

## TECHNICAL COMPETENCY DICTIONARY Explanatory Note

### Management Accounting (Planning and Budgeting)

#### Introduction

The National Treasury has developed a series of technical competency statements (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 competency dictionaries have been developed with the intention of contributing to human resource development in public financial management. This particular framework deals with *management accounting (planning and budgeting)* – the creation, of long and short term performance and financial plans of government departments.

#### Developing the Framework

The management accounting (planning and budgeting) competency 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

Management accounting (planning and budgeting) involves all the procedures necessary to ensure that the government's annual management accounting (planning and budgeting) cycles are carried out effectively and in particular the financial information needed to support this process is provided in an efficient and timely manner. The technical competency dictionary, however, reflects the fact that the ownership of the plans and budgets ultimately rests with the departments which financial managers serve – the responsibility of the planning and budgeting (management accounting) specialist is to provide advice, support and technical and professional expertise to assist line managers in fulfilling their responsibilities.

The main functions performed by management accounting (planning and budgeting) specialists cover the following areas:-

- working with line managers to develop the strategic plan of the department;
- supporting departments in creating annual performance, operational and project plans;
- providing direct professional inputs into the multi-year and annual budget formation processes of the department, and dealing with subsequent adjustments;
- identifying and analysing departmental cash flows based on the budget and any subsequent adjustments.

This dictionary however, deals only with specific management accounting (planning and budgeting) related issues – matters pertaining to other financial procedures such as procurement, accounting and auditing are dealt with in other dictionaries, though a number of competencies in the framework do address aspects of engagement with some of these functions. The dictionary is based on a typical government department which bids for and manages its own budgeted resources, and excludes the role of national or provincial treasuries in exercising general budgetary control and oversight.

### **Assumptions**

Departmental revenue is accounted for on the cash basis of accounting, i.e. financial flows are only recorded in the accounting system when the cash is expended or received. The management accounting (planning and budgeting) 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 Public Finance Management Act, the Treasury Regulations, provincial treasury instructions and associated guidance specify a requirement for the creation and implementation of both strategic plans and annual performance plans for departments. The dictionary therefore includes the preparation of the strategic plan, the annual performance plan, operational plans and project plans. In some departments the competency for the preparation of these planning documents may not reside with the office of the Chief Financial Officer; however the CFO will always play a very important role and this is reflected in the dictionary.

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 national 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 Management accounting (planning and budgeting) 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 planning and budgeting;
- the skills required to carry out efficient and effective planning and budgeting.

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.

### *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 ie 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 Management accounting (planning and budgeting) 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 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 besides 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 Management accounting (planning and budgeting) competencies 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  
Management accounting (planning and budgeting) 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 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>		
<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>• 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 Management accounting (planning and budgeting) 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	√	√	√	√
Planning	Strategic planning	√	√	√	√
	Annual performance plan	√	√	√	√
	Business and project financial planning	√	√	√	√
Budgeting	MTEF budgeting process	√	√	√	√
	Estimates of expenditure (national and provincial)	√	√	√	√
	Monthly cash flow and adjusted monthly cash flow	√	√	√	√
	Adjustment estimates	√	√	√	√
	Rollovers	√	√	√	√
Reporting	In year monitoring	√	√	√	√
	Annual Report	√	√	√	√
Control of Source Documentation	Safeguarding of source documents	√	√	√	√

**Table 3 – General Knowledge Requirements for the Management accounting (planning and budgeting) 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 (Act 108 of 1996)	Applicable Sector Legislation and Departmental policies and procedures	Treasury Regulations/ Instructions	IPSAS	Planning/budgeting principles, methods and tools (including capital budgeting)
Public Finance Management Act		Practice Notes and Circulars		Government Priorities
Division of Revenue Act		GRAP Standards		Spreadsheet Applications
Public Service Act and Regulations		Public sector Accounting Systems		
		Management accounting (planning and budgeting) Policies, Principles, Procedures, Methods and Tools		
		Economic Reporting Format		
		Delegations of Authority		
		National Treasury Framework for Strategic Plans and Annual Performance Plans		
		Medium Term Strategic and Expenditure Frameworks		
		Framework for Managing Performance		

<b>Acts of Parliament</b>		<b>Internal Regulations, Systems and Guidance</b>	<b>External Standards and Guidance</b>	<b>Other Relevant Knowledge</b>
<b>Finance Related</b>	<b>Others</b>			
		Information		
		Guidelines from Premier		
		Guidelines from Provincial Treasury		
		Departmental Policies and Procedures		
		Annual Financial Statements template		