

# Fund aims to improve financial management at municipalities

In 2013 the then KwaZulu-Natal MEC for Finance, Ina Cronjé, entered into a partnership with the South African Institute of Chartered Accountants (SAICA), by making a R16m investment in the Thuthuka Bursary Fund (TBF).



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The main objective of this initiative is to improve the financial management capacity at municipal level. This would enable municipalities better to manage their budgets and, consequently, achieve clean audit reports.

To work towards this goal, the project started at grass root level: enterprising learners who passed their finance and accounting-related studies at a school level were recruited from all 61 municipal areas in KwaZulu-Natal to study towards chartered accountancy at various tertiary institutions. Ideally these youngsters would return, upon qualification, to their homes and serve their communities in financial management positions.

Cronjé's rationale of investing specifically in the TBF programme is the result of its consistent good performance over the years. The TBF overall pass rate for 2014 was 76%, and four of the eight TBF-accredited universities achieved pass rates higher than the TBF overall pass rate.

## Good performance

Overall, the Thuthuka Bursary Fund students have performed very well since inception of the programme. The average pass rate over the years per year of study is as follows: 1st year - 85%, 2nd year - 75%, and 3rd year - 69%. The high quality of students attracted by the programme has resulted in positive achievements at the end of every year.

This partnership with SAICA will eventually result in the KZN Provincial Treasury being accredited as a training office for chartered accountants in that province. "Until this project started, we did not have any partnerships with provinces on skills development in the area of financial management and we are working on extrapolating this project to other provinces. We believe other provinces should follow the example of KZN if we are to address the skills shortage in our country," Chantyl Mulder, executive director of Nation Building at SAICA, said.

The CEO of SAICA, Terrence Nombembe, said KwaZulu-Natal has shown that they have diagnosed the problem and sought a solution through the TBF programme. "Our government needs the skills for our municipalities and provincial government departments. I am happy that KwaZulu-Natal has taken a leadership role in terms improving the skills that we need in order to move forward as a country."

## **Gap to fill**

Leslie Simiso Magagula, the head of Department of KZN Treasury, is equally committed to the project. This project will see a projected 100 students working side-by-side with him to streamline financial matters even further. "We at KZN Treasury saw a gap that newly trained chartered accountants can fill. Furthermore, we embrace the ideal of developing the profession and supporting African and coloured students to become CAs(SA) so that we address the issue of skills shortage as well as transformation of the profession.

"SAICA agrees with our vision of bridging the gap of poor students in rural areas, and also capacitating rural municipalities in our province. The TBF has a robust system of selection and a proven track record of success. We cherish the hope that these CAs(SA) will work in the province and also at those municipalities where there is a need for skills," he said.

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