



CIGFARO

Chartered Institute of
Government Finance, Audit & Risk Officers

8 - 10 October 2018 | Annual Conference

f t #CIGFARO2018_CoE

Editorial Team: Dr Krish Kumar, Louise Muller
Ocean Makalima: Editor, proof reading
Nicolette Botha: Facilitator, edit articles & proof reading
Andre de Villiers: Writer, edit articles & proof reading
Maphefo Mgadi: Writer, edit articles & proof reading
Yusuf Aboojee: Writer, edit articles & proof reading
Ofentse Pilane: Social Media, Photography, Writer
& Cigfaro Information Officer
Allan Chettiar: Layout & design

Reclaiming Governance and Accountability in the Public Sector - A New Dawn for Public Service

A NEW DAWN FOR CIGFARO

CIGFARO MEMBERS, NON-MEMBERS AND COLLEAGUES

“To have CIGFARO Professionally recognised
as the only professional body for Government
Finance, Audit & Risk Officers”

During the nomination phase of the election for President, I was asked what my mission is for CIGFARO. I responded that it is to: “To have CIGFARO Professionally recognised as the only professional body for Government Finance, Audit & Risk Officers.” When looking at the current negative reporting in the media, as well as with the number of cases of fraud and corruption and state capture, I simply cannot lose this opportunity to indicate that we need to seriously start a lobbying campaign to have CIGFARO legislated as a professional institute with its membership compulsory if you want to work in the public sector as Chief Financial Officer, Supply Chain Manager, Audit, Risk practitioner or as a senior manager in the financial field in the public sector.

Secondly, we need members with high ethical and moral standards who understand and have a passion to serve the public with sound financial management skills. This requires a calibre of person who understands his/her role as custodian of public funds and knows how to manage same. This includes ensuring that we get value for money from service providers and suppliers for goods and services we procure, as well as ensure that they delivered to the ordered specifications and on time. Moreover, it requires people who could say “NO” when they detect something wrong without fear that it will be career limiting. We need members who will not look the other way when they become aware of fraud, corruption or any other financial misconduct, but instead they make sure that it gets reported to the right institutions and or bodies.

Budgetary control is one of the key financial management requirements and we must ensure that we are all well conversant with the requirements in the Municipal Finance Management Act / Public Finance Management Act and other applicable legislation in order to advise our honourable Councillors/ Ministers appropriately and correctly when reports on projects and other expenditure appear on committee agendas.

We should also strive to ensure that our municipalities are financially sustainable. This will require that we pay attention to the collection of revenue. For colleagues in the other spheres of government, it is equally important to ensure that we manage our expenditure for the purpose it is intended for.

I want to encourage colleagues in the audit and risk environments to continue to raise important and uncomfortable questions regarding the activities of our organisations that you audit and where you analyse risk registers for completeness and applicability. Be firm and fair in your assessments and reporting to Internal Audit Committees and Risk Assessment Committees.

CIGFARO is there for its members who need support with adequate training programmes to ensure that they are well equipped to fulfil their duties. My objective for my term of office is therefore to work hard to get CIGFARO recognised in legislation as the professional body for public sector finances, and secondly to ensure that there are proper training programmes in place



Peet du Plessis, CIGFARO President

to train members with regard to the skills required to become outstanding public officials with good financial management skills.

Your continuous support is needed to reach the goals I have set for myself and the CIGFARO office. This includes your commitment to become members under the current framework and to pay your subscription annually. Further to this, please inform the CIGFAO Office of any capacity gaps identified in your daily operations. This will help inform future skills development courses which will be presented by experts.

“What counts is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead.” Nelson Mandela

CIGFARO CONFERENCE PROGRAM, Wednesday 10 October 2018

Reclaiming governance and accountability in the Public Sector
“A new Dawn for public service”

Program Directors: Emmanuel Ngcobo & Cheryl Reddy

07:30 – 09:00	Final viewing of exhibitors stands	Exhibition Hall
09:00 – 09:30 S21	The Role of Governance and Management in assessing municipal credit quality	Daniel Mazibuko <i>Moody's</i>
09:30 – 10:10 S22	Panel discussion: Environmental Sustainability/ Water Liquid Gold	Sizani Moshidi, CIGFARO Leonard Manus, Dept. of Water& Sanitation Kevin Jacoby, CFO Cape Town Konstant Bruinette, DBSA
10:10 – 10:50 S23	Financial Management Reform; beyond compliance: CM's Perspective	Zanele Katembo Ekurhuleni
10:50 – 11:00 S24	Hand over to the New President	Dr Krish Kumar <i>CIGFARO President</i>
11:00 – 11:15 S25	Closing of Conference Thanking of overseas visitors Handing over exhibitors Award Closure	Peet du Plessis New CIGFARO President
11:15 – 12:00 S26	Motivational Speaker	Daniel Silke
12:00 – 13:00	Refreshments and conference hand-outs	Exhibition Hall

PROGRAMME DIRECTORS



Cheryl Reddy



Emmanuel Ngcobo

**Please remember to participate
on our social media platforms:**

Facebook: <https://www.facebook.com/InstituteMunicipalFinanceOfficers>

Twitter: @cigfaro_editor

SMS: 43358

**We thank you for participating
in the 89th Annual Conference**

2018/20 ELECTION RESULTS

New CIGFARO Board

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Articles are the view of the writer and don't necessarily reflect the views of CIGFARO



“Ethical Leadership”

Highlights from Keynote Address Day 2

Prof André de Villiers, ProsGro Consultant

Governance in many of the country's municipalities is of concern to COGTA. At least a third of municipalities find themselves in distress. A further third are in trouble and only one third are fully functional. This was the basic message of the Deputy Minister of National COGTA, Mr. Andries Nel.

The audit outcomes by the Auditor General found that 28 municipalities had disclaimed audits for more than five years. In far too many municipalities the audit outcomes were not favourable and especially after the 2016 Local Government elections, the situation has worsened.

In many municipalities there is infighting to gain access to Local Government resources. Far too often when a manager is caught with his or her hand in the cookie jar there are no, or very few consequences. Such persons either resign to escape prosecution or they are deployed to another municipality. COGTA is putting steps into place to stop this.

Effective service delivery performance by a municipality is very dependent on ethical leadership. Bearing in mind that we are in the centenary year of the birth of Nelson Mandela and Albertina Sizulu, role models such as these two icons are essential to the revival of many badly performing municipalities.

Some of the typical problems identified as key factors in the way of effective municipal leadership and management are:

- o Political interference where politicians and officials have their hands in rather than being hands on whilst leading and managing their municipalities.
- o Too many municipalities do not have properly qualified municipal managers, chief financial officers as well as technical and engineering staff. Only 55 out of 257 municipalities have qualified engineers.
- o There are serious abuse of cadre deployment and people without the necessary skills or ethics are appointed. Together with this there is the problem of nepotism where friends and family are appointed.
- o Generally good governance is not being applied and ward committees, councils and tender committees do not function as they should. Neither is there sound financial management and the Municipal Systems Act and Municipal Finance Management Act guidelines are not followed.
- o Furthermore, the leaders in several municipalities are clearly unethical.

The laws, regulations and policy guidelines are in place, but will come to nought if there are no consequences. That is why COGTA is currently implementing an Integrity Project to once again establish a culture of ethics which will be piloted in Gauteng. Forensic audits are also being conducted to pin down those guilty of misdemeanours.

“The buck stops here”

Prof André de Villiers, ProsGro Consultant

When Alvin Toffler published a book with the title Future Shock in the 1970s, few people took his predictions seriously. He foresaw that the world, social systems, and technology would be changing so rapidly that people would suffer 'future shock'. He warned that the ordinary person would live in a permanent state of turmoil and that human relationships would become very transient. Our brains and our psyche just could not adapt fast enough.

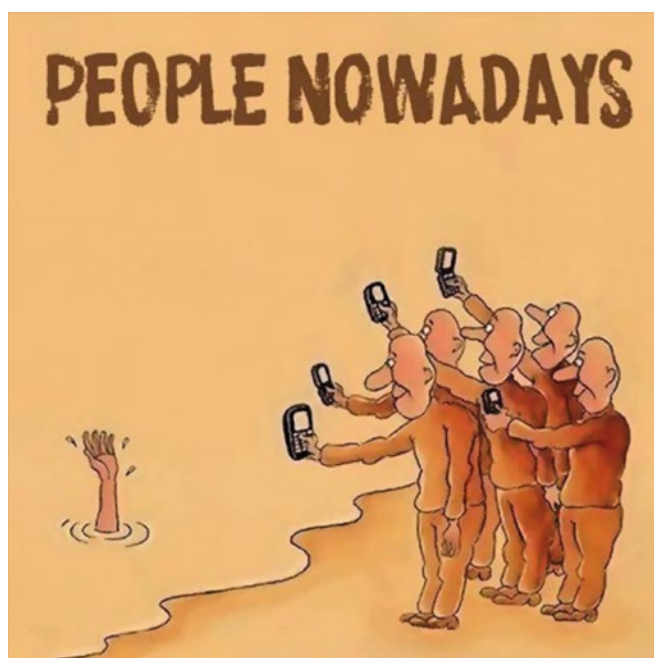
Since then it has become largely true. Rapid technological change has left our social systems in disarray and human communication has suffered as a result of cellphones and computers. Social cohesion has been lost and the whole social code is being rewritten. Organised crime and gangsterism has flourished. The moral compass of most societies is pointing in the wrong direction.

With the Second World War in its waning months, Harry S Truman suddenly found himself in the president's chair in the United States of America. There were a multitude of challenges such as a strong communist presence in Europe, the economies of Europe and America in tatters, and a war weary society who could not think positively about the future. Truman realised that there was an enormous task ahead to return to normality and rebuild the economies of America and Europe. The Marshall Plan was introduced in Europe and the American manufacturing industry was once again geared towards supplying consumer goods.

He knew that as leader of the country, he had to work hard and give direction. On his desk in the Oval Office of the White House he placed a small wooden plaque which read: The buck stops here. By doing this he wanted to indicate that he took full responsibility and accountability for what has to be done by him as the president of the economically strongest country in the world.

One of his quotes is: A pessimist is one who makes difficulties of his opportunities and an optimist is one who makes opportunities of his difficulties. Another was: If you can't convince them, confuse them.

Whilst the future rushes down on us, we become more and more confused. The following drawing, by an anonymous artist, sums up much of what is wrong in the world today.



The questions that arise are:

- What are the guys taking the photos thinking and feeling?
- What are they going to do with the photo? Place it on social media?
- Why don't they try to save the guy drowning? Have we become so insensitive to others that we are more interested in using technology and experiencing sensational events, than in people?
- How soon will the guys taking the photos forget the whole incident?

The point is that we live rapid and shallow lives. Nowadays few enterprises and institutions seriously consider values, the employees, or the future of the organisation in depth. There are many platitudes, lies, and managers standing on soap boxes declaring that 'people are the most important asset of the organisation.' In financial audits it is only the tangible assets that are of importance. The intangible assets of the organisation are seldom if ever considered.

In the first article, Passing the Buck, we saw that for a variety of reasons a municipality can cause serious environmental damage. Was there any leadership? How did the culture of the organisation influence an awareness of environmental responsibility and accountability? Did the internal systems in any way monitor such issues and trigger action to stop the tragedy in time?

Scenarios have become a tool to better understand what kind of futures may evolve. The following quote is typical of scenario thinking: I would ask the oracle how we as a civil society and as citizens could best learn to be better stewards of democracy. Because we get the leaders we deserve; I would ask the oracle how we could re-inculcate the values that drove so many of us to sacrifice so much for this democracy to be born. A dream that has been replaced by rampant materialism, greed, corruption and total disrespect for basic human values....We need to get back what we have lost.*

Nelson Mandela is credited for bringing about the Rainbow Nation through negotiation, forgiveness and trying to face the future with confidence. Unfortunately it did not take long before the past, racism and affirmative action once again became so important that the social system was damaged.

Good leaders are role models. In municipal management Herman Mashaba, in my opinion, is one such role model. His experience as a successful businessman has equipped him to run a large metro like Johannesburg like a business. He realises that managing money and the intangible assets will always be more important than greed and self interest.

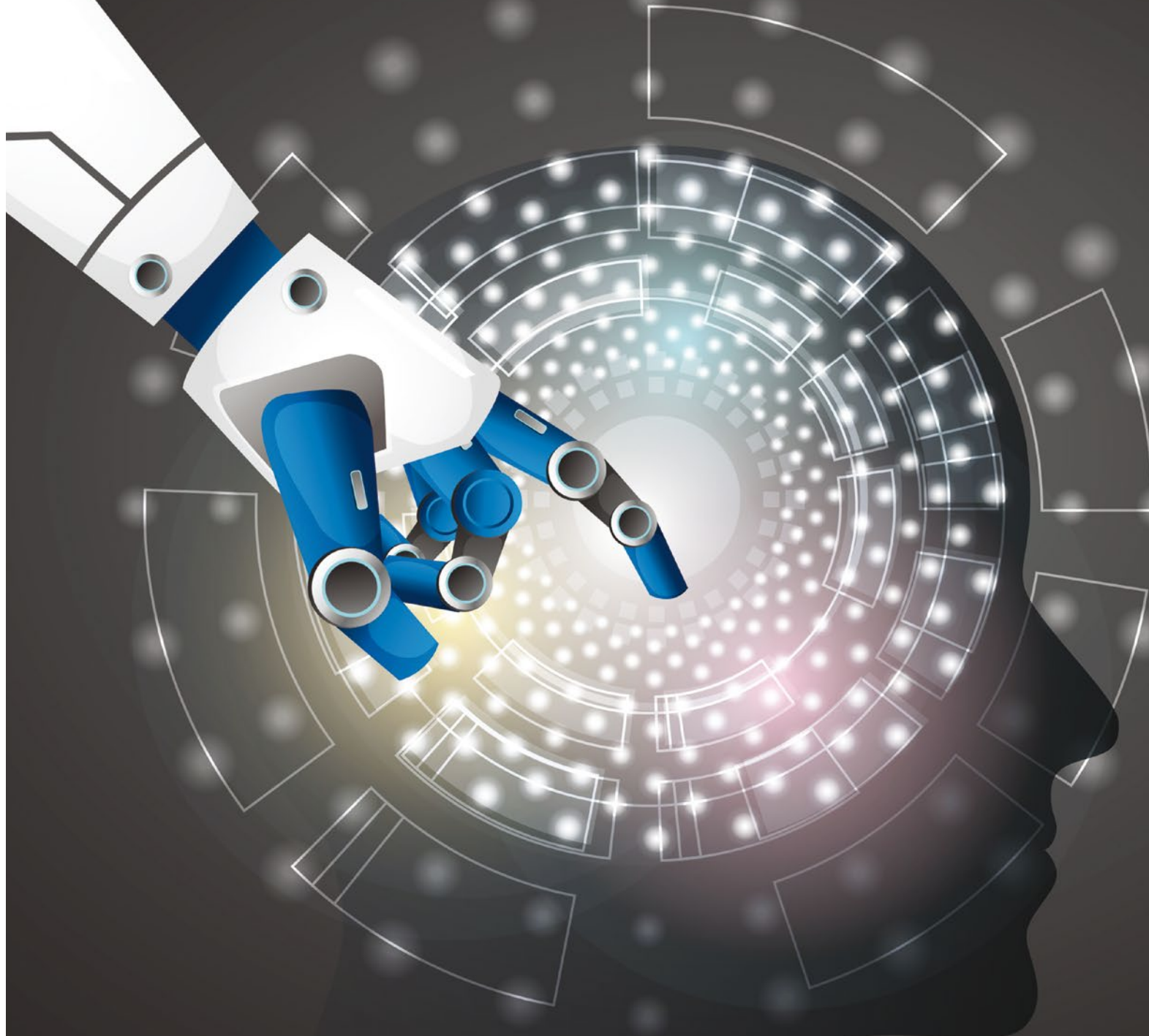
It is time to stop the buck that is destroying our municipalities.

- The Dinokeng Scenarios – three futures for South Africa
<https://www.dinokengscenarios.co.za/>

“Sometimes, it falls upon a generation to be great. You can be that great generation. Let your greatness blossom.”

Nelson Mandela

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“DISASTER PLANNING AND ORGANISATIONAL RESILIENCE”

Nobuntu Enkosi

“Resilience – is this redundancy (e.g. back-up generator to electricity) or is it flexibility? It is really a bit of both.”

The aspect of resilience in the midst of a disaster is one area seldom focused on.

Risks and exposures are transforming – not only from human challenges and business disruptors, but also from climate change. The growing burden of uninsured losses arising from natural disasters falls on local government. There is a perception that there is no more valuable disaster recovery tool than adequate insurance (and some reliance on a national government disaster recovery grant payout). However, insurance will never replace good plans – and these plans must actually inform the insurance cover required!

The risk manager must consider disaster risk mitigation and disaster recovery plans, and should be looking at all the different resilience strategies. Climate change is only one aspect. Through co-ordination between agencies and collaboration between the various national and provincial government departments, the disaster recovery plan in any sphere of government must be developed and supported by the full administration. All these role players must be involved in hazard identification – boring but essential!

Through the hazard identification processes, the team will define the possible natural, technological, and human caused incidents. Disaster scenarios are considered and the resources to deal with these scenarios are considered. If these resources are insufficient, then alternate mechanisms need to be considered to meet the needs. One aspect often not considered is the financial support. What contracts are in place that will have to be used? What are the emergency procedures available for financial transactions? What are the limits on spending? Who controls this? What financial controls have been put in place? What needs to be put in place for logistics and who has the authority to enter contracts, temporary leases, etc.? How do we budget for the consequences of any disaster? Accounts may not be delivered to homes destroyed; those valuations need to be changed; the financial impact of a change in community where there have been major destructions; needs to be quantified; etc.

There are ‘disaster coaches’ who are experienced and can advise on issues to consider and procedures to follow – as these are things we are not normally attuned to. When setting recovery targets, these must be realistic.

Training is essential and must be undertaken with the reskilling of those who will play a role in an emergency situation. They must understand their role in the Disaster Operations Centre and what will be required; when they will be required to be at the Centre, and who they would be working with. Many courses are already available online – this training does not have to be prepared from scratch. Staff members also need to be included in the disaster simulation exercises.

It is essential to determine what needs to be fully operational during a disaster:

- Financial systems and HR systems;
- Payroll systems;
- Vendor payments, vendor file support and internal controls;
- Claims unit.

Some ideas that we can all implement right now that will assist in case of a disaster:

- Take advantage of non-disaster opportunities to track time and costs – in order to increase familiarity with disaster costing, scheduling of overtime if the system is not available, etc.
- Think ahead of what is required for disaster reporting and ensure that the accounting procedures, etc., are set up correctly to ensure ease of reporting. (How does mSCOA align with disaster reporting? Is there a standard reporting requirement for disasters?)
- Do the Policies already cover significant disasters – Union buy-in, extra overtime, call-back from leave, non-shift workers required to work shifts, change of workplace, etc.
- Is there photo documentation? You would need ‘before’ and ‘after’ photographs.

Is there a list of government properties that can easily go to a relevant department to pull out and archive the ‘before’ photographs, in case of disaster and, how often can this store of photographs be updated? Are there roles for meter readers, building inspectors and field data collectors/social workers to take ‘after’ photographs?

Parametric insurance is now available in the USA. Once the specific parameter is reached, then the insurance pays out in order to protect life before loss. The parameter is set for the trigger of the insurance payout – dam levels during a drought, wind speed from a potential hurricane, etc. It is no longer a recovery mechanism after a disaster has occurred, but rather a way of preventing a loss or covering the cost of the mitigation strategy. This parametric insurance has three major benefits:

- Speed of payment is essential – release is based on the trigger;
- Ease of use of funds – flexibility as the funds can be used for whatever the greatest need;
- Transparency – the trigger is set, and both the insurer and the insured know the event and the amount that will be paid.

We are in the middle to 3 major changes – climate changes, disruptive business changes, and cybersecurity with big data challenges. ‘Later’ is no longer an option, things must happen ‘now’. The world has moved from interconnected to interdependent. Those who are most adaptive will survive these very disruptive times. We need to ensure all cycles are sustainable and so resilience must be built into processes.

Resilience needs to be institutionalized. Resilience should be dealt with in all plans – including the financial plan over the longer term. For instance, it is more efficient to keep housing units affordable, than having to keep on building more affordable housing!

The South African disaster relief grant was introduced during the 2010/11 financial year and administered by the Department of Cooperative Governance (DCOG), in consultation with National Treasury. The main objective of the grant is to respond to the immediate needs after a disaster has occurred.

The general conclusions are that the provincial and disaster grants have been instrumental in responding to the needs of the communities during and after disasters. It was important to ensure that all organs of state mainstreamed disaster risk reduction and climate change adaptation within their development programmes in order to build resilience for prevention, mitigation and emergency preparedness. A key conclusion was the importance of ensuring that grants were used for the intended purpose, and sustainable and resilient projects were implemented.

Other conclusions were:

- The need to follow the Rand and evaluate the impact that grants have on communities.
- All organs of state should budget for disaster management.
- Capacity in the whole value chain of immediate disaster relief must be enhanced in order to ease any delays in the approval and transfer of funds.
- The quality of disaster risk management and climate change strategies must improve in order to serve as an aid to the mitigation of disasters and their effects.
- The application process should be streamlined, with uniform standard documents and processes.
- For disasters occurring in the last quarter of the financial year, the national and provincial disaster management centres must fast track applications to ensure that provinces have time to utilise the funds.
- Coordination and communication must be strengthened to ensure that all legislative processes are in place, and all role-players are aware of what is expected of them.
- The disaster management centres should improve the monitoring and oversight of allocated funds to provinces, and produce reports that reflected the impact of such allocations.

The management of the Disaster Funds has been plagued by poor reporting and general lack of compliance by municipalities. There was also concern about capacity issues and the stringent application processes which resulted in major delays in implementation. DCOG has put steering committees and teams in place to address the capacity issues, and stringent processes to ensure that the money is spent for the intended purposes. DCOG will also ensure that municipalities included disaster management and contingency plans in their IDPs and sectoral planning.



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Whistle-blower Protection: Does South Africa Match Up? - An extract

Cherese Thakur, Legal Researcher at the Helen Suzman Foundation

This brief considers South Africa's legislative provisions for the protection of whistle blowers against Transparency International's Best Practice Guidelines for Whistleblowing Legislation.

The whistle-blower as lone voice

South Africa scored a dismal 43 out of 100 on the Corruption Perception Index for 2017 compiled by global anti-corruption organisation Transparency International, placing its rank at 71 out of 180 countries. While not the lowest score, it is far from any acceptable level. Many attempts to forge ahead, by growing the country's GDP, reducing unemployment, and pulling people out of poverty, are hindered by pervasive and entrenched corruption.

There are various mechanisms available to combat corrupt individuals and networks. Strong anti-corruption legislation; dedicated, well-resourced law enforcement agencies; and a functioning and capacitated system of courts all have important roles to play. Sometimes, though, the trigger that is needed to initiate the undoing of a corrupt scheme is for the lone voice of a person who has witnessed an unlawful act, to speak up and be heard.

Whistle-blowing means

"the disclosure of information related to corrupt, illegal, fraudulent or hazardous activities being committed in or by public or private sector organisations – which are of concern to or threaten the public interest – to individuals or entities believed to be able to effect action."

The old adage is that "sunlight is the best disinfectant". The whistle-blower is at times the only person able to bring information regarding wrongful conduct into the light. Often, it is a role not of their choosing. Their position and circumstances thrust it upon them.

In shouldering this burden, there is little incentive for individuals to blow the whistle on wrongful conduct beyond a sense of moral rectitude. Only in rare cases are whistle-blowers rewarded with honours or pecuniary compensation for their troubles. More often than not, they undergo discrimination, attacks on their reputations, harassment, and in extreme cases, threats to their personal safety and that of people close to them.

As South Africa fights its ongoing battle against fraud and corruption in the public and private sectors, it is clear that anaemic protections will not suffice. South Africa needs strong, accessible whistle-blower protections with broad application to counter the significant disincentives and empower the lone voice to speak up.

So, how robust are South Africa's laws in protecting whistle-blowers?

The international standard

In addition to generating the international corruption perception index, Transparency International has compiled a set of best practice guidelines for whistle-blowing legislation ("TI Guidelines"). The TI Guidelines follow from the publication of 30 International Principles for Whistleblower Legislation by Transparency International in 2013 ("International Principles"). The TI Guidelines give content to each of the International Principles by providing good practice examples of existing legislation from various jurisdictions. The guidelines were developed through close collaboration of many countries.

Generally, the TI Guidelines recommend broad definitions and wide protections. Factors that might deter whistle-blowers from making disclosures, such as "good faith" requirements or insufficient confidentiality protections, should be avoided. The TI Guidelines propose generous protections with minimal burden on whistle-blowers.

South African legislation

The Protected Disclosures Act ("PDA") is the primary legal mechanism enacted to address the lacuna that existed in South African common and statutory law with respect to whistle-blower protection.

The PDA is not the only legislation that concerns whistle-blowing activity. The Deputy Public Protector published a report in 2015 that collated whistle-blowing protections contained in various pieces of legislation.

The PDA has been in effect for 17 years, in that time, it has been amended only once, in 2017. The amendment was introduced to bring about crucial changes that increased the scope of the PDA, many of which will be highlighted in these briefs.

The question that remains is whether South Africa matches up?

The meaning of a "protected disclosure"

The TI Guidelines recommend a clear and wide definition of what requirements should be met for a disclosure to be protected. This is because if someone is doubtful whether the conduct they wish to report meets the definition or not, they may err towards remaining silent. Options that legislators can consider include:

- providing a list of categories of disclosure that are protected;
- making use of a general term, such as "threat or harm to the public interest"; or
- a hybrid of the above approaches.

The hybrid approach is considered good practice. It enhances clarity by specifying categories while retaining broadness of applicability. South Africa's PDA, however, makes use of a closed list of what constitutes a "disclosure". This list includes supplying information regarding conduct that would amount to:

- committing a criminal offence;
- failing to comply with a legal obligation;
- endangering of the health or safety of an individual;
- damaging of the environment;
- unfair discrimination; or
- the concealment of any such conduct listed above.

The PDA therefore falls short of international best practice standards by specifying conduct, without making use of a general, catch-all threat of harm to the public interest. That said, the conduct listed is very broad in scope. The definition of "employer" makes no distinction between employers in the public and private sectors. That whistle-blowers should be able to report wrongdoing by private persons is buttressed by provisions in, for example, the Companies Act and the NEMA.

Who should be protected?

The TI Guidelines are clear that protection should not be limited to "employees" in the traditional sense, but should extend to consultants, contractors, trainees, temporary workers, former employees, and even volunteers. The TI Guidelines also recommend that protection also be provided to people whose interaction goes only as far as applying for a job, contract or other funding. French law, on the other hand, makes this protection even wider by merely requiring that an individual become "personally aware" of the wrongdoing without requiring that this take place in context of their work.

Protection means less if it is not extended to those who are associated with a disclosure. This can include people who provide supporting information or assist a whistle-blower. In addition, relatives and other persons close to the whistle-blower may also be at risk of negative repercussions in the context of their employment or even personal safety. The PDA limits protection only to "employees" and "workers" and so does not meet the international best practice recommendations in this regard. South Africa would do well to consider Serbian law, which expressly includes persons that are connected to whistle-blowers and, commendably, even those who may be mistakenly perceived as whistle-blowers.

Conclusion

This brief has identified aspects in which South Africa's PDA complies with international standards regarding protection granted to whistle-blowers – and aspects where it does not. If corruption is to be successfully tackled there is still a huge task ahead.

“Giving Voice to Values,”

Nobuntu Enkosi

When it comes to ethics, most people know the “right” thing to do. The problem is actually doing it in the face of pressures to do the “wrong” thing. In fact, ethical tragedies are usually the result of people who sit silently on the sidelines afraid or uncertain of what to do about a transgression.

There is new approach to ethics, called “Giving Voice to Values”, which is focused on how to enact the values that we already know. When professionals in private practice are asked about areas of compromise, common responses include:

- Pressure to inflate or deflate billable hours;
- Exaggeration of the capability of a product beyond the data proof to ensure the business is received;
- Promote advantages of one financial process over another, to ensure a higher fee for the company.

The options available to any of us, no matter where we are asked to compromise or bend the rules, are:

- Simply do what is asked and therefore compromise personal values;
- Remove yourself from the situation through resignation or getting a transfer; or
- Fighting against the system to ensure good values are implemented.

In some studies done on ethical survival, it was found that those with the greatest “life preserving values” from a Holocaust situation, were those who had conversations and practice sessions with a family member or teacher on verbalizing various values and how they would approach the issue if challenged.

This is positive rehearsal – act your way into positive thinking - not thinking your way into new actions!

Ethics should always form part of our problem solving mechanisms – like communications, legal compliance, financial impact, etc. It should not be treated differently. It needs to be natural – a default behavior.

Government ethics are affected by –

- Policy,
- Process (unique set of processes to be followed to complete the job, trusting people to perform their duties loyally, not having conflict of interest, completion of duties in accordance with set procedures and requirements) and
- Politics (driven, so often, by the personal pursuit of career).

The community expects that you act in the public interest, that you are transparent; take fiscal responsibility; are competent and have the qualifications you state you have; etc. People will not come to you for advice:

- If there is a compromise,
- If they don’t trust you;
- Where there is a loss of respect;
- If you are smeared with ‘guilt by association’; or are the product of demotion;
- Have been fired or prosecuted, etc.

The depth of connection is determined by the breadth of influence (the integrity of the person who shares and the information shared.)

So, is your personal code of ethics important? Stand for something or you will fall for anything. Hold yourself accountable – trust, integrity, respect, etc. In some cases it is just so easy to identify Right and Wrong. Then there are things more convenient to do, than actually doing the right thing. Laziness or lack of time should not compromise the result and outcome of the work we are supposed to do. Then there are some things that absolutely go against our convictions. Do we turn a blind eye, or do we actually get involved and drive the change required?

So many will answer that they do the right thing and drive out change. However, we still have: stealing of funds; stealing of property; accepting bribes; ineligible people receiving funds; deficient services or goods; use of goods for personal gain, etc. We don’t want to be part of the headlines – pleading guilty to theft of government property; unethical behavior; accepting of bribes; nepotism; wasting government funds; corruption; misconduct in the office. We have to create a culture of ethics and trust! You are free to make choices, but are not free from the consequences of those choices!

Silence perpetuates the action! This exacerbates the problem and makes the cost of the unethical action even higher. Quite honestly, the time has come for your reputation to be more important than your paycheck! Your integrity is more important than your job.

We need to ask ourselves the following questions:

- What workplace scenarios provide your best opportunity to demonstrate ethical leadership and give Voice to Values? Walk the walk every day!
- What values drive you in the workplace?
- When was a time you remained silent when experiencing unethical behaviour?
- How can you find your leadership “voice” next time?

“I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear.” Nelson Mandela



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Rodgers.Siyengo@standardbank.co.za

Will.Choene@standardbank.co.za

Dingaan.Motshegwa@standardbank.co.za

Nelisiwe.Mkhize@standardbank.co.za

Kagisho.Mathosa@standardbank.co.za

Lawrence.Ntimane@standardbank.co.za

Walter.Mogotsi@standardbank.co.za

Jerome.Crowder@standardbank.co.za

Johann.Theron@standardbank.co.za

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Accountability and Governance

By: Professor Douglas Boateng

*Good governance + accountability = long-term socio-economic development
Local government procurement practitioners need to recognise the
inextricable link between good governance, accountability, and long
term socio-economic development.*

Many people on the entire African continent are frustrated and angry. High unemployment, almost stagnant economic growth, poor quality service delivery, a decreasing standard of living, and limited resources for infrastructure upgrades, are all increasing levels of upset across the continent.

To address some of the challenges facing an increasingly irritated population, the continent's local government procurement practitioners must recognise supply and value chain accountability and governance as a potential solution - and begin applying them within their respective functional areas, which will improve organisational performance, industrial competitiveness, and the quality of public sector service delivery.

However, before a culture of supply chain accountability and good governance can be successfully adapted at local government procurement level, sector procurers need to have a change in mind-set and attitude. They must become process driven and clearly understand how to manage risks. They must take full responsibility for their respective actions, avoid self-pity and the blame game, continually upskill themselves, have a strong respect for the law, and wish to make a difference in their respective institutions, communities and society at large.

With such a mind-set change and associated boost in confidence, local government procurement practitioners will be in a better position to lobby a change in reporting structures plus take full functional responsibility to ensure acquisitions are not based purely on price, but rather geared towards supporting local industrialisation and socio-economic development.

In becoming more development-driven in their thinking, practitioners can act as catalysts for long-term supplier relationship management and development, and job and wealth generation, as opposed to being enablers of the current short-term price-chiselling and cost-gains agendas held by other functional areas, policies and decision makers.

Not only will an accountability and governance-focused local government procurement provide greater opportunities for improvements in public- and private-sector service delivery quality. It will also help to contribute more effectively to industrialisation, significantly reduce long-term joblessness, increase local and regional trade, create wealth, and quantifiably reduce poverty levels.

The time has come for local government procurement practitioners across emerging economies like South Africa to reassess their respective job descriptions and associated roles to enable them to successfully implement accountability and governance-driven policies, processes and systems at personal, professional and institutional levels. By each adapting an "I-can" versus an "I-can't" attitude they can collectively and proudly begin to take full responsibility for their strategic and development-driven procurement decisions in support of long-term socio-economic development.

Professor Douglas Boateng (MSc, EngD, FCILT, FSOE, FIPlantE, FCMI, FIC, FInst.D FIOM FCIPS, FloD, CDir), Africa's first ever appointed Professor Extraordinaire for supply and value chain management (SBL UNISA), is an International Professional Certified Chartered Director and an adjunct academic. He is currently the independent chairman of the Public Procurement Authority of Ghana. Independently recognised as one of the vertical specific global strategic thinkers on procurement, governance, logistics, and industrial engineering in the context of supply and value chain management, he continues to play a leading academic and industrial role in supply chain strategy development and implementation, both in Africa, and around the world.

This article was originally published at <http://www.smartprocurement.co.za>

CIGFARO AGM Approves New Professional Designations

At the CIGFARO Annual General Meeting (AGM) on Monday 8 October 2018, the members present considered and approved the new professional designations of the Institute. These professional designations, which are aligned to the SAQA requirements, were launched at the Gala Dinner on Monday evening.

The designations are as follows:

- A current Senior Associate Member will transition to a Chartered member with the following designations:**
 - Chartered Government Finance Officer
 - Chartered Government Internal Auditor
 - Chartered Government Risk Officer
 - Chartered Government Supply Chain Manager
 - Chartered Government Asset Manager
- A current Associate Member will transition to a Professional member with the following designations:**
 - Professional Government Finance Officer
 - Professional Government Internal Auditor
 - Professional Government Risk Officer
 - Professional Government Supply Chain Manager
 - Professional Government Asset Manager
 - Professional Economic Regulator
 - Professional Governance Officer
- A current Licentiate Member will transition to a Technician with the following designations:**
 - Government Finance Technician
 - Government Auditor Technician
 - Government Risk Technician
 - Government Supply Chain Technician
 - Government Asset Technician
- A current Junior Member will transition to a Registered member with the following designations:**
 - Government Finance Practitioner
 - Government Internal Auditor
 - Government Risk Officer
 - Government Supply Chain Officer
 - Government Asset Officer

All General members will become Affiliate members, with our student members retaining their Student designation.

The transitional arrangements will be circulated to all members to ensure the full transition takes place within the stipulated timeframes.

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The Accounting Standards Board

The Accounting Standards Board has issued an Invitation to comment on the following two exposure drafts:

- **The proposed Guideline on The Application of Materiality to Financial Statements (ED 168); and**
- **The proposed amendments to the Standard of GRAP on Presentation of Financial Statements (GRAP 1)(ED 169).**

Comment is due by 7 December 2018. Any input received on the proposals in ED 168 to ED 169 will be used in finalising the applicable pronouncements before they are issued. All those affected by, or who are interested in, these Exposure Drafts are encouraged to provide a written response to the Board.

The documentation is available electronically on the Board's website – <http://www.asb.co.za>

Don't miss this opportunity to influence the future of financial reporting.

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Nelson Mandela

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~ Nelson Mandela

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Whistleblowing and finance and risk officers? : the 3rd in a 3-part series

“Ethical leadership is not an option but a national imperative - Chief Justice Mogweng

(News 24 11 April 2016). ”

Article by Mike Batley, ethics practitioner, www.mikebatley.co.za

In Part I of this series we noted the importance of whistle-blowers and why they are exceptional people. In Part II we explored the steps that finance and risk officers can take to support whistle-blowers. In this third article we broaden our view to asking what it means to be an ethical finance or risk officer.

We are all aware of various codes of conduct that apply - whether it be the Chartered Institute of Government Finance, Audit and Risk Officers' (CIGFARO) Code of Professional Conduct, the Public Service Code of Conduct, or the Code of conduct for municipal staff members. These codes all set critical parameters, spelling out what is expected of us, what is acceptable behaviour and what is not. Unfortunately, as we all know only too well, having a set of rules and being aware of them does not mean that we will keep

them. Nonetheless, being an ethical finance or risk officer means that we do need to be familiar with the codes that apply to us and be committed to upholding them. Significantly, the CIGFARO code also explicitly lists the duties of members to promote the financial wellbeing of the organisation they serve, something that goes beyond 'do's and don'ts' that directs attention to the public interest, the common good of society and all its members.

We need to accept personal responsibility for our behaviour and ensure that it measures up to the ethical standards that apply to us. At the same time, we also need to understand how this plays out in our organizational context. The King IV Code of Good Governance has "building an ethical culture" as its first pillar of good governance. It places a very clear responsibility on the governing body of an organisation to lead ethically and to govern in such a way that it supports the establishment of an ethical culture. But no matter where we find ourselves in the structure of an organisation, we can accept that we each have a specific role to play in building an ethical culture. Whistle-blowers make a very explicit contribution to this by reporting what they perceive to be wrongdoing, but this is just one action in a much wider and continuous process.

What are the personal qualities we need as finance and risk officers to play our part in upholding codes of good conduct and in building an ethical organisational culture? In a recent text on Virtue Ethics in Business and Management, Cowton has suggested we need the qualities of honesty, straightforwardness, truthfulness, objectivity, scepticism, independence, competence,

diligence, discretion and uprightness. Rather than focusing on abstract principles, he suggests that practitioners should focus on their own behaviour and reflect on such questions as:

- Am I honest/ straightforward/truthful etc.?
- Have I been dishonest/not been straightforward/truthful etc. recently?
- Do I know someone I admire for their honesty/ straightforwardness/ truthful etc.?

Finance and risk officers can utilize these questions not only for personal reflection but also for conversations with colleagues as part of nurturing awareness and commitment to upholding codes and building an ethical culture.

At this time in our country there is an enormous need to good role-models to uphold codes of conduct and build ethical workplace and societal cultures. Will you be part of leading the way in this?

Corruption Watch – www.corruptionwatch.org.za

Open Democracy Advice Centre – www.opendemocracy.org.za

Whistle-blower Protection: Does South Africa Match Up? – 4-Part series of briefs by The Helen Suzman Foundation available on https://hsf.org.za/publications/hsf-briefs?b_start:int=8

Transparency International, www.transparency.org



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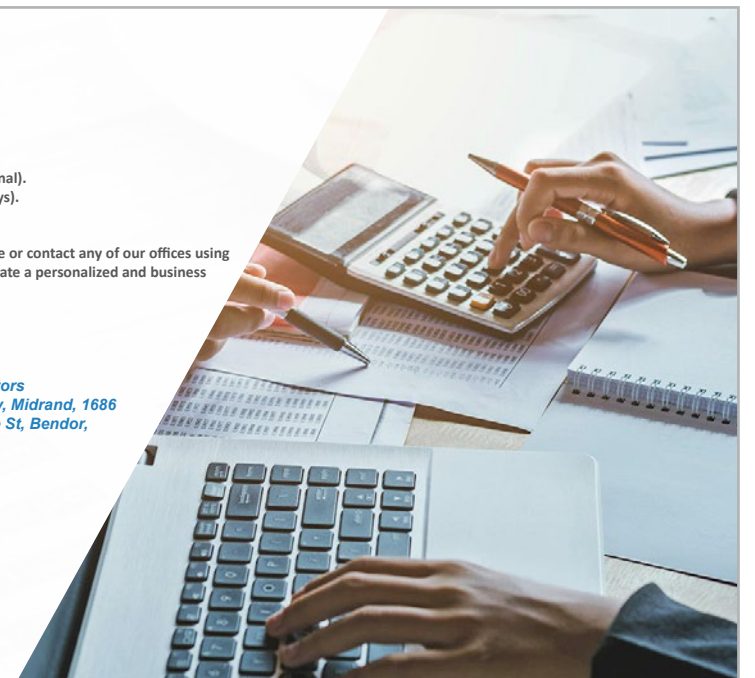


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The Procurement Process – Investigating the Effectiveness of the Five Pillars of Procurement

By Yusuf Aboojee – Transaction Capital Recoveries (Pty) Ltd
Part 3 of 3

Today we conclude our series of articles focusing on the procurement process by addressing the final two pillars, namely Accountability and Reporting and Equity. These articles were structured to assess post-appointment of contracts in response to the Five Pillars of Procurement from the General Procurement Guidelines.

Accountability and Reporting

Accountability has been the buzz word over the last two days and this pillar fits into the theme of the conference - Reclaiming Governance and Accountability in the Public Sector. While accountability is both a challenge in the private and the public sector, it unfortunately receives more attention in the public sector through increased scrutiny. We have all noticed incomplete works whether it be incomplete roads or incomplete buildings and houses. These in most cases are as a result of appointed companies either not completing their works due to change in financial situation, or non-payment of regular and submitted invoices. In extreme cases it can be due to appointed companies absconding or not having the experience to complete certain projects.

The sad fact of this is that there is a lack of accountability on both the municipal side and the appointed companies. Companies do not take accountability for incomplete work and in most cases further action is not taken to remedy the situation. Municipal officials are seldom held accountable and processes usually carry on. Finally the municipality loses out as additional, and in most cases unbudgeted, costs have to be allocated to fixing the original problem.

Municipalities need to put strict processes in place for accountability. Due diligence of all appointed companies need to take place prior to appointment to ensure that they are able to produce what they promise. If objectives are not met, companies must be held accountable and added to a register of non-performing companies. Legal action should be pursued where it is deemed necessary in order to recuperate any costs incurred.

Municipal officials must be held accountable and where applicable be sent for training where it is found that it was a lack of skills that contributed to the incorrect decision. Municipalities must also ensure that they have effective people making decisions, leadership is key.

Equity

There is a major challenge facing Municipalities in terms of balancing the advancement of persons or categories of persons disadvantaged by unfair discrimination and companies that are able to provide the service required by the municipality. Government is mandated to promote small historically disadvantaged individuals (HDI) who own business enterprises.

The focus on the awarding of any contract must thus ensure that this element is considered at all times through various methods. This could include insisting that larger companies partner or sub-contract to HDI companies, or by insisting that larger companies invest experience and infrastructure to the development of HDI companies. A major condition of any awarded contract should be the effective transfer of skills for the development of local companies.

Municipalities must conduct due diligence on the companies that they appoint and should ensure that companies have working and effective preferential procurement policies in place.

Municipalities that have appointed smaller HDI owned companies have had a mixed bag of results, with some companies able to perform while the majority are unable to perform due to financial constraints and/or competence shortcomings. Smaller companies are often unable to compete with larger companies and consequently local development and growth of HDI owned companies suffers. A municipality thus needs to ensure a balance.

Conclusion

The trilogy of articles provided an overview of the procurement process. Municipalities need to follow the Five Pillars of Procurement, not only in the pre-appointment of service provider phase, but also need to ensure and monitor the post-appointment phase.

By doing this, municipalities are able to better manage their procurement processes and are in full control from start to end. Having independent monitors of the supply chain process is advantageous in ensuring compliance. Finally, independent adjudication of bids is advantageous to ensure that the correct supplier is chosen to provide the much needed good or service.

“Governance and Accountability – A New Dawn for Public Service”

Lucas Raphela, Director: Financial Management Training
National School of Government

There is a saying that goes “it is always darkest just before dawn” and the new dawn in the public sector implies that the public service must have just been through “the darkest hour”. Governance in the public sector remains critical due to the need to allocate scarce resources in a way that guarantees results. Continuous partnerships between public and private entities dictate that governance needs to be adjusted to meet the diverse expectations from the various sectors. Corruption in the state has reached unprecedented levels in recent times, and the effects have been there for all to see. Many state owned companies are running at a loss year in and year out and would never be viable without some form of bailout. The situation is simply not sustainable given the limited fiscal resources that the state has.

There are different types of governance. As the public sector we have mainly been focusing on corporate governance which is necessary but not adequate given the nature of relations the state has. While the corporate governance reforms is more on improving aspects on management within organizations, holding governance deals broadly with a range of organizations that belong together with a shared objective. There is a need for a more effective clustered set of public sector organizations that deal with optimisation in order to minimize the duplication of services.

Accountability on the other hand ensures that actions and decisions taken by public officials are subject to oversight so as to guarantee that government programmes meet their stated objectives and respond to the needs of the community they are meant to be benefiting, thereby contributing to better governance, poverty reduction, and prosperity.

Within the leadership roles, accountability is the acknowledgment and assumption of responsibility for actions, decisions, policies, and outcomes pertaining to the administration, governance, and implementation within the scope of the role or position occupied and encompassing the obligation to report, explain, and be answerable whenever the need arise.

Accountability entails the obligation to give a full account of one’s action or inaction to particular bodies based on a specific situation. Public officials continuously work in a highly complex intergovernmental framework with agreements defining exactly what constitutes accountability within public management.

Political accountability is generally the strongest form of governance given our democratic regime. Appointed public officials are directly accountable to the elected officials with responsibilities in policymaking. Public officials should account for their actions in the context of designing and implementing laws, rules, and regulations.

Ordinarily accountability pressures imposed upon public officials by citizens are mostly indirect, because appointed officials do not contest elections, while on the other hand they are a major source of accountability for elected politicians. The public officials are however in many ways serving in the face of service delivery points, and deal directly with the citizens who are in many ways empowered to access bureaucratic information, monitor government activities, and supply feedback on the level of public service delivery.

Public officials, many of whom are professionals belonging to various professions, are subject to professional accountability which serves as a discipline guide in completing their work. Professional bodies are able to enforce accountability through performance, professional codes, service standards, and licensing and this must be promoted in the quest to professionalize the state.

Accountability is a part of good governance and it can increase the trustworthiness and legitimacy of the state. When that accountability works properly, it helps the government to be responsive to the needs of its people. Where accountability is weak, the risk of failure together with financial mismanagement and the collapse of delivery of services create chronic underperformance.

A new dawn requires a change of not only institutional governance, but also reforms in values, ideas, and culture. This requires a focus on key concepts of governance such as values, integrity, transparency, ethics, and a culture of responsibility and accountability.





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