CONTENTS

• Environment
• Context
• Capacity Development Strategy for PFM
• What’s Happening
• What Must I Do?
ENVIRONMENT

- Globalisation
-Scarce skills
-Human capital
-Learning
-Generational cultures
-Technology
-Economic
-Environmental
SUPPLY CHAIN EVOLUTION

- Buying
- Purchasing
- Procurement
- Commercial

Procurement Capability

Value Contribution
NEW BREED OF SCM PROFESSIONAL

• The changing environment demands a new breed
• A new skills set is required
  – Commercial acumen
  – Commodity and category management
  – Strategic sourcing
  – Financial costing
  – Relationship management
  – Research – markets, commodities, suppliers
CURRENT STATE OF PUBLIC SECTOR
CURRENT STATE – PUBLIC SECTOR

- Not achieving value for money
- Low levels of FM maturity
- Poor performance (AG results)
- Highly prescriptive, fragmented and complex
- Lack of transparency and accountability
- Corruption and political interference
- Instability in the administrative leadership
- Misaligned organisational structures
- Inconsistent job descriptions, grading and requirements
- High rates of movement and staff vacancies
- Ineffective recruitment practices
- Limited career-pathing and career progression
- Limited pool of talent
- Insufficient human resource development investment
- Uncoordinated capacity development interventions
- ETD solutions not aligned to public sector needs
- Unqualified staff
- Limited HR capability
- Limited professionalisation
- An ageing workforce
AUDITOR-GENERAL GENERAL ISSUES

- Weak procurement systems, processes and practices
- A lack of oversight and good governance practices
- Increasing irregular expenditure and non-compliance
- Inadequate internal controls and fraud prevention
- Inadequate contract administration and management
- Inadequate monitoring and performance measurement
- Inadequate risk management
- A lack of enforcement and discipline
- Inadequate skills and unqualified personnel
- Insufficient procurement related data
- Limited information technology capabilities
- Lack of internal audit support in providing assurance of the SCM systems
AUDITOR-GENERAL SPECIFIC ISSUES

• Awards to persons in the service of the state
• Awards to family members
• Uncompetitive and unfair procurement processes
• Internal control deficiencies
• Inadequate SCM risk management
• Inadequate contract management
• SCM officials not adequately trained
• Poor document management
## FINANCIAL MANAGEMENT CAPABILITY MATURITY MODEL

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>OPTIMISING</td>
</tr>
<tr>
<td>5</td>
<td>MANAGED</td>
</tr>
<tr>
<td>4</td>
<td>INFORMATION</td>
</tr>
<tr>
<td>3</td>
<td>CONTROL</td>
</tr>
<tr>
<td>2</td>
<td>DEVELOPMENT</td>
</tr>
<tr>
<td>1</td>
<td>START-UP</td>
</tr>
</tbody>
</table>
THE IDEAL STATE
IDEAL STATE

- Political and administrative leadership and support
- An efficient, effective and modern state finance and procurement system
- A cadre of competent and capable officials
- A culture of performance, ethics and accountability
- Centres of excellence
PRESIDENTIAL OUTCOME 12

• An efficient, effective and development oriented Public Service
• Sub-outcomes to be achieved by 2019:
  – A stable political-administrative interface
  – A public service that is a career of choice
  – Sufficient technical and specialist professional skills
  – Efficient and effective management and operations systems
  – Procurement systems that deliver value for money
  – Increased responsiveness of public servants and accountability to citizens
  – Improved inter-departmental coordination and institutionalisation of long-term planning
  – Improved mechanisms to promote ethical behaviour in the public service
CAPACITY DEVELOPMENT STRATEGY FOR PUBLIC FINANCIAL MANAGEMENT

10 March 2014

https://oag.treasury.gov.za/Publications
VISION
To achieve and sustain excellence in the management of public funds

STRATEGIC OBJECTIVES

- Institutional
- Organisational
- Individual
- Stakeholder

CHANGE MANAGEMENT

MONITORING AND EVALUATION

ENVIRONMENT

ENVIRONMENT
<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVE</th>
<th>PROBLEM STATEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support the development of an enabling environment</td>
<td>Environment does not support the development of high-performance organisations</td>
</tr>
<tr>
<td>Enhance organisational capacity</td>
<td>Inadequate organisational capacity hampers good public financial management and service delivery</td>
</tr>
<tr>
<td>Develop and empower a corps of competent and committed high-performance employees</td>
<td>Staff competence levels are inadequate to comply with standards and requirements</td>
</tr>
<tr>
<td>Create an environment that enables and sustains mutually beneficial stakeholder relationships</td>
<td>Absence of effective partnerships leads to unsustainable efforts to meet the capacity development requirements</td>
</tr>
</tbody>
</table>
STRATEGIC LEVERS FOR CHANGE

Team/group level transformation

Champions of change

Fast track professionalisation

Management and leadership capability

Knowledge and information management

Diagnosis

ORGANISATIONAL TRANSFORMATION
WHAT’S HAPPENING
<table>
<thead>
<tr>
<th>KEY ACTIVITY</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic Functional Structures for the CFO Office</td>
<td>Develop a generic functional structure for the CFO Office</td>
</tr>
<tr>
<td>Standardised Job Descriptions</td>
<td>Job descriptions for PFM for salary levels 7 to 12</td>
</tr>
<tr>
<td>Competency Framework for Financial Management (CFFM)</td>
<td>The CFFM describes the technical, core and behavioural competencies required of officials performing various PFM functions. It describes the knowledge, skills and attributes needed to carry out various defined activities to the requisite level of skill assembled in a series of competency dictionaries.</td>
</tr>
<tr>
<td>Integrated Learning Matrix (ILM)</td>
<td>A prospectus of all PFM education and training solutions</td>
</tr>
<tr>
<td>PFM Professionalisation</td>
<td>PFM Professionalisation concept note and business case (pending approval)</td>
</tr>
<tr>
<td>I-Develop (Individual Development Assessment) toolkit</td>
<td>The i-Develop toolkit has been developed for SCM (pilot in KZN). The PFM component will be developed in 2016/17 and piloted in 2017/18.</td>
</tr>
<tr>
<td>KEY ACTIVITY</td>
<td>DESCRIPTION</td>
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<tr>
<td>--------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Accredited Accounting Technician programme</td>
<td>Accounting qualification (NQF 3 &amp; 4) for operational finance officials</td>
</tr>
<tr>
<td>Public Sector Accounting qualification</td>
<td>Post-Graduate Diploma in Public Sector Accounting delivered in partnership with UCT (NQF 8)</td>
</tr>
<tr>
<td>Transformational Leadership Development</td>
<td>Coaching and mentoring programmes for senior and emerging management (under development)</td>
</tr>
<tr>
<td>PFM Knowledge Portal</td>
<td>Central repository of PFM information and access to communities of practice (under development)</td>
</tr>
<tr>
<td>PFM ETD Delivery Model</td>
<td>A model to guide the design, development and delivery of PFM ETD across government</td>
</tr>
<tr>
<td>Risk Management (RM) Master Learning Curriculum</td>
<td>Developed a detailed outline of the knowledge and skills requirements for RM in the public sector</td>
</tr>
<tr>
<td>Risk Management Occupational Qualifications</td>
<td>Occupational qualifications for the Risk Practitioner (NQF 6) and Risk Officer (NQF 8) have been registered on the OFO</td>
</tr>
</tbody>
</table>
## SCM MASTER LEARNING CURRICULUM (MLC)

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCM/Legislative</td>
<td>Institutionalisation</td>
<td>Planning</td>
<td>Demand Management</td>
<td>Acquisition Management</td>
<td>Contract Management</td>
<td>Logistics Management</td>
<td>Disposal Management</td>
<td>Risk and Performance Management</td>
</tr>
<tr>
<td>Environment</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>A1 Legislative</td>
<td>B1 Establishment of SCM</td>
<td>C1 Strategic Planning</td>
<td>D1 Needs Analysis</td>
<td>E1 Compilation of Bid</td>
<td>F1 Contract administration</td>
<td>G1 Inventory management</td>
<td>H1 Preparation for disposal</td>
<td>I1 Risk Management</td>
</tr>
<tr>
<td>regulatory framework</td>
<td>function, unit and</td>
<td></td>
<td>Analysis</td>
<td>Documentation</td>
<td></td>
<td>G2 Placing orders</td>
<td>H2 Disposal process</td>
<td></td>
</tr>
<tr>
<td>A2 Departmental</td>
<td>capacity building</td>
<td>C2 Annual Performance Plan</td>
<td>D2 Funding</td>
<td>E2 Advertisement and</td>
<td>F2 Contract management</td>
<td>G3 Receiving goods</td>
<td>H3 Control of disposal</td>
<td></td>
</tr>
<tr>
<td>policies and</td>
<td></td>
<td></td>
<td>D3 Compilation of specifications</td>
<td>briefing session</td>
<td>F3 Contract risk</td>
<td>G4 Goods distribution</td>
<td></td>
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</tr>
<tr>
<td>procedures</td>
<td></td>
<td></td>
<td>and/or Terms of Reference</td>
<td></td>
<td>management</td>
<td>G5 Returning goods</td>
<td></td>
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</tr>
<tr>
<td>B2 SCM</td>
<td>Compliance/SCM Abuse/SCM</td>
<td>D4 Annual Procurement Plan</td>
<td>D4 Evaluation and Adjudication</td>
<td></td>
<td></td>
<td>G6 Warehouse management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complaints, enquiries,</td>
<td></td>
<td>of Bids</td>
<td></td>
<td></td>
<td>G7 Stock taking</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>appeal mechanism/Ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>G8 Matching</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B3 Committee System</td>
<td></td>
<td>Tal</td>
<td></td>
<td></td>
<td></td>
<td>documentation</td>
<td></td>
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<tr>
<td>B4 Secretariat service</td>
<td></td>
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<td>G9 Accounts payable/</td>
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<td>preparation of payment</td>
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<td></td>
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<td></td>
<td>documentation</td>
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</tr>
</tbody>
</table>

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**Notes:**

- SCM: Supply Chain Management
- SCM Abuse/SCM Complaints: Reporting of SCM-related complaints.
- Procurement: Management and procurement processes.
- Disposal: Management of SCM assets post-use.
<table>
<thead>
<tr>
<th>KEY ACTIVITY</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCM Certificate Learnership (NQF 5)</td>
<td>A pilot programme for operational SCM staff with no formal qualifications.</td>
</tr>
<tr>
<td>SCM Management Development Programme</td>
<td>Skills programme to enhance the knowledge, skills and behaviours of SCM Managers</td>
</tr>
<tr>
<td>SCM Executive Development Programme</td>
<td>Skills programme to enhance the knowledge, skills and behaviours of Accounting Officers</td>
</tr>
<tr>
<td>SCM Qualifications Design for the Public Sector</td>
<td>SCM Qualifications Design that has relevance to the public sector (Degree, Honours &amp; PGD)</td>
</tr>
<tr>
<td>SCM Qualifications Content</td>
<td>Develop a SCM body of knowledge that supports the Master Learning Curriculum</td>
</tr>
<tr>
<td>Public Sector Qualifications Committee (PSQC) for SCM</td>
<td>The PSQC will contribute to implementation of the Capacity Development Strategy (CDS) through the development of public sector SCM qualifications</td>
</tr>
<tr>
<td>Bid Committee Training</td>
<td>One (1) day interventions for the members of the bid specification, evaluation and adjudication committees</td>
</tr>
</tbody>
</table>
Government of the District Of Columbia, Washington DC
WHAT MUST I DO?

• Recognise that we are in a complex global environment
• Adopt a holistic approach to capacity development
• Develop your organisational capacity
• Develop your individual capacity
• Collaborate with stakeholders
• Be a transformational leader
• Monitor and evaluate your performance and impact
THANK YOU

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