

Editorial

Capacity building in South Africa

Herman de Jager

Editor: *Auditing SA*

Last year South Africa celebrated ten years of democracy, and the second decade has just begun. There are great challenges. If we watch the media and the pronouncements of government leaders it is obvious that there are grave concerns about service delivery, particularly as it affects the poorest members of society. This dissatisfaction with service delivery has already reached the point where there have been protest marches at a variety of localities: this dissatisfaction has spread to the man in the street. President Mbeki has, at a number of recent congresses, expressed his dissatisfaction over failed service delivery, particularly at the third tier of government, namely local authority.

Early in September government officials warned Parliament that service delivery in municipalities had reached a dangerously low level, as a result of their shortage of financial and technical competence.

The root cause of this shortage of skills must be traced back to the apartheid era where it was predominantly the white section of the population that enjoyed the privilege of a good education and on-the-job experience. The early retirement of experienced professionals from the public sector has left gaps in the public service. The negative impact of these retirements and resignations has increased because the training of the black professional decision makers replacing them has lacked momentum.

In this issue of *Auditing SA* the spotlight falls on capacity building, training and professionalisation, amongst other topics, and deals with wider perspectives than just the local South African view.

There is a great need for financially competent people in the public sector in South Africa. The importance of these people to the establishment of an effective and efficient public sector cannot be emphasised enough. Just a few aspects are mentioned: accountability, risk assessment, controls and systems development and evaluation, and most importantly, the monitoring of the systems and proposals for improvements.

The question is how to address these situations. To address them thoroughly there must be both short and long term strategies.

In the short term there is a great need for training of current employees in the public sector. The reasons for this include the enormous wave of changes brought about by new legislation affecting the public sector, followed by the impact of the exodus of a great number of experienced employees who have taken early retirement or have resigned.

Legislation, including the Public Finance Management Act (PFMA), the Municipal Finance Management Act (MFMA), and the Treasury Regulations (TR), together with the new accounting standards, have changed the public sector at a fundamental level, and demand new competencies.

The question now occupying government is how to attract and retain the necessary skills in the public sector. This is an exceptionally complex matter. Given the pressure on corrective action and black economic empowerment in the general business community, there is a huge vortex sucking experienced black experts out of the public sector and into the private. It remains to be seen whether the framework developed by the public sector's co-ordinating council, including its proposal to pay "scarcity allowances" to professional groups, will have the desired effect.

While much of the work in the public sector is still being done by outside consultants, on condition that skills are transferred in the process, the general feeling is that the transfer of skills is not actually happening.

While there are already many recent graduates in the public sector, the problem arises that there are insufficient mentors to guide and train them. Cabinet's recent decision to recruit experienced people from overseas could bring slight relief. However, the cost will be high, and the intended personnel are unfamiliar with South African's situation.

To provide a longer term solution to the shortage of financial expertise, the private sector model should be considered. In the private sector financial competence is gained by working for and in audit firms. The result is that 70% of directors of listed companies are chartered accountants, while fewer than 25% of all qualified chartered accountants practice as auditors: the rest work in commerce and industry in financial specialist positions.

In the public sector there are no similar centres of financial expertise where the next generation can be trained. With the recognition of the Registered Government Auditor (RGA) qualification by the Office of the Auditor-General however, this could be the beginning of the process of providing the public sector with highly competent financial staff.

An RGA is a person with a four year tertiary qualification, who has spent at least three years in the Office of the Auditor-General, with a further one year accounting experience in the public sector, or a further year's experience in the Office of the Auditor-General. Over and above these requirements, the person must pass an exam set by the Southern African Institute of Government Auditors.

In the public sector similar developments should take place, namely that a certain percentage of RGAs remain in the Office of the Auditor-General, while others are appointed to senior financial positions in the public sector. National Treasury should thus recognise the RGA qualification at the highest level. If this approach gains momentum it might solve the problem of financial expertise in the public sector in the next decade.

In the short term it will be necessary to look at a more effective and efficient system to train employees in specific disciplines currently lacking. The current practice of some institutions that requires providers of short courses and in-house training workshops to register as providers, and that the training be linked to a qualification or unit standard is impractical and counter-productive.

The danger is that the official approving the training only checks the reference number of the provider and the unit standard, and not whether the specific training needs are addressed. This development also conflicts with the spirit of the PFMA, which is ultimately very simple: let the managers manage but keep them accountable. The criteria for decision-making must always be effectiveness and efficiency, and not just compliance with a rule. The specific requirement of an organisation must always be addressed. It seldom happens that the needs of a particular organisation are comprehensively addressed by a predetermined unit standard that might be outdated.

To address the longer term issue of service delivery in the public sector, which is being strangled by a shortage of financially competent personnel, the RGA qualification will have to be recognised as the highest professional qualification in the public service, and be financially rewarded. In the short term a far more dynamic approach should be followed to fill the gaps with short courses and in-house workshops.