



NEWS

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EAST & SOUTHERN AFRICAN ASSOCIATION OF ACCOUNTANTS-GENERAL



South Africa, Mozambique, Lesotho, Mauritius, Malawi, Tanzania, Rwanda, Zambia, Botswana, Uganda, Swaziland, Namibia, Kenya and Zimbabwe

MISSION STATEMENT

ESAAG aspires to be a leading organization supporting good governance through sound public financial management in member countries. ESAAG is a not-for-profit association of Accountants-General in East and Southern Africa, constituted to support the Accountants-General's Offices to develop sound PFM practices by providing; a knowledge base, networking and information sharing opportunities, advice on PFM Legislation Framework, Regional and International representation and promoting cooperation with strategic regional and international stakeholders, and providing and/or supporting capacity building. The Core Values of ESAAG are professionalism, integrity, transparency, ethical conduct, gender sensitivity, co-operation and commitment.

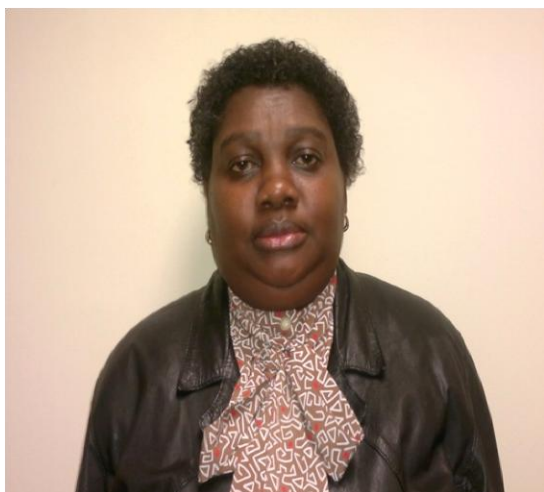
STRATEGIC OBJECTIVES

- To ensure an adequately resourced and sustainable office of the ESAAG Secretariat;
- To facilitate capacity building of member countries through the offices of the Accountants-General;
- To research, develop, collate, store and disseminate PFM Best Practices;
- To promote communication, knowledge sharing and networking amongst member countries;
- To build strategic regional & international alliance to promote the aims of ESAAG;
- Enhance commitment of AGS to training;
- Ensure buy-in of AGs by providing relevant capacity building programmes;
- Create value for money;
- Facilitate contact with professional bodies and ensure synergies;
- Update existing training materials and identify new relevant areas/topics;
- Improve collaboration with other stakeholders within member countries (such as parallel programmes);
- Establish staff exchange platform; and
- Develop capacity building programmes through enhancement of existing initiative.

"Professionalism, integrity, transparency, ethical conduct, gender sensitivity, and co-operation and commitment".



MEET THE CHAIRPERSON



Ms Fanisile Mabila
Accountant-General: Swaziland
ESAAG Chairperson

Fanisile Mabila is a Swazi citizen born in South Africa. She grew up in Swaziland and completed high school at St Michaels Girls' High School and was employed as an Audit examiner by government while studying for a Diploma in accounting and business studies. In 1992 she graduated and obtained a Bachelor's degree in commerce majoring in accounting with the University of Swaziland as a full time student. In 1993 she sat for the national vocation qualification (AAT) the commerce stream. In the year 2000, she became a CIS associate member for the South African Institute of Secretaries. She later graduated in 2006 with an MBA offered by East and Southern Africa Management Institute in partnership with Maastricht School of Management.

Her career has been centered around auditing, training, supervisory, management and accounting then progressed within the ranks of the office of the Auditor-General until she was a Principal Auditor. She later acted for the position of Deputy Auditor-General and in 2009 was promoted to the position of Deputy Accountant-General, a position that she is presently holding. Since middle 2010 she has been acting in the position of Accountant-General on alternative bases.

The vision of the Swaziland Accountant General's Office is to promote service excellence through transparent public accounting in compliance with relevant standards and mandates.

The Office exists to provide quality and timely service to all stakeholders in the administration of their financial responsibilities and the implementation of government's financial decisions.

The major reform involving Accountant's General office is the drafting of the Public Financial Management (PFM) legislation. It is expected to be tabled in parliament in December 2012. The review of the chart of accounts (COA) is under way and is expected to use the GSF classification starting from the 2014/2015 budget. Implementation of electronic funds transfer is in progress reducing the threshold in cheque payments.

Its mandate is also to ensure the finalization of the strategic plan document that has good governance, human capital, efficiency, service, controls and innovation as key strategic objectives. As a council member of the Swaziland Institute of Accountants, she sold the idea of the institution to consider the broader perspective of the accountancy profession by including public sector accounting in its oversight role. The idea has been included in the draft strategic plan document for the institute. It is looking at having certified public sector technicians and accountants in the near future.

There are challenges with human resource as all the reforms require the same human resource that is also discharging its day to day duties. Problems are associated with change management. There are skills and knowledge shortage in these areas of the reform. Staff turnover is high for qualified staff. Financial muscle which is somehow crucial for the various resource requirements has proved to be inadequate.

As chairperson of ESAAG her role is to oversee the operation of the association. Ensure that resolutions taken both by EXCO and at AGM are implemented. The association has a calendar of events that include courses, workshops, meetings and conferences.

"All the effort is towards improving good governance in public finance management regionally."



LEADERSHIP CHALLENGES FOR SA



The exercise of leadership always carries its dangers, yet people talk of leadership as if it is just a position or influence. One then often wonders why there is often lamentation about the lack of leadership when you have people in high positions and influential people. This suggests that, despite the traditional notion or understanding of leadership, society does yearn for something more meaningful. I am using the South African Government's priorities to illustrate the challenges that authorities face to make progress on important issues. The danger of exercising leadership is the same, both in the private/public sectors and in civil society.



Mr Freeman Nomvalo
Accountant-General: South Africa

The South African Government decided on improving education and health; creating decent jobs; tackling crime, fraud and corruption; and rural development and land reform as priorities in its five year term. There is no gainsaying that these values are important because the current reality is not satisfactory. Our education system requires a lot of attention as the recent text book saga in the Limpopo province confirms. The health sector is beset with problems in most parts of the country. Unemployment is about 25%. Crime, fraud and corruption are a headache to all those who care about our country's future.

Resources at our disposal are limited whilst the needs are huge. South Africa must decide whether resources are allocated to consumption spending or increasing productive capacity of the economy. Some programmes must relinquish resources in favour of funding the priorities. To reduce unemployment, the economy must grow sufficiently. Adopting the most appropriate economic policies is key. Fighting crime, fraud and corruption may mean that you prosecute an old friend, a family member or a staunch supporter of your goals.

Most would agree with the above, but implementation may be problematic. Relinquishing resources and prosecuting acquaintances may be hard call. Imagine asking a trade union for flexibility in labour laws to increase employment or the reaction of business to increased taxes in order to avail more resources for education and health. At the core of these contradictions lies the danger of exercising leadership. No wonder most people, I included hardly exercise leadership.

Dean Williams, a Harvard lecturer defines leadership as "an act of mobilising people to confront and productively address problematic realities for the purpose of improving the human condition." To mobilise South Africans to grow the economy,

create jobs (let alone "decent ones") reduce crime, fight fraud and corruption will be a challenge for which there are no ready-made solutions. Exercising leadership in the South African context is essential to avoiding challenges similar to the so called "Arab Spring".

Mobilising consensus on economic policy, as an example, necessary surfaces and challenges deeply held beliefs of stakeholders. Addressing the resource constraints result in the emergence of legitimate yet competing service delivery imperatives. This would call on the authorities to mobilise an adaptation process to ensure SA

survives and thrives. The authorities need to recognise that their long held beliefs as well as their default behaviours of providing leadership in the form of solutions could be an impediment to progress. Mobilising change could be stressful to those experiencing it, which needs to among others, learn new roles, new behaviours and approaches to work. Generally, society is ambivalent about the efforts and sacrifices required of them and often look to authorities to provide solutions. Ronald Heifetz, a Harvard professor, suggests the following six principles in the exercise of leadership: -

- Avoiding being swept up in the field of play by taking a step back and observing patterns and trends;
- Identifying the emerging risks and the gap between values and practices;
- Pacing the adaptive work but always ensuring that society engages with the issues while providing direction;
- Allowing debate on divisive issues rather than indulging in scapegoating;
- Encouraging risk taking and responsibility while providing support; and
- Protecting whistle-blowers, creative deviants and dissenting voices.

I think it should be recognised that exercising leadership does not necessarily require one to be in a position of authority. When society sits backs while the country is being looted and points fingers at government, leadership is not only lacking from government but also from us all.

"Mobilising change could be stressful to those experiencing it, which needs to among others, learn new roles, new behaviours and approaches to work"



IMPACT OF PROFESSIONAL DEVELOPMENT ON PFM IN UGANDA



Capacity Building is undisputedly one of the major cornerstones of any Public financial management and this largely explains why almost all PFM reform agendas of most ESAAG member countries have significant provisions for it. Capacity building is a broad array of transformational initiatives aimed at significantly enhancing individual and consequently organisational efficiency and effectiveness. It is a deliberate process of developing competencies in individuals, teams and entire organisations to deliver sustained and self-generating performance improvements.

While Uganda has developed a comprehensive capacity building strategy, this article only singles out the country's experience on professional development that has been acknowledged as being transformational and offered a good platform for implementation of major changes in PFM systems.

Uganda's professional development in this context has been a 15-year long programme under which civil servants' were facilitated to undertake examination leading to professional qualifications in accountancy, auditing and procurement. As PFM managers we are entrusted with resources and responsibilities in trust for the general population. On the 'other hand the public expects from us efficient and effective service delivery'. For functional assumption in this relationship is that public officers are transparent, accountable and exhibit good governance and professionalism in conduct of public affairs.



Mr Godfrey Ssemugooma
Commissioner Technical and Advisory
Services - Accountant General' Office

Transparency and accountability should be demonstrated through evidenced service delivery, comprehensive and regular reporting as well as openness to public scrutiny, facilitation of public access to information and transparent conduct of public affairs. Good Governance and professionalism should be exercised by observing established ethical codes of conduct, professional standards, and responsibility in execution of duties as well as inspirational leadership.

Uganda's Experience: Up to the late 90's PFM was characterised by:

- Out of date legal and regulatory framework;
- Significant institutional and process weaknesses not only at the Treasury but extending to the Office of the Auditor General and the Public Accounts committees. This largely accounted for the wide spread leakages in financial systems, extreme budget indiscipline, poor accountability, ineffective oversight and inevitably low levels of service delivery;
- Government also operated a cash budget and reported using a pure cash basis of Accounting leaving huge stocks of financial assets and liabilities unreported; and
- PFM sector institutions had very weak human resource capacity and excessive reliance was placed on consultants to either do most of the critical work or hand holding civil servants to do.

The above conditions were key drivers for the major reforms that ensued from 2000 which among others included the automation of Financial Management Systems, uniform reporting across government, strengthening the PFM Legal Framework, gradual adoption of International Public Sector Accounting Standards and institutional restructuring of the Office of the Auditor General and establishment of the Accountant General's Office. Such major reforms would only be institutionalised and sustained if implemented and owned by civil servants. It was therefore imperative for government to build a critical mass of civil servants for this purpose. A two-pronged professional development strategy was employed to address both short and long term objectives without disrupting the reforms.

In the short run, reforms were led by government staff but because they did not have sufficient technical experience in the various reform areas, a number of consultants were hired to work alongside and pass on knowledge and skills to civil servants. In parallel, government embarked on a comprehensive professional training programme targeting Accountants, Auditors and Procurement Officers. In addition, there was gradual empowerment of government staff to assume tasks previously undertaken by consultants.



IMPACT OF PROFESSIONAL DEVELOPMENT ON PFM IN UGANDA (continues)

Achievements:

Arising out of this initiative, the government of Uganda currently has over 400 qualified accountants spread as follows:

Office	Qualified Accountants
Auditor General's Office	110
Accountant General's Office	165
Local Governments	180

Growth of qualified Accountants within Accountant General's Office since 1997:

Year	1997	2000	2003	2006	2009	2012
Qualified Accountants	2	22	45	87	136	165

This strategy has been tremendously successful and largely achieved both the short and long term objectives.

Impact of Professional Training on PFM:

- The first glaring benefit from this programme was that it immediately yielded many change agents. It is very evident that reforms implemented after 2000 were easier and more swiftly implemented than earlier ones. These included complex change over systems like the adoption of IPSAS and modified cash basis of accounting, automation of financial management systems across government and changing the government chart of accounts that enabled standardised financial reporting across government;
- There has also been significant improvement in the presentation of financial statements ranging from timeliness of submission to being more comprehensive and more relevant to stakeholders;
- Many activities that would ordinarily be outsourced are currently undertaken in-house saving government substantial sums of money. Even where work is outsourced, government is currently in good standing to appraise the work of consultants;
- There has been enhanced confidence in PFM systems by development partners as manifested from increased use of country systems over the years;
- The quality of scrutiny has tremendously improved as well, leading to better oversight over public funds;
- There has also been a visible transformation in corporate culture and attitudes at the work place. There is more result orientation, higher productivity and professionally stimulating problem solving; and
- In order to institutionalize this programme, the schemes of service have been revised to the extent that promotional beyond a certain level is only if one is a qualified accountant or procurement professional.

Conclusion:

Despite the success of this reform, Uganda still has much more to do as it embarks on the next generation of reforms which include the full adoption of Accrual IPSAS. There is critical need to partner with professional bodies to include core public sector modules in the syllabus as well as and for the government to have

mentorship programmes that transform civil servants into complete professionals. The public service in general also has to grapple with the long term retention of qualified accountants in government. Any government that goes on this course has to recognise the long term nature of such a reform and view any capacity building

more as an investment rather than mere expenditure. The silver bullet in such a programme is to plan well, provided sufficient resources, train the right people and accord staff time and opportunity.

“Good Governance and professionalism should be exercised by observing established ethical codes of conduct, professional standards, and responsibility in execution of duties as well as inspirational leadership”.



19th CONFERENCE

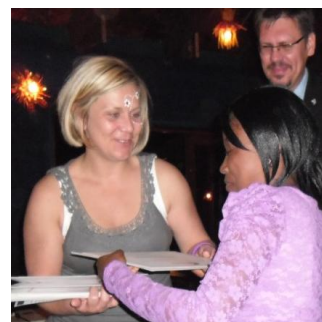
The conference is conducted annually rotating among the 14 member countries. The 19th ESAAG conference was held in Swaziland in February 2012, the event was to explore the contribution of Public Financial Management (PFM) in addressing fiscal impact of financial crisis. The event was attended by 515 delegates. The purpose was to promote the exchange of ideas and experiences among accountants to promote professional and technical understanding and co-operation among member countries by exchanging ideas and experiences related to government accounting. The main benefit was to assist governments to make sound financial decisions and to prioritize their objectives for economic development.

UPDATE ON COURSES

ESAAG presented the Executive Public Management Development Programme (EPDMP) from 21 July – 3 August 2012 and Public Financial Management from 20 – 31 August 2012. The courses were attended by delegates from Zimbabwe, Uganda, Swaziland, Lesotho, Botswana, Malawi and Namibia.



Delegates attending the EPDMP course during a visit to the Office of the Accountant-General in South Africa



Ms Neeltjie Jenkins (Events Manager) and Mr Schalk Human (Acting CEO: ESAAG) at the Closing Ceremony on 31 August 2012 for the Public Financial Management Course

**ESAAG invites you to register
for one of the following two courses in October 2012**

**EXECUTIVE PUBLIC MANAGEMENT DEVELOPMENT PROGRAMME (EPDMP) OR
PUBLIC FINANCIAL MANAGEMENT COURSE
FROM 1 – 12 OCTOBER 2012 IN PRETORIA, SOUTH AFRICA**

If you haven't received the invitation please contact esaag@treasury.gov.za and it will be sent to you.



www.esaag.co.za

LIVE on 24 Sept 2012



SECRETARIAT

Fax: +27 12 315-5790

Email: esaag@treasury.gov.za

Website: www.esaag.co.za

Mr Schalk Human	Acting Chief Executive Officer	Direct Tel: +27 12 315-5886
Mr Lionel Pilane	Financial Management	Direct Tel: +27 12 315-5630
Ms Neeltjie Jenkins	Events Manager	Direct Tel: +27 12 315-5362
Ms Tebogo Moema	Administration & news	Direct Tel: +27 12 315-5120

