

**Leadership and governance in the South African Public Service: An
overview of the public finance management system**

by

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DEDICATION

I would like to dedicate this PhD thesis to my dear sister Nandipha 'Namhamha', who passed on while I was busy working on my first chapter. *May her soul rest in peace.*

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LIST OF ABBREVIATIONS

AAS	accrual accounting system
AFS	annual financial statements
AG	Auditor-General
ANC	African National Congress
APRM	African Peer Review Mechanism
APAC	Association of Public Accounts Committees
ASB	Accounting Standards Board
BAS	basic accounting system
CBA	cost-benefit analysis
CBAS	cash based accounting system
CFO	Chief financial officer
COSO	Committee of Sponsoring Organization of the Treadway Commission
CPAR	Country Procurement Assessment Review
CIPFA	Chartered Institute of Public Finance and Accountancy
DAC	Development assistance committee
DoRA	Division of Revenue Act
DPISA	Department of Public Service and Administration
DTI	Department of Trade and Industry
DWAF	Department of Forestry and Water Affairs
FFC	Financial Fiscal Commission
FMS	financial management system
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
GEAR	Growth, Employment and Redistribution
GFS	government finance statistics
GRAP	generally recognised accounting practice
HDI	Historically disadvantaged individuals
HoD	Head of Department
LOGIS	Logical Information System
IDASA	Institute for a democratic alternative South Africa
IFP	Inkatha Freedom Party

IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
MBO	Management by objectives
M & E	monitoring and evaluation
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MTDF	Medium Term Delivery Framework
MTEDF	Medium Term Expenditure Delivery Framework
MTEF	Medium Term Expenditure Framework
NACF	National Anti-Corruption Forum
NA	National Assembly
NEPAD	New Partnership for Africa's Development
NERF	New economic reporting format
NP	National Party
NPM	New Public Management
NT	National Treasury
OECD	Organisation for Economic Co-operation and Development
OAG	Office of the Auditor-General
OPM	Office for Public Management
OPSC	Office of the Public Service Commission
PC PSA	Portfolio Committee on Public Service and Administration
PEM	public expenditure management
PFMA	Public Finance Management Act, 1999
POSDCORB	planning, organisation, staffing, directing, coordinating, reporting and budgeting
PP	Public Protector
PPB	Planning, programming, budgeting
PPPFA	Preferential Procurement Policy Framework Act
PPP	public-private partnership
PRC	Presidential Review Commission
PSC	Public Service Commission
RBM	results based management
RDP	reconstruction and development programme
RM	risk management

Scopa	Standing Committee on Public Accounts
SDDS	special data dissemination standard
ScoA	Standard Chart of Accounts
SCM	supply chain management
SMMEs	small, medium and micro enterprises
SMS	senior management service
SOPSR	State of the Public Service Report
Three E's	economy, efficiency and effectiveness
SWOT	strengths, weaknesses, opportunities and threats
UNDP	United Nations Development Programme
VFM	value for money
ZBB	zero-based budget

ABSTRACT

Leadership and governance have been under scrutiny and the object of debate for decades in public and private sector, as well as in Public Administration discourse in general. Such debates are fuelled by theories that seem to be embedded within Public Administration. It is because both practitioners and scholars of Public Administration continue to allude to underpinning theories, even in modern public administration, regarding bureaucracy or organisational design, decision-making, leadership, the human element in public administration, systems, policy and environmental analysis, as well as their importance in public administration.

The aforementioned aspects are regarded as pillars in conceptual analysis of public administration and become useful in understanding the role of leaders in public organisations, the importance of systems to improve governance and understanding of public finance in public administration. This will in turn lead to an understanding of public financial management systems in order to ascertain whether the government departments do apply, understand and comply public financial management systems as crafted within different policy frameworks. Such a conceptual analysis of public administration is crucial to this research as it provides a fundamental theoretical framework for the study. It gives meaning to 'public finance in public administration' and also put the study into the context of public administration. What is to be borne in mind is that public administration does not operate in a cocoon, but is exposed to environmental factors like social, economical, political and technological factors.

It is therefore significant that public servants, the leadership in particular, display a high level of ability to analyse and scrutinise such an environment because the latter has an influence on internal departmental operations, the approach to service delivery and policy frameworks in general.

This research also shows that there is a shift from traditional public administration towards public management. The former is regarded to be focusing on rules, control, strict procedures and inputs instead of results (outcomes) and the latter is known for innovation in service delivery, flexibility and accountability and the promotion of managerialism. The study reveals that the South African Public Service through its reforms has adopted public 'management' instead of 'administration'.

Such reforms are explicitly reflected in its evolving public finance management systems that originate from the South African Constitution, 1996 and implemented by Public Finance Management Act (PFMA), 1999. It is in this context that the PFMA is observed as a model of governance in the Public Service and also used as a case study throughout the research. In explaining governance from the public finance perspective, institutions and structures that support governance are identified, integrated approach to risk management is also identified in order to support the theory of governance and its application in the Public Service. Therefore, the study analyses leadership, particularly the managerial leadership by focusing and scrutinising on senior management service (SMS) in the South African Public Service, as well as governance. The PFMA will be used as a case study by taking into account public finance management systems in the public service.