

# TECHNICAL COMPETENCY DICTIONARY

## Explanatory Note

### Internal Control

#### 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 *internal control* – a financial management discipline which is an integral process that is effected by a department’s management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of the department’s mission, the following general objectives are being achieved:

- executing orderly, ethical, economical, efficient and effective operations;
- fulfilling accountability obligations;
- complying with applicable laws and regulations;
- safeguarding resources against loss, misuse and damage.

#### Developing the Framework

The internal control 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 consultative workshops with practitioners, who provided guidance on drafting the competency, 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**

Internal control operates as an integral part of the financial management activities in the department. As part of this role, it normally reports to the department's Chief Financial Officer. The responsibility of internal control is to identify, mitigate and manage control risks which may hamper achievement of the Department's objective to effectively, efficiently and economically manage its financial and related resources.

The main functions performed by internal control cover the following areas:-

- Manage effective, efficient and transparent financial (internal) control / inspectorate measures.
- Manage Loss control
- Manage financial and financial related systems
- Support with the management of Fraud prevention
- Maintain financial information and knowledge management
- Maintain governance frameworks
- Facilitate and participate in committees, forums and oversight bodies

This dictionary however, deals only with specific internal control and loss control issues – matters pertaining to other financial procedures such as risk management, internal auditing, financial accounting and budgeting 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 the functioning of a typical government internal control activity.

## **Assumptions**

In order to carry out its role effectively, internal control has to be able to establish and maintain a degree of independence from the other financial management activities. Although part of the organisational structure of the Office of the Chief Financial Officer, and reporting to the CFO, internal control needs to be able to exercise independent judgement about its operations which permit it substantially to determine its own work programme and express control risk opinions free from direct intervention by line management.

The dictionary has also been designed on the assumption that internal control officials working in national and provincial departments of government are subject to broadly the same working practices and work with 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 Internal Control 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 internal auditing;
- the skills required to carry out efficient and effective internal auditing.

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 (operational), supervisory (tactical) and managerial (strategic) responsibilities. Internal control activities are likely to involve staff at occupational role 1 level in support functions, but such staff are not normally directly involved in professional activity and their skill requirements are primarily generic.

### *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 Internal Control 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 titles 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 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 Internal Control competencies dictionary, along with its nine companion dictionaries, marks a significant step forward for government financial management. Departments may 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  
Internal Control Activity (ICA) Technical Competencies Dictionary**

Description	Definition
• <b>Competency Cluster</b>	• High level segment of the function.
• <b>Competency Title</b>	• A short description defining the specific competency of the sub-component.
• <b>Competency Definition</b>	• A brief description of the competency title.
• <b>Skills Requirement</b>	• Statement of the skills required within each occupational role and competency title.
• <b>Specific Knowledge Requirement</b>	• Specific knowledge requirements are noted that are directly related to a particular competency title

<b>Knowledge Descriptors</b>	
<b>Knowledge Level 1</b>	Requires a working knowledge with a practical understanding applied in straightforward circumstances
<b>Knowledge Level 2</b>	Requires a working knowledge with a good understanding applied in circumstances of limited complexity
<b>Knowledge Level 3</b>	Requires a thorough knowledge with an in-depth understanding 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>		
Role Descriptors	Examples of Relevant Positions	Post Levels
<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>• Assistant Manager</li> <li>• Deputy Director (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 Internal Control Activity (ICA) 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	√	√	√	√
Internal control system	Integrated internal control system	√	√	√	√
	Delegations framework	√	√	√	√
	Assurance services facilitation		√	√	√
Loss Control	Departmental loss control system	√	√	√	√
Financial and financial related systems controls	Effectiveness of financial and financial related systems controls	√	√	√	√
Fraud Prevention	Departmental fraud prevention	√	√	√	√
Financial Information	Financial information retention	√	√	√	√
Governance frameworks	Departmental Governance frameworks			√	√
Oversight and related committees	Departmental oversight and related committees	√	√	√	√

**Table 3 – General Knowledge Requirements for the Internal Control Activity (ICA) Technical Competencies Dictionary**

**C.6 Regulatory and System Framework**

Regulatory Framework	Administrative	Line
Acts	<ul style="list-style-type: none"> <li>• Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)</li> <li>• Construction Industry Development Board Act, 2000 (Act 38 of 2000) and Regulations</li> <li>• Division of Revenue Act ( an annual Act of Parliament)</li> <li>• Employment Equity Act, 1998 (Act 55 of 1998)</li> <li>• Government Pension Law 1996</li> <li>• Municipal Finance Management Act, 2003 (Act 56 of 2003)</li> <li>• Occupational Health and Safety Act, 1993 (Act 85 of 1993)</li> <li>• Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and Regulations</li> <li>• Promotion of Access to Information Act, 2000 (Act 2 of 2000)</li> <li>• Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)</li> <li>• Public Finance Management Act, 1999 (Act 1 of 1999)</li> <li>• Public Service Act, 1994 (Act 103 of 1994) and Regulations, 2001</li> <li>• SARBARNEX Oxley Act</li> <li>• Skills Development Act, 1998 (Act 97 of 1998)</li> <li>• Borrowing Powers of Provinces Act, 1996 (Act 48 of 1996)</li> <li>• Public Audit Act, 2004 (Act 25 of 2004)</li> <li>• Disaster Management Act, 2002 (Act 57 of 2002)</li> <li>• Finance Acts (annual)</li> <li>• Inter Governmental Fiscal Relations Act, 1997 (97 of 1997)</li> <li>• Provincial Tax Regulations Process Act, 2001 (Act 53 of 2001)</li> <li>• Inter Governmental Framework Act</li> <li>• Government Immovable Asset Management Act 2007 (Act 19 of 2007)</li> <li>• Local Government Municipal Property Rates Act, 2004 (Act 6 of 2004)</li> <li>• Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)</li> <li>• Foreign Corrupt Practices Act, 2004</li> <li>• Financial Intelligence Centre Act, 2001 (Act 38 of 2001)</li> <li>• Prevention of Organised Crime Act, 1998 (Act 121 of 1998).</li> <li>• Protected Disclosure Act, 2000 (Act 26 of 2000).</li> </ul>	<ul style="list-style-type: none"> <li>• National Credit Act, 2005 (Act No 34 of 2005) and related Banking Legislation</li> </ul>

Regulations	<ul style="list-style-type: none"> <li>• Treasury Regulations, 2008</li> <li>• PSA Regulations</li> <li>• CIDBA Regulations</li> </ul>	
Papers	<ul style="list-style-type: none"> <li>• Provincial Growth and Development Strategy, White Paper 2007</li> <li>• OAG Practice Notes</li> <li>• Finance Instructions</li> <li>• Standard Operating Procedures</li> <li>• Budget Overviews</li> <li>• Expenditure Reviews</li> <li>• FFC proposals</li> <li>• Annual Reports</li> <li>• Monitoring &amp; Evaluation Reports</li> <li>• Quarterly Performance Reports</li> <li>• Top Management Minutes</li> <li>• Ministerial Top Management Minutes</li> <li>• Cabinet Resolutions</li> <li>• Financial Agreements</li> <li>• Business Plans</li> <li>• Manuals</li> <li>• National Budget Speech</li> <li>• Organisational and Government Structures</li> </ul>	
Policies, Frameworks, Programmes, etc	<ul style="list-style-type: none"> <li>• 5-year Strategic Plan</li> <li>• MTSF (Government Priorities)</li> <li>• Annual Performance Plans (APP)</li> <li>• Published conditional grant frameworks</li> <li>• Published budget programme structures</li> <li>• Code of Conduct</li> <li>• GRAP</li> <li>• GAAP</li> <li>• Economic Reporting Framework</li> <li>• Standard Chart of Accounts (SCOA)</li> <li>• Enterprise Risk Management Frameworks (National &amp; Provincial)</li> <li>• Budget guidelines</li> <li>• Annual reporting guidelines</li> <li>• Budget Circulars</li> <li>• Strategic Plan guidelines</li> <li>• Approved Revenue Tariff Structures</li> <li>• Strategic Directives</li> <li>• Medium Term Budget Policy Statements (MTBPS)</li> <li>• Public Service Anti-corruption Strategy and anti-fraud measures</li> <li>• Framework for managing performance information</li> <li>• National Treasury Guide on the preparation of budget formats</li> </ul>	



	<ul style="list-style-type: none"> <li>• National Treasury Guide on the preparation of the Expenditure Estimates for the MTEF</li> <li>• National Treasury performance information guidelines</li> <li>• Framework for preparing SP and APP</li> <li>• EPWP Incentive Grant Framework</li> </ul>	
Systems	<ul style="list-style-type: none"> <li>• Basic Accounting System (BAS)</li> <li>• Vulindlela</li> <li>• LOGIS</li> <li>• Persal</li> </ul>	