



Editorial

The new dispensation in the public sector

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The Public Finance Management Act (PFMA) came into effect on 1 April 2000, and the Treasury Regulations (TR) on 1 June 2000. With this legislation the public sector in South Africa changed and South Africa can today be regarded as the country with the most advanced legislation with respect to financial management in the world. The best practices in this field that had been successfully implemented in countries like New Zealand, Canada and others were adapted for South African conditions.

The first step in achieving an effective and efficient public sector is for legislation to be in place. This is the beginning and of fundamental importance. However, the legislation must be followed by a process of implementation of the letter and spirit of the law.

The public sector is currently in the process of implementation – some departments have already shown considerable progress, while others have barely started. This is a difficult stage and requires perseverance, vision and a positive attitude. There is a great danger of individuals and departments confusing the problems of implementation with the PFMA itself at this stage, and then being negative about the Act.

The paradigm shift from the old dispensation to the new is enormous. The new approach of performance management in the public sector is aimed at empowering people to perform to the maximum of their potential, rather than limiting them to their job description. In view of the culture that has ruled and that can still be found in the public sector, this will be one of the greatest challenges.

However, this total shift in emphasis should be managed extremely carefully. Two things in particular are required, namely open communication and training. Numerous departments have already made good progress in empowering their employees by way of training, and this is starting to bear fruit. However, training should be further intensified so that the momentum of implementation can be retained.

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This process of implementation of the PFMA will never be completed. To manage means, among other things, to strive continually for the most effective, efficient and optimum utilisation of resources, to adjust to new circumstances, and to apply the best practices that are available internationally. These aspects have to be considered on an ongoing basis.

We therefore see that the change in the government departments is material – the shift

is from the administrative to the statutory performance management approach.

However, fundamental changes are taking place and will be taking place not only in the government

departments, but also in particular in the Office of the Auditor-General and in audit firms to which work is contracted out by the Office of the Auditor-General.

Whereas the compliance approach to auditing and performance auditing is currently still largely separated, a totally integrated approach will now have to be followed, with the emphasis on performance auditing. The Office of the Auditor-General should be congratulated on the progress that has already been made in this regard. Various pilot projects in which an integrated approach is applied are currently underway.

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whether the resources were allocated efficiently, effectively and economically with the auditees, without neglecting to determine whether procedures that should have been followed were in fact followed. Training will have to enjoy a high priority in the Office of the Auditor-General to allow this totally integrated audit approach to succeed.

An enormous responsibility rests with the Office of the Auditor-General to monitor and report on the execution of the statutory performance management

process by way of the external audit process. Without this process the government is in danger of allowing the new legislation to remain mere words.

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