

TECHNICAL COMPETENCY DICTIONARY

Explanatory Note

Financial Accounting

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 *financial accounting* – the development and implementation of systems to ensure proper recording and analysis of the department's financial transactions.

Developing the Framework

The financial accounting 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 technical competency dictionary represents the outcome of that developmental process. However, this dictionary and explanatory note remain living documents and will continue to be updated in the light of experience as they are used. Any comment on their contents and applicability is welcome and should be submitted to the Capacity Building section of National Treasury.

Definition and Scope

Financial accounting (sometimes referred to as stewardship accounting) involves all the procedures necessary to ensure that a department's financial activities are captured and recorded in a reliable and timely manner, and that they can be verified through the maintenance of comprehensive records of the transactions undertaken. The dictionary, however, reflects the fact that the ownership of the activities to which this financial information relates ultimately rests with the departments which financial managers serve – the responsibility of the financial accountant is to provide advice, support and technical and professional expertise to assist line managers in fulfilling their responsibilities.

The main functions performed by financial accountants cover the following areas:-

- establishing and maintaining effective systems and procedures for the recording and processing of financial information;
- supporting the department's payroll function through accounting procedures and the timely production of payroll related information;
- the day-to-day planning and management of the department's cash flow;
- the effective management of the debts owed to the department;
- liaising with the department's internal and external auditors;
- accounting for various specialist aspects such as the management of petty cash, departmental liabilities and the inputs of international donors.

This dictionary however, deals only with specific financial accounting issues – matters pertaining to other financial procedures such as supply chain management, 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 its own resources and therefore excludes activities which are confined to treasury departments only such as investments and national debt management.

The management of debtors relates to the debtors which have been recorded on the accounting system. These records arise from an outflow of cash that is now repayable to the department by a third party. It excludes debtors in respect of the sales of goods and services where the cash has not yet been received - this activity is included in the revenue management dictionary.

The task of cash flow management includes the payover of funds (surplus funds and revenue) to the Revenue Fund and the requisitioning of funds from the Revenue Fund. The process also entails actively managing the timing of all cash inflows and outflows of the department in order to be able to meet all commitments as they fall due. Information from the in-year monitoring process (covered in the financial and non-financial reporting dictionary) needs to be utilised in this process.

The *accounting for liabilities* competency encompasses requirements for the determination of commitments, accruals, lease commitments and contingent liabilities. These competencies are included in this dictionary specifically because liabilities need to be dealt with on an ongoing basis to ensure that the department settles all liabilities owing by the due dates and not only at the year end when the financial statements are prepared.

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 financial accounting 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 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 Financial Accounting 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 financial accounting;
- the skills required to carry out efficient and effective financial accounting.

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 framework 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 Financial Accounting 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 Financial Accounting 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
Financial Accounting Technical Competencies Dictionary**

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

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

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

Table 2 – Structure of the Financial Accounting Technical Competencies Dictionary

Competency Cluster	Competency Title	Occupational Role 1	Occupational Role 2	Occupational Role 3	Occupational Role 4
Legislative Environment	Legislative regulatory framework	√	√	√	√
	Departmental policies and procedures	√	√	√	√
Departmental Accounting Structure	Establishment of the accounting structure	√	√	√	√
	Review of the accounting structure	√	√	√	√
Control of Source Documentation	Safeguarding of source documents	√	√	√	√
	Completeness of source documentation	√	√	√	√
Suspense Accounts	Clearing suspense accounts	√	√	√	√
Salary Payovers	PAYE and UIF	√	√	√	√
	Annual PAYE submission	√	√	√	√
	Other salary payovers	√	√	√	√
Interdepartmental Accounts	Clearing of interdepartmental accounts	√	√	√	√
Management of Debtors	Debt write off	√	√	√	√
Banking	Bank interface exception reports	√	√	√	√
	Bank reconciliation	√	√	√	√
	Cash management		√	√	√
Liability Management	Accounting for departmental liabilities	√	√	√	√
Petty Cash	Petty cash management	√	√	√	√
Losses and	Loss control system	√	√	√	√

Competency Cluster	Competency Title	Occupational Role 1	Occupational Role 2	Occupational Role 3	Occupational Role 4
Damages					
Donor Funding	Accounting for donor funding	√	√	√	√
Audit	Liaison with internal and external audit	√	√	√	√
Unauthorised Expenditure, Fruitless and Wasteful Expenditure and Irregular Expenditure	Unauthorised expenditure, fruitless and wasteful expenditure, irregular expenditure	√	√	√	√
Gifts, Donations and Sponsorships	Granting or receipt of gifts, donations and sponsorships	√	√	√	√
Financial Systems	Conduct appropriate system maintenance and monitoring	√	√	√	√
Reporting	Month end closure	√	√	√	√
	Interim financial statements	√	√	√	√
	Year end closure	√	√	√	√
	Annual financial statements	√	√	√	√

Table 3 – General Knowledge Requirements for the Financial Accounting Technical Competencies Dictionary

Acts of Parliament		Internal Regulations, Systems and Guidance	External Standards and Guidance	Other Relevant Knowledge
Finance Related	Others			
Public Finance Management Act	National Archives and Records Service of South Africa Act	Treasury Regulations/ Instructions	Auditing Standards	Accounting Principles
Tax Legislation		SARS forms EMP201, EMP501 and IRP5	IPSAS	Principles of Internal Control
Division of Revenue Act		Practice Notes and Circulars		Donor Agreements
Public Service Act		GRAP Standards		
Prescription Act		Public sector Accounting Systems		
		Financial Accounting Policies and Procedures		
		Standard Chart of Accounts		
		Departmental Policies and Procedures		
		Delegations of Authority		
		New Economic Reporting Format (NERF)		
		National Treasury Annual Financial Statements templates		
		Bargaining Council Arrangements		
		SARS form EMP201		

		Financial Accounting Handbook for public sector		
		BAS rules and procedures		
		Departmental accounting structure		