

Dynamics Obstructing Public Financial Management, Good Governance and Accountability in South Africa

Zonke NM*

Department of Public Management, Cape Peninsula University of Technology, South Africa

Abstract

Delivery of Services, reduction of poverty, economic development and sustainability depend on availability and prudent management of financial resources. Sound, ethical financial management is crucial in the public sector: without public funds to ensure functioning and capital costs, and without appropriate personnel, no public institution can render adequate services. This paper analyses dynamics that obstruct public financial management in South Africa. Several dynamics hamper public financial management, good governance and accountability: such as high turnover rate of accounting officers, parliamentary committees like the Standing Committee on Public Accounts (SCOPA) or a lack of political will. Although South Africa has suitable oversight bodies, policies, procedures and Acts, the poor state of financial management in South African government departments is evident from the low number of objective qualified audits that meet the requirements of the Public Finance Management Act, Act 1 of 1999, the legislative oversight bodies and the wider legal framework governing public finances.

In this study, a mixed method approach using both qualitative and quantitative instruments was employed to collect data. Data collection comprised in-depth focus groups, interviews and questionnaires. This study defines which dynamics obstructed Public Financial Management, Good Governance and accountability in South Africa, using a triangulation and a mixed method design. In this design, the researcher collects both types of data at the same time about a single phenomenon in order to compare and contrast different findings, and to produce well-validated conclusions.

This study looks at the high turnover rate of directors general and implications for public finance. This study provides guidance to government on possible interventions available to counter the negative consequences of turnover. Findings show an unacceptably high turnover rate: adequate accountability is not provided by departments. Global trends suggest that South Africa is not unique in this turnover rate: as in other countries encountering similar difficulties, rigorous intervention is required to ensure that there is greater continuity of office.

Keywords: Dynamics; Obstructing; Public financial management; Good governance; Accountability; South Africa

Introduction

South Africa has put in place a chain of policies, procedures and Acts to advance financial management in government departments but the limited achievement of these strategies thus far is shown by the small number of clean qualified audits from the Auditor-General. Audits of numerous government departments demonstrate that the requirements of the Public Finance Management Act, Act 1 of 1999 (hereafter the PFMA), the legislative oversight bodies, and the broader legal framework governing public finances have been partially or wholly disregarded. If the challenge of public financial management in the public sector is not addressed in South Africa, it will impinge on government service delivery programmes, since sound financial management is fundamental in any government programme. Government departments require managers who can administer finances properly.

One of the trials confronted by the South African public service is how to recruit, develop and retain competent leaders and managers. Public service managers have the important task of transforming the strategic vision, goals and objectives of government into operative service delivery. Given the responsibilities delegated to these managers and the demands made upon them, it is important to maintain a certain level of stability in the country's public service leadership, so that the momentum with which government's programmes are delivered is not compromised by frequent changes in leadership at executive or administrative levels.

In understanding these problems in the public service, this study

examines dynamics thwarting public financial management and accountability in South Africa. It examines the high turnover rate of Directors General and its bearing on public finance. This study seeks to provide guidance to government on possible interventions needed to reduce the negative effects of this turnover on the stability of the public service. The current system of appointing and retaining Directors General is looked at: how specific interventions may assist in ensuring greater functionality in the overall systems.

Legislative Framework

Since the adoption of the Constitution of the Republic of South Africa, 1996 (hereafter the Constitution), a number of milestones have been reached in public service financial management. One of these was the promulgation of the PFMA in 1999 to advance financial management and accountability. The PFMA aims to create a culture of performance by employing managers who are accountable for the utilisation of allocated resources in delivering services. More than a

***Corresponding author:** Zonke NM, Business and Management Science Faculty, Department of Public Management, Cape Peninsula University of Technology, South Africa, Tel: 0733110553; E-mail: zonkem@cput.ac.za

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decade after the PFMA was promulgated, however, there are still many, if not an increasing number, of cases of poor financial management and other factors debilitating public financial management and accountability in South Africa.

The PFMA, as part of the South African government's budget and financial management reform agenda, represents a radical departure from the old Exchequer Act, Act 66 of 1975, which was concerned mainly with procedural accountability for finances [1]. The PFMA places greater emphasis on accountability for results and locates budgeting and financial management within a performance management framework. The PFMA aims to create a culture of accountability, openness and transparency in public administration and advocates value for money in the procurement of goods and services, in and by the public service [2]. Public institutions are judged by their ability to deliver goods and services and show accountability. The PFMA aims to improve accountability by requiring that managers take responsibility for their actions and achievements in exchange for greater managerial discretion over their inputs. Managers have to take responsibility for their performance.

Madue and Mahwai claim that, since its introduction, the PFMA has improved the management of financial resources in the public sector and enforced the involvement of non-financial managers in the management of finances; proving that financial management is not a secret art to be practiced solely among financial officers and the Treasury [3]. The number of cases of officials deliberately ignoring the PFMA, however, on a daily basis, is on the rise. The PFMA as a policy document is well written but its implementation and enforcement are not satisfactory. Custodians of public financial management are the Directors General of various government departments who fulfill the role of accounting officers responsible and accountable for ensuring that departmental finances are managed according to legal requirements and principles of good governance.

Accountability and Requirement as Governance Principles

Good governance is fundamental in the public sector; overseas investors balk at investing in a country that is not committed to good governance. Elements of good governance and adherence to governance principles must be understood in the public service: absence of financial probity can destroy a country's economy and administrative system. Siswana points out that poor governance manifests itself when the relevant systems and structures do not function, or do not exist [4]. Equally, good governance is found where those systems and structures function as intended.

Rocha Menocal lists elements or criteria of good governance. The first criterion is participation, which is met in South Africa, where the voice of the public is important in decision-making [5]. The need to have public participation is required, according to section 195(e) of the Constitution, which states that the public must to participate in policy-making to ensure transparency.

Transparency is crucial to effective governance in broad-spectrum terms and particularly in finance. Transparency refers to the disclosure of information to the general public and clarity about government rules, regulations, and decisions. Transparency in the public service ensures access to information, and the public's right to information means public access to information and a degree of legal enforceability on the provision of information [5]. For these reasons, laws that prevent access to information are contrary to public good [6]. In South Africa,

transparency is guaranteed by the Promotion of Access to Information Act, Act 2 of 2000 which promotes transparency by giving effect to the constitutional right of access to any information held by the State, and information held by any other person required for the exercise or protection of any rights. The South African Parliament, however, has passed a controversial Bill, the Protection of State Information Bill which is seen by many as contradictory to the Promotion of Access to Information Act. The Bill has not yet been signed into law by the President.

The rule of law is a significant criterion for good governance. The law guarantees that government officials are monitored correctly and that they apply rules correctly. The rule of law reinforces and delivers assistance in improving and strengthening the legal and judicial systems which ensure effective application of rules in all parts of the country and at all levels of society.

Effectiveness and efficiency, as part of governance principles, structures and processes should produce results that meet various needs: making the best possible use of resources. "Effectiveness refers to the extent to which structures and policies meet their intended objectives, while efficiency refers to minimizing the resources used without compromising on quality" [7]. Policies and procedures can be effective only if they are able to achieve their intended objectives. Section 38(b) of the PFMA states that accounting officers are responsible for the effective, efficient, economic and transparent use of resources. Although effectiveness and efficiency are important, a strategic vision which keeps managers focused on their organization's goal is even more important. A strategic vision spells out long-term organizational aims and moulds organizational identity. A strategic vision points an organization in a particular direction and charts a strategic path for it to follow [8]. It provides direction for organizations and legislative bodies.

When officials are appointed to specific positions, they are answerable for observing and applying policies and procedures to achieve objectives. Taking charge entails acceptance of consequences arising from decisions, actions or inactions. Being responsible comprises the capacity to distinguish between right and wrong and to act accordingly [9]. Section 45 of the PFMA outlines responsibilities of public office bearers and how they should be held accountable.

Throughout the PFMA and accompanying Treasury regulations as they appear in the Government Gazette, individuals are made responsible for ensuring the flow of funds and establishing systems. Checks and balances have been instituted to ensure that these individuals undertake their responsibilities correctly. The PFMA designates heads of departments (HoDs), heads of constitutional institutions and boards of public entities as accounting officers or accounting authorities. The PFMA grants the responsibility for the effective, efficient, economical and transparent use of resources in accordance with the Appropriation Act (the annual Act of Parliament that authorizes the executive to spend against its allocations).

Although officials can delegate responsibility to their subordinates, accountability cannot be delegated. Accountability is a concept in ethics: it is often used in conjunction with concepts such as responsibility, accountability, enforcement, blameworthiness, liability and other terms related to the expectation of account-giving [10,11]. Accountability, as defined by Pauw, Woods, Van der Linde, Fourie and Visser, is a key concept in modern management theory and practice. Similarly, Klein defines accountability as an obligation to account or to answer for the responsibility that has been conferred upon a person by an electorate [12].

Accountability is a key element of good governance in determining characteristics of a modern democratic government [13]. It requires political office bearers to act in the public interest. Geldenhuys points out that one of the traditional cornerstones of democracy is the fact that each political representative, and each public official, is subject to accountability [13]. Accountability in the public sector is the mechanism whereby the public exercises its right to be given account of efficient, transparent utilisation of state funds in the process of achieving the mandate given to public representatives [13].

In order for the South African Parliament to safeguard accountability and responsibility, the above principles must be adhered to. Parliament must guarantee that there is maximum citizen participation, that the rule of law is used to enforce compliance, and that those found deserting government policies at the expense of the public face appropriate disciplinary procedures. A strategic vision is important: it points the organisation in a particular direction. Visionary leadership is required in the South African Administration and the public service. Government departments are responsible for the policy implementation process and Parliament must hold them to account.

Concept of Good Governance

Good governance in broad terms signifies the exercise of political, economic and administrative authority to manage a nation's affairs which comprise the complex range of mechanisms, processes, relations and institutions through which citizens and groups articulate their interests, exercise rights and obligations or mediate differences. Good governance is not the sole prerogative of the State but its functions can be assumed by, or delegated to, specified institutions and organizations in the private sector and the civil society. Such organisms operate in a legal or policy framework defined by the State having an autonomous existence and exercising political, economic and administrative authority.

There is consensus amongst international development organisations that good governance is the basic pre-requisite for sustainable economic development. In fact, capacity building for effective and sound governance is a primary goal of programmes for reducing poverty. Considering the diversity of attributes of physical and financial resources possessed by different developing countries and transitional economies as well as their own perceptions of sustainable economic development, there are different approaches to the question of appropriate governance strategy for each of these countries. The expression 'sustainable economic development' has been defined in the Brundtland Commission Report (1987) as the meeting of the needs of the present generation without compromising the needs of the future generations. UNDP regards human development as a process of enlarging choices for all people in society. The UNDP gives the highest priority to poverty reduction, productive employment, social integration and environmental regeneration.

The concept of good governance in the context of sustainable economic development comprises efficient government, effective civil society and a successful private sector. Good governance has many characteristics. Good governance systems are participatory in that the members of governance institutions have a voice in the decision-making process based on democratic traditions. Procedures and method of decision-making reflect transparency to ensure effective participation. The governance system aims at bringing about sustainable development. Good governance promotes equity and equality of treatment to all based on the concept of nondiscrimination. Basic consideration in good governance is being able to develop

the resources and methods of governance. In the context of social development parameters, good governance promotes gender balance, synthesis of diverse perspectives, and mobilises resources for social purposes. Good governance strengthens indigenous mechanisms and ensures effective, efficient use of resources. All modern societies are based on rule of law which promotes good governance which engenders and commands respect and trust.

Persons entrusted with the task of taking decisions in government, the private sector and civil society organisations have to be accountable for their actions to members of public and institutional stakeholders. Governmental organisations have to be service-oriented, responsive to the hopes and aspirations of the people, facilitative and enabling, regulatory rather than controlling, take ownership of solutions to national social problems and be able to deal with temporal issues.

Issues Relating to Corruption

There is a growing perception that most developing countries and transitional economies have often been burdened with economic structures and institutions which hinder rather than facilitate the achievement of significant economic growth. Inadequate institutional arrangements on financial resources cause many countries to experience serious constraints in implementing poverty reduction programmes and, ultimately, in raising the standards of living of a vast majority of the population. Gradual but ever-increasing intervention of the State in the economic sphere extends far beyond the traditional role of providing essential socio-economic infrastructure, maintenance of law and order, defence and foreign affairs. Stabilisation of the economy during the course of economic downturn results in public works programmes and expansion of the public sector which means the State ensures distributive justice. The public sector is assumed to promote social welfare. All economic decisions are presumed to be made in a rational and transparent manner, and implemented by public servants with utmost honesty and integrity.

While determining the causes of corruption, it is necessary to define 'corruption'. According to the World Bank, 'corruption' means the abuse of public power for private benefit. Another more neutral definition is that 'corruption' is the intentional aimed at deriving some advantage from this behaviour for oneself or for related individuals. Indulgence in corrupt practices is not necessarily or exclusively the prerogative of public officials. However, corruption as applicable to public officials means any act of commission or omission in the performance of public duties which results in personal advantage, benefit or gain, either immediate or deferred, to such public official or to any other person connected with such official to the detriment of public interest. The essence of an act of corruption is that the public interest is, directly or indirectly, irremediably compromised. For instance, a directly detrimental effect of corruption is felt when an income-tax official deliberately makes an under-assessment of tax liability in return for a pecuniary reward or when a customs official purposely overlooks certain dutiable goods for a person's gain. The public interest is prejudicially affected when a public official in the public works department deliberately awards a contract to build a bridge, dam or road to an incompetent civil engineering contractor against established procedure for monetary reward. A contractor who uses inferior and sub-standard material causes monetary loss to the government.

Role of Accounting Officers in Public Finance

All heads of government departments are accounting officers and custodians of public finance, responsible for all financial transactions

and activities of their departments [13]. The accounting officer, usually the director general or HoD, in terms of section 36 of the PFMA, is personally accountable for all financial transactions and activities of his/her department. The accounting officer of an institution must ensure that internal procedures and internal control measures are in place for payment approval and processing.

Accounting officers are directly responsible for the successful implementation of the revised budget and financial management systems [14]. Section 38 of the PFMA contains clear directions as to the general responsibilities of accounting officers. According to section 38(1) of the PFMA, the accounting officer of a department, trading entity or constitutional institution;

- Must ensure that that department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control;
- Is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution;
- Must prevent unauthorised, irregular, fruitless or wasteful expenditure and losses resulting from criminal conduct; and manage available working capital efficiently and economically;
- Is responsible for management, including safe-guarding and maintenance of assets, and management of the liabilities, of the department, trading entity or constitutional institution;
- Must comply with any tax, levy, duty, pension and audit commitments as may be required by legislation;
- Must take effective and appropriate disciplinary steps against any official in the service of the department, trading entity or constitutional institution that contravenes or fails to comply with a provision of this Act.

Accounting officers are custodians of public finance. They are highly skilled individuals required to fulfill those positions. It is important to maintain consistency in the accounting officers' appointments. A high turnover rate of Directors General destabilizes public financial management severely. If an accounting officer wishes to execute his/her functions properly, he/she must have full control of finances and other activities of a department [15]. Institutional knowledge is helpful in this regard.

Public Financial Management and Accountability

Given the state of public financial mismanagement in South Africa, it is evident that there are many factors exacerbating poor financial management. Dynamics that impede public financial management include a high turnover rate of accounting officers, failure to implement parliamentary committees' reports and revolving membership of public accounts committees. For the purposes of this study, only the strongest dynamics are analysed.

Appointment of accounting officers

Director Generals are accounting officers, and, as such, are accountable for every cent spent in their departments. They are often called to appear before parliamentary committees to clarify any uncertainty pertaining to public finance or any administrative matter. A high turnover rate jeopardises accountability and good governance, and creates a difficulty for legislative bodies.

The turnover rate of directors general across national public services depends on a variety of contextual factors; notably the legislation and regulations governing appointments and terminations. According to the Public Service Act, Act 103 of 1994 (Section 3(b) (1)), heads of national departments and government agencies are appointed by the President and heads of provincial departments are appointed by the Premier. The Act specifies that the President or Premier may delegate power to appoint executive authorities. Details on the procedure to be followed in making appointments are outlined in the Public Service Regulations. The appointment must, however, not exceed five years, as stipulated in section 12 (2) (a) of the Act.

According to the Public Service Commission, a serving employee appointed to the post of HoD automatically loses his/her status as a permanent employee [16]. Section 12 (2) (b) of the Public Service Act provides that a contract should be entered into with HoDs. This contract regulates the appointment and confirms the provisions and conditions of service of HoDs as stipulated in the Act. The contract includes commencement and expiry dates, remuneration, deployment, renewal and extension of term of office, conduct, and terms and conditions covering management incentives [17]. Annexure Two of the Public Service Regulations stipulates that any HoD must enter into a performance agreement linked to a specific financial year. Renewal of the contract of HoD is not automatic: procedures for renewal are contained in Annexure A of the Public Service Regulations. Regulations establish a procedure for termination of employment for HoDs.

Turnover rate of accounting officers

Turnover rates for accounting officers (directors general) were analysed, looking at 39 government departments and entities. Some departments were excluded from the analysis because they are new and have had only one director general appointed to date. On average, the period for analysis was 1999 to 2011, based on availability of information received. The system provided basic data on the level and frequency of turnover for the assessment period. Data within these systems do not reflect reasons for departure or movement, but do provide a broad picture of turnover amongst HoDs. This information builds a global picture of the scale of turnover experienced for the period of the assessment. The PERSAL records provide information on each instance where there is a change in who is legally designated as the HoD.

According to the Public Service Commission every new director general may introduce new strategies and plans, so frequent changes in HoD may subject a department to a process of frequent change. This problem is exacerbated when there is no proper handing over and taking over of procedure. Whenever there is a change in public service leadership, there must be a proper handing over and taking over, especially when there is a transition from one electoral term of government to another.

Of 177 Directors General analysed, 96 were permanent and 81 were acting. It is not possible for all Directors General to be in a permanent capacity, but for 81 (45.8%) to be acting Directors General is unacceptable. This high turnover is likely to compromise service delivery and the management of public finance; it decreases accountability because new Director Generals cannot give proper account of a department's activities in the previous period when appearing before Parliament. When asked questions by parliamentary committees, many Directors General simply use their brief tenure in office as an excuse to be engaged in, and defend, corrupt actions. Instability increases when there is frequent alteration in leadership.

Current Director Generals are excluded from the analysis since they are still occupying their offices. Data show that the Department of Public Works had the highest turnover rate: 11 Directors General in 12 years. This Department has been at the centre of controversy on issues of maladministration and tender fraud. Given the financial maladministration reported in this department, such a turnover rate is not surprising and unacceptably high. Serious intervention is needed to ensure sustainability of Directors General in this Department.

A high turnover rate was experienced by the Department of Sports and Recreation (nine Director Generals), the Public Service Commission (eight) and Correctional Services (eight). The finding is particularly disturbing for the Public Service Commission since section 196(4)(b) of the Constitution, read in conjunction with sections 9 and 10 of the Public Service Commission Act, Act 46 of 1997 mandates the Commission to investigate, monitor and evaluate the organisation of administration and personnel practices in the public service.

Other departments presented a better picture. For example, the Department of Women, Children and People with Disabilities has had two Directors General only since its inception in 2009. Looking at the average length of time a director general spends in office, this Department is not unique.

A worrying finding is that 42% of directors general analysed spend less than one year in office, either in acting or permanent appointments. As mentioned earlier, directors general are appointed for a period of three to five years but only 7.3% of Directors General spend three to four years in the same office, and only 2.6% stay five years. According to the Public Service Commission, the turnover of HoDs across national public services depends on various contextual factors, notably the legislation and regulations that govern appointments and terminations, shaped by the national history of the public service in question.

In countries such as Canada, the trend is towards higher turnover levels but experiences vary across different countries and different public service systems [17]. Some systems tend to promote stability amongst the heads of public institutions while others view turnover as necessary for innovation and performance purposes [18]. A study of political appointments in governments across the world, undertaken by the Japanese government, suggests that public sector HoDs rarely stay in office in a particular position for over four years [18]. In the United States, employment mobility is high, since many politically appointed HoDs do not stay for a complete term of office of the President [10]. In France, although many HoDs are appointed from within the career civil service, they seldom remain in the same position for over four years and often move to comparable positions in public service. In Germany there is a similar pattern. Cote and Holland reveal that in Canada the length of assignment of officials fell to 2.7 years between 1997 and 2007, from an average tenure of four years in the previous decade.

The system for appointing and dismissing HoDs in South Africa resulted from past experiences and post-apartheid transformation. The British system of the professional career HoD has largely been substituted by a mixture of politically and contractually-based appointments. In changing the system from permanent appointment to contracts, government's intention was to ensure that innovations be brought into the public service, and that HoDs could be held more accountable for delivery on results through time-based performance contracts. The final and formal authority for appointment of HoDs resides with the President. The above analysis provides an overview of the turnover rate of directors general in government departments. It is evident that turnover rates vary from one department to the next

and are unacceptably high in some departments. This is a challenge for Legislature since proper accountability is not guaranteed by departments, particularly in respect of finances. Global trends suggest that South Africa is not unique in its turnover rate, but clearly, rigorous intervention is required to reduce the turnover rate to ensure continuity of office and accountability of public finance in the interests of good governance.

Public accounts committees

The mandate of the Public Accounts Committees in South Africa is drawn from sections 55 and 114 of the Constitution. Section 55(2) outlines the oversight powers of the National Assembly, requiring that it "provide for mechanisms to ensure that all executive organs of state in the national sphere of government are accountable to it; and to maintain oversight of the exercise by the national executive authority, including the implementation of legislation; and any organ of state".

The Standing Committee on Public Accounts (SCOPA) is considered the most influential Public Accounts Committee of Parliament. This Committee examines the Auditor-General's annual reports on the financial affairs of public institutions. SCOPA is the mechanism through which the National Assembly exercises control over expenditure of public funds which it allocates annually to executive organs of state in the national sphere of government. SCOPA examines financial statements, as well as audit reports, of the statements of all government departments and constitutional institutions [4].

SCOPA needs appropriate information to fulfill its functions properly. The Constitution recognizes this need by providing for the establishment of the Auditor-General who has the powers and functions to audit and report to Parliament on, *inter alia*, accounts, financial statements and financial management of national departments and other public sector institutions to be audited as required by section 188 of the Constitution. SCOPA's aim is to ensure that government departments are accountable and responsible to Parliament, which represents South Africa's citizens.

Since its inception, SCOPA has held several public hearings in an effort to ensure responsibility and accountability. Although SCOPA can boast several successes, it faces many challenges that affect its ability to conduct oversight efficiently and effectively. SCOPA needs to adopt practical measures to enable it to carry out its oversight functions properly-it lacks technical experts and adequate financial resources to increase its oversight capacity [11]. Another challenge is government departments' failure to cooperate and implement SCOPA's resolutions. The Auditor-General and SCOPA reports often repeat recommendations year after year but there is little improvement (see Table 4, which shows that most departments resolved fewer than half of SCOPA resolutions). Resolutions in the area of compliance are ignored; reporting on predetermined objectives has received almost no attention. It is encouraging that action has been taken on almost all resolutions but most actions have not been completed. Many resolutions are carried over from previous years, so completion of actions needs careful monitoring.

Despite these difficulties, SCOPA members sustain rigorous questioning to obtain answers on issues highlighted by the Auditor-General. Ministers will in future be called to appear before the Committee [11]. One challenge here is the party list: the Minister is the senior member of the party and members serving in committees are junior. This anomaly applies to all committees in Parliament.

SCOPA has been accused of party political bias, on the basis that

members of the ruling party who constitute the majority of members on the Committee refuse to express an opinion that could harm the party [19,20]. SCOPA's membership increased from ten members in 2003 to 15 members in 2010. The turnover rate of SCOPA members remained relatively low between 2006 and 2009 yet started to increase in 2010, a year after the national elections. This finding suggests that change of leadership influences turnover rate. This deduction is supported by the high turnover rate of SCOPA in 2004, which was an election year. It may be argued that other parliamentary committees experience similar challenges. This experience poses a threat to the effectiveness of committees such as SCOPA which interrogate senior members of departments to gain clarity on certain matters. They call for feedback at subsequent meetings when at the next meeting there are new members who are not familiar with the issues on the table. This difficulty is a threat to democracy and accountability.

The South African parliamentary oversight committee system is structured to promote accountability by the Executive. But the effectiveness of the Legislature may be hampered by the fact that members of the Legislature are junior members of the party, while the Executive is normally chosen from amongst senior members. For instance, the Minister is the senior member. This incongruity may pose problems for the Legislature in holding the Executive accountable.

A practical example is the case of the Minister of Defence. In 2010, SCOPA held a meeting with the acting Secretary of Defence and several senior officials, regarding the Department of Defence's qualified audit reports from the Auditor-General. The delegation from the Department of Defence was asked to leave after it failed to provide SCOPA with credible answers to questions relating to wasteful expenditure and irregularities around the purchase and awarding of tenders. This forced departure was reported on national television. Since then, SCOPA has repeatedly failed to persuade the Minister of Defence to appear before it and account for the state of financial management in the Department. This refusal has led to tension between SCOPA and the Minister. The Portfolio Committee on Defence failed to oblige the Minister to comply. Thus it may be asked what powers SCOPA has if members can refuse to appear before it. Ministers see themselves as senior party members and are offended if called to appear before parliamentary committees.

Conclusion

In conclusion, it has been established that sound governance is essential for ensuring sound, sustainable human development. The challenge facing all countries is to create a system of economic governance which promotes the process of sound decision-making which directly or indirectly affects a country's economic activities or its relation with other economies. Economically developing and transitional countries have to reduce, if not eliminate altogether, the subversive impact of corruption in economic activities, establish strong institutional frameworks and strengthen the administrative and technical capacities of public administrators to achieve sustainable socio-economic development.

Many dynamics affect public financial accountability and responsibility, including high turnover among accounting officers and parliamentary committee members, which has a negative impact on good governance. Governance must be analysed in the context of public finance to meet basic criteria such as accountability, responsibility and transparency. Structures supporting governance are important, as is their functioning. These institutions must support governance in the context of the PFMA. If these structures and institutions are not

managed effectively poor accountability and lack of responsibility for public finance follow. It is important for departments to understand that they do not operate in isolation but need each other in the interests of good governance.

This study analysed the turnover rate of directors-general as accounting officers for government departments in South Africa. The findings show a high turnover rate which is of grave concern to the legislature: proper accountability is not provided by departments, particularly financial accountability. It is concerning that most directors-general function in an acting capacity: it is common knowledge that individuals in such positions avoid taking decisive or tough action, since some hope to be appointed permanently in those positions. Global trends suggest that South Africa is not unique in this turnover rate. More rigorous intervention is required to reduce the high turnover, to ensure that there is greater continuity of office. Such intervention should improve accountability regarding public finance, good governance and retention of institutional knowledge.

Recommendations

In view of the above findings, it is recommended that:

- To be effective, parliamentary oversight bodies be granted specific, authoritative powers, and use these powers appropriately, to hold officials accountable;
- Committee members should serve at least for the term of office of the President or government (five years);
- There is a system in place to retain talent in the public service, particularly among directors-general, who need to be retained to assist legislative bodies in ensuring public financial accountability, by making sure there are people to account to, and give answers, when necessary;
- The appointment of Directors-General be removed from the President and given to the Department of Public Service and Administration. International experiences of the effects of high turnover of Directors-General suggest the current system in South Africa be retained while strengthening recruitment and selection processes,

Directors-General be recruited for permanent positions in the public service.

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