

# TECHNICAL COMPETENCY DICTIONARY

## Explanatory Note

### Expenditure Management

#### Introduction

The National Treasury has developed a series of technical competency dictionaries (the *Competency Framework*) covering the major occupational groups in the field of public financial management. These dictionaries set out a series of descriptions of the skills and knowledge required of a competent practitioner in carrying out a number of standard tasks at various levels of responsibility within the overall function.

A total of 10 technical competencies dictionaries have been developed with the intention of contributing to human resource development in public financial management. This particular framework deals with *expenditure management* – the processing of payments covering invoices, payroll, transfer payments and travel and subsistence expenses on behalf of the department.

#### Developing the Framework

The expenditure management competencies dictionary was produced following a period of research carried out on behalf of the National Treasury under the Capacity Building Model for Financial Management (CBMFM) project. This research included the following:-

- PFM related legislation,
- applicable regulations, instructions and practice notes,
- national and international standards and guidance on best practice,
- current practices applied in the workplace.

The research was supported by a series of consultative workshops with practitioners, who provided guidance on drafting the competencies, and evaluated and commented on the competency statements as they were developed. The attached framework represents the fruits of that developmental process.

#### Definition and Scope

Expenditure management involves all the procedures necessary to ensure that the payments of sums owed by the department are made in an efficient, effective and timely manner. The competencies involved in expenditure management are connected to those required in financial accounting and financial reporting and there are clear links between the three. This dictionary, however, reflects the fact that the ownership of the activities to which expenditure management relates ultimately rests with the departments that financial managers serve – the responsibility of the expenditure management function is to provide advice, support, technical and professional expertise to assist line managers in fulfilling their responsibilities.

The main functions carried out by expenditure management specialists cover the following areas:-

- processing invoice payments from the capture and verification of the source documents through to the completion and recording of each transaction on the accounting system;
- managing the interface between the department's payroll and accounting systems and certifying the validity of the payroll to be processed;
- processing other payments due to departmental staff including non-payroll compensation payments, advances and claims.

This dictionary however, deals only with specific expenditure management issues – matters pertaining to other financial procedures such as supply chain management, financial accounting, budgeting and auditing are dealt with in other dictionaries, though a number of competencies in this dictionary do address aspects of engagement with some of these functions. The dictionary is based on a typical government department which manages and accounts for the use of its own resources.

### **Assumptions**

Departmental revenue and expenditure flows are accounted for on a modified cash basis of accounting, i.e. financial flows are normally recorded in the accounting system only when the cash is expended or received. The expenditure management dictionary is therefore based on the cash basis accounting principle and not on the accruals basis where the expenditure/revenue is recorded when the services/goods are rendered.

The work of expenditure management specialists normally comes at the end of a lengthy procedure for the acquisition of goods or services or the payment of payroll or expense claims. Expenditure management specialists are therefore heavily dependent on others, particularly supply chain managers, to ensure that the necessary and appropriate authorisations have been obtained prior to the submission of documents to the Chief Financial Officer's department. Throughout this dictionary the assumption has been made that such authorisation has been obtained and that once documentation has been verified within the CFO's department it can be processed for payment.

The dictionary has also been designed on the assumption that financial managers working in national and provincial departments of government are subject to broadly the same working practices and use common IT and other operational systems. At the same time it is recognised that there can be variations in detailed practice between central and provincial administrations, and between individual provincial administrations, so the specifications have been carefully drafted at a level of generality that ensures that such variations have been accommodated.

### **The Expenditure Management Dictionary – Knowledge and Skills**

The technical competencies dictionary takes the form of a database containing two main elements:-

- the knowledge (and understanding) required to carry out efficient and effective expenditure management;
- the skills required to carry out efficient and effective expenditure management.

However, the levels of skill and knowledge required vary substantially according to the level of responsibility of the individual employee in the organisation. To address this, both skills and knowledge descriptions are provided at four different levels.

### *Skills*

All descriptions of *skills* required are offered in four tiers (*occupational roles*) which broadly correspond with the levels of administrative, technical, supervisory and managerial responsibilities.

### *Knowledge*

The actual *knowledge* required to support any competency is the same for all four occupational roles. However, the depth of that knowledge, and the extent of underpinning understanding required varies according to the responsibilities being exercised. Therefore knowledge requirements are also specified at four levels which broadly equate with the descriptions working, technical, in-depth and expert.

It should be noted that whilst the level of knowledge and understanding specified in the dictionary generally escalates with occupational levels, there are instances where the level of knowledge is not the same as the occupational level i.e. a greater or lesser depth of knowledge is required than would normally be expected in that occupational role.

More comprehensive details are provided in the attached **Table 1**.

### **The Expenditure Management Dictionary – Competency Descriptions**

The knowledge and skills are listed against the principal components of the function. The function is therefore broken down into a series of *competency clusters* which are high-level segments of the function consisting of one or more sub-components. Each cluster is then broken down into these sub-components – *competency titles* – which are the level at which the definitions of the skills and knowledge are provided. Each definition is supplemented by a *competency description* which summarises the scope of the competency defined. **Table 2** (attached) contains a list of the competency clusters and competency descriptions used in this dictionary with an indication in each case of the occupational roles to which they relate.

Because of database limitations in the dictionary, general areas of knowledge (such as primary legislation and other regulations and guidance, some of this knowledge has had to be summarised, so a full statement of the knowledge required under these two competency titles is set out in attached **Table 3**. This knowledge is applicable throughout the dictionary and is not normally repeated at the competency title level. Knowledge statements at that level relate to more detailed or supplementary knowledge required specifically for that competency, and are included in full in the technical competencies dictionary.

### **Generic Competencies**

The technical competency dictionary deals only with competencies that are specific to tasks in financial management. However, many of the tasks carried out within the function covered in

this dictionary require more general competencies of a clerical, administrative or managerial nature. These *generic*, or *core*, skills are required for competence in many fields other than financial management, and have therefore been defined in a separate *core competencies dictionary*. In addition research has identified a number of *behavioural* competencies which further supplement the technical competencies in this dictionary. Bringing all three sets of competencies together will enable government financial managers to identify, understand and articulate clearly the range of skills and attributes needed by staff at all organisational levels for the competent discharge of their responsibilities.

### **Conclusion**

The Expenditure Management competency dictionary, along with its nine companion dictionaries, marks a significant step forward for government financial management. Departments may now apply its content to address issues in:-

- recruitment and selection,
- staff training and development,
- performance management,
- career planning and
- succession management.

**Table 1 – Definitions of Terms Used in the  
Expenditure Management Technical Competencies Dictionary**

<b>Description</b>	<b>Definition</b>
<ul style="list-style-type: none"> <li>• <b>Competency Cluster</b></li> </ul>	<ul style="list-style-type: none"> <li>• High level segment of the function.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Competency Title</b></li> </ul>	<ul style="list-style-type: none"> <li>• A short description defining the specific competency of the sub-component.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Competency Definition</b></li> </ul>	<ul style="list-style-type: none"> <li>• A brief description of the competency title.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Skills Requirement</b></li> </ul>	<ul style="list-style-type: none"> <li>• Statement of the skills required within each occupational role and competency title.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Specific Knowledge Requirement</b></li> </ul>	<ul style="list-style-type: none"> <li>• Specific knowledge requirements are noted that are directly related to a particular competency title</li> </ul>

<b>Knowledge Descriptors</b>	
<b>Knowledge Level 1</b>	Requires a working knowledge with a practical understanding to be applied in straightforward circumstances applicable to Expenditure Management
<b>Knowledge Level 2</b>	Requires a working knowledge with a good understanding to be applied in circumstances of limited complexity
<b>Knowledge Level 3</b>	Requires a thorough knowledge with an in-depth understanding to be applied in complex circumstances
<b>Knowledge Level 4</b>	Requires an expert knowledge with a comprehensive understanding to be applied in highly complex circumstances

<b>Role Descriptors</b>		
<b>Role Descriptors</b>	<b>Examples of Relevant Positions</b>	<b>Post Levels</b>
<b>Role 1 Administrative</b>	<ul style="list-style-type: none"> <li>• Clerk</li> <li>• Administrator</li> </ul>	Post levels 1- 6
<b>Role 2 Technical</b>	<ul style="list-style-type: none"> <li>• Senior State Accountant</li> <li>• State Accountant</li> </ul>	Post levels 7 - 8
<b>Role 3 Supervisory (Tactical)</b>	<ul style="list-style-type: none"> <li>• Deputy Director (Manager)</li> <li>• Assistant Director (Assistant Manager)</li> </ul>	Post levels 9 -12
<b>Role 4 Managerial (Strategic)</b>	<ul style="list-style-type: none"> <li>• Director (Senior Manager)</li> <li>• Chief Director</li> <li>• Deputy Director General</li> </ul>	Post levels 13 - 16

**Table 2 – Structure of the Expenditure Management Technical Competencies Dictionary**

<b>Competency Cluster</b>	<b>Competency Title</b>	<b>Occupational Role 1</b>	<b>Occupational Role 2</b>	<b>Occupational Role 3</b>	<b>Occupational Role 4</b>
Legislative Environment	Legislative regulatory framework	√	√	√	√
	Departmental policies and procedures	√	√	√	√
Processing of Payments	Verification of source documentation	√	√	√	√
	Processing of banking details on the accounting system	√	√	√	√
	Processing of transactions on the accounting system	√	√	√	√
Compensation of Employees	Interface of payroll into accounting system	√	√	√	√
	Processing of compensation of employee costs outside the payroll system		√	√	√
	Processing of compensation of employee costs on the payroll system	√	√	√	√
	Certification of payroll	√	√	√	√
Transfers and Subsidies	Processing of transfers and subsidies	√	√	√	√
Control of Source Documentation	Safeguarding of source documents	√	√	√	√
Reporting	Expenditure reports	√	√	√	√
	Interim reporting on conditional grants	√	√	√	√
	Annual reporting on conditional grants	√	√	√	√

**Table 3 – General Knowledge Requirements for the Expenditure Management Technical Competencies Dictionary**

Acts of Parliament		Internal Regulations, Systems and Guidance	External Standards and Guidance	Other Relevant Knowledge
Finance Related	Others			
Constitution of the Republic of South Africa		Treasury Regulations/ Instructions	IPSAS	Principles of Internal Control
Public Finance Management Act		Practice Notes and Circulars		Public sector accounting systems
Division of Revenue Act		GRAP standards		Accounting cycles
Income Tax Act		Public Sector Accounting Standards		
Value Added Tax Act		Provincial Treasury Instructions		
		PERSAL		
		Guidelines for the Preparation of Financial Statements		
		Supply Chain Management Guidelines		
		Estimates of Expenditure		
		Standard Chart of Accounts		
		Public Service Regulations		
		Delegations of Authority		
		Departmental Policies and Procedures		
		Standard Operation Procedures		
		Basic Accounting Handbook for public		

		sector		
		Bargaining Council Agreements		