

2019 Managing Institutional Capacity 1

Diploma Programme in Public Accountability

Module code 13 206 171; twenty credits

Course Outline & Assessment Plan

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1. Introduction and Context Setting

In this module, the participant is inculcated with skills and applications for working capital management, cost management information systems and principles of information systems to public finance and administration.

It is often said that a business manager can do anything which is not prohibited by law, while public managers can only do what is determined by law. Line managers – i.e. non-financial specialists – are responsible for delivering services, but as no service can be delivered without financial resources, financial legislation and regulations are of special relevance for them. This may seem to drive managers into a “compliance only” mode, but in this module, the focus is on exploring how, in spite of restricting legislation, institutional capacity can be enhanced by means of strategies and applications regarding working capital, implementation of appropriate cost management systems as well as more comprehensive information systems. The emphasis is on the need to focus on the smallest building blocks of service activities.

The content articulates horizontally with Unit Standards 119331, 119341 and 119352. It also articulates vertically to Managing Institutional Capacity 2 and Unit Standards 116340, 116347 and 116346 of the Municipal Minimum Competence (MMC) Programme.

2. Objective & Learning Outcomes

Given the above context, the module objective is to equip participants with knowledge on, and skills and applications of working capital management, cost management information systems and principles of information systems in a public sector context.

The following themes are explored, and the outcomes are the ability to...

Module outcomes	Articulation with MMC Unit Standard outcomes
Use working capital management policy and financial information for working capital decisions in general and management of accounts receivable, accounts payable, inventory and cash in particular.	Unit Standard 119331 OUTCOME 1: Use working capital management policy applicable to public finance management and administration sector OUTCOME 2: Use financial information to inform working capital decisions OUTCOME 3: Manage accounts receivable OUTCOME 4: Manage inventory OUTCOME 5: Manage cash resources
Identify and apply different methods of accounting for costs in the public setting, compile costing information and use variance analysis techniques for management control, cost performance reports and presentation of relevant data for non-routine, short-term decisions.	Unit Standard 119341 OUTCOME 1: Identify and apply different methods of accounting for costs in the public setting OUTCOME 2: Compile costing information for management control OUTCOME 3: Prepare cost performance reports using variance analyses techniques OUTCOME 4: Present relevant data to support non-routine short-term decisions



<p>Identify and describe the elements of MIS, use information to aid planning, assess and provide recommendations on ICT risks and enhance work productivity by means of e-governance and e-commerce in a public sector setting.</p>	<p>Unit Standard 119352 OUTCOME 1: Identify and describe the elements of management information systems (MIS) relevant to public finance management and administration OUTCOME 2: Utilise information technology to aid management planning OUTCOME 3: Assess and provide recommendations on the risk associated with information technology OUTCOME 4: Utilise e-commerce and e-governance to enhance work productivity</p>
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3. Assessment Plan

Participants will be assessed by means of the following methods:

- » Open book controlled individual written assessment to determine competence in use of techniques and applications and insight into theory – First opportunity **per Unit Standard 8 – 10 July**, second opportunity **07 October 2019**:
 - PART A (US 119331 Outcomes 1 to 3): Calculation of working capital cycle and investment in working capital; ratio-analysis and interpretation (6 liquidity and 1 debt ratios); calculation of cost to give up discount; calculation of preparation of inventory ledger account and inventory economic order quantity (35 marks).
 - PART B (US 119341 Outcomes 1 to 4): Calculation of, and interpretation of results for activity based costing (steps 2 and 4); Contribution income statement (CM%, breakeven analysis, margin of safety, operating leverage) variance analysis (35 marks).
 - PART C (US 119352 Outcomes 1 to 4): Classification of different types of information systems; Discussion on implementation and usage of information systems in work related examples or case studies by referring to different dimensions (People, Processes, ICT); Discussion on different types of ICT controls and ICT policies in work related examples or case studies (30 marks) TOTAL 100
- » Written individual assignment to measure the ability to apply the knowledge in practice submitted on splshortcourses website – First submission closing **27 September 2019**; second submission closing **15 November 2019**
 - PART A (US 119331 Outcomes 1, 4 and 5): Explain your job and what you should do to support working capital management in your area of responsibility (see MFMA Section 78 and PFMA Sections 45 and 57) [Alternative approach: Write an essay on what every manager must do in his/her area of responsibility in support of working capital management in any organization]. Approximately 300 words.
 - PART B (US 119341 Outcomes 1 to 4): Explain your area of responsibility in the workplace and list all the functions and services you are involved in. Allocate your time (per month or per year) to the services/functions by using percentages. Discuss how cost accounting is done in your workplace. Make recommendations how cost accounting can be improved in your workplace by referring to ABC and marginal costing (contribution income statement, BEP, MOS, OL). Apply variance analysis to one



of the functions or services you are involved in by comparing the budget with the actual financial results. Discuss and interpret the findings and results of the variance analysis.

- PART C (US 119352 Outcomes 1 to 4): Explain your area of responsibility in the workplace. Discuss data and information management in your workplace by referring to information systems and technology, ICT controls and ICT policies. Your answer should include a discussion of data quality issues and integration issues and possible solutions to these issues. Discuss how e-government and m-government are used in your workplace.

TOTAL 100

Please note that assignments submitted by email will NOT be accepted under any circumstances.

4. Content and Schedule

- a. Orientation to Managing Institutional Capacity 1 **Contact session 8 - 9 July 2019**
- b. Use working capital management policy and financial information for working capital decisions in general and management of accounts receivable, accounts payable, inventory and cash in particular. **Contact Session 8 – 9 July 2019; Recording of US 119331 Units 1 to 5; Telematics session 13 August 2019 at 08:30.**
- c. Identify and apply different methods of accounting for costs in the public setting, compile costing information and use variance analysis techniques for management control, cost performance reports and presentation of relevant data for non-routine, short-term decisions. **Contact Session 8 – 9 July 2019; Recording of US 119341 Units 1 to 4; Telematics session 13 August 2019 at 08:30.**
- d. Identify and describe the elements of MIS, use information to aid planning, assess and provide recommendations on ICT risks and enhance work productivity by means of e-governance and e-commerce in a public sector setting. **Contact Session 8 – 9 July 2019; Recording of US 119352 Units 1 to 4; Telematics session 13 August 2019 at 08:30.**

Prescribed literature:

National Treasury. 2008. Learner Guide: “Conduct working capital management activities in accordance with sound financial management policy” Unit Standard ID 119331. Pretoria: National Treasury MFMA Implementation Unit.

National Treasury. 2008. Learner Guide: “Apply cost management information systems in the preparation of management reports” Unit Standard ID 119341. Pretoria: National Treasury MFMA Implementation Unit.

National Treasury. 2008. Learner Guide: “Apply principles of computerised systems to manage data and reports relevant to the public sector administration; Apply principles of information systems to public finance and administration” Unit Standard ID 119351 and 119352. Pretoria: National Treasury MFMA Implementation Unit.

Supplementary literature:

Du Toit, E; Maitland, C; Makina, D and Maree, A, with Pilbeam E. 2007. **X-kit Undergraduate Financial Management.** Cape Town: Pearson Maskew Miller Longman.

Fourie, M and Opperman, L. 2007. **Municipal Finance and Accounting.** Pretoria: Van Schaik Publishers.



National Treasury. 2013. Implementing Financial Governance. The Municipal Finance Management Act No. 56 of 2003 as basis for creating a service delivery culture. Learner Guide & Reference Source for the MFMA Induction Programme. Pretoria: National Treasury.

Republic of South Africa. 1999. **Public Finance Management Act**, 1999, Act 1 of 1999 as amended by Act 29 of 1999.

Republic of South Africa. 2003. **Local Government: Municipal Finance Management Act**, 2003, Act 56 of 2003.