

Implementation process and obstacles

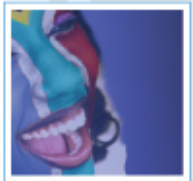
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AUDITOR-GENERAL
SOUTH AFRICA

Reputation promise/mission

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.



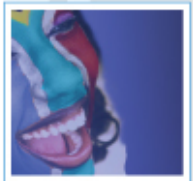
Implementation process and obstacles to overcome

Preparation

- Legislation requirement
- Implementation plan
- Benefits of implementation
- Technical support and guidance

Obstacles that remain a challenge

- Skills and training
- Systems and record keeping



Preparation

Legislative requirement

- **Required by the Public Finance Management Act and Municipal Finance Management Act**
- **Prescribed dates of implementation by the Minister of Finance**
- **Sufficient advance notice of implementation dates**
- **Categories of entities – low, medium, and high capacity**

Implementation plan

- **Each entity required to prepare an implementation plan linked to clearly defined milestones to facilitate effective monitoring**
- **Transitional provisions to assist with piecemeal implementation for certain requirements e.g. unbundling and valuation of assets**



Preparation

Benefits of implementation

- Improved business processes
- Ability to better manage finances and assets
- Should not be a compliance approach to implementation
- IPSAS is an acceptable and fair presentation financial reporting framework in terms of the international auditing standards

Technical support and guidance

- Guidance manuals should be available that deal with practical examples e.g. Frequently asked questions
- Support by knowledgeable and capacitated treasury staff
- Training of finance staff in the entities



Obstacles – remain a challenge

Skills and training

- Implementers especially chief financial officers should have the skills and knowledge and understanding to enable implementation
- Auditors also need training
- Over reliance on consultants and auditors to prepare compliant financial statements

Systems and record keeping

- Accounting systems should be adequate to provide the information required to comply with the standards
- Record keeping should be emphasised to allow for auditing of decisions on valuation (measurement) of assets and liabilities
- Asset management systems should be IPSAS compliant and should be integrated with the financial reporting systems

