PUBLIC SECTOR | NEWSLETTER

QUARTERLY: JULY - SEPTEMBER 2021 www.saica.org.za

SAICA – The South African Institute of Chartered Accountants

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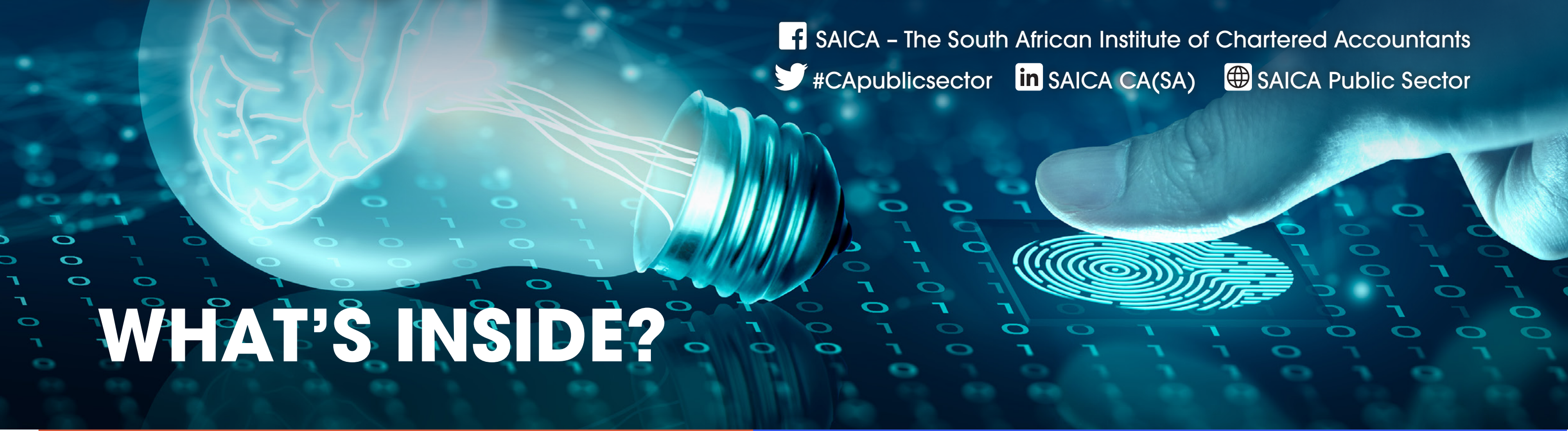


WHAT'S INSIDE?

thought leader

Connect with us:

The Public Sector Division can be contacted by emailing Odwa Benxa at odwab@saica.co.za or Kgoboko Makhafola at kgobokom@saica.co.za.

UPCOMING DEADLINES:

30 November:

- MFMA audit reporting deadline

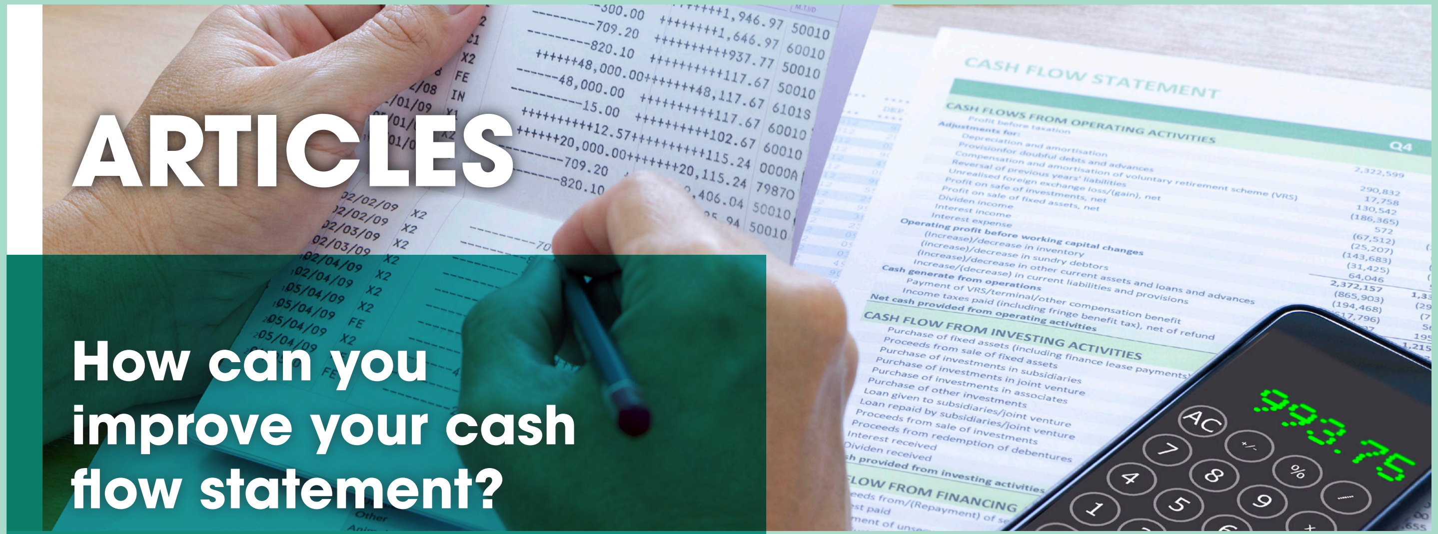
1 December:

- Submission of Public schools budgets to the Provincial Education Departments.

31 December:

- Public schools financial year end.
- MFMA consolidated annual financial statements audit reporting deadline.

SAICA
THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS



ARTICLES

How can you improve your cash flow statement?

The cash flow statement is an integral part of an entity's annual financial statements. This statement enables users to understand how cash was raised to fund activities, on which items the cash was spent, and what cash and cash equivalents flowed to and from an entity during a particular reporting period.

The Accounting Standards Board (the ASB) recently undertook a review of cash flow statements presented in the financial statements. The objective of the review was to assess compliance with the requirements in the Standard of GRAP on Cash Flow Statements (GRAP 2), and to identify practices that entities apply when they prepare their cash flow statements. The results of this review are published in a Research Paper that is available on the ASB's website at https://www.asb.co.za/wp-content/uploads/2021/07/Final-Research-Paper-July-2021.pdf.

The cash flow statements need improvement

From the review, it was noted that the quality of the presentation and compilation of the cash flow statement needs improvement. Systemic issues have been identified that should be addressed to ensure that the quality of reporting is enhanced. These include:

- **Insufficient time is allocated to prepare the cash flow statement**
  – The cash flow statement is often the last component of the financial statements that is prepared before submission to the auditors for audit. It is challenging to complete the cash flow statement if insufficient resources are allocated to ensure the accurate and timely preparation of this statement.
- **Lack of skill, capacity, and inadequate controls**
  – A lack of skill and capacity within entities often leads to unnecessary mistakes in the preparation of the cash flow statement. The lack of adequate internal management processes and insufficient controls to ensure the accurate preparation may also contribute to unnecessary errors and/or mathematical mistakes.
- **Not understanding the nature of an entity's activities**
  – When preparers do not fully understand the nature of the entity's activities, often not all the items that need to be adjusted for in the cash flow statement, are adjusted. Adjustments could also be made incorrectly.
- **Over reliance on software programs and templates**
  – When preparers rely on software programs and templates, without adequately reviewing the outputs, not all the appropriate adjustments are made when the cash flow statement is prepared.
- **Uncertainty about the role of materiality**
  – Entities do not consider a different materiality when they prepare the components of the financial statements, and/or present specific line items in the financial statements. Preparers should familiarise themselves with the role that materiality plays when preparing the cash flow statement.

What can be improved?

The review of GRAP 2 identified common areas of non-compliance, such as:

- **Not presenting certain items separately on the face of the cash flow statement**
  – GRAP 2 requires certain items to be separately disclosed on the face of the cash flow statement. These include interest received, finance costs, taxation paid and cash dividends received and paid. Entities often omit these items from the face of the cash flow statement.
- **Separate presentation ofnon-cash adjustments and movements in working capital**
  – In presenting the reconciliation of the surplus or deficit with the net cash flows from operating activities the reconciliation), entities need to separate the adjustment for non-cash items from movements in working capital. If these components are not separated in the reconciliation, users will find it difficult to understand the nature of the adjustments presented in the reconciliation and may not be able to link the information back to the information presented elsewhere in the financial statements.
- **Incorrect presentation of items in the cash flow statement**
  – Entities incorrectly present movements in provisions, for example, leave pay, accrued leave, long-term service, performance bonuses, etc. as movements in working capital when in fact these movements consist of both cash and non-cash items.
- **Incorrect classification of items in the cash flow statement**
  – Some entities are uncertain about the treatment of some cash flow items, such as revenue received from insurance claims to cover losses and damages to assets. Revenue received from these claims should be reflected as investing activities as it represents a disposal of property, plant and equipment that was insured. Instead, some entities incorrectly reflect the revenue as a cash flow from an operating activity.
- **Another incorrect classification is the presentation of increases and decreases in short term borrowings or loans**
  - Some entities reflect these movements incorrectly as movements in working capital when it should be presented as movements in cash flows from financing activities. The movements in short term borrowings or loans should be treated similarly to increases or decreases in long term borrowings or loans.
- **Adjusting for amounts in the reconciliation that are not presented in the financial statements, or that differ from amounts presented elsewhere in the financial statements**
  – Amounts presented in the cash flow statement differ from amounts presented elsewhere the financial statements. For example, adjustments for interest received and finance costs are included in the reconciliation as per the statement of financial performance, but with only some of the interest or finance costs presented as an operating, investing or financing activity on the face of the cash flow statement. In other instances, the interest received and finance costs are adjusted in the reconciliation, but the amounts adjusted differ from the amounts presented in the statement of financial performance or the notes to the financial statements.

Reasons for these differences could be due to interest receivable or finance costs payable, differences between the effective and contractual interest rates applied or because interest could be capitalised to assets. However, without an explanation as to why these differences exist, users will not be able to understand the differences to make informed decisions.

> **Revenue received from these claims should be reflected as investing activities as it...**

Guidance to help entities prepare the cash flow statement

The National Treasury issued the Accounting Guideline on GRAP 2 on Cash Flow Statements that includes practical guidance and illustrative examples that entities can apply when preparing the cash flow statement. Reference can also be made to the Frequently Asked Question 3.5 issued by the Secretariat of the ASB that explains what items should be included as 'cash and cash equivalents' (see FAQs on Standards of GRAP).

Disclaimer:

The Newsletter has been prepared by the Secretariat of the ASB for information purposes only. It has not been reviewed, approved, or otherwise acted on by the Board.

ARTICLES

Public Schools Financial Statements: Preparation And Audit

Author: Kgoboko Makhafola CA(SA)
Project Manager: Public Sector at SAICA

Some of the challenges faced by public schools in South Africa include the mismanagement of funds and a lack of skills. The South African Schools Act, 1996 (Act no. 84 of 1996) (SASA) places the responsibility for management of school funds and the reporting thereon on the School Governing Bodies (SGB). However, in some cases the SGB does not have the necessary skills or knowledge to ensure that the school finances are properly managed and reported which results in misappropriation, fraud, theft and improper control of financial records.

There is also a confusion around the preparation and audit or examination of financial statements which makes it difficult for the SGB to discharge their duties as required by the SASA. In terms of section 42(b) of the SASA, the SGB must as soon as practicable, but not later than three months after the end of each financial year, draw up annual financial statements in accordance with the guidelines determined by the Member of the Executive Council (for education in the province) (MEC). In some cases, the SGB is not aware of the MEC approved financial reporting guidelines that they should use to prepare the financial statements, resulting in different financial reporting frameworks being used in one province. This may have a negative effect on the comparability and consistency of school financial statements in the province.

The preparation of financial statements

The SGB can appoint a professional either on a permanent or contract basis to prepare the financial statements of the school. To comply with section 42(b), the Provincial Education Department (PED) must communicate the approved guidelines to the schools in their province. For the professional that has been appointed to prepare the financial statements, the first step would be to establish whether there are any approved guidelines to apply when preparing the financial statements by inquiry of the SGB or the relevant PED, to ensure that section 42(b) is complied with. The following provincial education departments have approved financial reporting guidelines available on their websites:

- KwaZulu Natal
- Western Cape
- Northern Cape

For those provinces where the approved financial reporting guidelines are not available at the school or PED's website, the professional or the SGB should consult the district officials to determine which guidelines they should use to prepare the financial statements.

Who can audit or examine the financial statements of a public school?

In terms of section 43(1) of the SASA, the SGB must appoint a person registered as an auditor in terms of the Auditing Profession Act, 2005 (Act no. 26 of 2005) to audit the records and financial statements of the school. Section 43(2) of the SASA states that if the audit is not reasonably practicable, the SGB must appoint a person who:

- is qualified to perform the duties of an accounting officer in terms of section 60 of the Close Corporation Act, 1984 (Act no. 69 of 1984) (CC Act) to examine and report on the financial statements; or
- is approved by the MEC for this purpose.

The first compulsory option for the SGB is to appoint a registered auditor in terms of section 43(1). This is further highlighted in Circular M3 of 2017 (Circular M3) that was issued by the Department of Basic Education.

> **"...who is qualified to perform the duties of an accounting officer in terms of the CC Act?"**

It is only when it is not reasonably practicable for the school to appoint a registered auditor that examination can be done. The words "not reasonably practicable" are not defined in the SASA, which causes confusion to the SGBs. Circular M3 interprets the words as the SGB having proper measures in place to determine whether an appointment of a registered auditor is not feasible in which case, section 43(2) would be the next required alternative.

Circular M3 requires the school to provide the following documents to justify the appointment of an accounting officer instead of a registered auditor:

- Three quotations obtained from three different audit firms for comparison;
- A motivation letter signed by the SGB indicating that control measures were in place and a feasibility study was performed to appoint an accounting officer instead of a registered auditor; and
- Signed minutes of the SGB meeting regarding the appointment of the accounting officer.

Now the next question is: who is qualified to perform the duties of an accounting officer in terms of the CC Act? Any person registered with any of the accounting bodies below which are recognized by the CIPC for purposes of appointment as accounting officers in terms of the CC Act would qualify as an accounting officer:

- The South African Institute of Chartered Accountants (SAICA)
- Auditors registered in terms of the provisions of the Auditing Profession Act (2005)
- The Southern African Institute of Chartered Secretaries and Administrators (ICSA)
- The Chartered Institute of Management Accountants (CIMA)
- The South African Institute of Professional Accountants (SAIPA)
- The IAC who have obtained a Diploma in Accountancy (IAC)
- The Association of Chartered Certified Accountants (ACCA)
- The Chartered Institute of Business Management (MBCIBM)
- The South African Institute of Business Accountants (SAIBA)
- The South African Institute of Government Auditors (SAIGA)

Financial Management in schools affects the quality of education delivered to the learners which is a constitutional right. It is therefore imperative that the SGB is well equipped to perform their duties regarding financial management and reporting as per the SASA. Financial reporting guidelines which are clear, easy to understand and appropriate for a school environment must be available for the SGB to prepare financial statements. It is recommended that uniform financial reporting guidelines should be adopted to ensure comparability and consistency of public schools' financial statements across the country.

ADVOCACY

Why integrated reporting in the public sector is necessary

Author: Morne Grobbelaar CA(SA)
Chairperson of the Public Sector Integrated Reporting Project Group at SAICA and Senior Manager at the Auditor General South Africa

Integrated reporting, and the concept of integrated thinking, are not new concepts in a South African context. South Africa started on the journey towards integrated reporting in 2009 with the release of the King Code of Governance for South Africa (King III). King III specifically focused on the principle that strategy, risk, performance, and sustainability are inseparable, and as such, entities need to be providing an integrated report to reflect this. This principle was taken seriously enough that the Johannesburg Stock Exchange (JSE) included the requirements of King III in the JSE Listings Requirements (JSE LR). Entities listed on the JSE therefore had to prepare an integrated report or explain why they have not prepared one. In 2011, these entities were the first to prepare integrated reports on a large scale, writes Morne Grobbelaar, Chairperson of the Public Sector Integrated Reporting Project Group at SAICA and Senior Manager at the Auditor General South Africa.

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia, and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting. Considering this, the IIRC issued the International Framework (<IR> Framework) in 2013.

The <IR> Framework offers guiding principles for the preparation and presentation of an integrated report, as well as providing content elements of information that should be included.

Moving forward to November 2016, a new version of the King Code of Governance for South Africa (King IV) was released. King IV took the integrated reporting concept as outlined in King III away from a "tickbox" exercise that entities undertook to comply with their JSE LRs, to an exercise where the board and management had to apply "integrated thinking" to their integrated reports. Integrated thinking means the board and management have to apply themselves throughout the period to the information contained within the integrated report, and explain to the users of the financial statements how the entity is ensuring that they will not only be profitable, but also sustainable.

Based on the above information, entities are effectively using good corporate governance, ongoing stakeholder relationships, integrated thinking, and the integrated report to enhance their reporting and make an informed assessment about value creation.

The <IR> Framework uses the six capitals, namely financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital as a reflection of the entity's performance across various aspects of the business. The six capitals look at the entity's business model, which draws on various capitals as inputs and the conversion of these inputs to outputs.

When doing an integrated report, an entity explains how it creates value over time to its stakeholders based on its impact, whether positive or negative, on the different capitals.

Public Sector Applicability

The question that often gets asked is why would the public sector need to do integrated reporting? As has already been stated, it is a requirement for companies that are listed on the JSE. The public sector is already a highly regulated environment with significant additional disclosure, and hence is already transparent in what they are doing. Government also backs the public sector, so there are no sustainability questions that need to be addressed. Therefore, it does not have to be applicable to the Public Sector, right?

Looking at news reports, it is obvious that the public sector is facing its fair share of challenges. There are allegations of mismanagement, irregular expenditure, and lack of accountability. All of this go hand in hand with many public sector entities that are facing severe financial difficulties. All these issues often overshadow the longer-term priority of reporting on service delivery capabilities and the sustainability thereof.

None of these allegations are aiding the public confidence in the public sector. The problem is that the public at large are generally reliant on the news reports they receive for information on what is happening in the public sector. There are not many other mechanisms available whereby the public, as a stakeholder of the public sector, can get more information on what exactly is going on, and what the plans are to rectify the problems reported.

The current annual reports, while available to the general public, are not necessarily an entirely comprehensive or objective source of information as it is focused mainly on contextualising past performance and is often written to play up the entity's successes while playing down their weaknesses. IR strives to achieve a more balanced view, looking to the future to see how the entities are going to manage their six capitals to remain sustainable.
The problem is amplified by the fact that the financial statements of many public sector entities does not provide any more detail or clarity in terms of the solutions to these problems. Financial statements, by their very nature, are based on historical information. They reflect what has happened to the entity and whether management believe that the entity will keep going into the foreseeable future, but nothing more.

From an <IR> Framework perspective, the integrated report tells the complete story of the entity. The integrated report not only focuses on the past, but on the future, and what the entity is doing now to achieve its long-term value-creating goals.

So will integrated reporting improve reporting in the public sector?

The point of doing integrated reporting in line with the <IR> Framework is not to find a miracle cure to all the alleged problems highlighted in the public sector. Rather, it is to provide the users of the financials, the stakeholders, with a view of where the entity is going. What is the entity doing about the problems it is encountering, and how is the entity maximising its benefits from the good it is doing?

Integrated Reporting provides an enhanced level of transparency, an open door if you will, into the direction of an entity. An acknowledgement that management of the entity is not just aware of the good and the bad the entity is faced with, but also that management have a plan to fix the bad and build on the good. This alone will not specifically change anything in terms of the audit of the entity's historical financial information, but it will provide greater insight into the way forward for these entities.

SAICA has identified a need to develop guidance and increase awareness on integrated reporting in the public sector. The Public Sector Integrated Reporting Project Group (PSIRPG) was established to assist SAICA with this. The PSIRPG's objectives include raising awareness, researching and the development of guidance for integrated reporting in the public sector.

In conclusion, integrated reporting is not the solution to the problems the public sector face. Rather, integrated reporting is the first step on the road to providing not just the bare minimum required information to the stakeholders within the public sector, but rather an acknowledgement that irrespective of what happened in the past financial year, management are ready for the future and have mechanisms in place to improve operations going forward.

ADVOCACY

SAICA calls for stronger preventative controls on Covid-19 relief fund

Author: Odwa Benxa CA(SA)
Project Director: Public Sector at SAICA

The Auditor - General (AG) tabled the Third Special Report on the financial management of government's covid-19 initiatives (The Report) which specifically focuses on the findings on the municipal relief funds and how these were dealt with during the time of the pandemic. The special audit was conducted on 43 selected municipalities with a combined expenditure of R3.7 billion over the period March to December 2020 and focused on personal protective equipment (PPE), the delivery of covid-19 related infrastructure projects and other covid-19 goods and services including tankering water to additional water tanks provided, additional sanitations facilities and cleaning municipal facilities and taxi ranks.

The report reflected the same findings as raised by the AG over the years. 'Unsurprisingly, our findings from this real-time audit bore a striking resemblance to what we reported in both the 2019-20 general report and our previous two special reports. The impact of compromised control environments and poor financial and performance management was even more pronounced in the midst of a pandemic when vulnerable citizens relied on local government to keep them safe from harm', says the AG.

A greater concern coming out of the report was that funds allocated for the covid-19 relief were not used for their intended purposes. R1.9 billion (51%) of the R3.7 billion allocated to local government for covid-19 relief was expended by the municipalities for other purposes including infrastructure projects, salaries, operational expenditure and bulk water and electricity purchases. The report reflected that the funds were also used to acquire a mayoral car at a municipality. Further findings on the focus areas included the following:

- **Excessive prices were paid for covid-19 goods and services as PPE was procured at prices that were above the National Treasury market -related prices.**
- **Processes were not in place to ensure that procured PPE items met the required standards.**
- **Municipalities did not follow the required procurement processes for covid-19 expenditure.**
- **Awards were made to officials employed by the state.**
- **Poor quality covid-19 infrastructure-related goods and services were provided.**
- **There were delays in the completion of projects due to inadequate contract management processes.**
- **Water tanks were not filled, which left communities without water.**
- **Water was distributed at inflated prices.**
- **Municipalities paid for the supply of water projects without any proof of delivery or distribution.**
- **Covid-19 goods and services were procured from management-preferred suppliers.**

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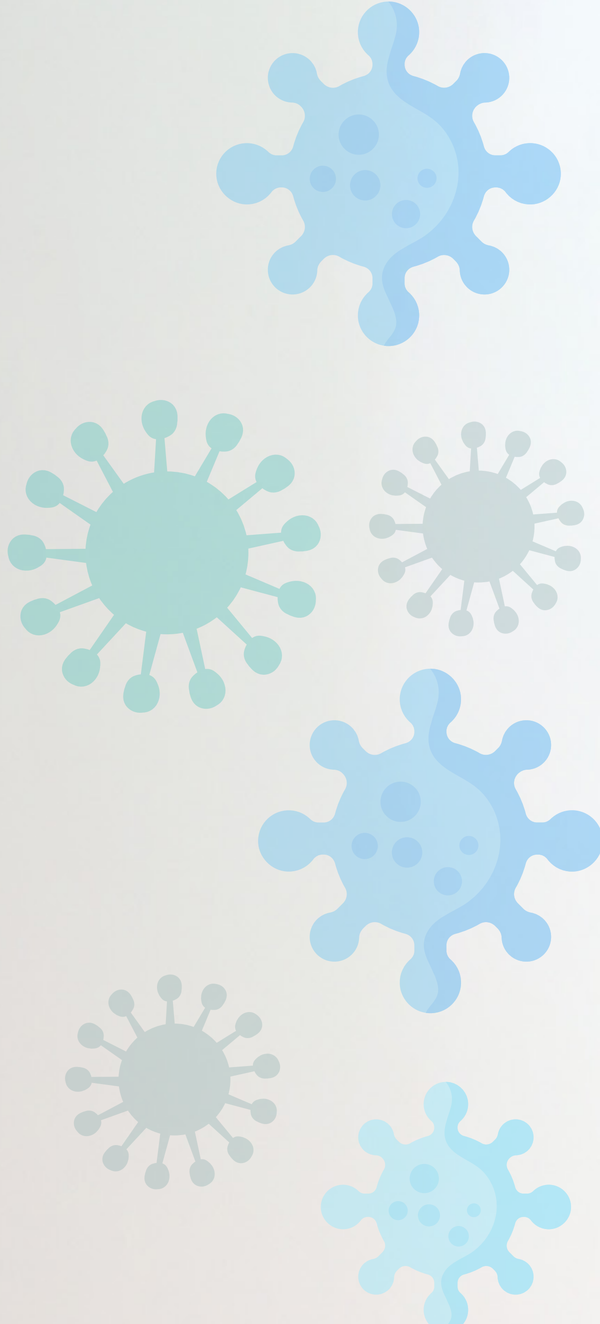

SAICA believes that oversight structures play an important role in holding accounting officers and those in administration accountable for the failures in performing their functions. When oversight structures perform their functions diligently, good governance is entrenched in institutions and accounting officers, and those in administration can be held accountable for failures and appropriate consequence management can be implemented.

SAICA urges councils to enforce accountability on the mismanagement of covid-19 relief funds, as well as implement stronger preventative controls to prevent recurring findings by the AG. The implementation of preventative controls remains an important tool for accounting officers to assist in ensuring sound financial management and effective service delivery. Preventative controls ensure that there is no abuse of processes and assist in ensuring that services are provided to communities during challenging times such as the current pandemic.

ADVOCACY

SAICA urges SMMEs to escalate late payment by government

Author: Natasha Soopal CA(SA)
Senior Executive: Public Sector and Enabling Competencies at SAICA

The Covid-19 pandemic has caused havoc in the economy and has negatively impacted businesses, particularly SMMEs, with many struggling to remain afloat with cashflow problems being a major challenge. Adding to this, is the late or non-payment of invoices by government due to the poor implementation of internal controls to ensure that suppliers are paid within the prescribed time.

Departments, trading entities and constitutional institutions are required to settle all payments due to creditors within 30 days from receipt of invoice or, in the case of civil claims, the date of settlement or court judgement as per Treasury Regulations 8.2.3. In 2011 National Treasury issued Instruction Note Number 34 to enhance compliance with regards to all invoices being settled within 30 days from receipt. However, years later and payment within the prescribed timeframes by national and provincial departments remains a challenge.

Officials responsible for the late or non-payment of invoices and claims commit financial misconduct or ordinary misconduct. It is therefore necessary for accounting officers to hold officials accountable for late or non-payment of invoices to improve the current status quo of payments.

Late or non-payments by government negatively impacts the country and suppliers in many ways, as identified by National Treasury including amongst other:
"(a) the socio-economic challenges that the country faces such as high unemployment rate, inequality, poverty and other related challenges;
(b) the financial health of suppliers who are forced to borrow keep financially afloat; and
(c) the ability of suppliers to pay salaries and meet their contractual obligations

To address this, several interventions have been implemented to tackle the late payments by government. National Treasury released its 2020/21 annual report on non-compliance with payments of suppliers' invoice within 30 days on 12 August. The purpose of the report is to monitor and inform relevant stakeholders on the payment of suppliers within the prescribed period.

The report identifies that there has been an overall improvement in payment timeframes however it remains a challenge at many departments. Some of the national departments that recorded the highest number of invoices paid after 30 days included:

- Defence – 54 172 invoices (70%)
- Public Works (including PMTE) – 9 512 invoices (12%)
- Water and Sanitation (including trading account) – 4 745 (6%)
- Police – 3 308 (4%)
- Correctional Services – 2 522 (3%)

Some of the common reasons cited for late and/or non-payment of invoices include:

- Misfiled, misplaced or unrecorded invoices;
- Inadequate budget and/or cash flow;
- Inadequate internal capacity;
- IT system issues;
- Standard Chart of Account (SCoA) related system problems;
- Unresolved invoice discrepancies; and
- Incomplete supporting document.

This emphasizes the lack of preventative controls, skills, and resources within some parts of government to properly manage public finance.

"...however it remains a challenge at many departments. Some of the national departments that recorded the highest..."

National Treasury established a call centre to address late payments and SAICA urges SMMES who do business with government to escalate their challenges with late payment to the call centre. The call centre can be accessed at 30daysqueries@treasury.gov.za.

TECHNICAL UPDATES

Compliance

Stakeholder notices

Document	Details
Appropriation Bill for 2021/2022 financial year	The Minister of Finance has published the Appropriation Bill to appropriate money from the National Revenue Fund for the requirements of the State for the 2021/22 financial.
Circular 2021 Implementation of the Irregular Expenditure FAQ	National Treasury has issued Circular 2021 – Implementation of the Irregular Expenditure FAQ to provide Accounting Officers with interpretation of the Irregular Expenditure FAQ issued in May 2021.
Amendment to PFMA SCM Instruction no. 02 of 2021/22	National Treasury has issued an amendment to PFMA SCM Instruction no.02 of 2021/22 on threshold values for the procurement of goods and services effective from 01 August 2021.
PPPFA Circular 01 of 2021/22	National Treasury has issued the circular to inform organs of state that the Minister of Finance has exempted organs of state to which the Preferential Procurement Policy Framework Act, 2000 (the PPPFA) and the Preferential Procurement Regulations, 2017 ("the 2017 Regulations") apply from complying with the formulae prescribed in regulations 6(1) and 7(1) of the 2017 Regulations in respect of the disposal and leasing of state assets and other income generating tenders.
Gazette 44835 – Appropriation Act no. 10 of 2021	The purpose of the Act is to appropriate money from the National Revenue Fund for the requirements of the State for the 2021/22 financial year; to prescribe conditions for the spending of funds withdrawn for the 2022/23 financial year before the commencement of the Appropriation Act for the 2022/23 financial year and to provide for matters incidental thereto.

Financial Reporting

Document	Details
Public Finance Management Act Regulations: Accounting Standards	The Minister of Finance has issued regulations on GRAP standards with implementation dates for GRAP 104, improvements to the Standards of GRAP 2020 and amendments to GRAP 1.
Public Finance Management Act: Exemptions	The Minister of Finance exempts SARS from the application of some of the GRAP standards in relation to revenue administered and any directly associated transactions or activities undertaken for the National Revenue Fund.

Calls for comments

Document	Institution	Deadline
ED 194 Exposure Draft on Proposed ASB's Work Programme	Accounting Standards Board	18 March 2022
ED 195 Exposure Draft on Proposed amendments to GRAP 103 on Heritage Assets	Accounting Standards Board	28 January 2022

TECHNICAL RESOURCES

Useful Resources

Title	Developed by	Description	How to get it?
Frequently Asked Questions on the Standards of GRAP (updated July 2021)	ASB	These Frequently Asked Questions have been prepared by the Secretariat of the ASB in consultation with the technical division of the Auditor-General of South Africa (AGSA) and the Office of the Accountant-General at National Treasury (OAG) to assist preparers of financial statements on Standards of GRAP.	Click here to access
Research Paper on the desktop review of Cashflow Statements	ASB	This Research Paper has been prepared and published by the ASB and reflects the findings of the Board's review that assessed compliance with the Standard of GRAP on Cash Flow Statements (GRAP 2) (hereafter referred to as "the review"). The review also identified practices to enable stakeholders to apply the lessons learnt when they prepare cash flow statements.	Click here to access
Annual Report Guide for Schedule 3A and 3C Public Entities	National Treasury	This document has been prepared and published by the National Treasury to provide guidance on the non-financial information requirements of the annual report for Schedule 3A and 3C Public Entities for March 2022 financial year.	Click here to access
Specimen Annual Report for public entities for financial year ending March 2022	National Treasury	This document has been prepared and published by the National Treasury to provide guidance on the preparation and presentation of the annual report for Public Entities for March 2022 financial year.	Click here to access
Specimen Annual Report for national and provincial departments for financial year ending March 2022	National Treasury	This document has been prepared and published by the National Treasury to provide guidance on the preparation and presentation of the annual report for national and provincial departments for March 2022 financial year.	Click here to access

UPCOMING SEMINARS AND EVENTS

Seminar and Event name	Overview	Region	Date	Book
2021 TechTalk Series: SAICA Standards	In this Techtalk series, we discuss and analyse recent developments within the technical space (Tax, Public Sector, Corporate Reporting and Assurance) with guest panelists joining us to share their insights on specific matters	Webcast	Thurs, 11 Nov 2021	Click here to book

FEATURE PROFILE

Why numbers are important

By: Monique Verduyn

Nyawa Dikwayo loves numbers because they help identify developmental needs and create accountability.

For Nyawa Dikwayo, having a good teacher made all the difference. It was when she got to grade 10 that her love for numbers and problem solving was nurtured by an accounting teacher who helped her achieve her potential and planted the seed that would drive Dikwayo to pursue a career as a CA(SA).

"Even though I was not yet sure of what the profession entailed, I was fascinated by the subject, and I was fortunate to have an excellent maths teacher too," she says. "I will forever be grateful that they helped to steer me in the right direction."

Dikwayo matriculated in 2004 and completed her undergraduate studies at the University of Johannesburg. She followed her BCom Accounting qualification with a post-graduate diploma in applied accounting science from the University of South Africa.

It was while she was completing her articles at Ernst & Young in 2014 that she was exposed to the public sector and the importance of government entities in society and the economy.

"Public sector accounting plays a crucial role in ensuring accountability, transparency, and trust," she says. "I enjoyed working in the public sector because it gave me an opportunity to make a meaningful contribution to society and it also made me realise that auditing was not my destiny, even though the experience I gained was invaluable. I knew then that I wanted a career in the public sector, one that would enable me to give back, and to contribute to the enhancement of service delivery in the country. Because I had seen first-hand what some of the key challenges were that public sector entities face, I decided to use the strong technical background the CA(SA) profession had given me in an environment that was more aligned with my interests and where I could offer recommendations and help to develop much-needed solutions."

Once her articles were completed, Dikwayo was offered an opportunity to join the National Skills Fund (NSF), which provides funding for skills development initiatives in higher education that are identified by the National Skills Development Plan 2030 as national priorities.

"After joining the NSF, I never looked back," Dikwayo says. "I joined the organisation in the role of Deputy Director of Finance, and I was responsible for assisting in setting systems for the implementation of accrual accounting. The role offered me an opportunity to understand the importance of having good financial management systems in any organisation. I was also involved in the first audit cycle of the organisation where consultants were not used for preparation of year-end processes and annual financial statements, and I am proud that that the organisation received an unqualified audit opinion."

Three years into the role she was promoted to Director of Financial Planning and Reporting, where she was required to provide sound advice on the budgeting of the organisation, and ensure that there was quality in the organisation's financial reporting.

As a person who is always in pursuit of self-improvement, Dikwayo recently obtained a Master of Philosophy degree in Development Finance through the University of Stellenbosch. "I had reached a stage in my career where I felt I needed to upskill and expose myself to new skills. Specialising in development finance has given me the ability to contribute to unlocking Africa's growth potential. The content of the course, the exposure to issues that affect the African continent, and the discussion of solutions that can be brought to the table was a fascinating and highly rewarding experience."

Dikwayo began the course in 2019 and had started working on her research paper in 2020 when the pandemic reached our shores. She says she was forced to learn resilience and the importance of being able to adjust and adapt to any situation.

"In addition to the restrictions that were placed on my research, the national lockdown taught me that I am able to triumph even in adverse conditions. I missed a distinction for my research paper by 2%, while holding down a full-time job and being a mother. I had to help my children adjust to online learning and I myself had to adjust to having them at home all the time. The experience gave me a new appreciation for my family."

On top of the challenges that lockdown brought, Dikwayo was one of the people who contracted Covid-19 and had to be hospitalised. "The experience made me truly appreciate the commitment and care of healthcare workers who became like my family when I was unable to see anyone, and they helped on the road to recovery."

From a professional point of view, she says, the pandemic highlighted to importance of the work that government does. "Everyone in the public sector had to step up," she says. "The lockdown forced us all to face the underlying issues we have as a country, particularly in terms of access to higher education. At the NSF, we relooked at that was done by many public servants who were at the forefront of helping to manage the response to the pandemic."

Along with other professionals in the public sector, Dikwayo says, she is helping to counter the perception that there are no competent and skilled people working in the public sector who are able to execute the mandates of the various organisations.

Social impact is all about the effect on people and communities that happens because of an action, an activity, project, programme or policy. "To work in this sector, you have to be passionate about giving back, passionate about wanting to make a difference, and passionate about applying your skills set. The work we do in finance has an impact on the entire organisation and enables it to fulfil its role in the development of the country and its citizens. The National Development Plan, for example, aims to eliminate poverty and reduce inequality by 2030, and identifies the role different sectors of society need to play in reaching that goal."

In April this year, Dikwayo was appointed as the Chief Financial Officer of the South African Human Rights Commission (SAHRC). The mission of the SAHRC, as the independent national human rights institution, is to support constitutional democracy through promoting, protecting and monitoring the attainment of everyone's human rights in the country. It's an organisation that she is excited about joining.
"The great thing about being a CA(SA) is that the finance background and the technical skills we have acquired put us at an advantage. We can fit into any organisation because finance is the heartbeat of every single entity. Our mandate at the SAHRC is different from that of the NSF which focused on skills development but is also aligned to it as the focus is on ensuring that the human rights of every citizen are protected, and education is one of those."

In the medium term, Dikwayo says, she aims to leave her mark on the SAHRC. "In the work I am doing now, I am applying the learnings and knowledge from my Masters. So often we talk about women empowerment and equal access to opportunities. I hope to see progress on this front in our profession and all others, in our communities, and at home. There is much work to be done in both the public and private sectors to ensure that women have a voice and a seat at the table."

SAICA'S PUBLIC SECTOR OFFERING

SAICA has a dedicated public sector division to support members in the public sector. Members receive support as follows:

1 Thought leadership

Members receive regular thought leadership articles on emerging issues in accounting, assurance, governance, risk management, technology and other developments that may affect the future of the profession..

2 Technical Update

Members receive regular updates on SAICA social media platforms and a monthly newsletter outlining recent developments in standards and legislation.

3 Technical Resources

Members have access to guides, handbooks, tools, templates, and other resources to support them in the public sector.

4 Technical Support

Members are able to log technical queries on the SAICA Online Technical Query System and receive guidance from SAICA staff.

5 Seminars and Events

Complimentary and discounted access to SAICA seminars and events.

6 The division is also responsible for:

- Advocating, lobbying and influencing for fit-for-purpose legislation, standards, policies, processes and systems in the public sector.
- Public Finance Management Capacity building projects to support the professionalisation agenda in public finance management.

Meet the team

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