PUBLIC SECTOR | NEWSLETTER

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SAICA – The South African Institute of Chartered Accountants

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WHAT'S INSIDE?

thought leader

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UPCOMING DEADLINES:

31 July:

PFMA audit reporting deadline

31 August:

- Submission of MFMA annual financial statements for audit.
- Submission of annual reports, audited financial statements and auditors reports by public entities to their executive authorities.

1 September:

Public Schools to start the budgeting process for 2022 financial year.

SAICA

THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

ARTICLES

Integrated reporting in the public sector... Why?

Author: Morne Grobbelaar
Senior Manager: AGSA
Chairperson of Public Sector Integrated Reporting Project Group at SAICA

Background to Integrated Reporting

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. During 2011, these entities were the first to prepare integrated reports on a large scale.

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. In light of this, the IIRC issued the International <IR> Framework (<IR> Framework) during 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 IVTM) 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 LR's, 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, entities are effectively using good corporate governance, on-going 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 entities performance across various aspects of the business. The six capitals look at the entities' business model, which draws on various capitals as inputs and the conversion of these inputs to outputs.

Public Sector Applicability

The question that often gets asked is why would the public sector need to do integrated reporting?

> **"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...."**

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 lots of 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 is not applicable to the Public Sector… Right?

If we look at all the news reports over the last couple of months, we can see that the public sector is facing a 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 of these issues often overshadows the longer-term priority of reporting on service delivery capabilities and the sustainability thereof.
None of these allegations is 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 entities' 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 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, 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 entities historical financial information, but it will provide greater insight into the way forward for these entities.

The South African Institute of Chartered Accountants (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 going forward.

ARTICLES

Cash is king

Accrual accounting is important to understand what entities own and owe, and what revenue and expenses accrued during a period. It is equally important to understand cash inflows and cash outflows, how these inflows were generated, and how cash was spent. The cash flow statement is an integral part of the financial statements, but it is not always treated this way by preparers.

Preparers often prepare the cash flow statement by using the movement in the opening and closing balances of items in the statement of financial position to present line items. As a result, there are many non-cash items that are not adjusted for in the cash flow statement. The most common items include:

- Interest/dividends received or paid – accrued amounts are not adjusted.
- Proceeds received on the disposal of assets – omitted.
- Investments in assets – accrued amounts (i.e. amounts not yet paid) are not adjusted.
- Depreciation and impairment losses not adjusted in reconciliation.

Preparing the cash flow statement requires detailed knowledge of the underlying transactions and events to know what non-cash items exist and what should be adjusted. It is critical that management implement appropriate systems and processes to keep record of the non-cash or other adjusting items during the year.

We have observed that entities apply one materiality threshold for the preparation of the financial statements – this threshold is applied across the financial statements and notes. It is important to note that different materiality thresholds and qualitative criteria could apply to the components of the financial statements and specific line items. Preparers should consider whether certain items in the cash flow statement require specific materiality considerations.

The ASB recently completed a review on compliance with GRAP 2 on Cash Flow Statements and will issue a Research Paper outlining its findings in June 2021.

Disclaimer:

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

> **It is equally important to understand cash inflows and cash outflows**

ARTICLES

Should the revised GRAP 104 and GRAP 25 be applied now?

The ASB revised the Standards on financial instruments and employee benefits. The ASB revised GRAP 104 in 2019 to align it with IFRS 9 on Financial Instruments and GRAP 25 in 2021 to align with IPSAS 39 on Employee Benefits.

We have received a number of queries about whether the revised versions of GRAP 104 and GRAP 25 are effective and whether they should be applied in preparing the financial statements for 2020/21. The answer is…no…

Standards of GRAP – or any amendments to those Standards - cannot be applied until they are effective. The Minister of Finance approves the effective date of new, or revised, Standards of GRAP.

Financial instruments

The Minister of Finance published a Government Gazette Notice in April 2021 proposing an effective date of 1 April 2024 for the revised GRAP 104. Given the expected timing of the publication of the final Gazette, it is anticipated that the final effective date will be 1 April 2025.

The effect of the proposed effective date being 1 April 2025, is that entities will not be required to adopt the revised GRAP 104 until the 2025/26 reporting period. Once an effective date has been announced by the Minister of Finance, entities may early adopt the revised GRAP 104. However, entities will need to early adopt the Standard in its entirety – piecemeal adoption is not permitted.

Employee benefits

The Minister is yet to publish a Government Gazette with the proposed effective date for the revisions to GRAP 25. The effective date proposed during the public consultation process was 1 April 2023. The same transitional arrangements for GRAP 104 apply to GRAP 25.

Delayed effective dates allow time to plan for the adoption

Despite the proposed effective dates being a number of years in the future, delayed effective dates were proposed so that entities have sufficient time to prepare for the implementation of the Standards. As all entities have at least some financial instruments, entities will need to think about how to revise their policies, processes, systems and controls to ensure that the information required by the Standard is available. Don't wait until the last minute!

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ARTICLES

Navigating the new normal

Author: Garth Pretorius
Founder and Principal Owner: GPA Consulting and Training

As we reflect upon the life altering impact of COVID-19, we can appreciate the innate human ability to adapt in order to survive. Amidst the fear and uncertainty, with the global economy forced to recede as the health crisis mounted, we had no choice but to clear a path forward and to navigate what we now know to be the new normal.

Across the globe, COVID-19 has catalyzed an unprecedented shift in the way of working across the public, private and social spheres alike. For the global majority, there has been an effort to embark upon a drastic realignment exercise, as organizations have desperately sought to survive by any means necessary, due to the mounting regression in economic activity. Yet despite the toll that the pandemic has taken, through this chaos we have seen a long-awaited mind shift in the utilization of resources and the realization of dormant capabilities. When faced with the impossible, many organizations have demonstrated unwavering resilience and ingenuity through reimagination and reform. Although can this bold compliment be afforded to the public sector?

In my initial article, The Onus to Change the Narrative, I sketched a scenario in relation to the current state of public sector – depicting our government submerged in a body of water, unable to swim ashore. In this article I sought to identify key role-players that exist with the ability to aid Government (further expanded upon in Calling All Role-Players). Now you may ask, given the fact that Government is barely remaining afloat, is resilience and reform beyond their grasp?

Now consider this… what if the pandemic was the catastrophic event that Government so desperately needed?

Before we dive into this tantalizing discussion, let us begin with a look at our private sector counterpart. Within the private sector sphere, many organizations have been faced with no choice but to cut capacity and costs as a far as reasonably possible, whilst still keeping their business afloat through strategic and agile business decisions being made. With many companies forced to look inward, they have identified new ways of utilizing their resources in order to survive. A key element to success realized has been flexibility in approach and reassessing the capabilities that a company may possess.

To provide context to this position, let us consider the food and beverage industry as an example. For many consumers there was no choice but to reduce non-essential expenditure, and with this the food and beverage industry saw a drastic shortfall in budgeted volumes. The carbonated beverage industry, for example, took a particular knock, as many products previously affordable to the general public became aspirational and out of grasp. So how, you ask, did they survive? The simple answer to this question is that for those that have made it out on the other side, it was a

> **…there has been an effort to embark upon a drastic realignment exercise…**

case of reinvention as they realized new capabilities through reverse integration measures. So, where survival alone seemed impossible, certain companies in fact realized growth… and in some ways, the same can be said for the public sector.

For the public sector, survival amidst COVID-19 was not only necessary, but it was essential given Government's mandate to serve the needs of its country's citizens. Where reform became necessary for the private sector as a result of the pandemic, I believe the need arose for public sector long before. It is undeniable that there has been a persistent need within the public sector for Government to demonstrate resilience and to drive reinvention across the spheres that exist. So, it may seem, that a global pandemic was the catalyst needed to drive reform within the public sector, as Government was compelled to navigate the new normal.

In support of my view, let us consider the reinventive measures taken by Government in relation to the role of Internal Audit.

First, consider the role of Internal Audit as it has been known within the public sector and the functions that it facilitates. Internal Audit's role is to **consider the public sector mandate, to serve the citizens of the country and to uphold the principles of good governance, in relation to (1) accountability for funds collected from the public, and (2) efficiency, effectiveness, and equity in delivery of goods and services.**

How Internal Audit has undertaken to deliver against their mandate has been facilitated by key functions categorised into the areas of control, governance, and risk management. Each of these functions are then comprised of setting strategies, providing oversight and instilling ethical practices.

So now that we have clarified the role of Internal Audit and the associated functions facilitated, I wish to pose the following question… If we consider the role of Internal Audit within the public sector and what is currently facilitated, are there not greater capabilities within this structure that could be realised? Put simply, is there room for reinvention?

I believe that the answer to this question is irrefutably yes. Although Internal Audit undoubtably facilitates critical functions within government, there are perhaps dormant capabilities from which untold potential benefits are yet to be derived.

Before we undertake to unpack this statement, let us remind ourselves of the current state of our Government and public sector as a whole… Global pandemic aside, our country is plagued with poor service delivery, a constrained fiscus burdened by fraud and corruption (I will not even begin to unravel the devastating PPE procurement fiasco) and is fraught with an overall lack of credible, reliable and aligned reporting.

In considering South Africa's public sector, I believe that the crux of the issues at hand vest in the segmented manner of working across the value chains of most government institutions. There is an inability to drive cohesion and a single vision in delivering optimal public service delivery, rendering many structures functioning at less than optimal capacity.

It may then seem that due to a global pandemic we have seen the long-awaited mind shift within the public sector, as Government too has been forced to look inward and reimagine the capabilities of the structures that exist. What this has meant for Internal Audit is the birth of its leadership capabilities. For if we consider the governance role held, coupled with the level of recognition received from government and the fairly comprehensive guidance available in terms of legislation – it is clear that Internal Audit has long been held to a higher standard and possessed leadership potential. Leadership that could drive cohesion and single vision… but until now we had yet to realise it.

So I circle back to my earlier statement… I believe that the need to demonstrate resilience and drive reinvention within the public sector was called for long ago… and rather than devastate the sector, a global pandemic may have been the catalyst to drive much needed reform as Government navigates the new normal.

ADVOCACY

SAICA urges government to fill key management positions

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

The Public Finance Management Act (Act No. 1 of 1999) (PFMA), provides a framework for the functions, roles and responsibilities of accounting officers. The accounting officer has the responsibility to ensure there is an effective, efficient and transparent system of financial and risk management and that internal controls are in place at an institution. The PFMA makes provision for the appointment of a chief financial officer (CFO) to assist the accounting officer in discharging his or her duties in terms of the PFMA and the Division of Revenue Act.

The Auditor – General (AG) highlights vacancies in key management positions as one of the root causes for poor audit outcomes and further indicates that where this is addressed, there are improvements in the audit outcomes of institutions. In the 2019-20 PFMA consolidated general report, the AG highlighted that there was a 26% vacancy rate for heads of departments (HoDs), 24% for chief executive officers (CEOs) and 17% for CFOs. This requires attention from executive authorities, boards of directors and HoDs to ensure the vacancies are filled.

What was clear from the AG report is that where there is stability in key management positions, good audit outcomes are obtained by the institution. The filling of key positions by appropriately skilled and qualified individuals ensures that there is sound financial and risk management and that basic internal controls are in place and entrenched into the environment. Some of the improvements noted in the 2019-20 PFMA audit outcomes were due to the filling of key management positions, notable those of the accounting officer and the CFO.

It is important for the executive authorities, boards of directors and HoDs to ensure that those appointed in key management positions are appropriately qualified, skilled, competent, experienced and fit for purpose individuals to ensure the effective functioning and sound financial management and internal control at the public institutions. Key to these individuals is also to ensure that they are ethical leaders to guarantee that the institutions are run with trust, accountability, integrity and that they do what is right, all the time to further improve on financial management and service delivery by the public institutions.

Employing appropriately qualified, competent and experienced individuals will also assist in the professionalisation of the public service as commenced by the Department of Public Service and Administration and the National School of Government through the draft **"A National Implementation Framework towards the Professionalisation of the Public Service"** which SAICA supports and has submitted comments.

SAICA urges government to timeously appoint appropriately skilled individuals in key management positions to allow for public sector institutions to implement sound financial and risk management principles, and ensure sound internal control systems. Persistent vacancies can have a negative impact on public institutions, which may include:

- Slower decision-making by the public institutions.
- Slower service delivery which negatively impacts on the citizens.
- Lack of accountability by those in managerial positions as well as the officials in general.
- Lack of implementation of consequence management to drive the correct behaviour on officials.

> **What was clear from the AG report is that where there is stability in key management positions, good audit outcomes are obtained by the institution.**

ADVOCACY

Are consultant expenditure or salaries fruitless and wasteful expenditure?

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

The skills shortage at municipalities has reared its nasty head again at an expensive cost to local government as identified during the 2019-20 local government audit. The Auditor General (AG), Ms. Tsakani Maluleke, briefed the parliamentary committees on the 2019/20 local government audit outcomes and the Covid-19 municipal expenditure on 22 June where she raised concerns on the high usage of consultants at municipalities.

The cost of consultants at municipalities increased to R1 027 million in 2019-20 (2018-19: R847 million). The AG noted that 74% of municipalities had a recurring use of consultants which indicate that these municipalities will not be able to comply with Section 122 the Municipal Finance Management Act, No 56 of 2003 (MFMA), preparation of financial statements, without the use of consultants. The AG further cited the lack of skills (68%), lack of skills and vacancies (30%) and vacancies (2%) for the use of consultants at municipalities.

Despite the huge consultant expense incurred by municipalities, it still did not achieve the desired audit outcomes. 59% of financial statements prepared by consultants and submitted for auditing included material misstatements. Furthermore, the following audit outcomes were achieved by municipalities who used consultants:

- Financially unqualified – 97 municipalities (consultant expense of R517 million)
- Qualified – 60 municipalities (consultant expense of R352 million)
- Adverse – 5 municipalities (consultant expense of R53 million)
- Disclaimer – 10 municipalities (consultant expense of R105 million)

Section 62 of the MFMA places responsibilities on the accounting officer of a municipality to manage the financial administration of a municipality which includes ensuring that the resources of the municipality are used effectively, efficiently and economically and that full and proper records of the financial affairs of the municipality are kept. However, based on the AG's report to parliament, this has not been achieved as majority of consultants have been ineffective based on circumstances that were outside their control. 51% of consultants have been ineffective due to inadequate or lack of records and documentation which reflects a weak control environment, whilst the work of 9% of consultants was not adequately reviewed; and a further 17% of consultants just did not deliver.

The question that remains to be answered is whether the consultants' cost or the salary of municipal officials who have been employed to support strong municipal finance management should be classified as fruitless and wasteful expenditure? Or should it be both in instances where a municipality used consultants and at the same time incurred salary costs, and still received a disclaimer as was in the case of a municipality in Eastern Cape who paid its employees R66 million in salaries and R24 million to consultants.

SAICA believes that consultants have a role to play at municipalities through strategic partnerships which includes identifying innovative solutions that will improve municipal finance management and service delivery. However, municipalities must also start holding officials and service providers accountable, reducing its administration costs and improving service delivery.

You cannot reduce the cost of consultants nor enforce the transfer of skills from consultant to municipal officials unless officials have the appropriate skills. Enhanced skills need to also be matched by ethical and professional skills. It is on this basis that SAICA recommends the urgent intervention of appointing and/or upskilling finance officials who can perform accounting and reporting activities, as well as implement strong internal control. SAICA believes that this can only be achieved through the professionalisation of local government, and the implementation and monitoring of minimum competencies for finance officials in local government.

> **...majority of consultants have been ineffective based on circumstances...**

17%
of consultants just did not deliver

68%
lack of skills and vacancies

74%
of municipalities had a recurring use of consultants

ADVOCACY

The State of Municipal Finances: Act now or face the consequences....

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

The Auditor General of South Africa (AGSA) painted a bleak picture over the state of municipal finances in the 2019-20 local government outcomes. Local government finances continued to worsen with concerns on financial health which ultimately has a negative impact on service delivery to communities and alleviating poverty.

27% of the country's municipalities have a significant doubt on the ability to continue as going concern. This ultimately means that these municipalities may not be able to meet its financial obligations as they fall due. This was further confirmed by the fact that on average 63% of municipal debtors are recoverable resulting in creditors being greater than the available cash at year end for 49% of municipalities. The average creditor payment period of municipalities is 209 days. The long creditor payment period days has a negative impact on the sustainability of small medium enterprises and place severe cash flow constraints on other government institutions such as the water boards and Eskom.

It was further highlighted that 46% of the estimated recoverable revenue and equitable shares received by municipalities have been used for salaries and council remuneration. As a result of this, less funds were available to provide services delivery and maintenance to the infrastructure. Leadership within local government often forget the power they have on lives of communities and the economy, as well as the consequences of poor financial management in the long term.

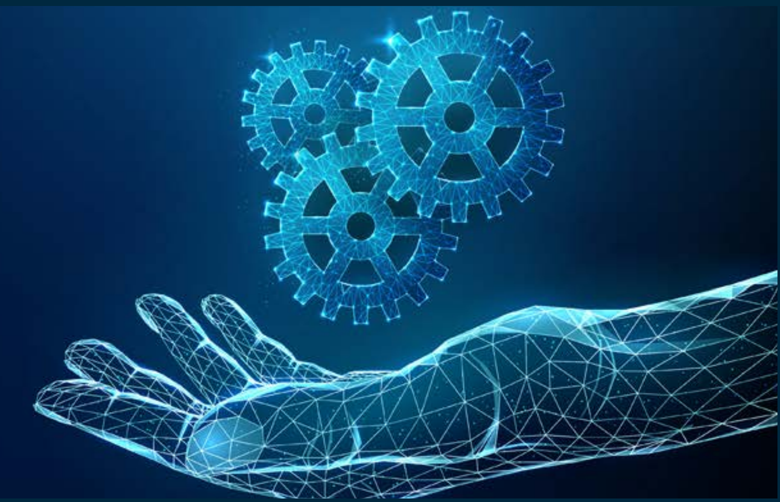
Only 2% of expenditure was spent towards the maintenance of infrastructure. Infrastructure is critical and directly linked to the economic development and growth the country as it increases productivity and improves the quality of life for many communities. It further assists in the development of poverty alleviating solutions and providing access to basic needs such as transportation. The lack of infrastructure and maintenance thereof in poor communities significantly impacts the lives of the people living in these communities. For example, when a community lacks transport infrastructure like roads, it means that the people from that community are unable to travel to cities, or places where job opportunities exists, as well as access to quality health care facilities which may require transportation.

Maintaining infrastructure in good condition is critical as infrastructure wears over time and neglected infrastructure will result in degradation of the asset with negative effects on service delivery and leading to greater cost of reconstruction over time, a cost that could be avoided and better spent.
Of great concerns to citizens, is that 22 municipalities (9%) received a disclaimer of opinion, meaning that these municipalities could not provide evidence for most amounts and disclosures reflected in the financial statements. As a result of this, the AGSA could not express an opinion on the credibility of those financial statements. The AGSA performed alternative procedures to confirm amounts disclosed in the financial statements, and through those procedures confirmed from third parties such as the treasuries that the 22 municipalities that received a disclaimer, received funds totalling R6,49 billion in equitable shares and conditional grants during the year. They further confirmed through the bank statements that these municipalities only had a balance of R0,98 billion at year end. So, what happened with the difference of R5.51billion received by the municipalities? The AGSA could not confirm what was done with the money from receipt of the funds to the year- end bank balance.

SAICA urges those charged with governance including parliamentary oversight committees, oversight institutions, council and management to implement interventions to improve accountability and sound financial disciplines urgently, as a lack thereof has a significant impact on service delivery to communities and ultimately the national economy.

"The lack of infrastructure and maintenance thereof in poor communities significantly impacts the lives of the people living in these communities."

TECHNICAL UPDATES



Compliance

Document	Details
SCM Instruction no.2 of 2021/2022	National Treasury has issued SCM Instruction no. 2 of 2021/22 to amend the procurement threshold values within which goods and services may be procured by means of petty cash, written price quotations or competitive bids.
Amendment to Instruction no. 2 of 2019/2020	National Treasury has issued an amendment to Instruction no. 2 of 2019/2020 to revise the timelines relating to assessment and the determination period of irregular expenditure as contained in the Irregular Expenditure Framework.
1st Amendment to Instruction Note 11 of 2020/2021	National Treasury has issued the 1st Amendment to Instruction Note 11 of 2020/2021 to include reporting dates for the 2021/2022 financial year.
SCM Instruction no.1 of 2021/2022	National Treasury has issued SCM instruction no. 1 of 2021/2022 Departure from publication of bids, bids awards and related notifications and technical problems on the e-Tender portal.
National Treasury Instruction no. 14 of 2020/2021	National Treasury has issued Instruction no. 14 of 2020/2021 to further regulate the withdrawal of funds from the National Revenue Fund in terms if s29 of the PFMA.
PFMA, 1999 section 40(1)b Exemption	The Minister of Finance exempts departments and other government components which apply the Modified Cash Standard from complying with s40(1)b of the PFMA for a 5 year period.

Financial Reporting

Document	Details
Final Modified Cash Standard for 2021/2022 financial year	National Treasury has published the final Modified Cash Standard for 2021_2022 financial year.
GRAP Standards effective 1 April 2021	National Treasury has published summaries of GRAP Standards effective 1 April 2021.

Audit and Assurance

Document	Details
Circular 1/2021 – Guideline on fees for Audits performed by private firms on behalf on the AGSA	AGSA has published Circular 1/2021 – Guideline on Fees for Audits performed by private firms on behalf of the Auditor-General of South Africa (AGSA).

Calls for comments

Document	Institution	Deadline
ED – 188 IPSASB Exposure Draft on Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements	Accounting Standards Board	01 October 2021
ED – 189 IPSASB Exposure Draft on Measurement	Accounting Standards Board	01 October 2021
ED – 190 IPSASB Exposure Draft on Property, Plant and Equipment	Accounting Standards Board	01 October 2021
ED – 191 IPSASB Exposure Draft on Non-current Assets Held for Sale and Discontinued Operations	Accounting Standards Board	01 October 2021

TECHNICAL RESOURCES

Useful Resources

Title	Developed by	Description	How to get it?
AGSA s13(3)(b) Directive	Auditor General	This Directive has been prepared by the Office of the Auditor - General in terms of the Public Audit Act, 2004 (Act no. 25 of 2004) and is effective for financial periods beginning 1 April 2020.	Click here to access
Frequently Asked Questions on Modified Cash Stand-ards	National Treasury	This document has been prepared and published by the National Treasury to provide guidance for the preparation and finalisation of the annual financial statements in terms of Modified Cash Standards for the 2020/21 financial year.	Click here to access
Updated Directive on Mod-ified Cash Standards for financial year 2020/2021	National Treasury	This document has been prepared and published by the National Treasury to provide guidance in terms of the financial reporting framework to be applied in the preparation of financial statements for the 2020/21 financial year.	Click here to access
Updated FAQ on Irregular Expenditure	National Treasury	These FAQs have been prepared and published by the National Treasury to provide guidance on accounting for and reporting on irregular expenditure in the financial statements.	Click here to access
Updated 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.	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, 12 August 2021	Click here to book

FEATURE PROFILE

Making a difference in her community

By: Monique Verduyn

If you care about your community, working in the public sector can give you a deep sense of satisfaction. It has for Annalene Marais.

Many government jobs are focused on improving the lives of people who need help. Taking on a role in the public sector means you'll get to use your talents to shape the future of your city and country. When public services are done right, they can make a real impact on individuals and communities.

Public sector roles are well suited for people like Annalene Marais CA(SA), who are motivated to make positive changes to benefit those around them. "My dream was to study music or languages, but my father insisted I'd be better off earning a professional qualification," Marais recalls. "We made a deal: I agreed to study accounting and he committed to paying for my music lessons throughout my studies."
She didn't know it then, but this combination of critical and creative thinking skills opened up a whole new world for her. "I realised I could make an impact because accounting is not just about the numbers, but it's how you interpret them to tell a story. That's when things get interesting, and you can start making decisions based on what you deduce."
Originally from Upington, Marais studied at the University of the Free State and completed her articles at PwC in Bloemfontein, passing her board exams in 2008. She met her husband, and then her strong desire to give back to the community in which she grew up saw them both return to the Northern Cape, to Kimberley.
"After my first audit as a secondee to the office of the Auditor General, I realised that I had a passion for local government. I felt a sense of urgency to assist in addressing key issues identified during the audit. But then I became frustrated that the issues we were reporting annually were never resolved. I realised that the problem was process implementation – without that, you can never achieve a clean audit."

She grabbed the opportunity to become a financial manager at Sol Plaatje municipality (SPM) in 2015. There, she had the ability to introduce processes and strategies that resulted in a turnaround in the audit outcomes for the municipality.

She was appointed project manager for the implementation mSCOA (municipal Standard Chart of Accounts), for which the municipality was a pilot site. This exciting project introduced a new way of thinking and reporting for municipalities countrywide. Marais led a multi-disciplinary team to successful mSCOA implementation in July 2015.

"My article on the project, 'Sol Plaatje municipality's MSCOA journey', was published in the magazine of the Chartered Institute of Government Finance Audit and Risk Officers (CIGFARO) the following year," she says. "Feedback from National Treasury was consistently positive, and SPM was seen as one of the leading municipalities in mSCOA implementation."

The introduction of mSCOA brought an increased emphasis on integrated reporting. Marais applied the principles of the mSCOA project to assist the municipality to address misalignment between its budget, annual financial statements and other strategic documents. This has supported seamless alignment across the accountability cycle of the municipality.

"Being appointed as the acting Integrated Development Planning manager during this time enabled me to change the processes informing performance information reporting; this resulted in a turnaround of the municipality's audit outcomes for reporting on predetermined objectives. More importantly, it gave me an opportunity to influence the strategic focus of the municipality and to bring together the financial reporting and strategic planning processes to support the growth and development of the city."

During Marais' tenure, the municipality received an award for most improved audit outcomes in the 2014/15 financial year, and for the next two financial years the municipality received an unqualified opinion in the areas of financial statements and predetermined objectives, with a significant reduction in compliance findings.

Marais represented the municipality on the Public Sector Accounting Forum (PSAF), and received a nomination to serve on the Accounting Standards Board. She is a member of the SAICA Central Region Council and Chairperson of the SAICA Kimberley District committee. She is also a board member of CIGFARO and Chairperson of their Audit Committee. In 2016, she received the top student award from the University of the Witwatersrand for the Advanced Municipal Financial and Supply Chain Management Programme (MFMP).

Her next step was to move into higher education, despite much scepticism from those around her, taking on the role of Chief Financial Officer at Sol Plaatje University. "I am in exactly the right place – where I can live out my passion for people and my passion for making a difference." Marais says that waking up in the morning knowing that she is having a positive impact on her workplace and in her community keeps her going. "I love the fact that I work in a dynamic, ever-changing, and ever-challenging environment. The complex nature of higher education lends itself to many opportunities and I am happy to take advantage of that. It requires a skilful balance of communication, interpersonal and technical skills daily."

She firmly believes that more CAs(SA) must be encouraged to work in the public sector. "This is simply because government needs us, and when government works, people's lives change for the better."

Public sector challenges are well known to most South Africans. Key problem areas that have emerged include service delivery difficulties, poor management of finances, high levels of unemployment, nepotism and corruption. Marais says the challenges that the public sector faces can only be dealt with through hard work, commitment, strong leadership and discipline.

"These are the attributes associated with the CA(SA) profession. And therefore, I believe that we can play an important role in changing the situation if more of us become involved and make our voices heard. It requires you to be tough and not to bow down, but the rewards become visible in your community. When government works properly, the people who need it most benefit."

There is the real opportunity, she says, to improve financial management and value for money in the delivery of services to organisations which play a crucial role in our society.

Ask her what motivates her, and she says: "We live in an era where the usual rules no longer apply – an era that needs creativity and innovation, but that is unpredictable at its very core. Very often, though, it is exactly these elements of unpredictability and imperfection that inspire exceptional achievement."

Marais says she loves people, and she loves her profession. "I am a 'glass half-full' type of person who chooses to see the positive side of any situation. I am also quite stubborn; once I set my mind to something, it is exceedingly difficult to convince me otherwise. I do believe that this has helped me to find solutions to many seemingly unresolvable problems I have come across in my life."

Her vision? "To positively impact the lives of people in my community through the work that I do – to leave a legacy that will live far beyond my career at the municipality and university."

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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