

Innovative Health Management in the Public Sector

30 JUNE 2011

Introduction

- Not experts on health management
- Some lessons may have relevance
- SARS priority 7: Deepen key external relationships to manage the whole value stream
 - ❑ Enhance through collaboration and feedback
 - ❑ Make a broader societal impact
 - ❑ Build institutional respectability and service delivery excellence.

The SARS Experience

- **Pre 1994**
 - Non-compliance viewed as acceptable behaviour
 - Previous regime illegitimate
 - “Sanction-busting”, front companies, money-laundering
 - Many tax regimes + inland revenue + customs
 - Weak enforcement capability
 - Tax product silos
 - Not service orientated + race bias

The SARS Experience

- **Early decisions taken:**
 - ❑ Tax and Customs combined into SARS
 - ❑ SARS part of the public service
 - ❑ But no longer a government department

The SARS Experience

- **From 1998/99:**
 - Concerted attempt to regain SARS' space:
 - Among PDI
 - Vis-à-vis business and tax practitioners
 - High profile enforcement actions and campaigns
 - Increased responsiveness to customers
 - Adopted compliance model: **(See next slide)**
 - Education, Service and Enforcement
 - Toughest anti-corruption stance in government

The compliance model



Philosophy of new management

- Political but non-partisan
- SA belongs to all who live in it
- Always strive to unite progressive forces
 - Opposition will isolate themselves
- State vs ruling party vs individual interests
- Non-superficial approach: transform business
- Any individual who performs will be recognised

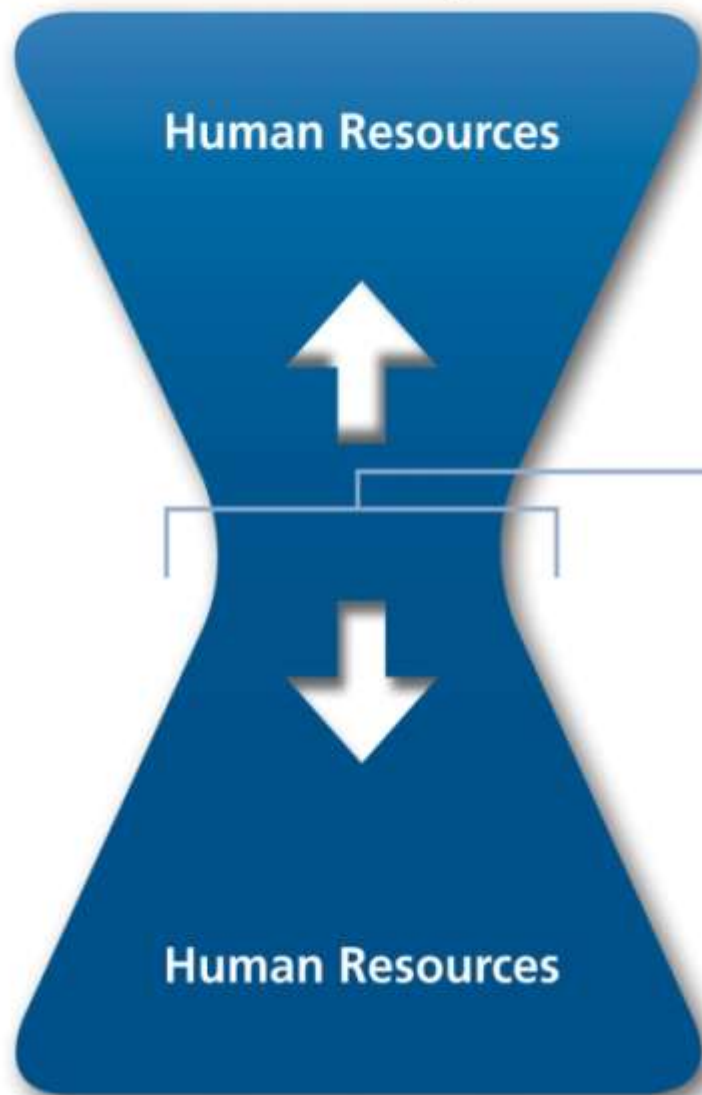
The SARS Experience cont.

- 2001 - Siyakha transformation program:
 - ❑ From tax product to process-**no technology change**
 - ❑ Standardisation
 - Back office/front office split
 - ❑ Black/female managers boosted – yet retained skills
 - ❑ Used consultants **AND** created own change capability

The SARS Experience cont.

- 2007: modernisation
 - ❑ Huge technology change
 - ❑ Different levels of work
 - ❑ 3 key capabilities: Policy; Enablement; Delivery
- 2010 onwards: modernisation continues
 - ❑ Interventionist to systemic management
 - ❑ Gate keeping to managing risk
 - ❑ Centralisation to delegation with accountability
 - ❑ Outcomes orientated
 - ❑ Values-systemic approach

The SARS Experience : Modernisation



Increase resources to deal with high revenue generation taxpayers and traders

Reduce "human" effort on processing medium revenue generation taxpayers and traders

Effectively deploy human resources to broaden engagement with low revenue generation taxpayers and traders to improve compliance culture

Levels Of Work

LEVEL OF WORK	THEME	SARS GRADE
6 STRATEGY	Determine the strategy and policy that guides the development of SARS to meet the requirements of the mandate. Determines the resources necessary to achieve these and resolves conflicting cross functional requirements in achieving integrated goals.	9A & 9B
5 PLANS	Translates organizational strategy into functional/divisional plans and tactics to achieve specific objectives. Balances the future demands of the mandate with established practices and current resources. Optimizes deployment of functional resources (finance, people, IT) to achieve divisional objectives	8A & 8B
4 SYSTEMS	Drives operational change and the achievement of business plan objectives through management of both complex activities and sub functions. Understanding of concepts and principles enable professional positions to be creative and innovative, within policy frameworks. Annual cycle, contributes to functional strategies and plans.	6 & 7
3 INTERPRETATION	Applies knowledge of products, techniques and processes to execute complex tasks or to lead a small tea. Determines own priorities within a defined scope of work. Understands the system and the underlying principles supporting the overall business process. Direct impact upon business objectives.	4A – 5B
2 PROCEDURAL	Execution of activities that require formal training and use of judgment in arriving at proficiency in diversified situations where solutions are within precedent and if not within standard operating procedures then under close supervision. Direct impact on and support of other positions achieving business objectives.	3A & 3B
1 ROUTINE	Execution of independent tasks or tasks that are part of an activity where supervisions is provided. Work requiring routine proficiency in handling tasks which are often manual in nature requiring basic numeracy and literacy.	& 2

What Worked Well

- ❑ Stability: one finance minister/commissioner for ten years. Enabled mistakes, learning and medium term planning
- ❑ No interference from the minister
- ❑ The power of “higher purpose” and values: vision led and values driven
- ❑ Line of sight of all spheres and levels-no fragmentation
- ❑ Campaign approach mobilised support, created pockets of capability – attained a critical mass. However continuous interventions destroy systems.

What Worked Well cont.

- ❑ Distinguish between: repetitive activity, exception management, continuous improvement and transformation
- ❑ Use data and information to inform decisions
- ❑ Governance and reputation management

What Worked Well: Governance

- Only individuals can be held accountable, not committees
- Decisions to be taken at the right level of authority. Reverse past trends to raise all decision making to higher levels.
- Officials resolve issues amongst themselves outside of formalised meeting structures.
- Only significant variances, exceptions, trends and matters requiring interfacing between accountabilities should be discussed in committees. Such discussions must be underpinned by appropriate analyses and solutions.

What Worked Well: Integrity

- Zero tolerance to corruption, no gift policy, declaration of interest, security checks, employee vetting, supplier vetting, suspicious activity reporting, logical and physical monitoring and control and anti-corruption investigative capability. **Courage!**
- Systemic approach: build integrity and fight corruption.

Recommendations

- Recruit for values and appropriate behaviour
- Agree on a stable new model for the public service
 - More power to the PS Commission
 - Join the SA public service and then the appropriate department/institution. Common trained base and ethos
 - 3 spheres must provide clear line of sight and accountability

Recommendations

- From instruction management to systemic management
- Fix broken systems to enable work to flow and be transparent
 - Once able to see it is possible to identify trends and to do root cause analysis
 - Use 80/20 principle to prioritise improvement

Recommendations

- Create dedicated capability for:
 - Repetitive work which can be standardised
 - Exception management
 - Enablement capability
 - Improvement/Modernisation
- Strengthen (non-existent) enablement capability

SARS and Health

SARS priority 7: Deepen key external relationships to manage the whole value stream

- Tender procurement is currently abused
- Multi-Agency Working Group (MAWG) formed – usual kneejerk reaction-fight corruption
- Need systemic solution

SARS and Health

- The better approach given our challenges is to focus on a few issues. Concentrate overwhelming resources. Design to succeed:
 - One geographic location
 - One department
 - Get the basic system working
 - Attend to the big cogs
 - No fundamental redesign yet
 - Develop replicable model

Chosen Project

- The following problems exist in the area of focus:
 - ❑ Officials are not declaring business interests. Declarations are not properly examined for conflict of interest;
 - ❑ Weak management and complicity in irregularities causing the entire SCM system to become severely compromised;
 - ❑ “Loose” demand management practices exist.
 - ❑ No formalised logistics management practices exist;
 - ❑ Insufficient segregation of duties exists throughout the value chain;

Chosen Project cont.

- ❑ Contract management is poor;
- ❑ IT systems lack fundamental preventative controls and/or exception reporting;
- ❑ Procurement through deviations are well above the norm;
- ❑ Payment irregularities such as duplicate payments, over payments, payments without proper justification.
- ❑ Insufficient management reporting and transparency

The Challenge

- To stay the distance
- To get national buy-in
- Attain critical mass
- Beyond the procurement/provincial department/other departments

Letter from a former SARS employee recently elected as a Metropolitan Councillor

“I identify fully with the values and ethos espoused by the leadership of SARS around issues of integrity, honesty and doing the right thing. This is a course that I have pursued while in the employ of SARS and the course that I wish to pursue as a public representative. I understand that this is often not easy and I wish to ask that SARS continue to offer me support and guidance in the manner in which I discharge my duties;

I also understand that doing the right thing quite often has unfortunate consequences and if I am placed in a situation where a choice that I may have to make rankles my conscience I want to be in a position to walk away even if it means ceasing my position as a councillor. I would therefore be extremely appreciative if my departure from SARS is not seen as shutting the door on the organisation but rather as a new journey that may lead back to SARS;

Letter from a former SARS employee recently elected as a Metropolitan Councillor. cont

I want to convey my absolute appreciation of the way in which the organisation has cultivated values and holds them up for national display. There is no doubt that these core values hold the nation in good stead.”

SARS’ response: *“I don't regard your resignation as a loss. Indeed, if you continue to align with the SARS values and behaviour, your resignation is an immense gain for SARS.”*