Evaluation (M&E) in the discipline of Public Administration and Management, and explains its application as a control measure in SCM in order to better place the study within a broader context of the relevant literature. It traces, explains and defines concepts, theories, and approaches which M&E in Public Administration discipline and its implementation in the public sector supply chain management. It further reveals the extent to which M&E is applied as one of the key internal controls in the public supply chain management value chain. This chapter elucidates administrative theories from traditional public administration to new public management approaches in Public Administration philosophies.

In Public Administration and management, social research studies entirely depend on theory for organisation and as such any academic enquiry would necessitate a theoretical concept that it would be shaped by. Therefore, this study takes into account theories that provide a more scientific understanding of M&E as a control tool in managing supply chain management process to ensure legislative compliance. The understanding of M&E and SCM directly relate to adherence to the governance requirements by the DPW in order to better deliver on its mandate (Ijeoma, 2013: 16).

Kaplan (1957: xi) in (Binza, 2009: 51) writes that theory “includes a set of primitive terms, definitions and axioms from which propositions can be inferred and proposed”. It is theory that organises these logically and in a consistent framework so that they can be interpreted and have disciplinary relevance. These propositions should be logically consistent and be interpreted. Kaplan (1957: xi) in (Binza, 2009: 51)

For Welman and Kruger (2001:11) theory is “part of the edifice of science”. Legitimate research follows a group of logical, related statements that represent a phenomenon and include one or more hypotheses. It is clear that, for any scientific enquiry, in the social sciences, theory serves as the basis for the enquiry as the process of enquiry and discovery is not always a discovering of a new phenomenon, but also needs to demonstrate a logical approach to the enquiry itself.

The concepts SCM and M&E originate from the discipline of Public Administration and Management (Ijeoma, 2013:210). The main founding principles of the practice of Public Administration are social, economic, effectiveness, efficiency and integration towards the delivery of services. The applicable theories in this study are Process Theory, Public Choice Theory, theory of change and New Public Management theory because these provide the basis for analysing the M&E impact on SCM process in the DRT. Process, theory of change and public choice theories have their origins in Classical and contemporary management theories (Smit, Cronje, Brevis & Vrba, 2007:31).

This study sought to investigate and analyse the extent to which M&E is applied by the DPWT as key control measure on SCM processes with the objective of proposing new knowledge which can influence the management of supply chain processes and governance principles.

This chapter is divided into three discussion areas in that it firstly provides a brief discussion of the concepts of M&E, Public Administration, SCM, Governance and Accountability so as to describe various subjects and ideas used to combine factors of knowledge the purposes of this study. Secondly, the legislative framework for SCM and M&E for the purposes of locating the legislative requirements is discussed. Lastly, the discussion of theoretical approaches that are relevant to SCM, M&E and public administration environment is made. Key theories in Public Administration and management are discussed as the basis for this study and alongside with specific approaches to development.

2.2 CONCEPTS: SUPPLY CHAIN MANAGEMENT, MONITORING & EVALUATION AND PUBLIC ADMINISTRATION AND MANAGEMENT

The concepts of M&E originate in Public Administration and operates within the context of both traditional and modern Public Administration and Management and SCM origins in General Management Theory. The academic body of knowledge agrees on general and specific terms in that the practice of Public Administration is as old as government itself. An official article in 1887 by Woodrow Wilson argued towards a rationale for Public Administration to be aligned as an academic discipline and professional specialty. Before embarking on an in-depth description of Public Administration, Public Management, SCM and M&E concepts, relevant to the study, are defined and discussed for proper contextual application to this study.

2.2.1 Supply Chain Management

According to Wisner, Leong and Tan (2005:8), supply chain management “focuses on positioning the organisations in such a way that all participants in the supply chain benefit. Thus, effective supply chain management relies on high level of trust, cooperation, collaboration, and honesty, accurate communication”. Yet Waters (2009:9) views SCM as a series of activities that are directed to provide goods and services to the customers through following the SCM processes. Therefore, supply chain management requires an integration of interconnected procurement activities (demand planning, Acquisition management, Contracts management, Logistics & Disposal Management, SCM risk and Performance management) and the organisation of SCM components in such a way that provides a process flow.

In terms of DPWT SCM policy (2015:3) “The SCM regulations are intended to modernize public sector procurement, provisioning and related functions. This SCM policy also mentions that the implementation of an integrated SCM system contributes significantly towards the improvement of financial management in the public sector”. Yet public sector

supply chain management aims to ensure that available frameworks are adhered to in order to ensure good governance and public sector preferential procurement objectives.

Further to the above the functioning and management of activities taking place in SCM should be monitored and evaluated to ensure that any gaps and challenges faced are quickly eradicated for smooth running of SCM. It should be understood that there is a relationship between SCM components and monitoring and evaluation of each component becomes important. The relationship of these SCM components will be discussed later in this chapter so that the relationship can be clearly indicated and outlined as well as to provide linkage of SCM components thereof.

Van Der Walt (2012:16) writes that SCM requires proper planning, design, monitoring and control of all activities that relate to information and material from the start to the end to ensure that the present and future needs of customers are efficiently and effectively met. Wisner *et al* (2005) argues that SCM is more about demand and supply management, the process [raw material sourcing, manufacturing and assembly, warehousing and inventory tracking] management until the delivery to customer. It can therefore be deduced that SCM focuses on needs analysis and assessment aspects in order to determine the extent of requirements with the aim of providing the needed according to the specifications by the end user. At the same time, SCM can be viewed as an integrative system of all activities that relates to material or goods and services procurement and the delivery to meet the needs of customers through a structured distribution system. It should be equally noted that the end user in the public sector is referred to as the beneficiary of goods and services. For example the maintenance of provincial roads and building of hospitals by the Department of Roads and Transport benefits the road users and patients who visit the hospital for health related reasons.

Gattorna & Walters (1996:107) write that “the objectives of the supply chain concept is to synchronize the service requirements of the customer with the flow of materials from supplier such that the apparent contradictory situation of conflicting goals of high customer service, low inventory investment and low operating costs may be balanced or optimized”.

SCM can be seen as the interconnectedness of components that work as a chain in order to ensure that services or goods are delivered effectively to the final customer. Every product or service has its own supply chain, it can be long and complicated or be short depending on what is required. For example, a supply chain with a paper based material starts with growing trees and ends with customers that buy boxes or rims of paper for printing. At the same time a supply chain in procuring services such as accommodation for an official who attends a meeting out of town requires sourcing of quotations and compilation of requisition and creation of purchase order for accommodation required and the time compliance to particular supply chain management guidelines has to always be complied with (Waters 2009).

Consequently, drawing from the above contentions, SCM can be regarded as a series of activities that concerns SCM in the public sector as well as SCM in the private sector that vary as these two sectors have different aims and objectives while also serving different customers and using different policies that apply to them. For instance public sector SCM means an integral part of financial management which is the collaborative strategy that integrates the planning, procurement and provisioning in order to eliminate non-value adding cost infrastructure, time and activities, seeks to introduce international best practices, whilst at the same time addressing government preferential procurement policy objectives and whilst serving the end-users and customers efficiently with aims to satisfy the needs of the general public for instance, building school requires following supply chain management policies, prescripts and guidelines (National Treasury Supply Chain Delegations of Powers, 2015:7).

2.2.2 Brief SCM setting in Department of Public Works & Transport Sarah Baartman District Centre

According to the SCM Policy of the DPWT (2015:4), SCM chain management regulations requires the need for the establishment of an effective SCM system that consists of the following important elements which are discussed in detail as well as internal monitoring and evaluation .

- Demand management;
- Acquisitions management;
- Logistics management;
- Disposal management;
- Risk management; and
- SCM performance & monitoring

The above elements are essential in managing the SCM and they ensure that service is delivered effectively, and that process flow is followed and complied with. Furthermore, regarding SCM components, it can also be provided that the above elements allows for analysis, monitoring and evaluation to take place during implementation of SCM so as to identify gaps and pick up any potential risks that may hinder the delivery of goods and services processes, financial management and distribution of goods and services to end users. Therefore, components that composes the supply chain management are briefly discussed below in order to better understand their importance in the context within which monitoring, and evaluation concepts comes in as an internal control measure.

2.2.2.1 *Demand management component of SCM*

The first element in the processes of SCM is demand management. In terms of National Treasury Regulations (2004:10), demand management “is the beginning of supply chain”. Contrary to this, demand management SCM policy (2018:16) requires the accounting officer to establish and implement an appropriate demand management system in order to ensure the availability of the required resources. It is in this element that the following practices are regularly performed to realize demand management.

- Needs assessment is done at this phase to ensure that goods and services are obtained in order to render the agreed services to end users;
- Specifications are clearly defined and determined;
- The requirements are linked to the available and relevant vote or budget; and

- Demand management ensures that service providers are analysed for the purpose of capacity, local content and ability to meet the demands of the end users SCM policy (2018:16).

This phase allows for future needs and market analysis in order to determine the specification in respect of goods and services that are required as well as ensuring that the region maintains database of suppliers or services providers according to the products and services that they offer for ease of sourcing as and when necessary.

Demand management is viewed as the first entry point to SCM and it ensures the coordination and consolidation of procurement plans of Public Service organisations through participation in budgetary planning sessions of the state department and to facilitate a link between budget and business plans of the financial year. Despite, the analysis of the market and needs analysis of the department of state, SCM Policy and Procedure Manual of the Department of Roads and Transport (2016:56) provides that “the demand management system must ensure that the resources required to support the strategic and operational commitments of the department, are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the department”.

This phase of departmental annual plans should be translated to talk to the current and future needs as well as availability of funds to meet the needs. Again, the Department of Roads and Transport SCM Policy and Procedure Manual necessitates that in the demand management phase, considerations of planning and budget projections shall take five-year strategic plans of the newly elected government and its priorities into account for the period of five year or the elected government’s term of office. SCM Policy and Procedure Manual of (DRT,2016:56). It can be deduced that demand management provides a clear guide of what strategic priorities the department of states is required to have over the period of five years and, of those priorities, which ones are the important for prioritisation which are to be addressed and be assessed on the departmental performance.

2.2.2.2 *Annual performance planning (APP)*

Demand management puts emphases on the alignment of departmental priorities to the annual performance in order to spell out the annual budget of the department as well as to determine how budget request allocations will be distributed on objectives and targets. It is critically important to note that the departmental needs and demands are articulated through what the department intends doing in the upcoming financial year and the following two (2) outer years in accordance with medium term expenditure framework (MTEF).

According to Visser & Erasmus (2002:70), “the MTEF provides for a system whereby government is enabled to deliver its reconstruction and development priorities in the context of three-year (medium-term) estimates expenditure consistent with a sound macroeconomic framework”. yet the APP and priority setting begins throughout the preparation of the annual budget submission and later reprioritise within the medium term baseline allocations and this is normally referred to (budget cut due to shortfalls that necessitates reprioritisation) and provides the motivation for policy options regarding changes to baseline allocation over a three year period.

The priority setting and MTEF should be descriptive in nature and reflect what needs to be achieved through provisioning of:

- Programmes;
- Key performance areas;
- Indicators and
- Short term actions

Source: Visser & Erasmus (2002:70)

Therefore, demand management requires that during the demand analysis it should include information of proposed acquisitions of goods and services including movable and immovable assets and the maintenance of them. Projections are made at this phase of SCM whereby participative process has to be done by practitioners in the supply chain

and end-users must come together for multi-year projections of income from sale of assets and provincial fund allocation to the departmental vote (DRT, 2016).

2.2.2.3 *Needs analysis as aspect of demand management*

Russell and Taylor (2014:369) write that “A forecast of product demand is the basis for most important planning decisions. Planning decisions regarding rescheduling, inventory, production, facility layout and design, workforce, distribution, purchasing, and so on, are functions of customer demand and states that it is based on forecasts of the type of products customers will demand in the future and size and location of product market”. In other words, a demand analysis can be seen as a future oriented function by demand management officials who should pursue forecasting of future needs of the end user or customer by aligning same with the financial health of the procuring institution, annual performance plan and the procurement plans of the department and also take into account the specification of the needs, quality needed and the delivery times by supplying the industry.

It can also be noted that demands analysis allows for smooth budgeting of what is to be procured for the department and help shape the procurement plans to talk to current available budget and needs of the end user. The demand management analysis use forecast based on judgment and demand forecasting plays an important role in the supply chain management in that it helps to determine how much goods and services needs to be procured and how much these would cost while also analysing which suppliers can best provide the required goods and services taking into account lead time and customer needs. Without an accurate demand forecast and analysis, this may result in end-users or customer not being able to get the goods or services that are required in time and thus, the importance of demand forecast, and analysis is very important (Russell & Taylor, 2014: 371).

2.2.2.4 *Acquisition management of supply chain management*

The Strategy Guide Uniformity in Government Procurement Reform (2003: 21) describes acquisitions management as a stage where preferential procurement policy objectives

are identified that could be met through a specific contract; the strategy of how the market is to be approached; contract administration; and contract information in order to kick-start the logistics management processes. This policy on uniformity in government procurement reform further makes acquisitions management necessary for the procurement of goods and services in line with the authorised procurement processes.

Regulations in terms of PFMA (1999:7), provides that “the accounting officer or accounting authority of an institution to which these regulations apply must (a) in relation to the sale or other disposal of state assets, ensure that (1) immovable property is sold at market related price (2) movable assets are sold either by way of tender process, auction or at market related prices”.

The Department of Public Work Supply Chain Management Policy (2015:6) indicates that “the purpose of acquisition management is to ensure that acquisition delegations are in place in the organization, the market is assessed and a sourcing (procurement) strategy is determined, bid documents are compiled, bids are solicited, responses are received, responses are evaluated, and assessed and awarded by the bid adjudication committees”. Van Der Walt (2012:31) adds that during the second phase, organisations must determine how the market should be approached. Acquisition management is the phase when attention is given to drafting of specification, the invitation of tenders, the closing of tenders, contract award and contract management”.

Regarding the above discussions and provisions on acquisitions management, it can be deduced that with acquisition being the second phase of procurement process in supply chain, management is concerned with how goods and services are obtained and what methods to should be used in sourcing of works, goods and services without jeopardizing any procurement process.

2.2.2.5 *Logistics management*

This component of supply chain management is important because it deals with all issues of planning, ordering receiving and the distributions of goods to end-users. According to Fourie and Opperman (2011:339), logistics management is meant to provide an effective

logistics management system in order to ensure inventory level settings, planning of orders, receiving and distributions of goods, stores and warehouse management, expenditure orders, transport management, maintenance and contract management. On the other hand, Gattorna and Walters (1996:9), argue that “logistics can play a major role in determining the nature of the overall corporate response to market opportunities”. Van Der Walt (2012:31) describe logistics management as “the science of the process which includes planning, implementing and controlling the efficient, effective, flow and storage of goods, services and related information from point of origin to point of consumption for the purpose of conforming to customer requirements”.

The above provisions on logistics management reveal that logistics is the component that deals with the planning of what is to be ordered, received, and stored and the distribution from the stores to end-users clearly shows that logistics plays a key role in SCM and interlinks with components discussed already. Yet logistics management keeps tracks of the life cycle of the goods that have been procured through the supply chain management; in this regard logistics management also deals with warehouse management aspects as part of the whole process.

2.2.2.6 *Disposal management*

On disposal management Visser and Erasmus (2002:176) states that “the disposal function should be considered as the final phase of the provisioning administration process. As such the disposal procedure has been formulated to facilitate the disposal of redundant and obsolete goods, equipment, and livestock”. At the same time Government Gazette (2003:7) stipulates that “in case of the disposal of computer equipment, the relevant department of education must first be approached to indicate whether any educational institutions are interested in the equipment, and, if so, to arrange for the transport of such equipment at its own costs to any such interested educational institutions”.

In other words, taking from the above description and provisions of the legislation on disposal management, it is important to highlight that the disposal of assets or of items comes at the end of the SCM process and this happens when the cycle of items have

reached a certain period or when the items can no longer be used by the institutions and due to condition that the item become either redundancy, irreparable condition or the item is obsolete. It is also important to highlight the fact that disposal management comes after all the above components of SCM have taken place in the process. RSA (2003:23) stipulates that “at this stage obsolescence planning or depreciation rates per item required to be calculated”.

2.2.2.7 Risk management

Risks do take place in organisational operations and therefore these should be managed in order to maintain the smooth run of normal business processes since risks may hinder and cause failure of desired outcome if they are not handled. The Delegation of Powers DPWT (2015/2016: 6) defines risk management as “means the identification, measurement and economic control of risks that threatens the assets and earnings of a business or other enterprises”. In addition Waters (2009:474) states that “a risk to supply chain is any threat of an event that might disrupt normal flows of material or stop things happening as planned”.

Therefore, the concept of risk management is that SCM becomes important and should be prioritised so that any potential threats be it external or internal is prevented in order to keep SCM process viable and flowing all the time. It can also be deduced that risks do take place because no one can know what can happen in the future and thus, risk management measures and control tools in supply chain management should always be developed and that risk mitigation measures be in place all the time so as to be able to respond to any kind of threat should it occur in SCM.

2.2.2.8 SCM performance and monitoring & evaluation

Wisner, Leong and Tan (2005:433) write that the performance level at the end largely depends on performance adequacy among the primary trading companies along the SCM value chain. This implies that performance measures should be communicated and visible to all SCM participating stakeholders, while managers continue to promote collaborations to achieve the intended results. DPWT (2018:72) states that the

“accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether authorised SCM processes were followed and whether the objectives of SCM were achieved”.

Therefore, in order to establish a performance that doesn't compromise the desired SCM results, SCM performance must be managed to enable SCM role-players to gauge the pre-set SCM targets versus outcomes as well as to inform accounting officer and SCM manager to improve performance areas that require attention. Moreover, SCM performance management is imperative in that it requires SCM managers to seek for best practices and to identify areas that attention should be paid to as well as allowing analysis to be done on SCM objectives to determine whether those set objectives were achieved or not. (DRT, 2018:72)

2.2.3 Monitoring and evaluation

According to the policy framework for Government M&E System (2007:1), M&E involves “collecting, analysing, and reporting data on inputs, activities, outputs, outcomes and impacts as well as external factors, in a way that supports effective management”. The policy framework further provides that the M&E may assist government institutions to assess their performance relevancy, effectiveness and efficiency in order to measure the overall impact and sustainability. This relates to the examination of underlying theories, assumptions and their validity with regards to what worked, what did not work and what were improvement measures. (GWM&E, 2007:2).

The above definition of M&E spells out that monitoring and evaluation is there and made available for doing an analysis, reporting and checking whether outputs and outcomes are realised in accordance to the predetermined goals. Again, M&E seeks to ascertain whether current tools and mechanisms for implementing the plans and policies are effective, efficient and sustainable and seeks to verify whether or not available tools and mechanisms are effective and serves the purpose as well as spelling out what has not worked and why.

M&E guides the implementation of determined plans and initiatives to ensure that performances to the plans are driven to the realisation of expected outcomes and the monitors individual's performance in achieving set targets. Thus, government spheres and entities utilise M&E evaluating performance and service delivery plans. Further to this, M&E is significant especially when it comes to planning of, budgeting and implementation because it ensures monitoring performance against plans and utilisation of allocated resources as well as seeing to it that implementation the budget is directed to achieving of goals and targets (RSA, 2007).

According to Ijeoma (2013:45), "monitoring and evaluation is a powerful public management tool that can be used to improve the way government and organisations achieve results". And further mentions that, "just as government needs financial, human resources, and accountability systems, government also needs monitoring systems". Yet one should see monitoring and evaluation as a tool for SCM that should be seen as mechanism for increasing the quality of outputs. Where the necessary monitoring and evaluation should be used as problem detecting tool that help in providing early warning sign so that problems can be addressed promptly.

Government-wide monitoring and evaluation system (2007), suggests that M&E helps in ensuring that there is planning of activities in order to undertake same to achieve determined goals and objectives of the institution. M&E also acknowledges the importance of budgeting and the setting of priorities for implementation purposes and should this succeed according to the plans, its impact is assessed to check for gaps and shortcomings with intentions of addressing them.

M&E promotes the coordination of activities and curbs segregation of same. It reflects on actual performance against what was planned or expectations. It is concerned with the following key elements:

- Input
- Activities
- Outcomes
- Impact

These key factors measure the extent to which an institution's performance in relation to its pre-determined objectives (RSA, 2007:2). M&E also comes into effect even in supply source evaluation when the procurement of goods or services has to be done and this begins with specifications or scope of works which exists at the planning phase. Evaluation in supply sources evaluation means a thorough assessment of a service provider starting from their performance which needs to be quality assured and in this regard the supplier has to be checked for fitness and their ability to carry out the required services to meet the aims and expectations. The evaluation of a service provider's ability to carry out the required job, could be made through the use of the following criteria:

- **Supplier capability:** supplier capability could be checked on the previous experience shown on contract previously performed by the supplier and be weighed against the new contract or project of goods or services to be rendered. This check is done to ascertain the level of commitment of supplier in delivering goods or services required. Yet evaluation and verification of the supplier helps in finding out and to ensure reasons are declared on non-performance before new projects, for supply can be given to non-complying suppliers. (Du Toit et al 2002:202).
- **Commitment to quality:** commitment to quality has to be verified all the time to evaluate the extent to which the service provider can provide the quality service needed and this also refers to a value for money that has to be shown by the service provider when delivering goods and services. This can be done through checking the expertise and qualifications of the service provider, for instance, if the project to be carried out needs a supplier to have specific grading or profession registration this has to be checked before the project can be awarded to any service provider for the supply of goods and services.

According to du Toit, Knipe et al (2002: 212) performance evaluation refers to the "systematic assessment of actual performance of the procurement function, using measurers and norms to assess and improve performance".

2.2.3.1 Importance of M&E

Ijeoma (2013:31) states that “the value of M&E does not come simply from conducting M&E or from having such information available; the value comes from using the information to help improve programme performance”. In other words, M&E can be aligned to the concept of internal monitoring and evaluation of SCM and that M&E in supply chain management can be used to improve SCM performance wherein M&E tools can be applied more intensively on SCM challenges faced on previous or current situations.

2.2.3.2 Contribution of M&E to sound governance

Mackay, 2007 provides that M&E information can contribute to sound governance in the support of a policy making process, especially budget decision making, performance budgeting and national planning yet it also assists government departments in analysing policies that are affecting various ministries, help the government as well as its agencies to manage delivery of services and administration of programs and projects as well as enhancing transparency through revealing the extent to which government has attained its desired targets and objectives.(Mackay,2007). Therefore, internal monitoring and evaluation can contribute significantly to supply chain management governance and can help SCM role players to always review SCM processes in order to do re-alignment where necessary.

Ijeoma (2015:33) reveals other factors that are vital and positively contribute to M&E by citing the following factors:

- It provides the only consolidated of information showcasing project progress;
- It allows actors to learn from each other’s experience, building expertise and knowledge;
- It often generates reports that contribute to transparency and accountability, and allows for lessons to be shared more easily;
- It reveals mistakes and offers path for learning and improvement.

2.2.3.3 Accountability in M&E

M&E requires accountability by the person responsible for executing tasks and that he or she, whether at operational, semi-skilled or management level, be answerable for performing or not performing M&E in the project or programme and this may also be a responsibility for supply chain management role players. While accountability is instigated by the M&E, IUCN policy (2015) argues that Monitoring and evaluation plays an important role in accountability in that it ensures that role players and the implementers of policies are answerable and responsible for achieving or not achieving project goals, predetermined objectives and targets. M&E also ensures that the use of resources is accounted for. In this regard it can further be argued that M&E plays a vital role in a supply chain management unit in that it holds SCM role players accountable for the provisioning of goods and services to end-users and are answerable for the success and failure of SCM outcomes.

2.2.4 Public Administration and Management

Van De Walddt and Helmbold (1996:1) provide that there is a difference between Public Administration and Public Management. They believe that “Public Administration refers to the technical discipline as a field of study science “of administrative processes, governmental activities and interdependent variables, whilst public administration refers to a practical phenomenon” or the actual rendering of public constitutional services to the community by a service provider”. Ijeoma (2013:1) concurs with the latter from a different angle that Public Administration is basically about the management of government affairs to realise the common good of/or and for the society, which therefore suggests it to be a systematic implementation of government policies.

The concept of administration in social sciences is generally linked with the public sector. According to Baxter (1991:99), Public Administration is mostly used when referring to the “machinery of executive government ... or as reference to the executive branch of government...” Yet administration refers to the highest levels of management which are

responsible for formulating and implementing government policy. For Goodnow (2006:78), administration cannot be entirely separated from politics. Although the functions of these spheres are different, they are closely interlinked. In the same context, administration is both applicable to public institutions and private parties, yet for the purpose of this study a more generic view of administration is advocated.

With strong contentions, Stroh and Van der Westhuizen (1994:9) write that “in terms of such views, it is recognised that administration comprises specific generic administrative functions/activities, namely policy determination and execution, organizing, financing, personnel provision and utilization, work procedures and methods, and control, and that all members of the institution are responsible for these.” It is therefore clear that administration includes administering all the assigned functions which constitute the organisation's scope of operation and therefore leading to the realisation of the pre-determined goals and objectives of the organisation. Additionally, administration can be viewed as an engine of combined activities and tasks towards a desired end.

Botes, Brynard, Fourie and Roux (1998: 257), write that Public Administration, as a discipline, is mainly about government's policy implementation. This refers to all spheres and levels of government, such as national, provincial and local government. Having said that, the policy implementation of government by government is an actual reflection of a problem which previously or currently exists and is yet to be addressed.

The following details theories in public administration:

Public Management: Similar to the administration concept, management has been mostly associated with the private sector as a key strategic function for business stability and continuity. Botes et al, (1998: 354) believe that management is one of the six aspects that the traditional administrative model lacks. Management can be clearly differentiated and studied as a component of administration. What needs to be determined now is the extent to which various management techniques can be applied in administration.

Botes *et al* (1998:354) share a strong view that management is a leadership phenomenon which is mostly found in all forms of industrial and commercial institutions. To that effect, it has become a prerequisite that in any institutional action there must be a leader who would make decisions, coordinate actions, evaluate results and take most corrective measures or actions on behalf of the institution's interest (Botes, Brynard, Fourie & Roux, 1997:354). Now the contentions raised in the former part of this section prompt the question as to whether private and public management can really be differentiated as very little has been written regarding public management, including management actions found in public institutions. Botes *et.al*, (1998:354) identifies the following differences between private and public management:

Table 2.1 Difference between Private and Public Management

Private Business Management	Public-Management
<ul style="list-style-type: none"> • Decisions on behalf of shareholders are aimed at maximizing profit • Uses own capital or the capital of shareholders • Budgets must indicate ever growing profits. • Must comply with the stipulations of law. • Decisions are dictated by the market. 	<ul style="list-style-type: none"> • Decisions are aimed at improving public welfare of the politically aware community • Must use tax funds to the advantage of the public • Budgets must show balanced spending. • Must apply the stipulations of the law. • Decisions are directed by the chief political authority.

Source: Botes et al (1997:355)

Table 2.1 provides a background to the concept of management from both a private and public perspective, and against its practice in society. The identified differences provide

a clear separation of functions in that the practice of management (of resources), in the private sector, is more dependent on shareholder's needs and aspirations and to that effect, an inclusive strategy becomes key for profit-oriented operations; whilst on the other hand, the practice of management in the public sector is dependent on legal requirements of government institutions, establishment mandates, and its constituency.

Therefore, it can be stated that management, are a common factor in the utilisation of an organisation's resources and members who contributes towards the achievement of long-term intended results (Straussman, 1985: 77). Organisations executing a periodic detailed organisational review analysis of its operations can be a beneficial tool for management to identify problems, challenges or inefficiencies that have arisen, but have not yet been dealt with, and the government can then develop action strategies for dealing with them. In the same context, management in government or public institutions is perceived as an aspect of public administration and can only take place if the administrative functions are carried out.

Pollitt (1990:3-4) agrees that management is a critical and exclusive organisational competency and functions in resource planning, implementation, monitoring and measuring the results versus the desired standards in production. The administrative activity in government institutions is largely associated and perceived as being part of the overall scope and it is integral to the nature of the public sector as opposed to the actual management of the public sector (metropolitan government and government in general). Since it is so closely aligned with the people it is meant to serve, it is clear as to why it forms part of the social sciences (Fox, Schwella & Wissink, 1991; Botes et.al, 1998: 257). To a considerable extent, although Public Management is generally viewed as a new phenomenon, its importance cannot be over emphasised because management still has the overarching mandate to find the best methods for resource allocation and utilisation in order for the government to achieve the pre-determined objectives and strategic goals.

In South Africa, the use of different developmental techniques and methods by government for enhanced service delivery is provided for in the legislation and policy framework documents, such as the White Paper on Transforming the Public Service

(RSA, 1997), and Public Finance Management Act (Act 2 of 1999) to mention few. This is in line with the new democratic government's mandate to redress the unequal government spending in the past. To that effect, many rural areas, townships and informal settlements were neglected in terms of fiscal spending, leaving a substantial economic gap and creating other social ills.

In order to rebuild and transform the status quo, the African National Congress (RSA, 1994) exerted this policy framework to deal with historic imbalances and to exert a specific focus on infrastructure development in the following ways:

- To create an enabling environment for investment;
- To be a catalyst for economic growth;
- To promote industrial development and;
- To promote local rural economic development.

The provisioning of infrastructure in those previously neglected (i.e. in case areas is evidence of remarkable progress made towards sustainable socio-economic development). The White Paper on Transforming the Public Service (RSA, 1997) led to the development and introduction of the Reconstruction and Development Programme. Cox, Buck and Morgan (2011: 12) writes that the development of public administration practice and academic theories plays a fundamental role in the improvement of government performance.

In the context of the study, the majority of what government does is within the parameters of the Public Administration and Management discipline and its practice.

2.3 THEORIES OF PUBLIC ADMINISTRATION AND MANAGEMENT

Willing (2001:9) states that “without a theory there is nothing to research”. In the same context, Kotze and Van Wyk (1986) concur that it is the theoretical relationships that legitimate research through it being empirically scientific. Kaplan and Norton (1992) and Binza (2012:51) agree, albeit from differing angles, that a theory “includes a set of

primitive terms, definitions and axioms. From this base, systematic propositions are derived. These propositions should be logically consistent and be interpreted". Theory serves as a basis for any scientific enquiry, which is also part of the continuous process of providing contributions to a body of knowledge. Therefore, the ultimate reasoning of bringing up the relevant Public Administration and Management theories in this study, is to have basic guiding parameters for the research to be scientific, since without a clear understanding of the nature and place of SCM in Public Administration and Management, it would leave the study with unwanted academic gaps.

Public Administration theory links to Organisational theory. Smith and Cronje (2007:30-51) identify 10 different administrative theories, naturally split between Classical and Contemporary theories and briefly detailed below. Although the two classified theories are not directly linked to the study, these are used to provide primary explanatory principles of effectiveness and efficiency in modern Public Administration and Management within which the public SCM management is analysed. For Bailey (1968:128-139), the objective of Public Administration theory is to "draw together the insights of the humanities and validated propositions of social and behavioural sciences and to apply these insights and propositions to the task of improving the processes of government aimed at achieving politically legitimized goals by constitutionally mandated means."

2.3.1 Classical Organisation Theory

This theory focuses on the assumption that administration is universal with structural constructs, implying universal application regardless of the circumstances and context, and subject to similar challenges. To put this in context, the Classical Organisation Theory has its origins in the West at the end of the eighteenth century and beginning of the nineteenth century when the Industrial Revolution had reached its height and efficiency and economy became the watchwords of industrial productivity. The inherent structural biasness of classical Organisation theory rose to streamline productivity and capitalises on the unequal power relations between people (Chakrabarty & Chand, 2012:49). What

strengthens the Classical Organisation Theory are the four basic pillars which are the scalar and functional processes, division of labour, structure and span of control (Chakrabarty & Chand, 2012:51). The following table shows the basic premise and major principles of Classical Organisation Theory:

Table 2.2: Basic premises and major principles of Classical Organisation Theory

Basic Premises	Principles of the Classical organisation theories
<ul style="list-style-type: none"> • Efficiency and economy are the universal goals for all organisations; • To achieve efficiency and economy, there is a need to design and re-design organisational structures in such a manner that the various structural parts of an organisation function with coordination and harmony; and • With a view to developing greater rational structures, an organisation should follow certain 'principles' of formal designing and re-designing of various organisational parts, so that the goal of maximizing efficiency and economy are achieved with least effort and resources 	<ul style="list-style-type: none"> • The scholars assume administration as a universal structured construct, which is amenable to certain common principles of organisation • The discovery of the true basis on which division of work in an organisation should be carried out • Proper coordination in an organisation • Restraining the use of authority in administrative matters • Advocates for unity of command and direction • Centralisation of authority and managerial perspective

Source: Chakrabarty and Chand (2012:51)

The content of the above table provides a basis for the better understanding and application of the Classical Organisation Theory in a most realistic and modern manner. These administrative elements are equally applicable to SCM management because what transpires in the acquisition of material emanates from a very important element, namely planning, which takes place at all ranks of an organisation/ institution with top management taking this responsibility. Planning forms the basis of all other management functions, as it guides the resource allocation and output activities of an institution (Smit & Cronje, 1992:91).

2.3.2 The Scientific Management Theory

Chakrabarty and Chand (2012:53) consider the origin of scientific Management Theory to be a major breakthrough from industrial management. With the expansion and consolidation of larger-scale industries during the Industrial Revolution, there was a resultant crisis of management which was exacerbated by the First World War. A scarcity of resources, competition, and complexity in managing a business grew up relatively and that necessitated an efficient science of management. To that end, the Scientific Management Theory became the outcome of such great need.

Taylor, Nigro & Nigro (1990) believed that in every job there was one best way to execute any given task and the outcome for efficiency was vested in systematic and orderly management; this being the key responsibility of the manager. Taylor and his followers in the Scientific Management School summarised the major objectives of scientific management theory as follows:

- To gauge industrial tendencies and the market, in order to regularise tasks under operations in order to protect the investment, sustain the business as an employing agency, and assure continuous operations and employment.
- To keep the employees assured, not only of continuity with regards to operations and employment by precise gauging of the market, but also to

- assure by planned and balance operations, a continuous earning opportunity while on the payroll;
- To instil self-confidence, self-value and self-respect among employees by affording everybody the opportunity to learn and understand one's own work especially, plans and approaches of work generally;
- To disregard environmental factors which are irritating and causing frictions in order to promote and develop common language, understanding, tolerance and the spirit of teamwork (Sapru, 1996; Chakrabarty & Chand, 2012:56).

Taylor's Theory responded and reacted to the disorder he observed and found in many organisations during his time, and he was committed to improving the way things were done. Taylor formulated the following basic management principles:

- **Time study:** productivity should be measured in terms of duration and standard time should be laid down for each task;
- **Performance:** payment should be related to work delivered, and work should be related to the ability of the worker;
- **Planning methods of work:** managers should be trained in the scientific principles of management and control and should apply these principles;
- **Functional management:** the organisation should be designed in such a way as to co-ordinate the various activities of the industry effectively (Taylor, 1947:37; George, 1968:91; Villiers in Asmah-Andoh, 2012:33).

Taylor's basic management principles clearly show that the ultimate aim and focus was a productive and effective assembly line. This is because the input or raw material processing on the assembly line is measured as output or as a finished product in the industrial sector. Smit and Cronje (2007) states a focus on the individual worker performance management through performance appraisal, yet paying lesser attention on the environmental factors of the institutions, hinders the proper application of the industrial performance model in public administration and management.

The above Public Administration and Management Theories provide a very important and necessary alignment for the study, in a sense that the monitoring of SCM processes can

effectively and efficiently be implemented on the basis of these theories. This is mainly because these theories place an emphasis on performance management for better results through proper institutional arrangements, making available relevant resources for the realisation of the strategic objectives, which in this case is the management systems of the SCM process using M&E as an internal control measure for better results. Secondly these theories have a direct link with key principles of the financial management framework and project management where planning and time management are basic foundations for a better finish.

Public Administration and Management does not happen in a vacuum but in a specific environment. Fox, Schwella and Wissink (1991:10) state that the environment is an important variable in the management of complex organisation. Public Administration and Management consists of specific structured processes with a combined body of output activities that are executed beyond the organisation (Robbins, 1980:19-20).

2.3.3 Contemporary Management Theories

Despite a general classification of the contemporary management theories within the New Public Management (NPM) approach and Public Choice Theory, different views and criticisms exist. The NPM is a unique phenomenon whose application uniquely responds to individual countries' environmental setup and at the same time is focused on effective and efficient performance management. In the same context, various scholars and authors of Public Administration and Management, and Economics have widely labelled contemporary management approaches along with the Public Choice Theory, Governance Theory, and the New Public Management (Cox, Buck & Morgan, 2011:19-20; Stocker, 1992:85). Basically this management approach has relevant characteristics that are drawn from private sector management perspective which is mark-driven and aimed at improving the management of service delivery programmes through policy development and implementation.

The Public Choice theory provides a basis and insight on areas where public decisions are taken; and considers the analysis of the constitutional rules that guide the collective public choice decision-making processes. These rules are preceded by political activities. Buchanan and Tullock (1962) write that the Public Choice theory is critical in its analysis on government mechanisms. The authors argue that some or most scholars of economics and politics believe intrinsically that people are motivated by selfish interests as to what they can get out of the relationship.

2.3.3.1 *New Public Management approach*

New Public Management refers to the introduction of the new approach for government to deliver services to the people in the most cost-effective manner. Government can do that by adopting the private sector models that they use in providing goods and services and doing business for better service delivery. According to Hope and Choked (2000), it can be observed that the NPM conceptualisation and its development was based on the growing demand of services and the government's failure in meeting the demand of public services, and the need for the improvement of the service delivery environment for sustainable development. Such failures by government could lead to stagnation, poor quality of public services and fiscal crises. In actual fact, most of writers, maybe all, view that countries that modernly used the NPM approach have experienced economic and fiscal crisis (Sedisa 2008: 68). On a different angle, Rainder (1999) argues that some international experience indicates that the main objective of the NPM reform has been predominantly to overcome the current crisis in funding and public service delivery.

In essence NPM is apprehensive with costs cutting and productivity increment through adopting those essential strategies that are aimed at enhancing economic vibrancy for the public sector. Christensen and Laegried (2001) write that this reform theory largely depends on the microeconomic theory and managerialism combination. The objective is to draw lessons from the private sector economy, efficiency and effectiveness methods and systems for the public sector by starting from private market principles and practice introduction. Ventriss (2000) indicates that NPM entails "redefinition of the role and purpose of government and, concomitantly, the emerging importance of market and

instrumental value in ordering our political and social affairs. The inevitable results of this trend... are that politics, at least ostensibly, is being mortgaged to economics”.

NPM can be considered as a global phenomenon which reflects a unique feature for a specific country, simply because its development and application is different in various countries. The environment within which the NPM is applied, differs due to the nature of needs and economic climate of a specific country. Some countries hold a ‘developed’ country status and some hold a ‘developing’ status based on how the country’s resources are governed and managed for the beneficiation of the people. Countries such as the United States of America (USA) highly considered the development the NPM as a call for an entrepreneurial-oriented government (Stoker, 1999:85; Ott, 2002:105).

The emergence of the NPM has its practical origins from the Organisation for Economic Cooperation and Development (OECD) countries during the 1970s, which are : Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxemburg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, South Africa, Sweden, Switzerland, Turkey, and the United States (Pollitt, 1993 in Binza, 2009: 83; Asmah-Andoh, 2012: 37).

In 1994, South Africa gained membership status, and the NPM theory and its principles became a reality in SA policies right after, during the beginning of a democratic government in 1994/95. To a considerable extent, the then young democratic South Africa government had to find better and more sustainable ways of rebuilding the socio-economy which was built on deficit, so the NPM found its way into the policies of the government. This showed a shift from the inherited traditional governing and management of public resources to a focus on results and impact. Yet one would argue presently that since the idea of a democratic state or government was new, the current government had find ways of sustaining the support it received.

The NPM theory and its principles was introduced in South Africa by two scholars, Wissink and Schwla (1991), who first issued a book entitled *Public Management* to allow the South African Scholars to draw some lessons in order to apply NPM in the practice of the

discipline. One of the key specific policies is the White Paper on Transforming Public Service Delivery 1997, which provides for the refereeing and treating of the public as customers more than merely people or citizens. It is therefore notable that the NPM theory is output-driven and not input-driven. Therefore, the accountability of public managers is considered to be of paramount importance in the efficient achievement of organisational performance targets (Pollitt, 1993:8). Hulme et al., (1998); Pollitt, (1993) provides four elements of the NPM theory:

- a much better and larger use of alternative market-line service delivery mechanisms like outsourcing, privatisation, partnerships, joint ventures, etc.;
- intensified organisational and spatial decentralisation of the government and production of services;
- a constant theoretical emphasis on the need to improve service quality; and
- an equally relentless insistence on attention to the wishes of individual service.

What becomes key for the public sector is an urgent organisational identity change into a business which focuses on efficiency and effectiveness in the delivery of goods and services. According to Horton (2003), NPM reflects “a transformation from a traditional bureaucratic system of public administration to a market-oriented results-driven system of public management.” This implies a total departure from a rigid bureaucratic system into a more flexible and responsive service and performance-oriented organisation. Hughes (1998) writes that the motive behind the development and introduction of the NPM was based on the fact that “governments were faced with declining real revenue but with political demands to maintain services at the same levels”.

Now, placing the NPM in the context of South African public administration, NPM promotes an effective support for free-enterprise development strategies through which the government based its reconstruction and restructuring development programme and LED policies. In addition, concepts such as ‘suppliers, competitors, regulators and consumers’ became meaningful in the public management model (Schwella in Parker and Saal, 2003: 292; Fox et al., 1991:4). The same have now often been used as orthodox

public administration lexicons and are increasingly found in South African legislations and policies (Curl, 1970:42). This gives the impression that the NPM provides for the theoretical base on which the South African public administration is based.

The nostrums of NPM are based on five elements, namely:

Managerialism refers to hands-on, professional management based on the private sector management style. The emphasis is on setting work standards, performance measurements and outputs. Pollitt (1993: 166) writes that “managerialism is a set of beliefs and practices that consider better management as a means to improving economic and social conditions”.

Rational choice argues for linear or disaggregated bureaucracy; contracting out of services; development of quasi-markets such as municipal bonds to improve service delivery and local economic growth and development; strengthening discipline through valorising the rule of law; and parsimony in public spending.

Hierarchy prescriptions emphasis the value of exemplary and visionary leadership in the reform of government procurement through the constant monitoring of compliance to various legislations and transcripts. The argument is that the M&E should be institutionalised through departmental strategies that aligned to that of service provider(s).

The market prescription emphasises the introduction of direct market competition to provide public services or market-like mechanisms to regulate relationships between purchasers and providers. The relationship between the government and the market force or private party is managed and controlled through contractual means (Spier, 1986:8).

The network prescription emphasises the development of a sustainable long-term and non-hierarchical relationship based on trust, mutual understanding and a shared ethical or moral commitment between the service providers and the consumers (Polidano, 2004:86; Farnham and Horton, 1996:72; Stoker, 1999:3).

Notably, the application of market or private sector principle, as suggested above in public institutions, has limitations. Authors like Denhardt (1993) views that managerialism can

exacerbate the problem of excessive control and regulation and that “it is most vulnerable in its ethical content...In its most extreme technical application, managerialism embraces a variety of practices that are antithetical to those democratic principles that should guide the work of the public sector.” Moreover, Felts and Jos (2000) criticized some of the unfortunate features of NPM as they maintained an argument that “the speed and scale of both academic and institutional advance of the new public management is even more disconcerting since it represents a serious of challenge to many of public administration’s commitment’s to values other than efficiency, including equity, constitutional stewardship, public spiritedness, and citizenship.” Lastly, there are various alternative approaches that can be used to implement the NPM amongst others are privatisation, outsourcing, contracting out, leasing and joint ventures (Savas, 1982). Logically, the privatisation approach is an appropriate alternative of NPM where PPP suitably fits and will also be discussed within the context of this research project.

2.3.3.2 Public Choice theory

Shaw (1996) writes that the Public Choice Theory surfaced back from the early 1960s as a unique subfield of Public Administration and Economics and it focused on responding to issues and problems that were considered to be limitations on service delivery and improved development. This Theory is also about re-working the way through which government operates in delivering services and with much emphasis being placed on efficiency and economic utilisation of resources and suggests the adoption of private sector management approaches by the public sector. Public choice theory provides a constitutional approach and insight into how public decision-making are taken and proves itself as a guide for collective decision-making processes. Despite the government being the centre of both social and economic development, it becomes important to focus its resources on high impact projects that are able to reflect efficiency and the treatment of citizens as key stakeholders and customers (Tullock, 1962:11; *White Paper on Transforming the Public Service Delivery (Batho Pele)*, 1997). The public choice theory (Buchanan and Tullock, 1962:11) replaces the romantic and illusory notions about the workings of governments, but with notions that embody more scepticism.

The scholars of economics and politics who study 'behavior' in the private marketplace and political institutions such as parliaments as well as the councils argue and assume that people are highly motivated by self-interest. In most cases people, in their actions, take others into consideration and the dominant motivation behind such action is the relevance to a specific market place and political organisations of power whether they are employees, employees, or consumers and that is a main concern for them. The theorists for the public choice theory share the same sentiments that the main motivate is 'self-interest' despite acting in political marketplace, or they are voters, politicians' lobbyist, or bureaucrats (Buchanan and Tullock, 1962; Shaw, 1965 cf. Binza, 2009: 77).

Although, Public Choice Theory came as a capitalist ideological reflection by the government of the United States of America (USA), the capitalist free-market theories led to public choice being seen as the theoretical justification for the practice. Howlet and Ramesh (2003) endorses the contention that Public Choice Theory "applies the principles of neo-classical economics to political behaviour". They further argue that "policy and decision-makers in public administration, like economic ones, act 'rationally' ...in calculating fashion, to maximize their 'utility' or 'satisfaction'. For political actors to count they must ascribe to this characteristic psychological behaviour" of self-interest (ibid, Binza, 2009:77; Ismail *et al* 2005:24). It basically states that individual consumers should be able to choose from public or private sector suppliers on what services they want and from whom they get them. They therefore should have a choice at an individual level and they should not be compelled to consume services provided by the state if they do not want those services (Howlet & Ramesh, 2003:22).

Since the application of this theory is as a guide and practice of public administration and management, Self (1985:51) writes that "voters can be likened to consumers; pressure groups can be seen as political consumer associations or cooperatives; political parties become entrepreneurs who offer competing packages of services and taxes in exchange for votes; political propaganda equates with commercial advertising; and government agencies are public firms dependent upon receiving or drumming up adequate political support to cover their costs". This theory basically suggests that the private sector is better positioned to allocate and distribute goods and services. The nature, approach and

business ideology allow the private sector to hold an advantage than the other sector, because the sector employs quality and technical skills that have a direct effect on business operations in order to maximise profit. The trace goes far back, when Von Gierke had all the inspirations of local government but he channeled his attention to the business sector ideology, which he thought should be allowed to develop free of all arbitrary restraints within the confines of generally-accepted and broadly-defined standards in addition to voluntary associations and organised local communities.

From the above contentions it can be deduced that the Public Choice Theory promotes that the government's service delivery interventions to the society should be limited to complementing the market by enforcing and creating balance policy development so that the market can operate and allocate resources in a manner that is beneficial to the entire society. This argument is fuelled by a capitalist ideology which encouraged transactional cost analysis and also provided for the government to not have any interference in private goods and services transactions and activities. The role of government should only be in property rights enforcement and to prevent any criminal behaviour that have a potential of undermining the reasons and logic behind the existence of the public choice theory (Howlett and Ramesh, 2003:24).

Categorically, to put the above contentions into perspective in relation to the SCM, it is articulated as follows. It firstly provides and examines how the policy makers such as legislatures, councillors and traditional leaders make decisions that relate to local economic development, social development and sustainable development. It is generally expected that policy makers, councillors and traditional leaders to have the interests of the public during policy development and resource allocation. This basically means that state resources need to be channelled in accordance with community needs in order to efficiently and effectively deliver and provide the 'exact' needs (Shaw, 1996:4; Meltzer and Richard, 1981:41).

Public Choice Theory enables the use of other relevant theories such as the game theory which public choice theorists use to find a better understanding of how political conflicts are resolved and how to apply relevant "mathematical models of voting strategies also

called social choice” (Arrow 1951 in Binza, 2012:80). Arrow (1951:153) argues that social choice “attempts to figure out through logic whether people or citizens who have different goals can use voting to make collective decisions that please everyone.” He concluded that they cannot, and thus his argument is called the "impossibility theorem"(ibid.).

Howlett and Ramesh (1998) provide social criticism of the Public Choice Theory and its weakness. They record that, Public Choice Theory is (i) based on an oversimplification of human psychology and behaviour that does not accord with reality and, (ii) as a result, the theory has poor predictive capacity. (iii) It has a faulty empirical foundation or dimension which is caused by the fact that the theory originated in the USA and is based on that country’s pattern of electoral competition between two parties, which forces voters to choose between two clear alternatives. The application of this theory would produce mixed results or total failure in a multi-democratic country where there are varied alternatives. (iv) The analysis of the theory is explicitly normative, not positive and value-free as pronounced by public choice theoreticians.

The Constitution of the Republic of South Africa (1996) mandates accountability on state resources public officials. The political leaders and appointed office bearers have to adhere to the provisions that are outlined in the Constitution as they pursue the provision of the public interests and needs. Yet this is not always reciprocated by those in office. With high levels of corruptions and fraud in South Africa, social and economic development is compromised, especially at the grassroots level where the neediest of the population are. In addition, Arrow (1951) notes that Public Choice Theory is easily merged with other theories, such as the game theory, “which public choice theoreticians use to understand how political conflicts are resolved and the application of relevant mathematical models of voting strategies also called social choice”. It can therefore be deduced and argued that good governance and proper implementable PPP frameworks can yield positive results for the metropolitan governments and their constituents.

Therefore, it can be concluded it is important for politicians, government officials and community leaders to ensure fair collective decision-making process and in doing so, developmental local government democracy will be promoted. This simply means that all

decisions taken by the government must be at the best interest of the public in order to better measure the actual outcomes of those decisions. Be that as it may, this theory has its limitation on how to divide and draw between collective and private actions. In most realistic and current scenarios found in both government and the private sector where some tenders are awarded to incompetent companies due to their unique relationship with government of the day (Buchanan and Tullock, 1962: 25).

2.4 LEGISLATIVE FRAMEWORK FOR FINANCIAL MANAGEMENT IN SOUTH AFRICA

As a former colony of Britain, South Africa, like other Commonwealth countries such as Australia and New Zealand, adopted the Westminster Parliamentary system. Yet South Africa post-1994 had the opportunity to overhaul and improve its system of governance. The South African Constitution of 1996 is internationally acclaimed as one of the best constitutions in the world. The National Assembly and the provincial legislatures are required by the constitution to provide for mechanisms as well as to ensure that all executive organs of the state, within their respective spheres, are accountable to them, and that they maintain oversight of the executive and any organ of state (Roman, 2008:143).

Chapter 13 of the Constitution of South Africa, 1996 sets the framework of finance guidelines and all preceding legislation takes its policy directives from this chapter. The legislative framework for financial management and reporting in the public sector consists of the Constitution and other overarching guiding documents, inter alia, requiring further legislation to establish a treasury, to introduce generally recognised accounting practices, to introduce uniform treasury norms and standards, and to prescribe measures to ensure transparency and expenditure control in the various spheres of government (Burger and Durcharme 2006:17).

The basis for the broader transformation of the public sector is outlined in The White Paper on the Transformation of the Public Service 1995(WPTPS). The White Paper

contextualises the scene for transforming the public service. All new legislation post-1994 that has been aimed at transforming the public sector, has taken its lead from the White Paper on the Transformation of the Public Service. Some of these Acts would include the Labour Relations Act (LRA 1995), The Employment Equity Act of 1998, the Public Finance Management Act (1999) and many others. The scope of the White Paper is guided by the terms of the interim Constitution of the Republic of South Africa (Act 200/93), as well as by the agreed policy statements of the Reconstruction and Development Programme (RDP) regarding the transformation and developmental roles of the public sector.

The term “*public finances*” is used to denote the specific interest of economics in the activities of government – not necessarily in terms of its political and social objectives, but particularly in terms of government spending on the economy. This part of economics is known as macro-economics. Visser and Erasmus (2002:4) state that the term “public” is confusing and makes it difficult to establish what belongs in the realm of public financial management and what belongs in the realm of public finances. Reed and Swain (1997:4) argue that macro-economics and public finance are theoretical fields within economics. Public finance, as discussed by an economist, is concerned with economic principles as they relate to the public sector which impacts on the private economy, specifically the allocative, distributive, and regulatory impacts of public budgets. Public finances could also be termed as the finances of the public sector. This cannot exclude the principle that public finances should be managed according to economic principles. This does not mean that government officials, if they apply economic principles, deviate from public finance. They are functioning within a public-sector environment and employing economic techniques in the execution of their duties and functions.

The definition and understanding of the concept “public finances” is probably best summarised by Trotman-Dickenson (1996:3) who states that economics of the public sector lies in the field of study of political economy which involves the study of public finance, government’s policies and its role in the industrial sector of the economy.

2.4.1 South African Public Finance and the Constitution

The Constitution of South Africa, 1996 introduced a radical change from the previous political dispensation. These changes are directed towards departments improving the quality of life of all citizens through their departmental policies. The Constitution states that all spheres of government must promote transparency, accountability and effective financial management (RSA Constitution 1996, Section 215:1). Chapter 13 stipulates that all money received by the national government must be paid into the National Revenue Fund.

Fölscher and Cole (2004: 114) state that the Constitution of South Africa, 1996 sets out the principles and requires subsequent acts of Parliament to determine how these principles are to be applied and their requirements met. The supportive legislation that was enacted in the first years after the 1994 transition also does not primarily legislate specifics but puts in place sets of institutional arrangements to facilitate the best possible substantive outcome to be found in any given year or circumstance.

South Africa, being a unitary state, is comprised of three interdependent but distinctive spheres of government, namely, the national, provincial and local government. The Constitution also prescribes the establishment of a national treasury to ensure transparency and control over expenditure. Legislation in the form of the PFMA (Act 1 of 1999) prescribes generally recognised accounting practices, uniform classification, norms and standards. The PFMA was only enacted in 1999 and this happened largely as a result of the extensive consultative process that was required to ensure a comprehensive Act that included all stakeholders. Between 1996 and 1999, the Exchequer Act continued to be used as a reference document, but this only highlighted the urgency of the need to transform the public financial management regulatory tool.

2.4.2 The Public Finance Management Act (PFMA)

The PFMA of 1999 represents a radical departure from the Exchequer Act 66 of 1975. The PFMA repealed the ten Exchequer Acts that previously governed public financial

management. It was developed to transform an environment where financial administration was rule-bound and management exclusively input focused, policy and financial responsibilities in departments were separated, capital resources and liabilities were not properly managed and there was a lack of reliable and timely information. Treasury's resources were devoted excessively to exercising micro-control, with even mundane matters referred to it for approval, and too little in the strategic management of public finances in line with policy and efficiency objectives. In short, there was an insufficient practice of functional financial management of public resources in the government as a whole.

The PFMA put in place a legal framework for modern public financial management, shifting the onus of managing the use of resources from the central control to Chief Financial Managers and Chief Financial Officers. This mirrors the shift in budget preparation practices from central decision-making to the discretion resting with spending departments for programme choices within spending ceilings. The PFMA is one of the milestones of the government's budget and financial reform agenda. The first reform, such as Gear, and the deregulation of many areas of the economy, was aimed at attaining macroeconomic stability and to aggregate fiscal discipline. Secondly, reforms such as the Medium-Term Expenditure Framework (MTEF), the emerging intergovernmental fiscal relations system and the realignment of sectoral policies placed greater emphasis on the efficiency of public resource allocation. The third generation of transformation – of which the PFMA is a part – emphasises operational effectiveness and efficiency (Abedian, 2004:89). Abedian provides a summary of main aims of this legislative reform as follows:

- “to establish an appropriate link between strategic objectives and expenditure plans;
- to ensure fiscal discipline within the constraints of what can be afforded;
- to promote the efficient use of resources, by decentralising and delegating decisions to where they are best made;
- to improve incentives and empower managers to make effective decisions while at the same time holding public sector executives accountable for their managerial decisions;

- to introduce transparency and promotion of accountability; and
- to introduce accessibility of information and budget estimates.”

2.4.3 Oversight by Parliament

According to Adeal (2007:89), “Parliament has the oversight responsibility, on behalf of the public, for the executive authority, and therefore needs appropriate mechanisms for reporting by the executive. Parliament as the legislative authority must evaluate and eventually approve all legislation falling in the sphere of government. Ideally, the oversight process should give a complete picture of an entity’s performance, encompassing its financial affairs, its systems and its service delivery performance”. Yet due to the complexities of these different issues, it is unrealistic to expect a single committee to deal with them all. Therefore, In the process of evaluating financial issues, Parliament has established a number of committees. Esau (2003:132) explains the important role that the opposition party plays in the oversight of the legislature.

2.4.4 Parliamentary Portfolio Committees

Parliamentary committees have come into being for more than conceptual reasons. Shaw (1997:505) notes “... that a mass meeting of legislators is not an outstanding place to get things done”, while Bagehot (1963:66) says “... a big meeting never does anything”. Therefore, a Parliamentary Portfolio Committee is established for each department and it is made up of the various political parties that are represented in Parliament. The National Assembly (NA) rules of 1999 assist Portfolio Committees with guidelines on how to:

- Evaluate the policies of the department through a process of public hearings;
- Consider the budget allocations and the alignment of the policies with the budgets;
- Visit the department to consult with officials on the functions and the execution process, and make recommendations for adjustment of the processes; and

- Evaluate the annual report and the performance of the department in relation to the objectives and outputs as determined at the beginning of the financial year.

Committees are seen not only as essential to the efficient dispatch of parliamentary matters, but as arenas of specialist expertise developed over a period of time. Portfolio committee members form an integral component of a wider institution, with connections beyond that of interest groups and expert knowledge (Calland, 1997:3).

2.4.5 Public Finance Management, Accountability and Transparency

One of the customary cornerstones of democracy is the fact that each political representative, as well as each public official, is subject to accountability. This means that each of them should give a public account of his or her activities. It is generally accepted that political representatives and public officials should display a sense of responsibility when performing their official duties. In other words, their conduct should be beyond reproach so that they will be able to account for their acts in public (Cloete, 1986:17). Democracy entails accountability for the exercise of power. Accountability also involves constructing appropriate systems that allow decisions to be taken in a context that promotes honesty and productivity (McGee 2002:9). South Africa's whole system of government – executive, legislative and judiciary – is part of the accountability mechanisms that exist within a state. Accountability can be viewed from different points of view. The Public Administration Dictionary (Fox & Meyer, 1995:1) defines accountability as:

- “The responsibility of government and its agents towards the public to realise previously set objectives and to account for them in public.
- Commitment required from a public official to accept responsibility for his/her actions or inaction.
- The obligation that a subordinate has to keep his or her superior informed of the execution of responsibility”.

Therefore, accountability is a personal obligation, not only of the appointed departmental accounting officer, but of all other officials as well. Each public office-bearer should display a sense of responsibility in executing his/her official duties and even beyond that, namely to display an absolutely irreproachable ethical behaviour (Burger, 2002; Gildenhuis, 1993:56). Accountability is not primarily about control and catching people out in illegal practices (although one must have control systems in place that are capable of doing this), it is also about instilling or reinforcing an ethos of legal compliance and efficient practice (McGee 2002:10).

Accountability is the process of requiring people to account for their actions. Many public institutions are required by law to provide information to service users, citizens and government. Systems must be in place which define the aims and objectives, and which monitor how resources have been used to achieve them. Doherty and Horne (2002:327) state that accountability is not simply about apportioning blame or praise. Accountability raises the fundamental questions about the purpose and practice of the public service organisation. Introspection and the need to reflect about the role accountability plays in an organisation's governance structure is at times all too easily ignored by officials and politicians alike. There are many forms of accountability in public service because there are many stakeholders to whom a public service might find themselves to be accountable. It is necessary to briefly discuss the two forms of accountability, namely upward accountability and downward accountability.

Kolker and Kulldorf (2013:5) writes that "While upwards accountability calls for control for showing impact, requiring standardization and rigidity, downward accountability needs flexibility and adaptation to incorporate learning for projects management and participation for ownership".

Downward accountability prioritises the needs of communities and beneficiaries over the demands of donors and other upward stakeholders (Edwards and Hulme 1996).

2.4.6 Corporate and Good Governance

The introduction of the concept “governance”, attributed to the World Bank and its 1989 paper on Long-Term Perspective Study on sub-Saharan Africa (Crawford 2006:117). He highlights that in the context of poor results from structural adjustment programmes in Africa, a new departure was evident. There is a belief that a crisis of governance is underlying the litany of Africa’s development problems and that Africa need for an improved government. (World Bank, 1989: 60) Whereas implementation had previously been regarded as simply a matter of political will, the attention has now shifted to the nature of the government and to the introduction of political and administrative reforms.

M&E must be seen in the broader context of corporate governance. Establishing a code of conduct for managers and business/organisational leaders in South Africa was of paramount importance. The first King Report in 1994 was hailed as the ‘bible’ for corporate governance in South Africa. This report was updated in March 2002 and has replaced the 1994 report. Cadbury (1999) explains that “Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals ... the aim is to align as nearly as possible the interests of individuals, corporations and society.” To this end, the King Report (1994) went beyond the financial and regulatory aspects of corporate governance. It advocated an integrated approach to good governance in the interests of a wide range of stakeholders while having regard for the fundamental principles of good financial, social, ethical and environmental practice. Corporate governance principles were developed, inter alia, because investors, with the era of the professional manager, were worried about the excessive concentration of power in the hands of management (King, 2002). This protection against greed could encourage the sins of sloth and fear, with an erosion of enterprise and an encouragement of subservience. A balance is needed. ‘Tomorrow’s Company in the United Kingdom’ developed the concept of three corporate sins, namely sloth, being a loss of flair when an enterprise gives way to administration; greed, when executives might make a short-term decision because it has greater impact on their share options and bonuses, than a decision that might create longer term prosperity for the

company; and fear, where executives become subservient to investors and ignore the drive for sustainability and enterprise.

The King Report II (2002:14) concludes that the significance of corporate governance is now widely recognised, both for national development and as part of international financial architecture, as a lever to address the converging interests of competitiveness, corporate citizenship, and social and environmental responsibility. It is also an effective mechanism for encouraging efficiency and combating corruption. Companies are governed within the framework of the laws and regulations of the country in which they operate. Communities and countries differ in their culture, regulation, law and generally in the way their business is done. As a consequence, as the World Bank has pointed out, there can be no single generally applicable corporate governance model. The King Report is also relevant for the public sector as the same principles of good corporate governance have been adopted. In South Africa, the public sector has different monitoring and evaluation instruments such as the Standing Committee on Public Accounts (SCOPA), and in relation to the private sector monitoring instrument, the Financial Services Board (FSB). Both of these bodies are tasked with ensuring transparency, accountability, responsibility and conducting their organisations within the principles of good corporate governance. Since 2005, the Presidency has also introduced a government-wide monitoring and evaluation system, at national and provincial levels, that is aimed at measuring the government's performance across sectors.

2.4.7 Financial Resource Utilisation in Government

Innovative financial resource utilisation, that is, a value-for-money approach, assumes a certain body of knowledge. Such an approach should ensure the attainment of objectives in the short and medium term, and the realisation of a vision/mission in the long term. The premise in demarcating public finance knowledge and skills is that a mono-sector approach will not fulfil the requirements. Globalisation has played its part in macro-economic performance by contributing to this body of knowledge. It does so firstly, by determining what revenue can be generated in the short term by means of loans and

taxes. Secondly, it provides indicators for medium-term economic development prospects, thereby enabling multi-year fiscal planning. Thirdly, it is necessary to understand why public management decisions, in relation to how services are to be rendered, can affect economic development (Manual, 1999(a) and Todora, 1994:611).

Innovative financial resource utilisation can also not be conceptualised in terms of the accountancy professions only. It is acknowledged that accounting practices should firstly provide the framework under which financial resources are managed. These should be reconcilable with Generally Accepted Accounting Practices (GAAP) in order to ensure public-private and local-international comparisons. Secondly, financial information systems must allow real-time availability of financial information to both financial specialists and line managers (Correia, et al., 1993:6). Thirdly, comprehensive auditing must regularly monitor financial transactions and the value-for-money spending of resources (Jones and Pendlebury, 1996: 205,220). Fourthly, cash flow management and knowledgeable investments can make a significant contribution towards increasing available revenues (Gildenhuys, 1993:545).

2.4.8 Auditor-General

In government, the Auditor-General, in terms of Public Audit Act No. 25 of 2004, is responsible for financial management and control in all spheres of the government. The financial control happens through its auditing expenditure at all three levels of government. The main function of the Auditor-General is to ensure that the correct accounting procedures and standards are followed with regards to expenditure and the revenue that has been reported. It is also stated in the Act that the Auditor-General reports to the public accounts committees. This represents a final link in the chain of accountability (Walker & Mengistu, 1999:69). Such a link is weakened by two critical factors: first, the reports only become available two years after the expenditure has taken place. Secondly, inadequate mechanisms exist to take decisive action for the recovery of fraudulent or 'fruitless, unauthorised expenditure'. (Walker and Mengistu 1999:69). These

concerns are still prevalent in the Public Service and they weaken fiscal accountability and undermine good governance.

2.5 CONCLUSION

Understanding the world of public finance and economics is an integral part in the management of the public sector SCM processes. What is of critical importance to understand, is that the provisions of legislative frameworks are set by high ranking government officials and politicians. Yet the actual compliance and adherence to the rules and regulations are the responsibility of highly paid professional officials. Accountability remains with the political head of that department.

This chapter dealt with the conceptual analysis of Supply chain management as well as Monitoring and evaluation and as such, policies and guidelines, including procedure manuals, have been consulted to obtain relevant verifiable information in support of the contents of the study. This chapter has provided the importance of having a process flow in supply chain management and has also discussed the supply chain in detail along with its components and or phases, with the intention of revealing how a supply chain management unit or directorate looks and how the concept of the supply chain, relates to the SCM components or elements.

The definitions on the supply chain have been given on this chapter and relationships of SCM and M&E has been provided as well as their importance has also been revealed in this chapter. There are justifiable reasons that this chapter has given as to why Monitoring and evaluation should be incorporated in each and every process of the supply chain management and as such theories from different authors of books, journals, and policies have been consulted and argued. The concept of Monitoring and evaluation has also been discussed, argued, and compared with various models that apply to the public sector and, in this regard, role players on M&E have been discussed and the intention of this action was to draw their role in the SCM and M&E of the public sector.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Firstly, the primary purpose of this study was to determine and assess the extent to which M&E was used as an internal control measure by the Department of Roads and Transport Sarah Baartman District. In this chapter, the methodology and the overall design of the study are described and explained in detail. Research methodology is about a planned approach for conducting a research enquiry with specific consideration regarding the research problem, research questions, objective and hypothesis. There are various methodological paradigms in social sciences, which confirm that the purpose of any research design and methodology primarily depends on the nature and setting of the research. There are three most prominent evaluation criteria in social research which are reliability, replication, and validity (Bryman, 2012:45). The choice of methodology and design further expands and explains the data collection techniques and analysis processes that are used in conducting this research study.

3.2 RESEARCH OVERVIEW IN SOCIAL SCIENCES

According to Bryman (2012:5), the terms “social research” denotes research on topics relating to questions that are relevant to the social scientific fields, such as sociology, human geography, social policy, politics and criminology. Therefore, social research includes research that draws on the social sciences for conceptual and theoretical inspiration. On the other hand, Blanche, Durrheim and Painter (2011:4) write that the rationale of understanding science takes place by a process of falsification, “incorrect theories are rejected on the basis of empirical evidence, leaving, over time, correct theories that stand for truth.” In this understanding, scientific research is an objective,

logical, and empirical activity that is outlined by the hypothetical deductive model of science.

Research, in the same context can be regarded as a logical process of creating new social realities and not just about studying old ones. This process includes data gathering presentation, analysis and interpretation in order to understand the meaning of the phenomenon under investigation (Williams, 2012: 90). Johnson (2011:17) regards research as “the process of arriving at dependable solutions to problems through the planned and systematic collection, analysis, and interpretation of data. It is an important tool for advancing knowledge, for promoting progress, and for enabling man to relate more effectively to his environment, to accomplish his purposes, and to resolve his conflicts”. This explicitly describes what research is in social sciences as well as its purpose. Subsequently, in the management of the metropolitan government affairs, it is important that once public problems have been identified, they are responded to meaningfully to ensure the improved social welfare of all citizens. Yet for this to take place, the identified problems need to be thoroughly investigated and tested in order to better comprehend them and possible solutions can then be proposed in a scientific manner. Therefore, social research sciences should produce results that have a socio-economic beneficiation to communities (Mueller, 2012:10).

Research in Public Administration and Management in particular, should have a link with the government’s service delivery priorities that has been articulated in the Medium Term Strategic Framework (MTSF). In the context of this study, the understanding of the M&E impact and deficiencies in the monitoring of the SCM processes should culminate from the empirical research.

Research is often undertaken for the purposes of discovering new relevant knowledge based on a specific question. Yet this implies that undertaking research is not merely to collect data but rather to discover relevant answers to research questions through a systematic approach. Therefore, this points out that research in social sciences is not only about data collection but the need that prompted the study to be conducted. In social sciences, undertaking empirical research is coupled with challenges that need to be

constantly dealt with. Most of these challenges emanate from the fact that the research subject is characterised by the participation of human beings as subjects of research (Wagner, Kawulich & Garner, 2012: 172).

3.3 RESEARCH DESIGN

Mouton (2001) define “research design as a plan, or blueprint on how to conduct research”. Therefore, research design can be referred to as a strategic framework that is critical to the success of the study mainly because research results can only be accepted, rejected, replicated or even understood in the context of finding the answers (Asmah-Andoh, 2012:118). In selecting the relevant questions to ask and the data to be considered in the research study, this study adopted the normative approach. Botes (1997) *cf.* Asmah-Andoh (2012:119) suggests that normative research studies “are more concerned with propositions and postulations; the existing standard or situation is measured against a visualised norm and an evaluation is made to determine which principles should or could be promoted or improved to achieve the ideal state.” This research provided the researcher with a logical process towards a scientific enquiry which the study produced as part of a meaningful contribution to the existing body of knowledge as discussed in Chapter 5. As a result, the section below presents the research methodology that was used in collecting and analysing data. Whilst Babbie suggests that “to every scientific research enquiry there is a research design showing the key factors, the data collection, analysis processes and their interrelationships in ensuring that the final research report responds to the initial research questions”. Yin (2003), describes a research design “as a roadmap for conducting research, and further defines research design as a logical sequence that links empirical data collection to initial research questions and eventually to its conclusions”.

3.4 RESEARCH METHODOLOGY

Dunne (2012: 162) writes that “research methodology is different from methods although in some cases they are interchangeably used as if they are synonyms”. Sedisa (2008) suggests that, in the same context, “research methods should be regarded as the true practice of research exercise which is comprised of procedures or techniques and strategies applied in the process of conducting a scientific research enquiry, especially during data gathering.”

Methodology, on the other hand is broader than methods and yet critical in that it sets the philosophical groundwork for the research method. According to Dunne, Pryor and Yates (2005:162), methodology means “the study of, or a theory of, the way that research methods are used in undertaking a scientific study.” Ultimately it entails the description and analysis of research methods while also highlighting their resources as well as their limitations. Hall and Hall (1996), write that “methodology should be the philosophy on which research is based. Therefore, the aim of research methodology is to describe and analyse the very same research methods, picking up their limitations and the scope of resources as well as the assumptions and possible results”. It can be deduced that methodology is the science of methods that enable researchers to follow established practices when collecting valuable data within a broader understanding of the research processes that are involved (Sedisa, 2008: 220).

In fact, there is a general agreement among many authors that any human related science enquiry should use a qualitative and quantitative methodology (De Vos, 2002:82). This study was conducted using qualitative research methods. The study was conducted using the research methods discussed below.

3.4.1 Qualitative Documentary review research method

Qualitative research “is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem [such as poverty, unemployment, and economic growth]” (Mouton, 2001:271). Leech and

Onwuegbuzie (2007:568) writes that “qualitative research can inform theory and model development in a way that leads to new insights into processes and practices within a particular setting, location, time and context experience”. On a positive utilisation of this method Asmah-Andoh (2012:133) writes that “using the qualitative approach allows for the gathering of rich, detailed data that leaves the participants’ perspective intact while at the same time providing a context to understand behaviour”. That implies that the methodological paradigm is specifically suitable for such a study in the discipline of Public Administration (Auriacombe, 2009:826).

The Provincial Departments “are required by statute to have inclusive performance management systems and tools to measure compliance to good governance principles emanating from efficient monitoring and evaluation of financial management” (Popeneo, 1995: 45). This accounted for documentation is readily available for analysis and review. Document analysis, according to Asmah-Andoh (2012:139) “involves indirect observation. However, the document analysis process is not only limited in size of the sample but considers relevance to the study of a phenomenon in a specific area and time”.

Asmah-Andoh (2012:140) defines content analysis as “any technique for making inferences by objectively and systematically identifying specified characteristics of messages”. It originated from the mass field of communication and this technique has found momentum in different research fields such as Political Science, as well as Public Administration and Management for a regulated analysis of nonverbal behaviour studies (Babbie, 2007:316). The researcher reviewed and analysed the following documents, amongst others, for the purpose of the study:

- Department of Roads & Transport 2014/2020;
- DPWT Annual Reports 2014-2018
- DPWT SCM Policy
- National Treasury Regulations
- Academic Papers and Journals;
- National Development Plan, and Provincial Growth and Development Plan;

Document review has a number of positive aspects which can be described as being economical in money and time when compared with large scale of research surveys. Babbie and Mouton (2001) write that another advantage of document review is that it is a modest method.

According to Elizabethann and Gary (1999:262) "Secondary data can provide inexpensive, high-quality data adequate to define or solve a problem". It can also be deduced that desktop research is secondary data which can be collected without Fieldwork. Secondary data are published reports and statistics, and these are certainly important sources since they are also inexpensive to make use of, examples include searching libraries and the internet and published journals.

Disadvantages of document review

- Information may be inapplicable, disorganised, unavailable, or out of date
- Could be biased because of selective survival of information
- Information may be incomplete or inaccurate
- It can be time consuming to collect, review, and analyse many documents

Source: <https://www.cdc.gov/healthyyouth/evaluation/pdf/brief18.pdf>

In terms of legislations and policies, the following were found to be directly relevant to the study: *Constitution of the Republic of South Africa* (Act 108 of 1996); Medium Term Strategic Framework, Medium Term Expenditure Framework, PFMA and many more. But these were carefully chosen.

Denzin and Lincoln (1998) write that qualitative research takes into account the processes and meanings that are not comprehensive or measured in terms of quantity, amount, intensity or frequency. This approach encompasses data collection and analysis methods that are not quantitatively-oriented. Qualitative research focuses on experiences and circumstances, which do not easily lead to quantitative measures. This is based on the assumption that reality is socially constructed and that there are various realities within which there are variables that are complicated and problematic to measure (Maykut & Morehouse, 1994: 27).

3.5 RESEARCH VALIDITY AND RELIABILITY

According to Leedy and Ormrod (2005:35), “a good research exercise can be referred to as one that captures the correct true data and concludes by providing correct answers to the questions and problem that necessitated the research”. Any good scientific research enquiry should meet the key basic requirements of reliability and validity, provided that the research is based on a clearly defined and correctly identified problem statement. Consequently, the reliability and validity of research methods are some of the significant features of a good scientific research enquiry.

Sedisa (2008) writes that “all kinds of research enquiries are fundamentally undertaken to serve a specific purpose and that ultimately translate into understanding the value attached to the research findings and the extent of the research validity”. In addition, Hall and Hall (1996) writes that “research validity is actually a means of measuring research accuracy, meaningfulness and credibility of the data and outcomes”. In essence, the validity concept may well be confined to the tools that are used in a research enquiry, which then refers to the extent to which the tool actually measures what it purposed to measure in line with established practice (Bell, 2005:67; Hall & Hall, 1996:45).

In a qualitative research approach, validity (Cohen, 2000:108) is regarded in terms of “the honesty, depth, richness and scope of the data achieved, the participants approached, the extent of triangulation and the disinterestedness or objectivity of the researcher”. This is similar to the opinion that the research will lead to a comprehensive enquiry and understanding of the phenomenon.

According to Bell (2005), data collection tool reliability measures the extent to which the technique produces similar results under normal circumstances in all instances. Reliability measurement is largely used in quantitative research methods but is also applicable in the qualitative research method. Silverman (1994) argued that “the only way to realise a reasonable degree of reliability in qualitative research is when each informant understands the questions in the same way, and when answers can be coded without the possibility of uncertainty”. Furthermore, the quality of research can be improved by taking ethical issues into account.

3.5.1 Distribution of the research results

The research results of this study will be made available to the Nelson Mandela University library in the form of a bound document. The copyright of the treatise resides with the NMU and the university will decide on its distribution. More findings will continue to be distributed through academic research publications. In the event that the DPWT wants to see the results of this study so that it could implement some of its recommendations, proper arrangements shall be made by the researcher to seek permission from NMU so that all university policies that are guiding the research, are adhere to.

3.6 CONCLUSION

It is important to define the exact methods that were used in data collection in every research project. This chapter outlined the research methodology issues, and a distinction between research methodology and methods was made. It is important at this juncture to re-state the exact methods that were used during the data collection stage of this research project. A distinction between research methodology and methods were drawn with the view to assist the readers. Ultimately, the key approach that was used in this research, namely; the qualitative document analysis research approach, has been discussed and analysed in this chapter. It seeks to have in-depth understanding of human behaviour and circumstances.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

In social sciences, it is generally agreed that whatever types of sources that are used during data collection, remain meaningless, unless they have been subjected to a thorough, appropriate and systematic analysis in order to translate them into useful and meaningful knowledge that can be shared with others. In other words, data analysis is a stage in a first-hand research project where the researcher intends to logically reveal what has been discovered during the investigation. Furthermore, the researcher analysed and interpreted the documents in order to determine their meaning and implications for the future – both in terms of the study under investigation and in terms of future studies on the same theme. This chapter aims to present the findings of the study as a contribution to the body of knowledge.

During the study it was discovered that the financial management system in the public service came into effect through the Public Finance Management Act (Act 1 of 1999) to regulate the allocation of state resources in the delivery of services and the monitoring thereof. It was found that although the PFMA makes such provisions as compliance factors, the Eastern Cape Department of Roads and Transport, through its effective financial management systems, managed to improve key aspects of good and corporate governance. Yet with specific reference to SCM, it emerged that a deficiency in the internal M&E application led to unnecessary audit findings and an overly poor narrative for the provincial DPWT Port Elizabeth region. This reflection appeared in the face of the existing SCM policy framework, which proves that internal M&E, as a control measure in SCM, has not been institutionalised by the department.

This chapter's attention is given to the objectives of the study as outlined in Chapter 1, and thereafter alignment is made with the findings of the study. The rationale behind this

decision is to ensure that the findings are directly linked to the study objectives. The following are the main objectives which the researcher set out to attain through this study:

- To analyse the extent to which the DPWT complies with SCM regulatory framework through the utilisation of M&E as an internal control measure.

Secondary objectives were:

- Determine the effectiveness of the DPRW internal financial management controls and systems.
- To establish the fundamental reasons for non-compliance by the department in discharging on the financial management legislative mandates.

This chapter presents the findings from the literature review data that was gathered during the study guided by the objectives listed above.

4.2 RESULTS FROM THE QUALITATIVE DATA ANALYSED

According to Bowen (2017), “document analysis is a systematic procedure for reviewing or evaluating documents—both printed and electronic (computer-based and Internet-transmitted) material”. Like other analytical methods in qualitative research, a document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008; see also Rapley, 2007).

The data that have been collected was requested from the DPWT in Port Elizabeth through a formal request and yet some of the data, such as the national and provincial treasury regulations and the accounting officer’s hand book as well as well as the government wide monitoring and evaluation, were obtained from the national treasury website. Qualitative data analysis takes the cognisance of seeking to reduce and make sense of complicated and vast amounts of data, often from different sources, so that impressions that shed light on a study can emerge in a simplified form. It is a process

where one takes descriptive information and offers an explanation or interpretation regarding the policy documents, annual performance reports, strategic plan documents and financial statement that were organised from the DPWT for the purpose of analysis.

The Table 4.1 below presents the documents that were selected and the data that was analysed.

Table 4.1: Documents Sampling and Data Analysed

DOCUMENT(S)	KEY DATA AREA ANALYSED	FINDINGS/GAPS
<p>Department of Roads & Transport Strategic Plan document 2014/2020 and performance plans and reviews thereof</p> <p>DPWT Annual Reports 2014/2015</p> <p>DPWT Annual Reports 2016/2017</p>	Monitoring and Evaluation Framework	<p>From the data that was analysed, it was discovered that the DPWT had the framework but that it was institutionalised throughout the department. This was based on the following:</p> <p>Inadequate internal controls over the processing of journal entries</p> <p>Inadequate controls to monitor commitments</p> <p>Inadequate Capacity: this was due to the misallocation of personnel and non-capacitation on technical skills.</p>
SUMMARY OF POSSIBLE SOLUTIONS TO THE ABOVE CHALLENGES		

DOCUMENT(S)	KEY DATA AREA ANALYSED	FINDINGS/GAPS
		<ol style="list-style-type: none"> 1. DPWT needs to consider developing an Institutional M&E policy based on the M&E framework that has been developed by DPME in order to foster compliance with M&E requirements from programme managers. 2. Management and officials who are responsible for performance management need to be taken through the systematic M&E framework as a tool for improved performance. 3. During strategic planning processes, the bottom up approach is necessary for all employees in order to develop a common understanding on the department's strategic thrust. 4. There is a need to create PPP in order to develop new knowledge from the private sector practices on how M&E and strategic planning are managed for quality results.
DPWT Annual Reports 2014-2017	<p>Performance audit and financial statements for the years 2014-2017.</p> <p>DPWT SCM Policy</p> <p>National Treasury Regulations</p>	<p>Inadequate implementation of Audit Improvement Plans from previous years as required by the Auditor-General.</p> <p>Supply Chain Management Red-Tape: the system is full of gaps wherein there are no proper internal control systems, no consequence management and a lack of accountability. This relates to non-compliance with SCM policy requirements which has led the department into achieving poor scores on the MPAT.</p> <p>Lack of firmness with regards to the adherence to the National</p>

DOCUMENT(S)	KEY DATA AREA ANALYSED	FINDINGS/GAPS
		<p>Treasury Regulations by the department, with specific reference to SCM principles such as the payment of supplies within 30 days, SCM procurement Processes and financial disclosures.</p> <p>Poor monitoring of performance, budget and assets.</p>
SUMMARY OF POSSIBLE SOLUTIONS TO THE ABOVE CHALLENGES		
<ol style="list-style-type: none"> 1. Need for the development of an implementable Risk Management Tool for the Department to devise strategies on dealing with risks associated with Audit findings and the implementation of audit improvement plans 2. Consequence management as the compliance management tool be activated in terms of the PFMA by the department failing, through which non-compliance in SCM processes will then continue to manifest. 3. Staff, especially those in finance and SCM, need to be taken through the SCM policy as well as the entire regulatory framework. 4. Strengthen governance structures such as budget advisory, risk committees, internal audit and M&E, and ensure their functionality. 5. Development of user-friendly systematic tools on M&E tool for SCM presses. 		
National Development Plan, and Provincial Growth and Development Plan	Alignments and linkages in terms of Outcomes, and Priorities	Alignment but the issues of concern was operationalising some of the priorities into projects

DOCUMENT(S)	KEY DATA AREA ANALYSED	FINDINGS/GAPS
		and activities, so they could find full expression therein.
There is a need for integration between the provincial government led by CoGTA, SALGA and municipalities in order to develop a common language and understanding on the Strategic focus of government, so that municipalities could be in a better position of implementing projects.		

With functional internal M&E controls and sound financial management systems on SCM processes, the above objectives can be achieved. With regards to government's utilisation of financial resources and control systems, the Public Finance Management Act, Act No. 1 of 1999 outlines the following objectives:

- “Modernise the system of financial management in the public sector;
- Enable public sector managers to manage, but at the same time be held more accountable;
- Ensure the timely provision of quality information; and
- Eliminate the waste and corruption in the use of public assets”

National Treasury is responsible for the development, maintenance, M&E of financial management support control systems (Basic Accounting System or BAS, M&E system on finance, Persal, Logis and Vulindlela etc.). This is mainly because the financial management systems for the government departments are mostly considered to be a nightmare for many departments, including the DPRW, due to the inadequate institutionalisation of M&E as an internal control for the SCM process, which flows from the financial management principles.

As a result, M&E as an internal control measure for SCM, remains functioning without being attached to any direct programme or directorates to ensure compliance.

The BAC is comprised of all programme officials whose mandatory functions related to financial planning, supply chain management, performance planning, monitoring implementation and management as well as reporting. The BACs were elected democratically in terms of the Public Finance Management Act (Act 1 of 1999) and National Treasury Regulations (2007).

It is a common reality that no government can single-handedly deal with the triple challenges of poverty, unemployment and inequality without monitoring the resource from time to time. It can be deduced that the key element for sound public finance management is the effective and efficient monitoring of SCM processes towards accountable and clean administration.

Apart from the positives that the department has enjoyed since the introduction and implementation of the public finance system, the key aspect that needed attention is the extent to which monitoring is institutionalised with specific reference to the SCM value chain, mainly because that section is often exposed to fruitless and wasteful expenditure challenges. Based on the document review exercise, the department still needs to improve its SCM internal controls by assigning M&E functions to management in order to improve the performance of SCM and compliance.

It can therefore be deduced, based on the literature of this study, that for the public sector to be able to adhere to the PFMA and National Treasury Regulations requirement, it needs to improve more on internal controls primarily in SCM and Finance sections through the implantation of the consequence management policy.

There is a view that, in general, our government is good when it comes to document/concept or framework development but the key challenges that constantly hinders development in South Africa, is poor implementation, which leads to delayed or even non-service delivery.

4.3 CONCLUSION

This chapter presented the results of the study. This was done through the presentation of results based on literature review that was carried out, and was also done in order to give meaning to the information that has been obtained and reported on. The chapter concluded by reporting on the possible solutions in relation to the financial management section in analysing the extent to which M&E, as a control measure, was used by the DPWT on SCM processes and value chain. The next chapter focuses on the general conclusions of the study and makes some recommendations emanating from the study's findings.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, RECOMMENDATIONS

5.1 INTRODUCTION

The importance of any scientific study should be reflected in the conclusions as well as the recommendation. These conclusions must be equally contextualised in terms of the research problem and/or research questions linked to the primary purpose of the study on which the findings are based. This revolves around the analysis of M&E as an internal control measure on the SCM process in the DRT. Therefore, the purpose of this last chapter is to present a summary of conclusions, and recommendations based on the literature review findings. Lastly, it highlights some of the limitations of the study on which future studies could be built on.

The Constitution of the Republic of South Africa, 1996, Section 151, provides for the establishment of the provincial sphere of government as a distinctive, interdependent and interrelated sphere of government. The Provincial Government is fundamentally established to democratically govern and deliver services to the people within its jurisdiction in partnership with the national government as well as local government spheres and even though they work interdependently, they are also interrelated. Constitution of Republic of South Africa, 1996.

The public Service is responsible for bringing together large amounts of resources to achieve an aspect of public good and that must be delivered to the citizens of the country. This responsibility comes with considerable complexities and expectations, because the resolution can never be enough yet the demand for services continues to increase due to the changing environment.

Constitutionally, the state planning and budgeting process is guided by a number of legislation, policies and frameworks for the effective and efficient management of resources. The Public Finance Management Act (1999) makes a specific provision on how state resources are to be allocated, used and monitored within the service delivery context. The National Treasury Regulations provides a guiding framework on how departments, state-owned enterprises, and agencies effectively spend and report on the state's finances in relation to service delivery.

The Constitution of South Africa, 1996 (Act 108 of 1996) introduced a radical change from the previous political dispensation. These changes are directed towards departments improving the quality of life of all citizens through their departmental policies. The Constitution states that all spheres of government must promote transparency, accountability and effective financial management (RSA Constitution 1996, Section 215:1). Chapter 13 stipulates that all money received by the national government must be paid into the National Revenue Fund.

The Constitution also prescribes the establishment of a National Treasury to ensure both transparency and control over expenditure. Legislation in the form of the PFMA of 1999, prescribes generally recognised accounting practices, uniform classification, norms and standards. The PFMA put a legal framework for modern public financial management in place, while shifting the onus of managing the use of resources from central control to the managers of spending departments and agencies. This mirrors the shift in budget preparation practices from central decision-making schemes to the discretion resting with spending departments for programme choices within spending ceilings. The PFMA is one of the milestones of the government's budget and financial reform agenda.

Randor (2007) writes that "over the years the quality of public service rendered to the general public has declined almost as rapidly as the price of service(s) has gone up." Local authorities tend to be more efficient and effective when serving the needs of the producers and suppliers rather than being efficient in responding to the needs of the people.

5.2 CONCLUSION

This study was aimed at analysing and determining the use of M&E as an internal control measure for SCM by the DRT.

The study was intended to make a meaningful contribution bringing together efficient and institutionalised internal control measure for improved SCM processes in public finance management through M&E. The study also aimed to assist with the identification of major SCM internal control challenges as well as the means of addressing them. The key objectives of this study were to analyse and determine the extent to which M&E is used as an internal control measure on SCM by the DRT, to analyse the effectiveness and efficiency of financial management internal systems in the addressing of governance issues, to determine the existence and functionality of DPWT internal financial management controls as well as the challenges that are faced by the department in complying with financial management systems through its implementation.

Consequently, it contextualised the legislative framework for financial management, budget planning and other legislations that are included. The Constitution of the Republic of South Africa (Act 108 of 1996), the Public Finance Management Act (Act 1 of 1999) and the National Treasury Regulations are principles of financial management and other pieces of legislation.

Qualitative Document review research methodology was used in conducting the study. The study discussed the results in line with the themes that were set in the literature review, which led to the study's primary research questions. To substantiate the themes, both direct and indirect quotations were used.

To summarize, the study identified the following factors that would contribute to enhancing SCM compliance with good governance principles within the public finance environment:

- Focus on the Capacity building of officials in M&E and Risk Management.
- Conduct awareness sessions on recent Treasury notes and regulations to keep the officials up to date.

- Promote the institutionalisation of M&E as one of the internal control measures for management finance and performance improvement.
- Ensuring stakeholder engagement and involvement in budget planning to foster compliance.
- The monitoring of programmes' actual performance against expenditure performance.

It is fundamentally important for DPWT to take the above factors into consideration for the purpose of improved good governance.

5.2.1 The public sector

In this study, the public sector has been viewed, as “the entirety of organisations or institutions that are politically established and maintained with a mandate of promoting the quality of life of the citizens by providing public services” (Van Niekerk, 2002:90). It serves to guide the planning, and implementation of the socio-economic development goals in an attempt of improving the general welfare of all citizens. Scharle (2002:228) suggests that the public sector plays a significant role in attending to public interest, stewardship, and solidarity. Therefore, the public sector pursues government commitment that derives from the needs, demands, and legitimate expectations of the society through the legislative, executive, and judicial spheres of government authority (Savas, 2000:21; Sedisa, 2008:305).

According to Try (2007), the current public-sector programmes have limited resources and this is coupled by unlimited social demand, whilst the delivery of services occurs within a heavily legislated environment. The public-sector organisations are subject to legislative oversight processes which are often politically driven (Try, 2007:325). All these shortcomings limit the innovation aspects in the public sector service delivery environment. On the other hand, Trafford and Proctor (2006:120) argues that a current democratic government should pursue a modernising agenda which aims to “ensure that policy making is coordinated and strategic in nature; ensure that public service users, not

providers, are the focus of attention, by matching services closely to people's lives; and deliver high-quality, efficient public services.”

Subsequently, the focal theme of this dissertation is based on the assumption that some of the shortcomings of the public sector can be alleviated by learning best practices from the private sector institutions.

Private sector organisations are often at the forefront, with regards to continuous technological development discoveries, and it is characterised by commercial dynamism and with entrepreneurial skills, all of which can be used to enhance the provision of public services. The private sector embraces international corporations and major companies as well as small, medium and micro-enterprises (Nzimakwe, 2006:50). One of the pressing reasons for engaging multinational corporations is that they often bring the much-needed foreign direct investment as well as the skills that may be lacking in a country, into the host country. It is important to note that “the provision of public infrastructure and/or services normally requires a number of skills and professions to be harnessed in pursuit of common pre-determined objectives” (Wettenhall, 2007:393).

Officer (2003:14) wrote a book on ‘The Respective Roles of Government and the Private Sector and Public/private Partnerships’, which focuses on mainstreaming the government in economic development matters as well as private sector matters while performing some of the traditional functions of a government. The contribution of the government to the improvement of development economic conditions without the involvement of the private sector, would continue to be limited and thus it would produce mixed results (National Treasury Regulation 16, 2004: 2).

There is a view that “By mobilising the resources of urban communities, government and the private sector we can make our cities centres of opportunity for all South Africans, and competitive within the world economy. The success of this will depend on the initiative taken by urban residents to build their local authorities and promote local economic development” (Nel 2001:1003; Mandela, 1995:5). From the above quotation, it is important to note that the changes that are made by the government from providing services on their own to involving the private sector, is not a simple exercise (Leach et

al., 1996:11). Leach (1969:2) writes that governments "have to work more through a complex network of partnerships, contracts and influence in order to achieve service delivery and local socio-economic development".

5.3 RECOMMENDATIONS

In Chapter 4, data presentation and analysis were presented. The following recommendations are based upon the findings and conclusions of the study:

- It is crucial to adopt a systemic project management-oriented public finance model and monitoring to improve internal supply chain management controls.
- There is a need for systemic systems (such King IV, Balanced Scorecard, integrated financial and service systems) and institutionalised M&E as an essential tool to sound governance and leadership in the public sector. M&E, Risk Management courses should be developed at various levels and it should be used for training SCM, Budget, Finance and performance officers. According to the findings, the inadequate compliance by the DPWT is due to the absence of sound leadership, capacity building, and finance constraints resulting in ineffectiveness and inefficiency in SCM;
- Where appropriate, benchmarking should be adopted as an alternative strategy to equip the department's officials with a recent risk and internal systems approach;
- There is a need for the DPWT to build and sustain capacity;
- There is a need for training regarding project management skills for Deputy Directors, Chief Directors and Directors to be able to conceptualise the integrated systems approach to financial and performance management in order to increase projects and to improve compliance;
- The research findings show that the existing financial management policy framework and guidelines in South Africa are adequate, and if properly interpreted, they can be applied to form a catalyst for more infrastructure projects and to spur growth in the infrastructure sector; and

- Treasury Regulations, guidelines and implementation toolkits should be monitored by Chief financial managers, Chief financial officers.

The most effective project implementation factors include, project management, financial management, and business management skills.

5.4 RESEARCH RECOMMENDATIONS

The following future research recommendations are based upon the findings and conclusions of this study:

- Future systemic research should be conducted by top management and officials within the supply chain management unit relative to the causal interrelationships for the various internal M&E interrelationships factors within the SCM, governance, financial planning, risk management and systems approach;
- Research should be conducted on how often public finance management systems can be improved by conducting a survey so that a trend analysis can inform decision-makers about effective internal monitoring and control system;
- A comparative study on internal M&E and SCM interrelationship transaction costs between South African and other countries, should be conducted;
- National Treasury should develop a compliance risk management tool which directly links with Strategic planning, monitoring and evaluation in order to measure performance impact; and
- Government departments should invest in capacitating the governance specialists to keep up with the service delivery environment dynamics.

5.5 CONCLUSION

This section draws the discussion to the conclusion regarding the internal controls within the SCM value chain through the utilisation of M&E as an internal control measure. The

provision of sound leadership and accountability is a major concern to the DPWT due to poor monitoring problems and the management of internal risks on corporate governance.

The research examined how the Department of Roads and Transport used M&E as an internal control measure on the SCM value chain. The study also explained some of the conceptual and practical challenges that are encountered in the M&E of SCM processes and some difficulties that contribute to the forthcoming progress in the use of M&E as internal control in government departments. The suggested method of allowing the SCM to use M&E internal control measurement also depends on relevant and appropriate governance efficiency, decision-making and accountability.

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APPENDIX 1: RESEARCH REQUEST LETTER

NELSON MANDELA
UNIVERSITY

NO 7 GLENAIRLIE
CAPE ROAD
PORT ELIZABETH
6000
DATE: 11/092018
CELL: 0711786192/0786715755

THE HEAD OF DEPARTMENT
DEPARTMENT OF ROADS & PUBLIC WORKS
QHASANA BUILDING
INDEPENDENCE AVENUE
PRIVATE BAGX0022
BISHO
5606

Dear HOD of department of Public Works

**RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH STUDY AT
DEPARTMENT OF ROADS & PUBLIC WORKS**

I am a student at Nelson Mandela University, completing **Masters in Public Administration**. I am sure you are aware that any post graduate study involves completion of a Treatise or Dissertation or Thesis. It is for this reason that I request your permission to conduct my research within Department of Roads and Public Works.

The title of my research thesis is **Analysis of Internal Monitoring and Evaluation as a Control Measure of Supply Chain Management: A Case of Department Of Roads and Public Works**, and is being undertaken under the Supervision/s or Promotion/s of **Professor. K. Asmah-Andoh**.

The objectives and aims of this research are to **determine and analyse the Department of Roads and Public Works internal monitoring & evaluation as a control measure for supply chain management requirements.** The research study shall make use of available documents amongst others annual reports, DRPW supply chain management policy, DRPW strategic plan document and with applicable national treasury regulation and notes. The study will be beneficial to Department of Roads and Public Works in that **it will make meaningful suggestions into utilisation of monitoring & evaluation tool as an alternative internal control measure on supply chain management aspects and overall performance management in the department.**

The ethical research principles will be strictly adhered to throughout the research process so as to maintain a high standard of work and a high quality of the research study. The information obtained will be used only for purposes of this study, and will ensure confidentiality full research report, once approved by the University will be handed to DRPW.

I thus request granting of permission to collect the necessary data/information from Department of Roads and Public Works for the purposes of completion of my Research Treatise or Dissertation or Thesis.

Your kind assistance in granting me permission will be highly appreciated and thank you for taking the time in allowing me to conduct my research study as I am sure it will not only be of benefit to me but to department at large

Yours faithfully,



Lunga Mfeketo

APPENDIX 2: PERMISSION LETTER



OFFICE OF THE HEAD OF DEPARTMENT
Department of Public Works • Qhasana Building • Independence Avenue • Bhebe • Eastern Cape
Private Bag 100022 • Bhebe • 5303 • REPUBLIC OF SOUTH AFRICA
Tel: +27 (0)40 602 4540 • Email: PublicWorks@ecodpw.gov.za • Website: www.ecodpw.gov.za

07 Glenairlie
Cape Road
Port Elizabeth
6000


Dear Mr. L. Mfekato

SUBJECT: PERMISSION TO CONDUCT RESEARCH

1. Thank you for your letter and the interest you demonstrated in conducting research on Analysis of Internal Monitoring and Evaluation as a Control Measure of Supply Chain Management: A Case of Department of Public Works.
2. I hereby grant you permission to conduct research as per your topic. I do believe that the Department would benefit from the outcomes of your research, and as such would appreciate to receive a copy upon completion.
3. Please ensure that the information obtained from this exercise will be treated as confidential and under no circumstances will it be used for any reason other than academic purpose.
4. Mr. L. Coetzee will be available to assist you and can be contacted at 066 301 2219 or at Lourens.Coetzee@ecodpw.gov.za.

I thank you, and wishing you all the best in your studies.

Regards,


MR. M.D QWASE
ACTING HEAD OF DEPARTMENT

11 October 2018
DATE



APPENDIX 3: EDITORS LETTER

S. Ferreira

Westmead Drive
Theescombe
Port Elizabeth
6001



PO Box 15439
Emerald Hill
Port Elizabeth
6011

To whom it may concern

This document serves to confirm that the following thesis paper has been checked:

NAME: LUNGA MFEKETO

Student Number: 213217961

This paper has been checked for:

1. Grammar
2. Spelling
3. Punctuation
4. Other formatting errors

I have left my comments in the review section of the document.

Should you have any further enquiries, please do not hesitate to contact me.

Kind regards

Simoné Ferreira