



The Chartered  
Institute of  
Management  
Accountants®

**Chartered Institute of Management Accountants**  
**Response to the National Implementation Framework towards the**  
**Professionalisation of the Public Service**

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## 1. Introduction

The Chartered Institute of Management Accountants (CIMA) thanks the National School of Government for the opportunity to offer a response to its invitation to comment on: A National Implementation Framework towards the Professionalisation of the Public Service (the implementation framework).

### 1.1 About the Chartered Institute of Management Accountants

CIMA, founded in 1919, is the world's leading and largest professional body of management accountants, with members and students operating in 184 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector, and not-for-profit organisations. CIMA works closely with employers and sponsors leading-edge research, constantly updating its qualification, professional experience requirements and continuing professional development to ensure it remains the employers' choice when recruiting financially trained business leaders.

CIMA is recognised as a professional body by the South African Qualifications Authority (SAQA) in terms of the National Qualifications Framework Act, 2008 (Act No.67 of 2008) (NQF Act). CIMA South Africa began operations in 1955 and has grown consistently in terms of students and members. CIMA South Africa represents over 3,000 members and 10,000 students.

Chartered Global Management Accountant (CGMA), awarded to members of CIMA, is the most widely held management accounting designation in the world. It distinguishes more than 150,000 accounting and finance professionals who have advanced proficiency in finance, operations, strategy, and management. The CGMA designation is underpinned by extensive global research to maintain the highest relevance with employers and develop competencies most in demand. CGMAs qualify through rigorous education, exam, and experience requirements. They must commit to lifelong education and adhere to a stringent code of ethical conduct. Businesses, governments, and non-profits around the world trust CGMAs to guide critical decisions that drive strong performance.

CIMA is a founder member of The Association of International Certified Professional Accountants (the Association), the most influential body of professional accountants, combining the strengths of the American Institute of CPAs (AICPA) and CIMA to power opportunity, trust and prosperity for people, businesses and economies worldwide. It represents over 650,000 members and students in public and management accounting and advocates for the public interest and business sustainability on current and emerging issues. With broad reach, rigor and resources, the Association advances the reputation, employability, and quality of CPAs, CIMA and CGMA designation holders and accounting and finance professionals globally.

Through our engagement with business, governments, extensive research leading up to the development of the CIMA qualification, CIMA has observed that some key points pertinent in

this case to the Implementation Framework as contained in Government Gazette 24 December 2020 #44031. Some key findings point to:

Management accounting is a key part of the analysis of both financial and non-financial data to provide information for decision making. It also ensures that both public and private sector funds are efficiently and effectively utilised on delivery through good budgeting and allocation of resources. Sound financial management is impossible without excellent financial managers and directors. Strong and competent financial management creates the basis for successful auditing. It minimises fruitless and wasteful expenditure through the implementation of strong control systems.

CIMA has over 100 years' experience in working with governments across the world to train and maintain high levels of competency and capability. CIMA would be keen to partner the National School of Government (NSG) as a professional body on NSGs 5 stated pillars of professionalisation: with focused engagement on the initial professional development as well as the ongoing professional development of financial managers in the public sector through CIMA's comprehensive competency framework and allied qualifications. Most recently, CIMA UK has worked with local partners to develop and launch a qualification designed to teach public finance managers the skills they need to manage public funds in the best possible way to deliver high quality services to the public.

## 1.2 Perspective of this response

Our response is from the perspective of an international, non-statutory professional body that is recognised by SAQA and that of a body that has operated and supported South African skills development and businesses for over six decades.



## 2. Comments

### 2.1 Support for the implementation framework

In having meaningfully engaged with the Gazette, CIMA wishes to place on record its full support for and welcomes the objective of the implementation framework. The planned outcomes with the vision of a capable state with professionalism from 'top to bottom' and, where the Public Sector of South Africa is regarded as the employer of choice by school leavers, graduates and experienced professionals, is a welcomed promise.

Moreover, the intersection of the implementation framework with and its promulgation for the National Development Plan, Vision 2030, the Medium Term Strategic Framework (MTSF) and the Standard Chart of Accounts (SCOA), especially for municipalities to achieve the efficient, economic and effective use of resources, is encouraging to us at CIMA given the extensive alignment between the capabilities articulated within the SCOA and the CGMA Framework.

In establishing a common understanding and definition of professionalisation of the Public Service in South Africa, we believe that both statutory and non-statutory professional bodies are essential stakeholders in realising this vision for the country. These bodies will be key in the design, implementation and monitoring of a structured, systematic approach to the professionalisation of the Public Service.

- Firstly, we believe that the first and most important task involves establishing cohesive public organisations. This entails clear lines of work and stability in leadership through establishing clarity on the political-administrative interface and supporting executive and public servants to each play their role appropriately.
- Secondly, building strong partnerships between the government, academia, professional associations, the private sector and civil society will deliver on core competencies, assessment, establish and promote a culture of lifelong learning. This will ensure continued skills relevance and career pathing/mobility, implementation of a code of conduct enshrined in ethics, values and principles as set out in the Batho Pele code.
- Thirdly, learning from a best practice and the case of China, only the best should be appointed to serve the country and must be appointed on a permanent basis. We need to adapt to a system of appointing or promoting staff based on the knowledge and skills required for the performance of public functions, rather than on social status or political connection.

### 2.2 Endorsement of promotion and maintenance of a high standard of professional ethics

We fully endorse the Constitutional value and the fundamental principle of the promotion and maintenance of a high standard of professional ethics as adopted within the implementation

framework. The promotion and maintenance of a high standard of professional ethics is a key priority function that CIMA members sign up do and with which they comply. We feel satisfied that CIMA has the experience to partner NSG, to offer the same Code of Conduct to public sector employees and thereby achieve professionalism and trust in the public sector. Through our years of implementing a code of conduct and monitoring our members' compliance with it, we understand and support fully that this is fundamental to sustaining the professions.

Further, CIMA's Code of Conduct and Ethics complies with the standards set by the International Federation of Accountants (IFAC). IFAC is the international regulator for the accounting profession and CIMA is proud to have been a founder member. IFAC sets global standards with regards to education and training and ethics through its Statements of Member Obligations.

### 2.3 Support for the promotion of efficient and effective use of resources

CIMA supports the promotion of the efficient and effective use of resources, and thus recommend that there be performance management of, and for, the appropriate use of resources. Professions such as Management Accounting are essential in ensuring that resources are utilised in line with the defined organisational strategies and objectives.

In the latest Finance and Accounting Services Sector Education and Training Authority (FASSET) Sector Skills Plan, concerns were raised about accounting teaching in high school, which is regarded as being below standard. The result is that school leavers are often appointed in entry-level accounting positions (especially in the public sector), without having a grasp of elementary accounting principles and transactions. They lack understanding of basic concepts such as the cash flow cycle and double entry bookkeeping. *[FASSET Sector Skills Plan Update for the Period 1 April 2017 to 31 March 2022]*

Management Accountants' role in the Public Service is therefore critical as these professionals are not only equipped with traditional accounting theory and practical application skills, but are also trained on relevant digital, financial, people and strategic business skills.

We would like to demonstrate the important role Management Accountants can play in ensuring the efficient, economic, and effective use public sector resources, using a real-life case where there had been gross misallocation of resources.



## Case Study

News reports from the year 2007, revealed that the world's third largest hospital, Chris Hani Baragwanath Hospital in Johannesburg, was grossly failing to apply efficient and effective use of its budget. Newborn babies were accommodated in cardboard boxes instead of bassinets.

A media statement released by Gauteng Health after a visit to Chris Hani Baragwanath Hospital that year, revealed that there had been 119 bassinets in the neonatal section while, at least 150 were required leading to a shortage of 31. At the cost of R2,000 per bassinet, the total expenditure to address this matter was less than R70,000.

The media statement further revealed that management of the hospital had failed to prioritise the core-functions of the hospital in the allocation of its R1,1 billion annual budget. For instance, the task team (made up of officials from the national and Gauteng Department of Health) established that the hospital was spending more than R9,4 million on telephone calls per year while only R7 million was allocated for procurement of all medical equipment including bassinets, cot-beds, infusion pumps, blood pressure machines, etc.

Proper, professional management accounting would have:

- ensured appropriate allocation of the budget to the different units of the hospital by investigating the needs of each unit of the hospital,
- prepared forecasts to predict future allocation of the budget, adjusting for unforeseen events that affect the initial budget allocation,
- performed periodic reviews and analysis of the actual spend against the budget and forecast and highlight areas of concern to the hospital management,
- created periodic reports to demonstrate concerning trends to hospital management. This means the overspending on telephone costs would have been identified, highlighted to management, and remedied much sooner.
- compiled reports to hospital managers depicting future possible trends (good or bad) and proposed responses to these possibilities,
- provided insight on how to improve the budget allocation for improved service delivery,
- measured and provided periodic reports on the performance of the different units in the hospital,
- proposed improvement initiatives for underperforming/overspending units in the hospital,



- provided a well-rounded decision enabling information to hospital management by providing qualitative reports, over and above the quantitative information, and
- ultimately provided the basis for successful auditing of the spending in the hospital, and minimised fruitless and wasteful expenditure.

We have consciously selected a case study from 2007 to demonstrate the longevity and sustainability of the CIMA management accounting competencies bringing value to business. With the launch of our new curriculum 2019, we are also capable and ready to empower public service employees to be future-fit, ready for the advent of technology and its impact on business models. This will lead to the development of a capable state that is able to compete with global best practices and capacitate employees who will be applying a diverse skills set and broad lens to the public sector. This should encompass CIMA's key competencies around: bringing in the people, leadership, technical, business acumen, digital and ethics. This links with the frameworks' intent towards Professionalisation. It also augurs well for employees to be able to offer a wide range of skills and competencies rather than an just an occupation-specific skill set. This further supports the Pillars relating to continuing learning, professional development and career progression.

#### 2.4 Support for the MTSF 2019-2024 findings

CIMA strongly supports the findings of the MTSF 2019-2014 detailed below.

“The State must address the meritocratic public service within a democratic public administration. The MTSF 2019-2024 determines a professional, meritocratic, and ethical public administration that must develop professional capabilities in the following areas:

- Knowledge and skills;
- Financial management;
- Governance and accountability;
- Infrastructure/facilities and equipment;
- Operational (business process and practice);
- ICT; and
- Project Management.”

We agree that the area of financial management is a key professional capability. It is through sound financial management that the public service can allocate resources in a manner that will maximise value to all South Africans. Management accounting professional capability supports financial management through the provision of quantitative and qualitative information to assist in decision making.

#### 2.5 Support the vision of the National Development Plan

We support the vision of the National Development Plan (NDP). In line with the NDP's highlighting of the need for competence, CIMA has produced papers and practical tools for the upskilling of finance departments across different industries and nations. We also understand that shortages of skills can lead to the failure of teams, organisations and



nations. CIMA's [Re-inventing Finance in a Digital World](#) tells the story of the research underpinning our views on how new competencies are emerging in a digital world.

We support the public service engaging professional bodies on current research findings by the bodies, in a drive to address the risk of the NDP failing, by addressing the need of upskilling and improving the capability of the public service.

## 2.6 Clarification on the meaning of phrases used in the implementation framework

Section 1.4 of the implementation framework refers to “non-professionalised’ professions”, while section 2.5 refers to “a single dispensation of professional registration and regulation”. We would appreciate further clarification and definition of the meaning of these phrases.

We **recommend** that there is a section of definitions used in any future documentation.

## 2.7 Continuing Learning and Professional Development

CIMA agrees that Continuing Learning and Professional Development is an essential part of the proposed value chain for professionalising the Public Service.

Initial professional development, usually contained in the profession's competency framework and syllabus, teaches aspirant professionals an existing body of knowledge. The role of continuous professional development (CPD) is to ensure that professionals are up to date with new developments and emerging theories and technologies. It is a critical part of any profession and ensures that professionals' knowledge is always up to date.

We **recommend** that the Public Sector aligns the requirements for CPD of professional bodies with the Public Service's own and allows external providers, such as professional bodies to provide CPD.

## 2.8 Recommended edits to the proposed implementation framework

We recommend that section 17.3, subpoint a), should be edited to start off with “In conjunction with SAQA and the NLRD,”.

Under section 17.4, ‘Continuing Learning and Professional Development’ subpoint, we **recommend** the replacement of “Finance” with “Finance and Accounting”.

Moreover, we **recommend** that section 17.5, bullet point number 5, should include CIMA as one of the bodies and stakeholders to be consulted as Management Accountants will be key players in ensuring a professionalised Public Service. This is depicted with the real-life example provided in section 2.3 of our comments.



## 2.9 Maintenance of a professionalised service

The consequences of a lack of professionalism, as detailed in the implementation framework include nepotism in the absence of formal and relevant qualifications, political interference, rivalries, lack of accountability, low staff morale, serious and growing corruption.

We **recommend** that these matters be closely monitored and addressed.

This that will ensure unprofessional behaviours and actions are identified and appropriately addressed. A nation that has applied this proposed principle successfully is the United Kingdom, through The Seven Principles of Public Life (also known as the [Nolan Principles](#)), that apply to anyone who works in the UK Public Service. The Nolan Principle of 'Accountability' requires holders of public office to be accountable to the public for their decisions and actions and they must submit themselves to the scrutiny necessary to ensure this. A key feature of the application of the Nolan Principle of accountability is consistent, appropriate addressing of non-adherence to the principle

We **recommend** that the Batho Pele principles be reviewed to add accountability as a key principle.

## 2.10 The Government Sector Wage Bill

CIMA recognises that policy and legislative reforms may be necessary to reassure trade unions that the professionalisation of the public sector will not lead job losses

It is **recommended** that the NSG show its capability to reskill and upskill workers who are at risk of job loss due to outdated skills sets. This recommendation is premised on being able to prevent job losses and, appeasing the trade unions that their members' livelihoods and lives are not at risk of unemployment and poverty. In making this recommendation, CIMA has capability and resources to join hands with the NSG to enable the commitment to reskilling and upskilling such workers.

## 2.11 CIMA support of the framework in the short to medium term

CIMA is a capable change implementation agent in the short to medium term to positively influence some key objectives of the implementation framework. CIMA also has the capability and resources to partner NSG to achieve these objectives.

We **recommend** that CIMA partners with the NSG in the ways outlined below, to enable some of the key objectives of the implementation framework to be realised.

- The reskilling and upskilling of existing public servants to attain the requisite relevant competencies needed now.
- The application of RPL to ensure the inclusion of and addressing previously disadvantaged individuals who lacked access into tertiary education.



- The support of career mobility, progression and management through meritocracy within the Public Sector. Notably, CIMA learning outcomes are not limited to formal theoretical learning but embraces all learning methodologies and platforms to build capability. Moreover, and linking with the implementation framework, CIMA assessment of competency is not limited to theoretical and formal assessments but includes a variety of reliable and valid assessment. Through such monitoring and tracking and clear articulation, there would be support for periodic evaluation of the entity and its workforce' capability to surface gaps and determine suitable interventions/learning solutions to address such gaps.
- The mechanism for the promotion of lifelong learning, a key objective of the implementation framework, and an output for the NSG, can be supported by CIMA, where one of our core capabilities is the development of CPD content.
- Transforming the profession through the application of a rigorous Code of Conduct that has earned global respect and recognition.

### **3. Conclusion**

CIMA supports the implementation of a framework towards the Professionalisation of the Public Service in South Africa. As a global professional body that has been operational in South Africa since 1955, CIMA appreciates and upholds its responsibility to co-operate with local stakeholders in achieving our national objectives, for the benefit and upliftment of all South Africans.

CIMA wishes to take this opportunity to reiterate its position in the value chain of accounting. Strong management accounting, performed by professional management accountants, ensures better financial controls and reporting. This, in turn, leads to better management and spending of public funds to provide essential services. Ultimately this will make the job of the Auditor General easier and lead to fewer qualified audit reports.

We urge the NSG to broaden its consultation with key professional bodies beyond the obvious, statutory ones to ensure that the whole value chain of the accounting and auditing profession is comprehensively involved.

Finally, we thank the NSG for this initiative and the opportunity to provide our input. We look forward to engaging further with the NSG as to the role that CIMA can and must play in re-shaping the future of public sector accounting and auditing in South Africa.