

**DEVELOPMENT OF A PUBLIC FINANCIAL MANAGEMENT (PFM) PROFESSIONALISATION
FRAMEWORK FOR THE PUBLIC SECTOR**

CONCEPT NOTE

Date: 31 March 2015

Updated 22 May 2015

TABLE OF CONTENTS

ACRONYMS	3
PURPOSE OF THIS CONCEPT NOTE	4
PROJECT SCOPE	4
KEY STAGES AND ACTIVITIES	4
PFM PROFESSIONALISATION MODEL	8
1. Introduction	8
2. PFM Professionalisation Model colour coding.....	8
3.1 Service delivery in the Public Financial Management (PFM) sector	11
3.2 Capacity Development Strategy (CDS)	11
3.3 PFM disciplines.....	11
3.4 PFM stakeholders.....	12
3.5 PFM ETD Delivery Project	13
3.6 Professionalisation in the public sector	14
3.7 Essential external components	16
3.8 Articulation.....	21
4. Functionality and process flow of the PFM Professionalisation Model.....	22
4.1 Parameters of the PFM Professionalisation project.....	22
4.2 External and internal components.....	23
5. Conclusion.....	24
TIMELINES	25
Annexure A: PFM ETD Delivery Model	26
Annexure B: PFM ETD Delivery Model one-page summary	27
Annexure C: PFM Professionalisation one-page summary	28

LIST OF FIGURES

Figure 1: PFM Professionalisation Model	10
---	----

LIST OF TABLES

ACRONYMS

CPD	Continuing Professional Development
CDS	Capacity Development Strategy
CHE	Council on Higher Education
DCoG	Department of Cooperative Governance
DPSA	Department of Public Service and Administration
ETD	Education, Training and Delivery
FGD	Focus Group Discussion
FM	Financial Management
FMIP	Financial Management Improvement Programme
GFETQSF	General and Further Education and Training Qualifications Sub-Framework
HE	Higher Education
HEQSF	Higher Education Qualifications Sub-Framework
KRA	Key Result Area
LGSeta	Local Government Sector Education and Training Authority
NLRD	National Learners' Record Database
NQF	National Qualifications Framework
OQSF	Occupational Qualifications Sub-Framework
PFM	Public Financial Management
PFMA	Public Finance Management Act
PMA	Project Management Committee
QA	Quality Assurance
Q&QA	Qualifications and Quality Assurance
QCTO	Quality Council for Trades and Occupations
SAQA	South African Quality Council
SCM	Supply Chain Management
SLRD	Sector Learners' Record Database
SQF	Sector Qualifications Framework
ToR	Terms of Reference

PURPOSE OF THIS CONCEPT NOTE

The purpose of this Concept Note is to provide a conceptual overview of the PFM Professionalisation project, entitled, *Development of a Public Financial Management (PFM) Professionalisation Framework for the Public Sector*, and illustrates its inter-relatedness with the PFM ETD Delivery model.

PROJECT SCOPE

The envisaged scope of the PFM Professionalisation project as identified in the ToR is to draft:

- i) A Business Case for PFM Professionalisation in South Africa.
- ii) A South African PFM Professionalisation Framework (i.e. PFM Sector Qualifications Framework).
- iii) A five-year implementation plan for PFM Practitioners in National and Provincial Departments as well as Municipalities to institutionalise PFM Professionalisation.
- iv) A set of Guidelines which will facilitate the institutionalisation of PFM Professionalisation in Municipalities and Provincial and National Departments.

KEY STAGES AND ACTIVITIES

The key stages and related activities to be undertaken to give effect to the scope of the mission, are:

i) Inception and analysis

Review of documents relevant for the project and consult with responsible officials, in order to clarify the deliverables for the project and draft the Inception report for the project.

ii) In-depth activity planning

Systematic, logical in-depth planning of all activities and sub-activities to be conducted throughout the entire duration of the project is essential early in the project to ensure a feasible timeline.

iii) Desktop research on PFM Professionalisation

Perform desktop research on the current state of professionalism and Professionalisation of the PFM environment within the nine financial disciplines. The following needs to be researched in the context of PFM:

- Definitions of trade, occupation, profession, professionalism, Professionalisation, practitioner, professional, technical professionalism, managerial professionalism
- International experience on PFM Professionalisation

- Advantages and disadvantages of PFM Professionalisation
- Strengths and weaknesses of PFM Professionalisation
- Case studies on FM/PFM Professionalisation

Also to be reviewed in this regard:

- Concept Paper on Professionalisation towards the development of a National Professionalisation Framework for Local Government
- PFM Talent Pipeline
- Revised Treasury Regulations
- PFM Competency Frameworks and relevant Technical Competency Dictionaries
- PFM EDT Delivery Model
- Publications by Professional Bodies, SAQA and SETA on Professional Bodies and the NQF

iv) Stakeholder engagement on PFM Professionalisation

Conduct stakeholder engagement through focus group discussions (FGDs)/interviews/questionnaires on the current state of professionalism and the need for Professionalisation of the PFM environment within the nine financial disciplines.

Purpose: To explore the need for, and viability of, implementing a PFM Professionalisation process through a range of mechanisms, including the development of a PFM Sector Qualifications Framework (SQF) and a collaborative model of engagement between NT and the existing Professional Bodies, to support PFM needs.

Objectives for the Interviews:

- To determine the views/understanding of the concept of Professionalisation in the public sector as well as of the three potential mechanisms within NT to improve capacity development PFM.

The three potential mechanisms are:

- i) the PFM EDT delivery model,
 - ii) PFM Sector Qualifications Framework (SQF), and
 - iii) A collaborative model of engagement between NT and existing Professional Bodies to provide the required support for PFM specific processes, particularly workplace based learning.
- To determine the need and level of support there is/could be among the different stakeholders for a dedicated PFM **Sector Qualifications Framework**.
 - To determine the governance and regulatory options for a dedicated PFM Sector Qualifications Framework.
 - To determine the governance and regulatory options for a centralised Quality Assurance function for PFM at NT.

- To determine if clear career pathing and sufficient access and articulation opportunities exist for PFM and whether the various stakeholders are aware of obvious current gaps in the articulation of PFM qualifications.
- To explore issues around professional designations
- To determine what role stakeholders see themselves playing in this PFM Professionalisation process.
- To determine the support needs of existing Professional Bodies to engage effectively in the proposed collaborative model of engagement

The following information will also be useful:

- Definitions of trade, occupation, profession, professionalism, Professionalisation, practitioner, professional, technical professionalism, managerial professionalism; licencing
- International experience on PFM Professionalisation
- Advantages and disadvantages of PFM Professionalisation
- Identify the issues and challenges that will need to be addressed for the establishment of an integrated and coordinated approach to PFM Professionalisation
- Identify the strengths and weaknesses in current approaches to Professionalisation in the South African institutional landscape as viewed by the Professional Bodies, SAQA, SETAs, public training providers and higher education (HE) sector
- Estimate the capability and capacity of the Professional Bodies, SETAs, public training providers and the higher education (HE) sector to:
 - Develop SAQA accredited curricula to fill articulation gaps within each of the nine PFM disciplines respectively
 - Offer PFM courses within each of the nine PFM disciplines respectively

v) Business Case for PFM Professionalisation

Develop a business case for PFM Professionalisation which would recommend the most suited approach to follow, which will *inter alia* seek to:

- Provide an understanding, and seek a validation of this understanding through key stakeholders, of the concepts of profession, Professionalisation and professionalism in the context of the public service and public financial management in particular
- Distinguish between the notions of technical professionalism, managerial professionalism and public financial management professionalism based on professional ethos, ethics and behaviour and seek a validation of these distinctions through key stakeholders

- Identify the need for Professionalisation of national, provincial and local public financial management in the government of South Africa
- Outline and critically review the developments that have taken place to date in the area of Professionalisation in South Africa and the roles that have been played by key stakeholders and include a review of the SAQA and SETA publications on Professional Bodies and the NQF
- Identify the strengths and weaknesses in current approaches to Professionalisation in the South African institutional landscape and the issues and challenges that will need to be addressed for the establishment of a more integrated and coordinated approach
- Provide a review of international experience, with a view to deriving lessons that may inform the public financial management Professionalisation process in the local context
- Identify different options and conceptual approaches that can be used for Professionalisation based on international and regional best practice
- Highlight key principles and considerations that will need to be taken into account for a more integrated and coordinated approach for public financial management Professionalisation
- Recommend activities to align the Framework on Professionalisation with the Integrated Talent Pipeline Policy and Framework and the ETD delivery model
- Gives consideration to, and sets out, the different Professionalisation status and requirements of the nine financial disciplines as defined within the FMIP III Work plan

vi) Framework on PFM Professionalisation

Draft a Framework on PFM Professionalisation and ensure alignment with Public Service Regulations, Public Administration Management Bill 2013 and S195 (1) of the Constitution of the Republic of South Africa guidelines and prescripts, and seek a validation of this understanding through key stakeholders.

vii) Implementation plan and guidelines

Develop a five-year implementation plan and guidelines to institutionalise PFM Professionalisation.

viii) Workshop presentations

Present the business case, draft framework document, five-year implementation plan and guidelines at an appropriate number of workshops for relevant stakeholders.

ix) Evaluation and project closure

PFM PROFESSIONALISATION MODEL

1. Introduction

The PFM Professionalisation Model has been developed and continuously adapted from stakeholder meetings, discussions and from brainstorming sessions with key persons in National Treasury, including the Director Financial Management Capacity Building, as well as and information derived from the following documents:

- PFM ETD Delivery Model (24 Feb 2014) (*Annexure A*)
- PFM ETD INDEPENDENT DIRECTORATE business case
- PFM Professionalisation business case
- PFM ETD Q&AQ SSDU one-page summary (*Annexure B*)
- PFM Professionalisation one-page summary (*Annexure C*)

2. PFM Professionalisation Model colour coding

The PFM Professionalisation Model is depicted in Figure 1. Colour coding has been used to indicate the inter-relatedness of the PFM ETD Delivery Model and PFM Professionalisation project.

The colours have been used as follows:

Grey: PFM public sector components

Brown: PFM ETD Delivery Model components closely inter-related with the Professionalisation project

Blue: PFM Professionalisation project components

Green: External components essential and crucial to success of Professionalisation in the public sector

Colour coding of arrows:

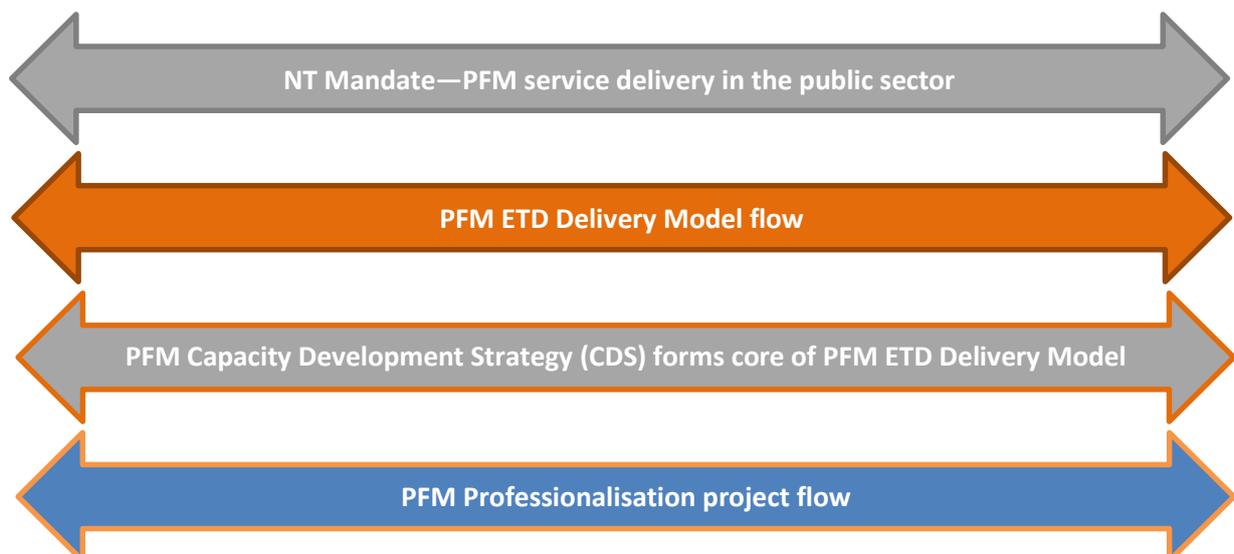
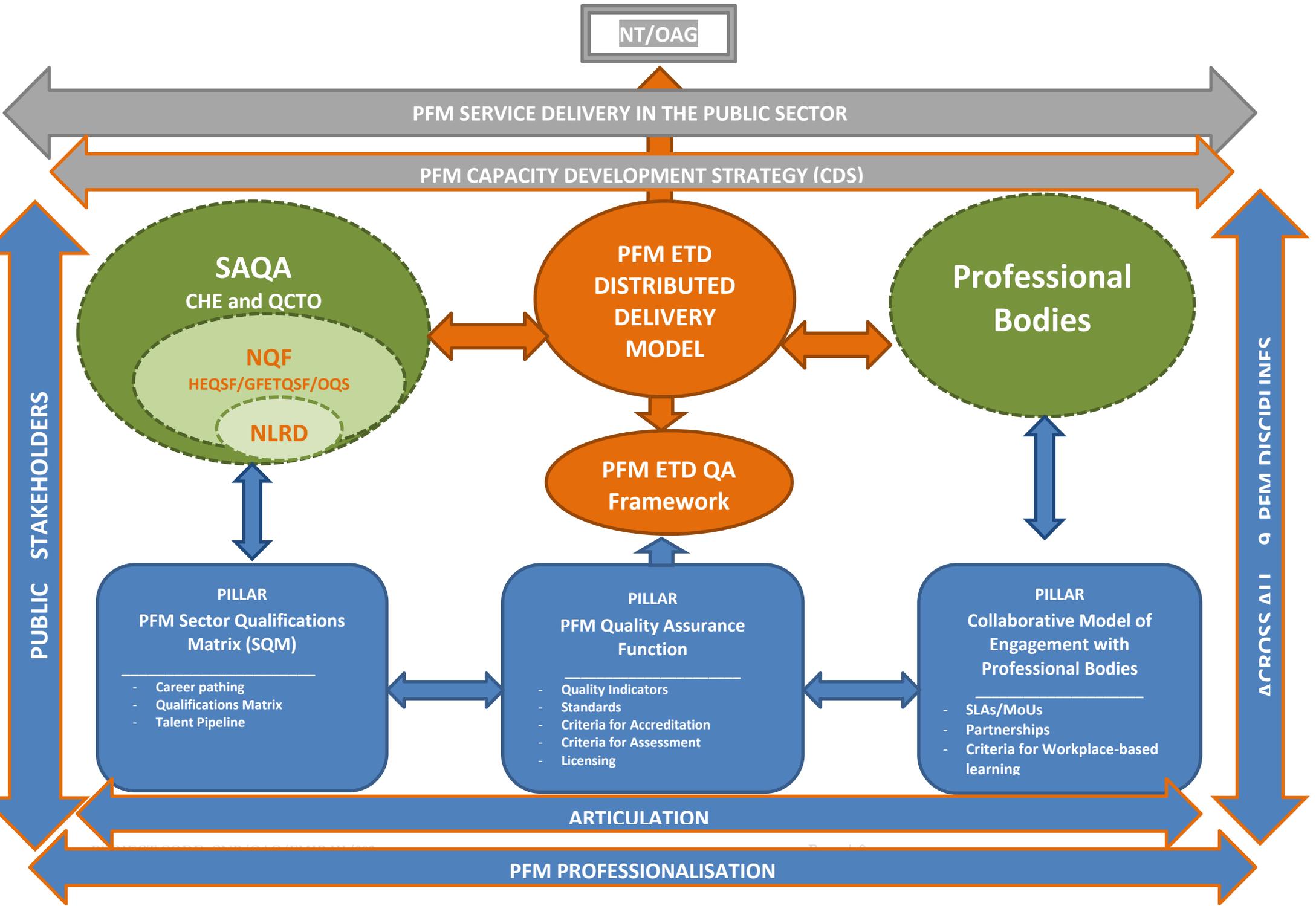


Figure 1



3. PFM Professionalisation Model components

3.1 Service delivery in the Public Financial Management (PFM) sector

OAG's mandated role within the National Treasury is to **prescribe** and **enforce** financial management discipline, i.e. transparency and management of revenue, expenditure, assets and liabilities, in the public service. Historically, critical factors regarding capacity and legislation negatively impacted the OAG's **service delivery mandate**. An evolutionary Capacity Development Strategy was developed which identified solutions that included focused capacity development to enhance PFM capability in government.

3.2 Capacity Development Strategy (CDS)

Whereas the overall mandate of the OAG is towards service delivery within the National Treasury, the PFM ETD Delivery Model is focused solely on supporting **capacity development**, and therefore the Capacity Development Strategy forms the core around which the PFM ETD Delivery Model has been designed and developed.

The CDS—already approved by the Minister of Finance in 2012—provides a national perspective to address financial management capacity constraints in the public sector. These challenges include:

- Scarce skills
- High levels of vacancies and staff turnover
- Lack of suitable education, training and development programmes
- Limited knowledge management
- Inadequate monitoring and evaluation
- Ineffective performance management
- Non-adherence to legislation
- Poor audit results
- An absence of effective partnerships

Both the PFM Education and Training Development (ETD) Delivery Model and the PFM Professionalisation project function in compliance with the CDS, or differently stated, CDS compliance overarches public sector education, training and development and Professionalisation.

3.3 PFM disciplines

'Professionalism' refers to the competence, work practices, ethos, behaviour and attitudes typically displayed by members of a profession.

For PFM Professionalisation, consideration is given to the different Professionalisation status and requirements of the nine financial disciplines existent within the Public Financial Management sector.

The nine PFM disciplines are:

- Management Accounting (planning and budgeting)

- Revenue Management
- Expenditure Management
- Asset Management (movable and immovable)
- Financial Accounting
- Supply Chain Management
- Internal Control
- Enterprise Risk Management
- Internal Audit

3.4 PFM stakeholders

PFM capacity development entails activities which include education, training, skills development and training material/course/curriculum development. The National Treasury collaborates/partners with stakeholders that can be categorised into three distinctive groups:

3.4.1 Public stakeholders

The key public stakeholders in the PFM Professionalisation process have been identified as DPSA, PSeta, NSoG, LGSeta, public training academies, current PFM practitioners who will now have the opportunity to attain a professional qualification and relevant training, Chief Directors of the nine PFM disciplines, the Capacity Development Unit of NT, the Director Financial Management Capacity Building and other key persons at NT.

3.4.2 Private stakeholders

The private stakeholders have been identified as the South African Higher Education Institutions (HEIs) offering PFM qualifications/subjects/modules/courses.

3.4.3 Professional Bodies

Financial management Professional Bodies play a key role in the PFM Professionalisation process. However, the view of National Treasury (and government) is that the existing Professional Bodies do not provide the PFM sector sufficient service and attention. Part of the PFM Professionalisation Model entails on-going research and consultations to define and refine this stakeholder group.

Currently, the following Professional Bodies could influence Professionalisation in PFM:

- AAT (SA)—Association of Accounting Technicians
- ACCA (SA)—Association of Chartered Certified Accountants
- CIMA—Chartered Institute of Management Accounts
- IAC—Institute of Accounting and Commerce
- IIA (SA)—Institute of Internal Auditors
- IRBA—Independent Regulatory Board for Auditors
- SAIBA—South African Institute of Business Accountants

- SAICA—South African Institute of Chartered Accountants
- SAIGA—South African Institute of Government Auditors
- SAIPA—South African Institute of Professional Accountants
- SAIT—South African Institute of Tax Professionals
- SAICM—The Institute for Credit Management
- SAMA—South African Asset Management Association
- IRMSA – Institute for Risk Management South Africa

3.5 PFM ETD Delivery Project

In 2014, the PFM CDS was complemented by the development of a PFM ETD Delivery Model (*See Annexure A*). One of the main goals of the model is to establish an independent PFM Quality Assurance **functionality**, which has led to a follow-up project to establish an independent, centralised PFM ETD Independent Directorate within the OAG, aimed at enabling the National Treasury to realise its aims of achieving:

- High levels of PFM capacity of national, provincial and local government, in order to contribute to the improved financial performance of the government of South Africa.
- Clear learning pathways with improved progression and articulation (*see Section 3.8*) between the three sub-systems of education (*see Section 3.7.1.1*), and ability to move with that learning between countries (international accreditation).
- A responsive system of PFM education and training that works in synergy with, and is supportive of, the PFM Reform programme.

However, for the purpose of the PFM Professionalisation project the primary area of synergy between the two projects is in the area of the Quality Assurance (QA) **function** to be offered through the PFM ETD Delivery project. The PFM ETD Delivery project and the PFM Professionalisation project are closely inter-related in terms of needing a sector qualifications framework (*see Sections 3.5.1 and 3.6.1.1*); quality assurance (*see Section 3.5.1 and 3.6.1.2*) and workplace based learning (*see Section 3.4*).

3.5.1 PFM Sector Qualifications Framework/Mapping/Career pathing

A sector qualifications framework is an organising instrument for programmes and qualifications that will ensure that individuals have their learning (formal, non-formal and informal) recognised and are able to move with that learning between education and training sub-systems and between countries (thus, providing mobility of learners and portability of qualifications). The development of the PFM sector qualifications framework is driven by the need to introduce career pathing and Talent Pipeline management, aligned to a quality assurance (QA) system dedicated to enhancing PFM education and training in South Africa.

The PFM Sector Qualifications Framework will be developed in compliance with the South African Qualifications Authority (SAQA).

3.5.2. PFM Quality Assurance Framework (PFM QAF)

A framework is a broadly defined overview that provides guidance and a recommended approach to assist in reaching a specific objective, or completing a specific function. Due to its nature being informative and guiding it does not contain specific instructions but rather an explanation of the **policies** and **processes** to be performed and how to perform these activities to comply with directives listed elsewhere.

The PFM ETD Quality Assurance Framework will be developed in compliance with the South African Qualifications Authority (SAQA).

3.5.3. Workplace based Teaching and Learning

NT believes that a significant contribution can be made to the effective performance of employees by paying specific attention to how workplace based learning is included in the curriculum of qualifications.

Furthermore, it is believed that the NT can positively influence the outcomes obtained from WBTL by paying specific attention to structured mapping of the qualifications exit level outcomes to the diverse (and somewhat unique) factors relating to the PFM learning contexts and processes. The most important of these are the nature and organization of the work in the company, how the work is structured and allocated to trainees, the support and constructive feedback trainees receive from co-workers and mentors, the perception of a job as meaningful, and the complexity of the job.

3.6 Professionalisation in the public sector

Professionalisation of Public Financial Management can be viewed as a mechanism to drive perceptions of the public sector as an employer of preference and choice. By aligning career pathing, the Talent Pipeline and succession planning within a PFM Sector Qualifications Framework (SQF) (*see Section 3.6.1.1*), PFM will engage and influence the concept of Public Financial Management as a profession, requiring increasing professionalism of its practitioners—beyond just a qualification, to aspects of continuing professional development (CPD), ethics and an enforceable code of conduct which drives accountability and improved levels of PFM performance and service delivery.

Professionalisation is thus a mechanism, guided by a business need in PFM, and contextualised in career pathing and talent management, supported by a PFM Sector Qualifications Framework and governed by an independent Quality Assurance Framework, to improve the perception and opportunity of PFM—both in professional practise and at practitioner level—so that the public sector becomes an employer of preference and choice.

3.6.1 Pillars of PFM Professionalisation

PFM Professionalisation is based on three pillars. All three pillars are essential, inform each other and need to be in alignment for PFM Professionalisation to be applied optimally and contribute to related capacity development and improved service delivery.

3.6.1.1 PFM Sector Qualifications Matrix (SQM)

At the core of PFM Professionalisation is a dedicated, centralised PFM Sector Qualifications Matrix defined as a set of principles and guidelines which provide a recommended approach to obtain and maintain a standardised PFM qualifications system within the national education and training system. The objective of the PFM SQF is to provide an organising tool for PFM career pathing, succession planning and the PFM Talent Pipeline. It contains, with as much detail as possible, at a higher level, in a logical order, the activities required in respect of career pathing and articulation opportunities.

The PFM SQM will be compiled in compliance with the PFM ETD Quality Assurance Framework (QAF) and the National Qualifications Framework (NQF) (See 3.7.1.2).

3.6.1.2 PFM Quality Assurance function

Closely linked to the PFM SQF pillar is the PFM Quality Assurance pillar, which is informed and governed by the (centralised) ETD Quality Assurance Framework, which in turn functions closely in compliance SAQA through the PFM ETD INDEPENDENT DIRECTORATE. All PFM education, training and development (i.e. curricula/ qualifications/ modules/ courses/ training material /exit level outcomes/ assessment and ETD delivery processes) need to be quality assured using a set of PFM sector specific defined standards and quality indicators.

3.6.1.3 Collaborative model of Engagement with Professional Bodies

The third pillar focuses on Professional Bodies in Financial Management on three levels:

a) Currently there is no dedicated central Professional Body for Public Financial Management in South Africa, and the existing Professional Bodies do not cater sufficiently (if at all) for the Public Financial Management sector. The PFM Professionalisation Model proposes (subject to wide and thorough stakeholder engagement) the establishment of a Collaborative model of Engagement with Professional Bodies which will seek to influence the workplace based teaching and learning components of existing Professional Bodies across all nine PFM disciplines. Such commonalities include (but are not limited to):

- Quality indicators
- Occupational standards for PFM
- Continuing professional development and life-long learning
- Collective and collegial ethos
- Ethical work practices and behaviour
- Professional designations

- b) The PFM Professionalisation Model provides for engagement with current FM Professional Bodies through MoUs, SLAs and agreements wherein the concerns and needs of the PFM sector are specifically addressed.
- c) The third level of this pillar makes provision for the establishment of new, dedicated PFM Professional Bodies within each, or a combination of, the nine PFM disciplines, if needed.

Attention will need to be paid in the Professionalisation model to issues of regulation, governance and validation relating to:

- Codes of Conduct and ensure that members adhere to its provisions
- Formalised workplace-based learning in collaboration with existing FM and/or newly established PFM Professional Bodies
- Setting of relevant competence criteria for admission into the profession and accreditation of educational programmes
- Development , in collaboration with existing FM and/or newly established PFM Professional Bodies, of a clear set of norms and standards for the relevant occupational categories across the nine disciplines
- Establishment of minimum competence levels based on national competence frameworks and job profiles
- Development of RPL procedures, through which Professional Bodies can assist employees in obtaining accredited qualifications after the RPL process is completed
- Oversight of the certification and licensing of professionals, and assisting national and state level authorities in the setting of legally enforceable occupational standards
- Dispute resolution

3.7 Essential external components

The two external components at the core of the inter-related functioning of the PFM ETD Delivery project and PFM Professionalisation project are SAQA and existing FM Professional Bodies.

3.7.1 SAQA

The South African Qualifications Authority (SAQA)¹ is the overarching Qualifications Authority of all registered qualifications in South Africa. SAQA is a juristic person—that is an entity given a legal personality by the law. The South African Qualifications Authority Board is a body of 12 members appointed by the Minister of Higher Education and Training.

¹ <http://www.saqa.org.za/show.php?id=5658>

The objects of SAQA are to:

- Advance the objectives of the **NQF** (see Section 3.7.1.2)
- Oversee the further development and implementation of the NQF
- Co-ordinate the **sub-frameworks** (see Section 3.7.1.2)

SAQA must advise the Minister of Higher Education and Training on NQF matters in terms of the NQF Act. SAQA must also perform its functions subject to the NQF Act 67 of 2008 and oversee the implementation of the NQF and ensure the achievement of its objectives.

In terms of the NQF Act no. 67 of 2008, the **Quality Councils** (see Section 3.7.1.1), must amongst others, do the following in order to achieve the objectives of the NQF:

- Perform their functions subject to the NQF Act 67 of 2008 and the law by which the Quality Council is established
- Develop and manage their sub-frameworks, and make recommendations thereon to the Minister of Education and Training
- Ensure the development of qualifications or part-qualifications as are necessary for their sectors, which may include appropriate measures for the assessment of learning achievement
- Recommend qualifications or part-qualifications to SAQA for registration

SAQA has the following role with respect to qualifications:

- SAQA must develop and implement policy and criteria, after consultation with the Quality Councils (QC) for the development, registration and publication of qualifications and part-qualifications, which must include the following requirements:
 - The relevant sub-framework must be identified on any document relating to the registration and publication of a qualification or part-qualification
 - Each sub-framework must have a distinct nomenclature for its qualification types which is appropriate to the relevant sub-framework and consistent with international practice
- SAQA must register a qualification or part-qualification recommended by a QC if it meets the relevant criteria
- SAQA must develop policy and criteria, after consultation with the QCs, for assessment, recognition of prior learning and credit accumulation and transfer

The Education and Training Quality Assurance (ETQA) regulations were also published in 1998 and provided for the accreditation of Education and Training Quality Assurance Bodies. These bodies are responsible for accrediting providers of education and training standards and qualifications registered on the NQF, monitoring provision, evaluating assessment and facilitating moderation across providers, and registering assessors. The ETQA responsibilities of SETAs will remain according to the mentioned SAQA regulations, until such time as the Minister Higher Education and Training publishes new regulations replacing the existing

regulations, thereafter the responsibilities will reside with the Quality Council for Trade and Occupations (QCTO).

SAQA has the following role with respect to **Professional Bodies**:

- Must develop and implement policy and criteria for recognising a Professional Body and registering a professional designation for the purposes of this Act, after consultation with statutory and non-statutory bodies of expert practitioners in occupational fields and with the QCs
- Recognise a Professional Body and register its professional designation if the relevant criteria have been met

3.7.1.1 Sector Quality Councils (SQCs)

A Sector Quality Council (SQC) has a set of sector specific defined standards and quality indicators which are in compliance with national standards and quality indicators. There are three Sector Quality Councils registered with SAQA, namely the Council on Higher Education (CHE), the Quality Council for Trades & Occupations (QCTO), and Umalusi.

a) Council on Higher Education (CHE)

The Council on Higher Education (CHE)² is an independent statutory body established in May 1998 in terms of the *Higher Education Act (Act No 101 of 1997)*, as amended and it functions as *the Quality Council for Higher Education in terms of the National Qualifications Framework Act (Act No 67 of 2008)*.

Its role is to oversee the design, implementation, assessment and certification of Higher Education qualifications on the HE Sub-Framework (HEQSF).

The functions of the CHE include the following:

- To provide advice to the Minister of Higher Education and Training on request or on its own initiative, on all aspects of higher education policy
- To develop and implement a system of quality assurance for higher education, including programme accreditation, institutional audits, quality promotion and capacity development, standards development and the implementation of the Higher Education Qualifications Sub-Framework (HEQSF) (*see Section 3.7.1.2*)
- To monitor and report on the state of the higher education system, including assessing whether, how, to what extent and with what consequences the vision, policy goals and objectives for higher education are being realised
- Contribute to the development of higher education through intellectual engagement with key national and systemic issues, including international trends, producing publications, holding conferences and conducting research to inform and contribute to addressing the short and long-term challenges facing higher education

² http://www.che.ac.za/about/overview_and_mandate/mandate

The CHE has executive responsibility for quality assurance and promotion and discharges this responsibility through the establishment of a permanent committee (as required by the Higher Education Act), the Higher Education Quality Committee (HEQC).

The Council on Higher Education³ is responsible for the accreditation of public and private higher education institutions' learning programmes leading to qualifications registered on the National Qualifications Framework (NQF) and registered by the Department of Higher Education and Training.

The Accreditation Directorate carries out this work by developing and operating the HEQC-online system through which institutions submit programmes for accreditation as well as new programmes—these include programmes to which significant changes have been made. The Directorate is supported in its work by an Accreditation Committee.

b) Quality Council for Trades & Occupations (QCTO)

The Quality Council for Trades and Occupations (QCTO)⁴ is a Quality Council established in terms of the Skills Development Act. Its role is to oversee the design, implementation, assessment and certification of occupational qualifications on the Occupational Qualifications Sub-Framework (OQSF).

Following the format of the Organising Framework for Occupations (QFO), occupational qualifications are categorised into the eight major employment groups⁵:

- Managers
- Professionals
- Technicians and Associate Professionals
- Clerical Support Workers
- Service and Sales Workers
- Skilled agriculture, forestry, fisheries, craft and related trades
- Plant and Machine Operators and Assemblers
- Elementary Occupations

QCTO's vision is to qualify a skilled and capable workforce; their mission is to effectively and efficiently manage the Occupational Qualifications Sub-Framework in order to set standards, develop and quality assure national occupational qualifications for all who want a trade or occupation and, where appropriate, professions.

3.7.1.2 NQF and Sector Qualifications Frameworks

The National Qualifications Framework (NQF) is a comprehensive system approved by the Minister of Education and Training for the classification, registration, publication and articulation of quality-assured national qualifications.

³ http://www.che.ac.za/focus_areas/accreditation/overview

⁴ <http://www.qcto.org.za/>

⁵ <http://www.qcto.org.za/index.php/about-us/our-history>

In short, the NQF is the set of principles and guidelines by which records of learner achievement are registered to enable national recognition of acquired skills and knowledge, thereby ensuring an integrated system that encourages life-long learning.

The objectives of the NQF⁶ as outlined in the *NQF Act No 67 of 2008* are as follows:

- To create a single integrated national framework for learning achievements
- Facilitate access to, and mobility and progression within, education, training and career paths
- Enhance the quality of education and training
- Accelerate the redress of past unfair discrimination in education, training and employment opportunities

The objectives of the NQF are designed to contribute to the full personal development of each learner and the social and economic development of the nation at large. The South African Qualifications Authority (SAQA) is responsible for the further development and implementation of the National Qualifications Framework (NQF). One of the features of a quality system such as the NQF is the ability to manage and report information about the system accurately.

The Minister of Higher Education and Training, on 14 December 2012, published the determination of the Sub-frameworks⁷ that comprise the NQF. As mentioned in 3.7.1.1, the three registered Quality Councils oversee the three respective sub-frameworks:

- CHE oversees the Higher Educational Quality Sub-Framework (HEQSF) and is the custodian thereof
- Umalusi oversees the General Further Education and Training Quality Sub-Framework (GFETQSF) and is the custodian thereof
- QCTO oversees the Occupational Quality Sub-Framework (OQSF) and is the custodian thereof

In the same manner the ETD Delivery Model proposes the establishment of a PFM ETD Quality Functionality which oversees the PFM Sector Quality Assurance Framework and is the custodian thereof.

Furthermore, the PFM Professionalisation Model proposes the establishment of a dedicated PFM Sector Qualifications Framework (SQF) in compliance and aligned with the PFM Quality Assurance Framework, therefore the proposed name of this Unit is **PFM ETD INDEPENDENT DIRECTORATE**, as indicated in the PFM ETD INDEPENDENT DIRECTORATE business case.

SAQA is the custodian of the NQF. Because sector frameworks have particular definitions and represent a contested area in frameworks, it may be necessary to call this framework by another name, still to be decided.

3.7.1.3 NLRD

The National Learners' Record Database (NLRD), which has been in operation since November 1999, is the electronic integrated management information system that facilitates the management of the NQF (the first

⁶ <http://www.saqa.org.za/show.php?id=5661>

⁷ <http://www.saqa.org.za/show.php?id=5763>

such system in the world) and enables SAQA to report accurately on most aspects of the education and training system of South Africa.

The main functions of the NLRD are:

- To provide policy makers with comprehensive information to enable informed decision-making
- To provide learners and employers with proof of qualifications obtained
- To provide information that assists with career development and advice

The NLRD provides the following information⁸:

- Qualifications and part-qualifications (including unit standards) registered on the NQF, their purpose statements, exit level outcomes and assessment criteria, and the NQF sub-framework allocated to each qualification and part-qualification
- The twelve organising fields and the subfields of the NQF
- Recognised Professional Bodies and their Professional Designations that are registered on the NQF
- Quality Assuring Bodies, including Sector Education and Training Authorities (SETAs) and Quality Councils (QCs), and the qualifications and part-qualifications for which accreditation has been granted
- Accredited providers
- Registered assessors
- The records of learners who achieve qualifications or part-qualifications registered on the NQF and their achievement

A PFM Sector Learners' Records Database (SLRD) will be developed and maintained in compliance with the PFM SQF and modelled on the NQF National LRD.

3.7.2 Professional Bodies

Professional Bodies have already been discussed in Section 3.4.3 (Stakeholders) and Section 3.6.1.3c (Centralised Dedicated PFM Professional Body).

3.8 Articulation

Articulation⁹ provides for learners, on successful completion of accredited prerequisites, to move between components of the delivery system. It is the systematic coordination of course and/or program content within and between educational institutions to facilitate the continuous and efficient progress of students from grade to grade, school to school, and from school to the working world.

⁸ <http://www.saqa.org.za/show.php?id=5689>

⁹ http://www.saqa.org.za/docs/pres/2013/blom_r.pdf

Key words relating to articulation include *Clarity, Jointedness, Connectedness, Coherence, Coordination, Progress, Movement, Mobility and Mapping*.

Articulation is closely linked to career pathing, the Talent Pipeline and succession planning, which are important elements of the PFM Professionalisation project.

Career Pathing¹⁰ is the sequence of jobs along which one may be promoted within an organisation or progresses in one's career. A career¹¹ refers to the progress and actions taken by a person throughout a lifetime, especially those related to that person's occupations. A career is often composed of the jobs held, titles earned and work accomplished over a long period of time, rather than just referring to one position.

4. Functionality and process flow of the PFM Professionalisation Model

Professionalisation is a mechanism, guided by a business need in PFM, and contextualised in career pathing and talent management, supported by a PFM Sector Qualifications Framework and governed by an independent Quality Assurance Framework, to improve the perception and opportunity of PFM—both in professional practise and at practitioner level—that the Public Sector becomes an employer of choice and preference.

Professionalisation is one of a number of interventions to address the challenges of capacity development in the Public Financial Management sector in South Africa.

4.1 Parameters of the PFM Professionalisation project

As can be seen in Figure 1, PFM Professionalisation (bottom arrow 1) functions within the parameters of the PFM Capacity Development Strategy (CDS) (top arrow 2), which is contained in the Service Delivery parameters of the National treasury (top arrow 1).

At the heart of the PFM Professionalisation project is the concept of **articulation** (bottom arrow 2). The qualifications articulation process and the Talent Pipeline mechanism are central to optimal career pathing and Talent management in Public Financial Management.

The NT stakeholders for capacity development and the PFM Professionalisation project are the Public Sector (NT, DPISA, PSeta ;LGSeta, NSoG, public training academies) and Higher Education Institutions offering PFM qualifications (left vertical arrow). Professional Bodies are also stakeholders, indicated separately in Figure 1.

The nine PFM disciplines are interwoven in all levels and components of public service delivery, capacity development and Professionalisation (right vertical arrow) (*see Section 3.3*).

The six large arrows (parameters) therefore form the frame within which the PFM Professionalisation project is unpacked.

¹⁰ <http://www.businessdictionary.com/definition/career-pathing.html>

¹¹ <http://www.businessdictionary.com/definition/career.html>

Note the blue colour of the arrows, indicating the flow of the PFM Professionalisation project, which are encapsulated within the brown coloured frame, indicating the PFM ETD Delivery Model setting the indicators and standards for PFM Professionalisation.

4.2 External and internal components

The core of the PFM ETD delivery project is the Capacity Development Strategy (*discussed in Section 2*). This is indicated by the grey colour of the CDS arrow (public sector), framed with the brown colour of the PFM ETD Delivery Model (top arrow 2).

For the purpose of the Professionalisation Project, the CDS spreads across the following external and internal components:

- External: SAQA with all its sub-sections
- External: Financial Management Professional Bodies in South Africa
- Internal: The relevant components of the PFM ETD Delivery Model
- Internal: The PFM Professionalisation pillars

4.2.1 SAQA with its sub-sections

In Figure 1, SAQA and its sub-sections are indicated with three circles within each other. The outer circle governs and set indicators for the second circle, which governs and set indicators for the inner circle.

The components of the three circles are as follows:

- SAQA with its registered Quality Councils (CHE, Umalusi, QCTO)
- SAQA is the custodian of, and governs, the National Qualifications Framework (NQF)
- The NQF contains the compliancy standards and indicators for the three sub-frameworks
- CHE is the custodian of, and governs, the Higher Educational Quality Sub-Framework (HEQSF)
- Umalusi is the custodian of, and governs, the General Further Education and Training Quality Sub-Framework (GFETQSF)
- QCTO is the custodian of, and governs, the Occupational Quality Sub-Framework (OQSF)
- The national Learners' Record Database (NLRD) containing all the registered qualifications and modules with exit-level outcomes (ELOs) in a format standardised across all sub-frameworks.

4.2.2 Professional Bodies

Professional Bodies may apply to SAQA for recognition and registration¹² on its database, given that the bodies fulfil a set of criteria according to *the Policy & Criteria for Recognising a Professional Body and*

¹² <http://www.saq.org.za/show.php?id=5749>

Registering a Professional Designation for the Purposes of the National Qualifications Framework Act, Act 67 of 2008.

It is important for the public sector to liaise with Professional Bodies registered at SAQA to promote and enhance PFM articulation. Professional Bodies form an important link between the ETD delivery Model and PFM Professionalisation project.

4.2.3 Relevant PFM ETD Delivery Model components

The full PFM ETD Delivery Model and PFM ETD INDEPENDENT DIRECTORATE project are summarised in Annexures A and B.

Of utmost importance to the PFM Professionalisation project, and therefore in the centre of the PFM Professionalisation Model diagram, is the PFM ETD **Quality Assurance Framework (QAF)**. It is through pillar 2, this QAF (in compliance with the PFM ETD Delivery Model and SAQA standards and indicators), that the quality assurance of the PFM SQF (pillar 1) and PFM Professional Body (pillar 3) will be given expression.

4.2.4 PFM Professionalisation pillars

PFM Professionalisation is grounded on three pillars. All three pillars are essential, inform each other and need to be in alignment for PFM Professionalisation to be applied optimally and contribute to related capacity development and improved service delivery.

The centre pillar, PFM QA function, has been discussed in Section 4.2.3. The two-way arrows between the three pillars indicate cross-flow, dependency on, and informing each other.

The core of PFM Professionalisation is the PFM Sector Qualification Framework (SQF). In the same manner that the NQF has been developed according to SAQA standards and indicators, will the PFM SQF be developed according to the PFM ETD Delivery Model Quality Assurance Framework standards and indicators.

Similarly, the PFM Sector Learners' Record Database (SLRD) will be designed in accordance with the NLRD format/specifications/indicators.

The two-way arrow between the external SAQA component and the internal PFM SQF pillar indicates that the PFM SQF could be registered as a fourth SAQA sub-framework, and that SAQA would be able request the PFM ETD INDEPENDENT DIRECTORATE to add the contents of the SLRD to the NLRD.

5. Conclusion

The PFM Professionalisation Model, through the PFM ETD Delivery Model, is an intervention to contribute towards mitigating the challenges experienced with service delivery in the public sector. This is done in compliance with the NT Capacity Development Strategy, which entails education, teaching, training, learning, skills development, amongst others.

DEVELOPMENT OF A PFM PROFESSIONALISATION FRAMEWORK FOR THE PUBLIC SECTOR CONCEPT NOTE

The absence of centralised, standardised, benchmarked, nationally compliant quality assurance in the PFM ETD sector is addressed through the PFM ETD Delivery Model and subsequent PM ETD INDEPENDENT DIRECTORATE project.

Of importance to the PFM Professionalisation Model is the PFM ETD QA **function** flowing through the PFM ETD Delivery Model to all aspects of Professionalisation in PFM

To address career pathing and talent management, using the PFM talent Pipeline, a PFM Sector Qualification Framework needs to be developed which will address the articulation gaps (which are significant) across all nine PFM disciplines. The PFM SQF will be developed in compliance with the PFM ETD Quality Assurance Framework and in accordance with the National Qualifications Framework.

A PFM Sector Learners' Record Database (SLRD) will be developed and populated in accordance with the National Learners' Record Database (NLRD), and uploaded onto the NT portal.

As part of the centralised quality assurance function, the concept of a dedicated, SAQA-compliant Professional Body for PFM, governing the professional commonalities across all nine PFM disciplines, is introduced, as one option. The preferred option is however; to establish a formal collaborative model of engagement with existing Professional Bodies with the aim of influencing the curriculum of occupational qualifications, particularly standards and workplace based components.

The stakeholders of PFM Professionalisation are the Public Sector (*see Section 2.4.1*), HEIs (*see Section 2.4.2*) and Professional Bodies (*see Section 2.4.3*).

The colour coding of the components and arrows in die PFM Professionalisation Model is important as it indicates the inter-relatedness of the various components, levels and functions.

TIMELINES

ANNEXURE A: PFM ETD DELIVERY



ANNEXURE B: PFM ETD DELIVERY MODEL ONE-PAGE SUMMARY

PROBLEM STATEMENT: Establish a PFM ETD SDU in OAG: The OAG mandate for capacity development imperatives of PFM are enacted constitutionally and legislatively, as well as within the approved PFM Capacity Development Strategy (CDS). The OAG is not adequately resourced to provide the necessary support for the realisation of the PFM ETD reform agenda, within the approved PFM Capacity Development Strategy.

What? (Context / Reality / AS IS)

ETD in National Treasury

NT's **mandated** role is to prescribe and enforce the financial management discipline in the public service. However, there is complexity and scope w.r.t the NT's mandate for PFM capacity building.

Audit outcomes reveal consistent under-performance in areas of FM and governance.

Key challenges identified:

- i) An absence of Uniformity, consistency, understanding and relevance i.t.o. successful PFM implementation
- ii) Below standard performance of the functions of NT, i.e. accounting, internal audit and risk management (PFM)
- iii) There is an absence of adequate and current technical knowledge in the OAG necessary to ensure that it becomes a pre-emptive enabler
- iv) The poor quality of existing PFM ETD for capacity development

The repositioning of the Capacity Building Directorate (CBD) as an SSDU as per provision in the Public Service Act (PSA), will support flexibility, responsiveness and quality assurance (QA) with regard to CD. This will enable the CD SSDU to ensure the level of CD support needed by the OAG to achieve its mandate.

So what? (Can NT do something about it?) NT can focus on increasing and improving capacity development and supporting the AOG to become a pre-emptive enabler

Key drivers for change (what underlies the need for change in the way CD is managed within NT).

PFM is not represented in the largest majority of FM ETD training interventions in the country.

There is poor Leadership for capacity development of FM for the Public Sector, with consequential poor quality in PFM ETD (teaching, curriculum & assessment) and relevance concerns:

- i) There is no career pathing & talent management
- ii) Volume of AOG clients needing increased support requires a more substantive and holistic approach to the task of building capacity within PFM

ETD SSDU can serve as a support function to the AOG and will be aimed at facilitating solutions to capacity development challenges by ensuring:

- High levels of PFM capacity leading to increased capability in government for PFM
- Clear learning pathways with improved progression and articulation through the development of an effective organising mechanism for sector qualifications
- Centralised control of the quality assurance function of PFM ETD at all levels of government
- Leadership in PFM ETD for other governmental entities, to include the Setas, DPSA, NSOG, HRDS
- A coordinating mechanism for PFM ETD to facilitate the Implementation of the PFM ETD delivery model
- Professionalisation of the PFM sector

Now what? (What needs to be done?)

To be effective, and efficient, the CBD will need more responsiveness, and a higher level of delegated decision-making within the AOG.

A **business case is needed** for the establishment of the PFM ETD directorate as an, SSDU reporting to the AOG to determine feasibility in terms of:

- Aligned structure with SSDU concept
- Human Resources
- Finances
- Functions

Planned Functions of the ETD SSDU

- Develop & implement a dedicated PFM Sector Framework for qualifications
- Develop and administer PFM ETD QA framework, related policies and regulations
- Career pathing and talent management
- Setting of standards and quality indicators for PFM ETD and Professionalisation
- Develop mechanisms to facilitate the process of Professionalisation
- Develop a Work-place based teaching and learning system
- Develop service provider capacity in the delivery and assessment of PFM ETD
- Develop systems to coordinate and manage PFM ETD, to include a register for PFM sector qualifications and a centralised learners record database

CLOSING: This provides the entry point for the development of the business case for PFM Professionalisation.

ANNEXURE C: PFM PROFESSIONALISATION ONE-PAGE SUMMARY

PROBLEM STATEMENT: Develop and improve PFM Professionalisation in the Public Sector by developing a PFM Sector Qualifications Framework and Quality Assurance indicators within the PFM EDT Delivery Model parameters.

What? (Context / Reality / AS IS)

PFM in National Treasury

NT’s mandated role is to prescribe and enforce financial management discipline in the public service. However, PFM professionalism is weak and fails to attract practitioners to PFM as an employer of preference.

Key challenges identified:

- Scarce skills in PFM
- Government’s inability to attract and retain highly skilled individuals
- Appointment of PFM staff without adequate qualifications, expertise and experience
- Low staff morale and poor service ethic
- Inadequate implementation of performance management systems
- Adverse findings by AG, specifically related to functions of PFM officials at lower levels— financial irregularity and non-compliance
- No dedicated professional body accountable for PFM practice and practitioners
- Lack of an organising framework for integration of career pathing, talent management and succession planning
- PFM Practitioners are not accountable via a professional code of ethics and an enforceable code of conduct to drive and improve levels of PFM performance

So what? (Can NT do something about it?)

NT can focus on increasing and improving Professionalisation of PFM practice and practitioners.

Key drivers for change (what underlies that selection of action for Professionalisation of PFM):

- PFM is now seen as an “umbrella” definition, covering a set of systems aimed at producing information, processes and rules that can help support fiscal policymaking as well as provide instruments for its implementation.
- Public Financial Management is an integrated framework with its own architecture, logic, and connections, offering a uniquely interdisciplinary combination of disciplines. It is this linkage of policies and processes that highlights the importance of PFM
- PFM Practitioners have assumed increasingly responsible, important and societally significant and impactful roles. These roles are not matched by a uniform, accredited and professional set of qualifications, career-pathing, codes of conduct and resultant appropriate recognition in the workplace and wider society.
- Changes in DPSA, NSOG , HRDS
- Extant Poor quality in PFM ETD (teaching, curriculum and assessment)
- Relevance concerns in PFM ETD
- Fragmentation of Management in PFM ETD

Now what? (what needs to be done?)

Develop a **business case** for PFM Professionalisation to determine feasibility in terms of:

- i) Aligned structure with SSDU concept
- ii) Human Resources
- iii) Finances
- iv) Quality

Purpose

The purpose of developing a PM Sector Qualifications Matrix and Quality Assurance indicators within the parameters of the ETD Delivery Model is to achieve an increase in efficacy and efficiency in service delivery through the establishment of professional qualifications, norms and standards, codes of conduct, career-pathing, recognised demarcation and a justified sense of pride as a professional PFM Practitioner.

Key Functions

- Promote professional ethics, values & ethos to enable transition to a service-oriented approach in NT Strengthen local, provincial and national government PFM systems
- Set quality indicators for PFM Professionalisation processes
- Develop career pathing, succession planning and talent management
- Develop a mentoring and coaching system for on- the job training
- Develop and implement Continuing Professional development (CPD) for PFM
- Develop and implement a Code of Professional PFM conduct

CLOSING: This provides the structure for developing a PFM Sector Qualifications Framework and Quality Assurance indicators PFM Professionalisation.