Progress with the implementation of the PFMA

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Introduction

After six years of implementing the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), there are measurable improvements in the quality of financial management in both the national and provincial spheres of government. These include, amongst others:

- an improved linkage between planning and budgeting whereby departments are now required to compile and table strategic plans that are consistent with their budget allocations;
- strategic plans and budget documentation containing improved information on measurable objectives which are expressed in terms of quantity, quality and timeliness;
- departments submitting monthly expenditure reports on actual expenditure incurred as well as on projected expenditure for the remainder of the financial year;
- risk management processes now being implemented by institutions;
- the establishment of internal audit functions and audit committees in all institutions;
- the setting of accounting standards in accordance with best accounting practices, both locally and internationally;
- the finalization and submission of annual financial statements to the Auditor-General within two months of the end of the financial year;
- the tabling of annual reports (including financial statements) in the legislature within six months of the end of the financial year;
- the Auditor-General being of the view that the PFMA has contributed towards improvement of financial management in the public sector: for example, three national departments obtained clean audit reports for the 2004/2005 financial year, and only five national departments received qualified audit opinions for the same financial period;
- independent views being expressed that despite the private sector having to conform to the longstanding and established Companies Act, 1974, the King II Report on Corporate Governance in South Africa and other comprehensive reporting frameworks, the quality of public sector annual reports is superior to those of the private sector; and
- the Office of the Public Service Commission (OPSC) reporting that 2378 officials have been charged for financial misconduct between the financial years 2001/2002 to 2004/2005.

From the above it is clear that the Act has contributed positively towards the enhancement of public sector financial management and it has also transformed the manner in which public finances are now administered.

Despite the PFMA having clear and noble intentions to improve financial management in the public sector, some institutions still appear to be struggling with certain aspects of its implementation. This has led to the Auditor-General expressing concern in his 2004/2005 General Report on Audit Outcomes that certain areas of financial management were still problematic, especially within national departments. In this regard, the Auditor-General has specifically identified the following areas that still appear to pose challenges:

- Internal Audit and Audit Committees;
- Risk Management and Fraud Prevention;
- Internal Controls;
- Asset Management;
- Annual Reports and Financial Statements;
- Supply Chain Management;
- Transversal Systems; and
- Performance Information.

Recognizing that some institutions are experiencing difficulties, the National Treasury has undertaken several initiatives to provide support and guidance to departments, constitutional institutions and public entities so as to assist these institutions with implementation of the PFMA.

Internal audit and audit committees

The concepts of internal audit functions and audit committees were only introduced in the public sector during 2000, after introduction of the PFMA and its subordinate Treasury Regulations. Although most institutions have met the legislative requirements for their establishment, the Auditor-General has raised the following concerns related to the operations of internal audit functions and audit committees:

- Internal audit functions and audit committees are ineffective;
- Audit committees are not operating in terms of a written terms of reference, as required by Treasury.

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Acknowledging that problems were being experienced in the areas of internal audit and audit committees, the National Treasury has undertaken several initiatives to provide departments with guidance in this regard. Chief amongst these initiatives was the development of an Internal Audit Framework, which was compiled to provide a set of guidelines that would create the necessary impetus for a sustainable and effective internal audit mechanism in Government. The Framework was also benchmarked against international best practices and provides a sound basis for the establishment and maintenance of effective and efficient internal audit activities and audit committees. The Framework was initially introduced in February 2002 and was subsequently revised in December 2004 to ensure alignment with latest developments in internal audit.

The National Treasury also arranged capacity building initiatives with a view to providing practical guidance to internal audit personnel. During the 2005/2006 financial year, 556 internal audit personnel from national and provincial departments benefited from the roll-out of 24 training courses on Managing the Internal Audit Function and A Practical Approach to Internal Auditing. Ad hoc training was also conducted in certain departments on specific internal audit related issues.

It was also considered prudent to build the capacity of internal audit personnel through interaction with peers in the profession. National Treasury subsequently established the Chief Audit Executive Forum, to serve as a platform for internal auditors to share knowledge, information and experiences. The Forum currently meets every two months and the secretariat function is performed by the National Treasury.

The National Treasury continues to conduct internal audit reviews in departments to determine their level of compliance with Standards of the Institute of Internal Auditors (IIA) and with applicable legislative prescriptions. These reviews also provide the National Treasury with an opportunity to identify gaps and to respond appropriately. In total, compliance reviews were conducted in 30 national departments and in 109 provincial departments, the results of which were communicated to the respective departments. These reviews are aimed at preparing departments for their External Quality Assurance Reviews, required in terms of Standard 1312 of the Institute of Internal Auditors.

The effectiveness of internal audit activity is to a large extent dependent on the effectiveness of audit committees. The Auditor-General has, however, on several occasions reported that audit committees in Government are generally ineffective. Many of them do not operate under written terms of reference. In an attempt to assist in this regard, all National Treasury’s senior managers involved with internal audit currently serve as observers on audit committees of national departments. This initiative was taken with the intention of providing accounting officers and audit committee members with feedback that would enable them to make the necessary improvements. This form of oversight also provides the National Treasury with an opportunity to identify possible risk areas, after which guidance is provided on how to manage such risks.

Recognizing that the ineffectiveness of audit committees is a matter for concern, the National Treasury is in the process of establishing a Public Sector Audit Committee Forum (PSACF) with the aim of identifying suitably qualified and capacitated persons to serve on this Forum. The intention is to recruit such persons who will be deployed to the audit committees of the various departments. The Forum will mostly target persons who have previously served on audit committees and who can commit to, and add value to this process. This method would also ensure the appropriate transfer of skills to current members of audit committees.

**Risk management and fraud prevention**

Risk management is central to any organisation’s strategic management and is a process whereby the organisation addresses risks attached to its activities. The PFMA requires departments to have and to maintain effective, efficient and transparent systems of risk management, whilst the Treasury Regulations oblige departments to conduct regular risk assessments and to develop risk management strategies, which should include a fraud prevention plan.

At the time of its introduction in the public sector, risk management was a relatively new concept and therefore the National Treasury considered it reasonable to provide departments with guidance on understanding and implementing its concept. This led to the development of a Risk Management Framework, which provides a generic guide for the implementation of risk management strategies in the public sector.

Despite the aforementioned initiative, departments still appear to be experiencing difficulties with the implementation of risk management systems to the extent that the AG has expressed concern regarding the non-performance of risk assessments and the absence of risk management strategies and fraud prevention plans. Having recognised these difficulties, the National Treasury has undertaken several initiatives to help build capacity amongst risk management personnel as well as to provide support to departments on matters related to risk management.

During the 2005/2006 financial year, 211 risk management personnel from national and provincial departments benefited from the roll-out of 8 training courses on The Fundamentals of Risk Management. Initiatives are currently at an advanced stage for the development and roll out of training interventions focussed on the Intermediate and Advanced levels of Risk Management. The National Treasury has also been actively involved in assisting departments by providing them with services necessary to establish a minimum level of risk management practice. These include assisting departments to perform risk assessments and to develop risk management plans.

Similar to the Chief Audit Executive Forum, the National Treasury has also established a Risk Management Forum (RMF) with the aim of improving the capacity of risk management personnel through their interaction with peers in the profession. The Forum serves as a platform for risk management practitioners to consider matters of mutual interest and to share knowledge, information and experiences related to risk management. The Forum currently meets every two months and the secretariat function is performed by the National Treasury.

The National Treasury has also procured a risk management solution that is aimed at providing stakeholders with assistance for the development of their risk management programmes. To date, the National Treasury has successfully utilised the solution to develop risk registers in 16 departments.

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provincial departments. Given that national and provincial departments, constitutional institutions, public entities and municipalities could all benefit substantially from direct access to this solution, a master agreement was negotiated with the supplier, which permits the National Treasury to grant the aforementioned institutions access to the solution.

The solution, when fully implemented, will also enable the National Treasury to interrogate and consolidate risk information in a variety of formats, which will be the basis for consolidated risk reporting, highlighting the areas where capacity building is required and developing a risk profile for the public sector.

## Internal controls

Section 38 of the PFMA requires accounting officers to ensure that their institutions have and maintain effective, efficient and transparent internal controls. Significant because of the lack of policies and procedures, departments have weak and unreliable internal controls, significantly because of the lack of policies and procedures.

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## Asset management

Good asset management is imperative in any business environment and is vital to providing a reliable foundation for economic activity. Dependable asset management is even more critical in the public sector, especially since a significant portion of state assets are infrastructure assets with long life spans and enormous capital outlays. Recognising the importance of asset management, the National Treasury considered it imperative that guideline material be developed to provide departments with assistance to meaningfully implement sound asset management principles. This led to the development of an Asset Management Framework in 2001 which was developed to provide a contextual view of asset management. During 2004, the National Treasury revised the Framework to strengthen the understanding of concepts around asset registers, including the minimum information that it should contain. The theoretical part of the Framework sets out the high level principles and the life cycle approach to asset management based on local and international best practices. The practical (learner’s) part of the Framework was developed for capacity building purposes where detailed explanations of the concepts contained therein are provided for each phase of the asset life-cycle.

Despite the aforementioned initiatives, departments still appear to be experiencing difficulties with asset management which has resulted in the Auditor-General raising the following concerns:

- Incorrect asset descriptions in the Asset Register;
- Assets could not be physically verified;
- Assets could not be uniquely marked;
- Assets not uniquely marked;
- Assets could not be traced to the Asset Register;
- Assets registers are incomplete or are not updated regularly.

From previous General Reports of the Auditor-General, it would appear that implementation of sound asset management principles continues to be problematic notwithstanding the implementation of the PFMA. In this regard, the National Treasury has undertaken several initiatives to assist departments with implementation of sound asset management principles. Of particular importance was the initiation of a project during the 2001/2002 financial year whereby all departmental assets (national and provincial) were required to be captured in asset registers. Departments were required to complete the capturing process by 31 March 2004 after which regular status reports were requested through the use of questionnaires. Specific questions were asked in order to identify the level of progress as well as the problems being experienced. Progress made in meeting the deadline of 31 March 2004 varied from department to department. In some departments, the process was completed successfully whilst others experienced difficulties, citing capacity constraints and the lack of suitable systems as their main reasons for not meeting the deadline. To assist departments with the systems issue, the National Treasury developed a basic asset register on the existing LOGIS system. Departments that did not operate on LOGIS were required to make use of a web based asset register (WebTool).

The National Treasury also undertook training initiatives to assist departments develop skills required to successfully implement the reforms associated with asset management. During October 2004 the Asset Management Learner’s Guide was introduced and awareness workshops were conducted in all provinces and national departments at which the basic principles of asset management were dealt with. Questions were taken at the end of each section and practical problems faced by departments were discussed and the principles from the learner material applied. This resulted in peer group discussions and general information sharing between departments.

Subsequent to the awareness workshops, status assessments were conducted in each national and provincial department through the use of an ‘As-is’ questionnaire. The questionnaire focused mainly on the structure of a department, systems in use (both electronic and manual), and the department’s capability to meet the minimum requirements for an asset register. It also investigated processes relating to transactions for assets. The existence and implementation of policies and strategic plans (acquisition, disposal, maintenance and replacement) were also interrogated through the questionnaire.

During July 2005, the National Treasury championed the establishment of asset management support units in all provincial departments.
treasuries with the aim of providing localised support to asset management personnel in the provinces. These units, which consist of provincial treasury personnel, also monitor implementation of the broad departmental implementation plans and provide guidance and training to provincial asset management teams (made up of departmental personnel).

During August 2005, two workshops were conducted in each province with a view to transferring skills in asset management and to explain the reason for the methodology to be used with the new initiative. These workshops provided clarity on the essence of the broad implementation plan and the meaning of each milestone contained therein. Subsequent to the second workshop, departments were required to refine their implementation plans and to ensure that all details were included in the plans. The departmental plans were required to indicate whether deadlines were achievable, to detail the steps and individual tasks and to nominate who was responsible for each. During November 2005, a similar process was introduced for national departments for the designing of department specific implementation plans.

A separate asset management forum has not been established for national departments since asset management is a standing item at all Chief Financial Officer Forum meetings. Matters of mutual interest are discussed at these meetings, during which the National Treasury renders support for and provides solutions to problems encountered.

Recognising that asset management policies and procedures were largely absent in departments, the National Treasury developed a basic asset management policy and procedure checklist to assist departments with the formulation of their policies and procedures. In general, the National Treasury continues to actively monitor progress with asset management to ensure that all national and provincial departments have the same level of asset management by the end of the 2007/08 financial year.

### Annual reports and financial statements

**Framework for Materiality and Significance**

Treasury Regulation 28.3.1 requires public entities to develop an agreed framework of materiality and significance with their respective executive authorities. Despite the concepts of materiality and significance being relatively common terms in the accounting arena, public entities appeared to be experiencing difficulties with this regulation's interpretation. This has led to the Auditor-General recommending that National Treasury should issue guidance on what should be contained in the framework for materiality and significance. In this regard, the National Treasury issued a detailed practice note during July 2006, providing public entities with guidance for the development of their significance frameworks. A similar practice note is currently being developed to provide guidance on materiality.

**Monthly management reports**

The National Treasury intends introducing monthly management reports with a view to ensuring consistent monthly reporting across departments. This improved process will also contribute to the enhancement of financial management within departments since regular financial management information would be available as the basis for any corrective measures that need to be taken. Monthly management accounts will also result in faster finalisation of the annual financial statements which will also result in reduced time being spent on the audit of such statements. This process has the buy-in of national and provincial chief financial officers. It is envisaged that the process will be rolled out over the next two financial years so as to smooth out any operational difficulties before it is formalised. Providing monthly management accounts will also have the effect of achieving earlier compliance with PFMA deadlines for the tabling of annual reports and financial statements in the legislature.

### Consolidated annual financial statements

Section 8 of the PFMA requires the National Treasury to prepare consolidated annual financial statements for national government as a whole. At present these statements are prepared for national government and are required to be tabled in Parliament by 31 October of each year. Using a similar approach to monthly management accounts, the National Treasury is in the process of introducing the preparation of monthly consolidated cluster management accounts. These monthly consolidated cluster management accounts will provide a breakdown of the consolidation per cluster, which will result in meaningful information being presented on a more regular basis. Information will also be provided separately per cluster which will assist stakeholders to make strategic decisions during the financial year.

### Supply chain management

The PFMA requires accounting officers to ensure that their institutions maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. In an attempt to ensure consistency in the procurement arena of Government, Cabinet approved a Policy Strategy to guide Uniformity in Procurement Reform Processes in Government. This Policy Strategy recommended, amongst others, the issuing of a regulatory framework aimed at promoting sound financial management. This led to the National Treasury promulgating a Framework for Supply Chain Management which introduces international best practices and uniformity in procurement reform. The Framework, which forms part of the Treasury Regulations, applies to all national and provincial departments, constitutional institutions and public entities listed in Schedules 3A and 3C to the PFMA. The National Treasury also issued Treasury Practice Notes to ensure uniform application of the new systems and to standardise bidding documents.

Whilst the Framework and the Treasury Practice Notes provided the broad principles of supply chain management, accounting officers were required to develop their own internal supply chain management policies and procedures in line with the business needs of their respective institutions. During February 2004, the National Treasury issued an Accounting Officers Guide which sets out the philosophy behind adoption of an integrated supply chain management function across Government. The Guide also explains the impact of the changes for accounting officers at each step of the supply chain management cycle and provides them with guidance for the development of their internal supply chain management policies and procedures.

Notwithstanding the aforementioned reforms, departments still appear to be experiencing difficulties with implementation of certain aspects of supply chain management to the extent that the Auditor-General has raised the following concerns:

- No approved supply chain management policies;
- Supply chain management systems not implemented; and
- Non-compliance with supply chain management policy.
The National Treasury has, in addition to the Accounting Officers Guide, also provided departments with a checklist intended to guide accounting officers in the implementation of supply chain management. This checklist was also used by the National Treasury as a tool for the collation of information from departments, and to monitor their progress with implementation of supply chain management. Feedback from departments provided an indication of areas in which difficulties were experienced. Using this information, the National Treasury was able to provide departments with the necessary guidance.

The effective implementation of any reform requires adequately trained personnel. In this regard, the National Treasury identified that it was imperative for them to train supply chain management practitioners so that the reforms would be implemented effectively. This led to wide scale training interventions taking place during 2005/2006. In total National Treasury funded the training of 218 specialists and national personnel from national and provincial departments at 65 training courses.

The National Treasury also considered it prudent to build the capacity of supply chain management practitioners through their involvement in and interaction with peers in the field. This led to the establishment of a Supply Chain Management Forum (SCMF) which was primarily created as a platform for practitioners to share knowledge, information and experiences related to supply chain management. The Forum has contributed positively towards achieving, amongst others, economies of scale, effected by joint participation in bids, by promoting South African products, by sharing information on global best practices on supply chain management, and by actively promoting the prevention of corrupt activities.

Transversal systems

The National Treasury is currently the custodian of the Basic Accounting System (BAS), the Personnel and Salary Systems (PERSAL) and the Logistical Information System (LOGIS). These transversal systems are operational in national and provincial departments, save for a few (SAPS, Defence, North West Province and a few others). Despite the fact that these systems have been used by government for a relatively long period, the Auditor-General is convinced that there is a lack of trust in controls related to the transversal systems. Whilst it is acknowledged that certain areas of control need attention, the National Treasury is of the view that the National Treasury, SITA and the user departments all have certain responsibilities regarding the overall control environment.

In the greater scheme of things, Cabinet approved the Integrated Financial Management Systems (IFMS) Project which aims to address the anomalies experienced with the current systems. The primary objective of this Project is to refocus SITA on its primary mandate, which is to provide IT support to Government and to improve financial management by providing improved, integrated financial management systems solutions. Phase I of the Project culminated into a proposed two-phased strategy which was adopted by Cabinet on 14 September 2005. In essence this phase proposed that Phase II will focus on the development of a technical architecture for future financial management systems and the establishment of a Primary System Integrator (PSI) capability within SITA. These processes are anticipated to be completed within 18 - 24 months.

Phase II of the IFMS Project has already commenced and it is anticipated that certain deliverables may be realised ahead of schedule. As a consequence certain Phase III components will be rolled out before the planned schedule. Phase 1 also proposed that Phase III should focus on the development, acquisition and roll-out of the systems solutions to user departments in line with the overall architecture, a process which was anticipated to be completed between 2 - 5 years. The final implementation of the IFMS Project will ultimately lead to the replacement of all the current transversal systems, including the financial management systems in place at SAPS, Defence and the North West Province. The IFMS Project will therefore provide an opportunity to review general controls on all the transversal financial management systems. This process will ensure that controls are significantly improved, to the extent that the Auditor-General will have sufficient confidence to rely on the information that these systems provide.

Section 27(4) of the PFMA requires accounting officers of departments to ensure that the annual budgets that they introduce in the legislature contain measurable objectives for each main division within the vote.

Similarly, section 55(2) of the PFMA requires annual reports and financial statements of public entities to fairly represent the affairs of the public entity, including its performance against its predetermined objectives.

The aforementioned measurable and predetermined objectives refer to performance information that provide a snapshot of the impact that the programme is expected to have, how this will be achieved and the performance level that citizens can expect from each entity.

While this is easily recognisable in measurable objectives of departments that provide a direct service to the public, variations are evident in administrative and policy departments and in agencies. While the Estimates of National Expenditure (ENE) contain measurable objectives for each main division and is complemented by detailed programme outputs and targets, more specific service delivery indicators are published in departmental strategic plans.

With introduction of the Public Audit Act, 2004, the Auditor-General is now obliged to audit performance information. Such audits are being phased in gradually. Since the commencement of performance information audits, the Auditor-General has taken the view that the quality of performance information provided by institutions needs improvement. Fundamental flaws that have been detected include:

- Performance information and reporting is fragmented;
- Performance information is not reported in the annual report;
- Objectives and performance information reflected in the annual reports, the ENE and the strategic plans of a department differ from each other;
- The non-achievement of objectives are not reported or explained in the annual report;
- There is a lack of monitoring at programme, departmental and at national level;
- National Treasury should establish a dedicated unit to provide ongoing assistance and guidance on matters related to performance information.

Having taken cognisance of the above, the National Treasury will shortly issue a detailed guide on performance information, which will reflect recent trends and international best practice. This guide will provide consolidated guidance for the formulation of performance information and will accommodate all spheres of government and their entities. It will also assist public sector institutions with the formulation of measurable objectives and related performance information and will facilitate the implementation of performance auditing. In addition, the guideline will cover alignment between performance information contained in strategic plans, annual reports, the ENE and the monitoring, evaluation and reporting requirements of other central government departments and agencies.
Capacity building initiatives

During January 2005, the South African Management Development Institute (SAMDI) developed a Financial Management Training Strategy in association with the National Treasury. In terms of this strategy, SAMDI will be responsible for, amongst others, entering into partnerships with training service providers for the large scale roll out of financial management courses, overseeing the development of course material and the presentation of courses, providing post training support and benchmarking financial management training both nationally and internationally.

National Treasury elected to provide SAMDI with support by, amongst others, rendering financial assistance for the roll out of financial management training and providing human resource support to facilitate strategic sessions for financial management training.

After going through a bid process, SAMDI has identified training service providers who will soon roll out training on courses related to Governance and Audit Committees, Revenue Management, Expenditure Management and Public Financial Management for Non-Financial Managers, to name but a few.

Consideration will also be given to packaging short courses into structured programmes/certificates for the various levels and target groups, particularly senior management, middle management, chief financial officers, programme managers, non-financial managers, etc.

Conclusion

The National Treasury has embarked on several initiatives with a view to assisting departments rectify concerns raised by the Auditor-General in his General Report for the 2004/2005 financial year. To this end, frameworks and guidelines have been developed, practice notes have been issued and formal and informal engagements have taken place with departments, all with the view to ensure improvement in financial management.

In addition, forums have been established, training courses have been rolled out and a Financial Management Training Strategy has been supported, all being initiatives to assist with the development of human capital in the public sector. These initiatives are also consistent with National Treasury’s responsibility [in terms of section 6(2)(d) of the PFMA] to assist departments and constitutional institutions in building their capacity for efficient, effective and transparent financial management. These initiatives will also assist in promoting implementation of the PFMA, both in letter and in spirit.

Sections 6(2)(b) and (c) also require the National Treasury to monitor, assess and enforce implementation of the Act in departments, constitutional institutions and public entities. In this regard, the National Treasury reiterates its commitment to ensure regular interaction with all PFMA compliant institutions with a view to exercising its enforcement and oversight responsibilities, as prescribed by the PFMA.

Private sector auditors functioning in the public sector domain

A two-edged sword?

(Continued from page 8)

END NOTES:

1. In its comments on the Draft Public Audit Bill the Southern African Institute of Government Auditors (SAIGA) pleaded that the Act should require disclosure (in the audit report) of certain facts regarding the use of “authorised auditors” by the Auditor-General during the audit of an institution or department. Details to be disclosed by the Auditor-General are:
   - nature and extent of the assistance by private sector auditors
   - names of all “authorised auditors” used
   - total fees paid to each “authorised auditor”
   - analysis of such fees into categories (type of work, level of engagement, etc.).

This kind of information would not only empower the users of the Auditor-General’s reports to assess for themselves the nature and extent of the reliance on private sector auditors, but where these private sector services were used responsibly and in a balanced manner, the information would underscore the Auditor-General’s independence.

Unfortunately, the SAIGA proposals were not accepted, depriving the Auditor-General of a long held advantage of leading by example in areas such as transparency and accountability.

2. Given the current arrangements in the PAA, and the Auditor-General’s decision not to engage in audits of public entities, these public entities which in some cases represent South Africa’s largest companies (for example Telkom, Transnet, Eskom) are at risk of being audited in manners that do not harmonise with overall requirements set for these entities. Since, for example, the syllabus of the (private sector) Registered Auditors does not provide for performance audits and since performance audits are not regularly performed in the private sector, and since the PAA does not prescribe a performance audit of section 4(3) institutions, it is highly unlikely that the privately audited section 4(3) institutions will be subject to an audit of its efficient, effective and economical utilisation of its resources. Taking into account that the PFMA specifically requires these institutions to operate and report within a system of statutory performance management, the performance audit is a definite requirement and the failure of providing such performance audit reports not only holds back efforts to implement the new management approaches introduced by the PFMA and Treasury Regulations, but also seems to be contrary to the public interest.

As is also apparent in other sections of the PAA, it seems as if the drafters of the PAA were obsessed with the objective of formulating sections that accommodate the private sector audit industry within public sector audit spheres under the most favourable circumstances to the private sector - circumstances which are not necessarily in the public sector interest. As is the case with many issues that are and have been driven by the power and influence of the private sector audit industry, the ultimate loser routinely turns out to be the public.

3. This year, the Southern African Institute of Government Auditors (SAIGA) presented a financial Skills Development Model for the public sector. This model must be seen against the background of initiatives such as the Joint Initiative on Priority Skills Acquisition (BPSA) and the broader objectives of the Accelerated and Shared Growth Initiative of South Africa (ASGISA). Although South Africa’s public sector generally experiences skills shortages at many levels, the financial sector is particularly adversely affected. Whilst the private sector has in operation a highly effective system to ensure a constant supply of financial skills, no such system has to date been implemented for the public sector.

The SAIGA model shows how wider recognition of the RGA by specific role-players and the integration of the RGA concept in strategic approaches by specific public sector entities and universities will provide a continued long term supply of financially skilled professionals to the public sector. This is exactly what South Africa needs.

Wider recognition of the RGA (particularly by the Auditor-General) would not only address the Auditor-General’s capacity issues, but that of public sector institutions and also advance professionalisation in all public sector entities and ensure a constant stream of competent profession- als to join the public sector.

The full Financial Skills Development Model for the public sector is available on the SAIGA website.