

**University of KwaZulu-Natal**

**A STUDY ON THE APPLICABILITY OF THE INTERNAL AUDIT  
TECHNICIAN LEARNERSHIP IN THE PUBLIC SECTOR**

**LAWRENCE CHRISTOPHER CHETTY**

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LEARNERSHIP IN THE PUBLIC SECTOR**

**by**

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**A dissertation submitted in partial fulfillment of the requirements for the  
degree of Master of Public Administration in the School of Public  
Administration and Development Management in the Faculty of  
Management Studies**

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## DECLARATION

I, Lawrence Christopher Chetty, declare that:

- i. The research reported in this dissertation, except where otherwise stated, is my original research.
- ii. This dissertation has not been submitted for any degree or examination at any other university.
- iii. This dissertation does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
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Signature:

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**Student Number: 200100124**

**Date: 21 February 2011**

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## DEDICATION

Dedicated to my loving wife MARY ESTHER  
and my beloved children, MEGAN and MATTHEW CHRISTOPHER.

	<b>ACRONYMS AND ABBREVIATIONS</b>
<b>COSO</b>	<b>Committee of Sponsoring Organisations</b>
<b>DOE</b>	<b>Department of Education</b>
<b>DOL</b>	<b>Department of Labour</b>
<b>ETQA</b>	<b>Education and Training Quality Assurance Body</b>
<b>GETQC</b>	<b>General Education and Training Quality Council</b>
<b>GIA</b>	<b>General Internal Auditor</b>
<b>HETQC</b>	<b>Higher Education and Training Quality Council</b>
<b>IIA</b>	<b>Institute of Internal Auditors</b>
<b>IIA SA</b>	<b>Institute of Internal Auditors South Africa</b>
<b>IAT</b>	<b>Internal Audit Technician</b>
<b>IPPF</b>	<b>International Professional Practice Framework</b>
<b>LCG</b>	<b>Learnership Cash Grant</b>
<b>MoU</b>	<b>Memorandum of Understanding</b>
<b>M&amp;E</b>	<b>Monitoring &amp; Evaluation</b>
<b>NEDLAC</b>	<b>National Economic Development and Labour Council</b>
<b>NLRD</b>	<b>National Learners Records Database</b>
<b>NPAI</b>	<b>New Public Administration Initiative</b>
<b>NQF</b>	<b>National Qualifications Framework</b>
<b>NSA</b>	<b>National Skills Authority</b>
<b>NSDS</b>	<b>National Skills Development Strategy</b>
<b>PoE</b>	<b>Portfolio of Evidence</b>
<b>PDI</b>	<b>Previously Disadvantaged Individual</b>
<b>PFMA</b>	<b>Public Financial Management Act</b>
<b>QA</b>	<b>Quality Assurance</b>
<b>QAP</b>	<b>Quality Assurance Partner</b>
<b>QCTO</b>	<b>Quality Council for Trades and Occupations</b>
<b>SDA</b>	<b>Skills Development Act</b>
<b>SETA</b>	<b>Sector Education &amp; Training Authority</b>
<b>SAQA</b>	<b>South African Qualifications Authority</b>

<b>SARS</b>	<b>South African Revenue Services</b>
<b>SME</b>	<b>Subject Matter Expert</b>
<b>SOE</b>	<b>State Owned Enterprise</b>
<b>SPSS</b>	<b>Statistical Package for Social Scientists</b>
<b>TLB</b>	<b>Training Log Book</b>
<b>WPP</b>	<b>Workplace Provider</b>

## **ABSTRACT**

The solution to South Africa's growing skills crisis subsists in its ability to transform into a thriving knowledge economy. In a globalised world where it has become easy for skills to transcend borders, skills development and more importantly, skills retention strategies, ought to be an integral part of an organisation's strategic framework in particular, and the country's skills development strategy in general. Learnerships, viewed as a panacea for the skills crisis, is a legislated skills development initiative which falls under the Skills Development Act. This in turn resides within the Public Human Resource Management domain. A learnership is a vocationally-based training programme which is quality assured by the Sector Education and Training Authority (SETA) and has as its foundation experiential learning principles. To this end, the Institute of Internal Auditors administers the Internal Audit Technician (IAT) learnership. Internal audit is deemed a scarce skill, and the IAT is aimed at increasing the level of internal audit skills whilst filling the skills gap. Presently the IAT is in greater demand within the public sector as opposed to the private sector. This research was based on completed public sector IAT programmes and some key findings included a clear and disconcerting gap in consultation and communication between the supervisor and manager of the learner. Another was that the majority of learners had benefitted vastly from the communication module and recorded visible improvements in the way they communicated. Key recommendations include greater supervisory and management commitment towards the learnership programme and that all public sector internal auditors report directly to the Auditor-General. This will allow for internal auditors to conduct internal audits free of political interference and the concomitant fear from any form of reprisal, especially where corruption is involved.



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# CHAPTER ONE

## Introduction and Overview

### 1.1 INTRODUCTION

The advent of democracy in South Africa came with the promise of a good life for all citizens. However, the road to South Africa's eagerly awaited emancipation was not without challenges.

The fight for democracy necessitates that the country operates in a constantly transforming and developing environment. To be relevant in such a dynamic environment, the practical aspects of policies and procedures must be continuously redefined to meet challenges presented by constant change. South Africa's discriminatory past resulted in a large proportion of the labour force being unskilled or under-skilled. An important inclusion in key legislation such as the Constitution of the Republic of South Africa (Act 108 of 1996), Labour Relations Act (Act 66 of 1995), and other relevant legislation including the Reconstruction and Development Programme (RDP), which has been the focus of people development. This challenge required a concerted commitment from both government and business. It took the form of progressive legislation and policies being introduced to address these challenges.

The White Paper on Public Service Training and Education (WPPSTE) was established to provide a lucid vision and policy structure to direct the introduction and execution of new policies, procedures and legislation. The legislation was primarily aimed at changing public service training and education into a forceful, needs-based and positive intervention, positioning itself as a fundamental and strategic component in the processes of building a more efficient public service (WPPSTE, 1997: 2).



Key outcomes emanating from the above legislation included, *inter alia*:

- Strategic connection to a broader development of transformation, institution building and human resources advancement within the public service;
- Strategic connection to the NQF and SAQA frameworks, as well as to the Department of Labour's Skills Development Strategies;
- The heightened importance and status of training and trainers;
- Effectively organized, synchronised and accredited systems, in a manner that encourages quality, responsibility and cost-effectiveness;
- Extensive participation and contribution by all relevant stakeholders;
- Capacity to advance access by all personnel to significant training and education opportunity;
- Capacity to promote the redress of previously disadvantaged groups;
- Capacity to assist with the development of thriving career paths for all public servants;
- Being demand-led, needs-based and skills-based, and
- Capacity to promote constructive learning outcomes which add value to personal and organisational capacity.

The enactment of current education and training legislation in South Africa, such as the South African Qualifications Act (Act 58 of 1995), and the Labour Relations Act (Act 66 of 1995), informs other acts such as the Skills Development Act (Act 97 of 1998), the Skills Development Levies Act (Act 99 of 1999) and other associated regulations. These have been developed to support social and economic development in the country, and achieve this by creating integrated, optimum quality education and training concepts, which contribute to the development of individuals, enhance career development and result in more competitive industries.

One such concept is that of a learnership, a work-based training intervention that combines theoretical and practical components towards a synergistic skills outcome. It has been identified by government as a key skills development strategy aided by the Sector Education and Training Authority (SETA), an institution falling under the auspices of the Department of Labour,

and responsible for auditing and quality assuring all learnerships in the country.

Learners in the workplace do not exist in a vacuum, but in an environment that influences their behaviour and learning. The workplace is where an employee spends a considerable amount of his or her life, and can thus be viewed as an ideal place for the perpetuation of the learnership concept (Reid & Barrington, 1997: 105).

## **1.2 JUSTIFICATION OF THE RESEARCH**

The research focuses on the state of skills in South Africa, and the endeavours by the state to prioritise skills development initiatives through legislation and capacity building initiatives. It seeks to ascertain the extent to which learners on learnerships apply the knowledge and competence gained throughout the programme.

## **1.3 OBJECTIVES AND KEY QUESTIONS**

The objectives of this research are to:

- Understand the concept, context and operation of internal audit learnerships;
- Determine, interpret and explain the legislative framework and strategies governing learnerships;
- Determine the extent to which learners are afforded the ability to apply their knowledge gained from the different modules and competencies reflected in the log book;
- Ascertain what impediments exist within the learning process, and
- Review the research findings, furnish conclusions and make recommendations.

The research therefore attempts to answer the following key questions:

- Are learners receiving adequate support from management?
- What is the learner's level of understanding in the modular training?
- Were the learners able to adequately apply theory into practice in the workplace?
- What impediments inhibited the learning process?

#### **1.4 BIAS AND LIMITATIONS OF THE RESEARCH**

The research is confined to the public sector based Internal Audit Technician (IAT) learnerships held around South Africa. This study was chosen because the researcher is an employee of the Institute of Internal Auditors which administers the IAT Learnership programmes. The researcher was aware of a possible element of bias which may influence the outcomes of the research.

A learnership is a workplace learning concept, and while there is available literature on the latter term, materials on learnership are limited. Most of the theories on learning in general, and workplace learning in particular, that have been discussed in *Chapter Three* are from an American perspective, and very little literature in this regard is available from a South African perspective.

Another limitation included the difficulty in accessing certain respondents. It has been observed that as the number of learnership programmes increased, there has been a notable increase in mobility of learners within the profession. This resulted in difficulty in tracking some of the respondents, which is noted in this research study.

Despite these limitations, it can be safely concluded that this research contributes substantially to the knowledge base of learnership management in the public sector, and provides some useful lessons to be noted both for the Institute of Internal Auditors and for the body of knowledge of learnerships in the public domain overall.

## **1.5 RESEARCH METHODOLOGY**

Two sets of respondents were surveyed, the learners and their managers. The instruments used in this survey consisted of two separate sets of questionnaires (**Annexures A, B & C**) for each of the respondents. They consisted of open and closed-ended questions. The open-ended questions gave the respondents an opportunity to express their views and opinions in a negative or positive manner. The questionnaires were forwarded to the respondents via electronic mail, and those managers within close proximity were interviewed personally.

Due to the small size of the target population, all learners who had completed the programme and whose contact details still appeared on the IIA database were chosen. The choice of the target population was not based on regional or sector specific allocation. The formation of a new learnership group is dependent on attainment of the required minimum enrolments for financial viability and, unlike a tertiary institution, programmes are not scheduled in advance or per calendar period. This therefore had no bias effect on the outcome.

The data was coded, captured and scrutinised using the Statistical Package for Social Scientists (SPSS) and frequency distributions enabled the researcher to analyse the data. Graphical presentations by means of pie charts, bar graphs and tables were utilised to illustrate categorical and discrete variables.

## **1.6 CHAPTER CONSTRUCTION**

*Chapter One* provides an outline of the entire research and delineates the sections such as the justification of the research, objective of the research, bias and limitations of the research, and the research methodology used. It looks at the White Paper on Public Service Training and Education (1997) (WPPSTE) and its establishment in providing a coherent vision and policy framework to guide the introduction and achievement of new policies,

procedures and legislation regarding training and development. Key legislation emanating from the WPPSTE has been the Labour Relations Act, the South African Qualifications Authority and the Skills Development Act. Learnerships, which is the core topic of this study, emanates from the SDA.

*Chapter Two* conceptualises the research in terms of the discipline and activity of public administration. A discussion on the definition and concepts of public administration follows. The subsequent discussion is a discourse on the evolution of New Public Management practices, with emphasis on public human resource management and its relevance and importance for skills development in general and the learnership in particular. This is followed by an extensive exposition on various factors relating to skills development in South Africa, and the legislative and sectoral initiatives used to address the skills dilemma.

*Chapter Three* contextualises learnerships as a key focus of the research and offers various theories and concepts of the learning paradigm from both a local and global perspective. This includes a discourse on experiential learning and an exploration of Kolb's, Honey and Mumford, and Buckley and Cople's learning cycles. The notion of a learning organisation is key to setting the scene and environment for effective workplace learning and Senge's five building blocks for a learning organisation are discussed. Thereafter, different types of workplace learning and its key stakeholders are discussed and compared. The Internal Audit Technician (IAT) learnership is examined and identified as the point of departure.

*Chapter Four* discusses the theoretical aspects of the research design in detail and outlines the methodology used to draw the respondent's sample including a brief explanation of the data collection methodology used. Analysis of the respondents' biographical data and the modular and practical aspects of the learnership was analysed and is followed by the salient findings of the survey.

*Chapter Five* concludes with an overview of the research and makes recommendations, including implications for the future. A key finding included the identification of a lack of supervisory commitment as opposed to managers being more committed. The corresponding recommendation is the introduction of a continuous monitoring and feedback mechanism by management to ensure that all appointed support personnel comply with their delegated responsibilities.

A recommendation with a paradigmatic change is the proposal that all public sector internal auditors report directly to the Auditor-General to prevent key findings and recommendations being overlooked or deliberately ignored through corrupt practice. This will enable internal auditors to conduct internal audits free of political interference or fear of any form of reprisal.

## **1.7 CONCLUSION**

It is anticipated that this research will highlight notable needs identified from the research and provide useful information, direction and strategies to ensure effective application of knowledge grasped from the IAT learnership. In this regard, important role-players such as the Institute of Internal Auditors, the employer organisations and the training providers can play an important contributory and interactive role with learners and forge a collaborative partnership in attaining the desired objectives.

## CHAPTER TWO

### **Relationship between the Public Administration Paradigm and the Skills Development Framework in South Africa**

#### **2.1 INTRODUCTION**

Government owes its existence primarily to the people it serves and its fundamental purpose as an institution is to enhance the general welfare of communities. The various organs of state ought to coalesce to produce administrative processes to ensure the provision of quality and timely services. These services are needs-driven. Therefore, there is an important connection between the level of development of a particular community and the need for services rendered by government through public administration (Du Toit & Van der Waldt, 1997: 23).

To understand the term *public administration*, an elaboration on the word 'administration' is required. Administer means to manage the affairs of; therefore, administration refers to spheres of human activity being managed through co-operation and consensus, with the aim of reaching or attaining an objective. This also includes the methodology, means and processes of how it is to be achieved. When the adjective *public* is added to administration, it refers to these functions or phenomena being practised in a political environment, aimed at satisfying societal needs as perceived in a specific period (Thornhill & Van Dijk, 2010: 101). Public administration is a feature of all nations, whatever their system of government, as it is both an activity and a discipline.

#### **2.2 PUBLIC ADMINISTRATION AS AN ACTIVITY**

As an activity, public administration forms an integral hub of a person's livelihood, impacting on aspects across the spectrum from birth to death. Government institutions are involved in producing certain products and services to society such as law enforcement, health care and the provision of

essential infrastructure such as roads, water and electricity. Therefore, government is the institution of society and communities, which has certain expectations of these institutions. The services rendered by public administration to society reflect what a particular community expects of its government (Du Toit & Van der Waldt, 1997: 59).

Population trends indicate an increase in urbanisation. This has created a demand for a multitude of services by the consequent high concentration of people in one place. This concentration, together with the resultant growth in population, places considerable pressure on governments to meet the needs of its communities equitably. Government's fundamental objective is the equitable distribution of its services to its various communities. South Africa, including other countries worldwide, has the task of addressing the imbalance between the unlimited needs of its society and its limited resources. The *fit* between needs and resources is a focal point of the practice of public administration. This imbalance between resources and needs is illustrated in Figure 2.1 as follows:

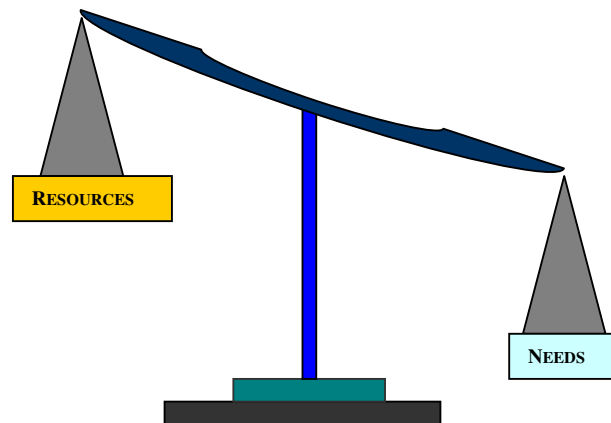


Figure 2.1: Imbalance between resources and needs (Du Toit & Van der Walt, 1997: 25)

Evident in the above illustration, is that public institutions have limited resources while communities have unlimited needs. The reasons for the



limitation of basic resources are, according to Cronje *et al* (1987: 5), as follows:

- Natural resources are resources made available to human beings via nature, such as land, water and minerals. These resources decrease through utilisation and consumption. For example, settlements alter land use, which in turn restricts other potential uses. An urban and industrial development may command use of good quality arable land, a scarce resource in South Africa, in this way diverting agricultural pressure to other land of less arable quality.
- Capital refers to money, property such as factories and offices, and equipment including machinery that is used to produce services and products. As needs increase, more money is required to consume goods and services; however, affordability is impacted through a shortage of capital.
- Human resources, also referred to as labour, imply people with different skills, some of which are in greater demand than others. Economies grow through innovation and new technologies. This creates a demand for new skills which are rare and consequently lead to an increase in demand. For example, internal audit has been classified as a scarce skill, and internal audit learnerships were introduced to help alleviate the demand and increase supply.

The practice of public administration in the public sector is to enable government to solve the problems of imbalance through equitable and fair distribution of its services throughout the country. In most countries around the world, this is facilitated through levels of government, namely, national or central, provincial or regional, and local or municipal. In South Africa, the same processes are performed on each of the three levels, but with adaptations to obtain three specialised fields of public administration, namely:

- State, central or national administration;
- Regional or provincial administration and
- Local or municipal administration (Cloete, 1994: 14).

The common need for security, for example, can be met by central government which is responsible for protecting the country's inhabitants against external aggression or invasion. At regional level, provincial governments can meet the needs experienced specifically at regional level, for example the development of the region. At local government level, the need for specific services can be met better by local authorities such as the administration for providing clinics, water, refuse removal and electricity. Local government is generally known as the government closest to the people, as advocated by Du Toit & Van der Waldt (1997: 24).

Developing and implementing a skills development strategy is the domain of the national administration sphere. National roll-out of the skills development strategy ensures that key elements such as financial and human resource commitments are provided for whilst at the *local level*; the co-ordination and collaboration among local governments, enterprises, employers' and employee organisations and training providers can greatly contribute to aligning training to the requirements of the local labour market.

### **2.3 PUBLIC ADMINISTRATION AS A DISCIPLINE**

Public Administration, the academic discipline, is essentially the study of various processes and specific functional activities (Van der Waldt & Du Toit, 1999: 49). These consist of administrative law, policy studies, organisational science and bureaucratic theory. It also includes efforts to improve the general welfare of society; it is the business of government (Fox, Schwella & Wissink, 2001: 2). This therefore infers the existence of a private administration or institution. To understand the difference between both, one needs to look at the term 'administration'.

In this regard, Fox and Meyer (1995: 3) refer to administration as a system. Furthermore Du Toit and Van der Waldt (1997: 41) describe a system as a cohesive whole consisting of various interactive phenomena and, because of this interaction, certain results are produced. These results are advantages or disadvantages for society. Administration is therefore a system offering goods

and services to society. Figure 2.2 presents an illustration of administration as a general system.

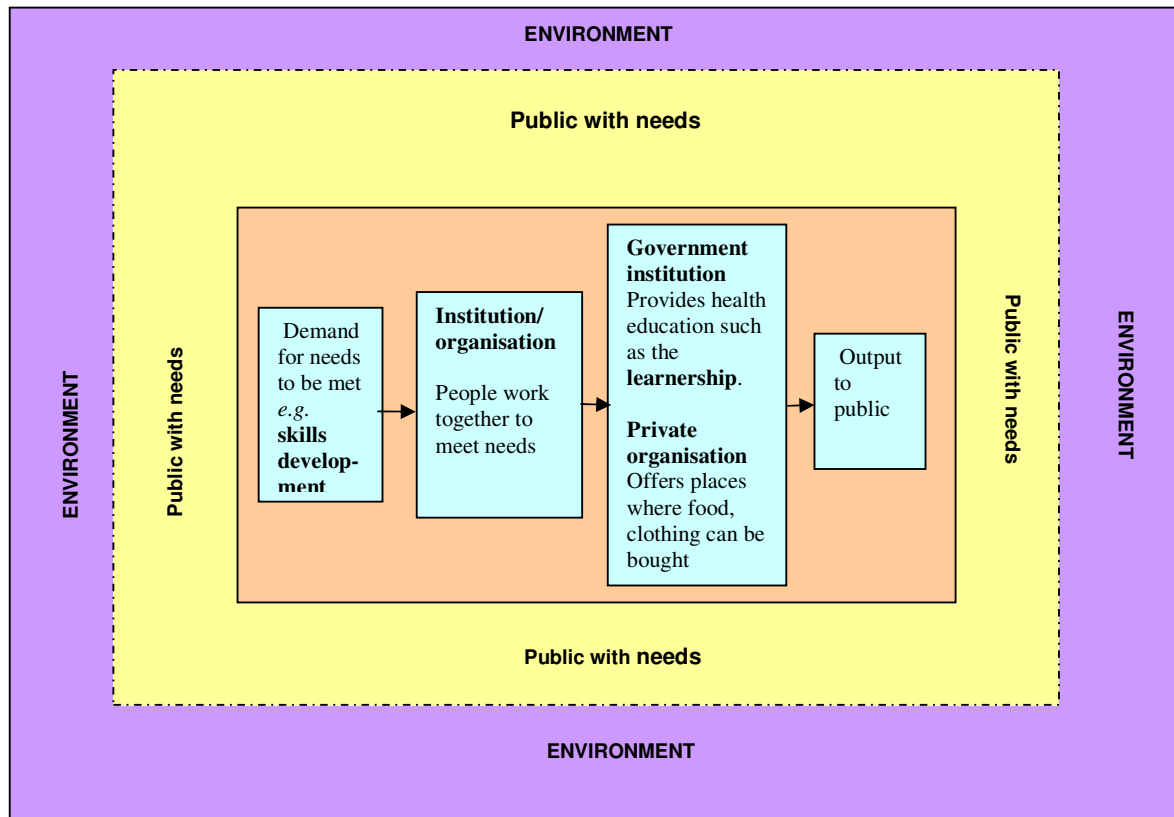


Figure 2.2: Administration as general system (adapted from Du Toit & Van der Walt, 1997: 42)

The administrative system in Figure 2.2 above can be explained as follows:

- Administration takes place within an environment;
- The environment creates needs in people (public), for example, the need for skills;
- Administration is stimulated into action by the environment and the needs it creates in the public, for example, a skills survey or research is conducted to verify the need;
- The stimulation comes in the form of inputs that administration receives from the environment, for example, what type of skills are required;

- Administration converts the inputs from the environment into outputs for example, government legislates mechanisms in the form of learnerships to facilitate the supply of these skills;
- The environment receives certain products and services as outputs from administration for example, health services that have benefited from learnerships;
- The outputs of administration back to the environment are the results of governments skills initiatives, and
- The outputs are received, used and in time, processed by the environment and depending on the circumstances, fed back into the administrative system which process is cyclical (Du Toit & Van der Waldt, 1997: 42). For example, the newly elected democratic government identified skills development as a major need for economic upliftment and legislated learnerships as an effective vehicle to meet increased demand.

Whilst the above discussion illustrates a generic view of administrative systems that can be found in any institution or organisation that offers products or services, the following section examines the various definitions and concepts of public administration within the context of the focus of the study.

## **2.4 DEFINITION AND CONCEPT OF PUBLIC ADMINISTRATION**

Various scholars of Public Administration differ on its definition. This is partly due to words, phrases or terms used and its various interpretations by the different scholars. Another reason is that a concept takes on different meanings from society to society or country to country. For example, in the Soviet Union, there are no schools of business administration. In France and South Korea, the government manufactures motor vehicles (Nigro & Nigro, 1989: 3), not considered a public service in other countries.

Of significance is that the line between public and private administration is becoming indistinct to the extent that the convergence of both concepts in its

usage has increased enormously. In South Africa, more partnerships are being formed to manage its national roads, telecommunications and electricity distribution that were previously the sole domain of government; therefore, the range of activities and the field that is covered by public administration as a discipline has expanded considerably. Public Administration has come to mean far more than simply those activities associated with carrying out legislated acts and judicial orders (Nigro & Nigro, 1989: 3). For example, the internal audit learnership contains general principles in internal auditing and is taught to both public and private sector learners with very little distinction. Nigro & Nigro (1989: 11) define Public Administration as follows:

- a collaborative group effort in a public-setting;
- covers all three spheres of government – executive, legislative, and judicial and their interrelationships;
- has a central role in the formulation of public policy and is thus a component of the political process;
- is different in substantial ways from private administration, and
- is closely associated with various private groups and individuals in making available services to the community.

Furthermore, Levine (1990: 3 &16), state that public administration is fundamentally concerned with the managing of government policies and programmes, including the behaviour of officials officially responsible for their conduct. This definition implies a focus on what administrators do to shape the laws, as well as to implement them. It strives to link political issues and processes with managerial challenges so that the special role played by public organisations in the administrative state can be better understood.

Henry (1989: 20) defines public administration as a broad-ranging and formless combination of theory and practice. Its function is to promote a superior appreciation of government and its association with the society it administers, as well as to promote public policies more responsive to social requirements. It seeks to inculcate managerial practices in sync with

effectiveness, efficiency and the realisation of deeper human requisites of the population.

Denhardt (in Aaron & Wildavsky, 1990: 43) echoes the same concept in defining public administration as concerned with managing transformation in pursuit of publicly defined societal principles.

Heady (1992: 2) defines public administration as that sector of administration found in a political setting. It is concerned primarily with the carrying out of public policy decisions made by the authoritative decision-makers in the political system, for example, implementing national skills development initiatives which is the political will of government.

Therefore, public administration can be largely described as the improvement, implementation and study of branches of government policy. It is associated with pursuing the public good by enhancing civil society and social justice. Though it has been traditionally referred to as government management, and increasingly includes non-governmental organisations (NGOs) that are not acting out of self-interest (Wikipedia online: 2008).

Fox, du Toit & Van der Waldt (2000: 2) propose a more contemporary definition of public administration as

*“That system of structures and processes; operating within a particular society as environment; with the objective of facilitating the formulation of appropriate governmental policy; and the efficient execution of the formulated policy.”*

From the afore-going discussion, it can be said that public administration is essentially the study of various processes and specific functional activities by institutions. They must function within a particular environment to improve the general welfare of society by providing products and services to it (Du Toit & Van der Waldt, 1997: 47). Furthermore, learnerships as a national skills development strategy was implemented to meet increased economic needs and ultimately improve the general welfare of society. Learnerships are

viewed as an enabler for the country's labour force in acquiring new skills, employment and career enhancement opportunities. It follows then that the link between public administration and learnerships will facilitate an added value to service delivery, and ultimately public administration in practice. This emphasis is an important focus for the learnership and the Institute overall.

While these definitions tend to look only at public administration from a politico-administrative view, Fox *et al* (2004) also stress the importance of the environment within the context of politics, policy execution and management. From the above definition, it is obvious that public administration embraces the notion of a much larger scope and outlook than public management.

Central to Woodrow Wilson's (1886) view was the notion that a distinct dichotomy ought to exist between politics and administration, and that there should be an ongoing search for scientific principles of administrative management that would inform the achievement of organisational efficiency. Throughout history, public administration has focused on the public problems of its time. The earliest concerns of public administration were to eliminate incompetence and corruption in government. Even today, this is evident in mainstream public administration globally. Where there is political interference in public administration, upheaval and corruption reigns which ultimately leads to poor service delivery. However, current public administrative systems worldwide in general, and in South Africa in particular, indicate that politics and administration are inextricably linked.

It was understood that the science of public administration could deliver the principles for how public agencies and bureaus should conduct their operations. In smaller governments, there was more or less practical adherence to the traditional model of public administration. However, in an era of substantially larger governments, the principles of the science of public administration neither describe the structure and operations of the various layers of the public sector adequately, nor offer effective guidance to the solution of practical problems. Public administration was structured in accordance with bureaucratic notions. The inter-relationship between

bureaucracy and democracy was handled by means of the traditional politic/administration separation assigning decision-making to political leadership and implementation of these decisions to bureaucracy. Basically, the public administration approach identified characteristics that were more or less firmly entrenched and institutionalised in government structures.

According to the Cloete model, Public Administration means the executive branch of government, civil service, bureaucracy; the formulation, implementation, evaluation and modification of public policy (Coetzee, 1991: 18). The generic administrative functions performed by public administrators are policy-making, personnel administration, financing, organising formulation of work procedures, and methods and controls (Cloete, 1998: 86-87). To effectively execute the six generic administrative functions, the public administrator will need knowledge of auxiliary functions of research, providing legal services, record-keeping, public relations, notification functions of official gazettes and other publications, constructing and maintaining information services and provision of infrastructure materials (Cloete, 1998: 283-291).

As a point of departure from the traditional mode of public administration, the focus shifts to public management. As government grows, cities expand and are incorporated resulting in challenges being imposed on higher levels of management. Levels such as technical specialists, human behaviour, systems design, policy, values and ethics have become prominent areas of focus and has led to the formation of a 'new' field called public management. It claims an ideological bias toward markets, service orientation and private contracting of government services; it is highly instrumental in its emphasis on action and decision-making exercises. Although proponents of this perspective see it as a major departure from the field of public administration, its instrumental and action perspective appear to place it well within traditional concerns of public administration Burke (in Rabin *et al.*, 1988: 91). It is possible for scholars and practitioners to blur the difference between the two concepts by making reference to them as one. For the sake of this research henceforth, the researcher will make reference to public management.



## 2.5 PUBLIC MANAGEMENT

Public Administration concentrates on public administration as a profession and on the public manager as the specialist of that profession (Ott, Hyde & Shafritz, 1990: 1). It is an interdisciplinary examination of the generic aspects of organisation, a combination of planning, organising, and controlling functions of management with the administration of human, fiscal, physical, information, and political resources (Overman, 1984: 278). Public management, in contrast, is a fundamental segment of the broader discipline of public administration. It is concerned with the functions and processes of management at all spheres of government.

Gildenhuis and Knipe (2006: 125) argue that to develop a public organisation, an open systems approach is imperative. This means that the organisation's activities must be directed outward with the aim of satisfying the public's needs. More emphasis is required to be directed on the external efficiencies and effectiveness as opposed to the internal efficiencies and effectiveness. A leaning toward the latter will result in a closed- systems approach which does not consider its environment and is consequently in conflict with the environment. Ideally, it should always be in equilibrium with its environment.

In terms of the open systems approach which places emphasis on the environmental components, there are two types of environment that impacts public management. The general environment includes political, social, economic, technological and cultural aspects, and the specific environment includes suppliers, regulators, competitors, and consumers, as illustrated in Figure 2.3. This approach consigns importance to factors that affect the core business of the public management model which are functions and skills.

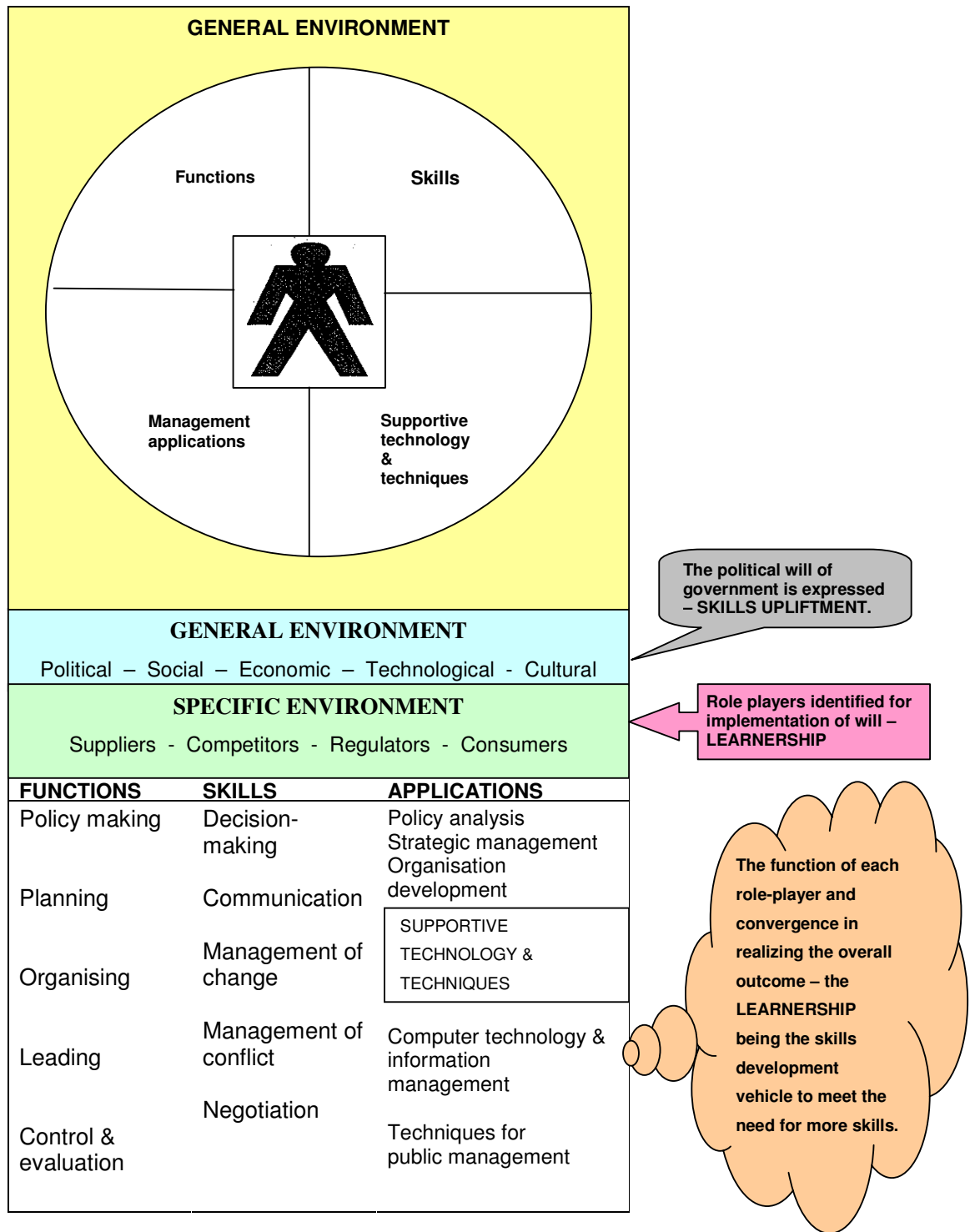


Figure 2.3: Public Management model (Fox et al. 2004: 4)

Functions such as policy-making, planning, organising, leading, and control and evaluation; skills such as decision-making, communication, negotiation are aided by applications such as policy analysis and strategic management; and supportive technology and techniques such as computer technology in an integrated and systematic approach to improve the quality of public management (Fox *et al.*, 2000: 5). For example, skills are the heartbeat of a developing economy and the availability of a wide range of skills is paramount to economic growth and sustainability. The public management domain includes the identification of skills shortage, legislative and strategic intent and the resultant implementation of a workable national skills strategy. This is only possible within an open systems approach which requires a synergistic application of both the general and the specific environment as reflected in the diagram in Figure 2.3.

While these environments may appear ancillary in nature, they nevertheless do impact on how management performs its functions. Fox *et al.* (2000: 3) recommend that public management functions and public managerial skills should be constantly assessed in terms of the public management environment. Skills development interventions in general and learnerships in particular, are influenced by these environments within which human resource management functions. Evolving environments invariably lead to a demand for updated skills development.

The actual agenda for public management entails harmonising political, economic, and societal concerns for equity, ethics, and fairness, as well as incorporating perspectives for bettering 'the public good' in complex, highly varied, competitive and inequitable surroundings. Public management must continue to seek ways to be proactive on behalf of its citizenry while avoiding administrative errors. Therefore the basic task of public management is to develop an understanding and working knowledge of the major administrative and management systems that are used across the different spheres of public sector organisations (Ott *et al.*, 1990: xvi). In light of this, the task of the human resource function is of paramount importance, and the skills level of public servants is informed by the level of continuous redress as contained in

the Batho Pele principles. The plan to devise effective mechanisms to meet the public's need for acceptable social delivery through these principles remains a challenge, especially the principle of redress, as efforts by management has been less than satisfactory.

Finally, public management is also an issue of common sense. Governments empower imperfect people to use flawed methodologies, while making use of scarce resources to cope with unsolvable problems. The outcome of their efforts is extraordinarily effective given the necessity of their roles, the complex and bureaucratic environment within which they function and the basic skills with which they are armed. Accountable public management is indispensable to good governance and effective and efficient delivery, highlights Lynn (in Peters & Pierre, 2005: 22).

While bureaucracy still exists in certain aspects of public management practice, a democratic and networked form of resource allocation, coordination and control resulting in a more efficient and responsive means of delivering on public policy mandates has surfaced. This new paradigm gave rise to the contemporary term New Public Management (NPM) (Lynn 2006: 25), where much emphasis is currently placed regarding public management practices and its location in the public sector.

### **2.5.1 NEW PUBLIC MANAGEMENT (NPM) AND ITS IMPLICATIONS FOR SKILLS DEVELOPMENT**

Legitimising government through a democratic voting process does not necessarily mean societal acceptance and subservience. While elected public officials are exhorted to be responsible, professional and democratic, there exists no consensus and indeed considerable controversy concerning what such terms might mean in practice (Lynn, 2006: 29). Of significance, is what Du Gay (in Dingwall & Strangleman, 2005: 483) proffers, that the New Public Management (NPM) approach as a new paradigm is termed *entrepreneurial governance* and is aimed solely at opposition to bureaucracy, which is procedural, impersonal, and hierarchical. Bureaucratic government, the author

asserts, is represented on the one hand as the “paradigm that failed”. Enterprise governance on the other hand, is regarded as the reformist antidote to bureaucracy and this approach underpins much of the public sector transformation currently taking place. The legislating of learnerships further reflects governments’ intent of the shift away from the bureaucratic approach.

Enterprise management signifies a paradigmatic change in public management; it is indeed true that such developments may not be original but rather adaptations of old institutions to new circumstances. NPM was first coined in 1989 by Hood (1989: 349) and was regarded as a universal administrative reform movement signifying the principal themes as a swing away from:

- A prominence on policy toward an emphasis on calculable performance;
- Reliance on conventional bureaucracies toward loosely attached, quasi-autonomous units and competitively tendered services;
- An emphasis on growth and investment toward financial prudence and allowing public managers greater freedom to manage, and
- Archetypal command and control instruction toward self-regulation.

It can therefore be said that due to its informal and non-rigid state, the principals and theory on NPM continue to evolve. Institutional values and the national sovereignty of administrative reform have been shattered by globalisation in its many guises (Lynn, 2006: 108). In fact, the convergence of such a phenomenon is in itself a remarkable example of globalisation. One such globalised reform led to a trend in migrant skills mobility. For example, in early 2000, the United Kingdom complemented its nurses and teachers skills shortage by conducting recruitment drives in countries like South Africa. This was helped in no small measure by the traditionally strong sterling pound against a weak rand. South Africa, with its limited skills base and having just entered the global arena through its democratic transition, lost key skilled personal. The challenge for NPM in South Africa remains the upskilling of new

labour entrants into the market whilst re-attracting previously those migrated skilled personnel. This is a significant focus on learnerships and skills development and adds value to this research study.

NPM would lead to a leaner and more efficient public sector that embraces more private sector practices and increased private sector participation. The focus of this perspective is an integral aspect: to embrace in the contextualization of the NPM and the skills development arena. Moreover, the public sector would be less different from the 'for-profit' market sector than previously. The model uses strategies of 'marketisation' by introducing competition to the public sector and 'minimisation', which involves making the state smaller through privatisation and out-sourcing via more efficacious use of its public resources (Pollitt, 2007: 10). Public managers would be viewed as modern day entrepreneurs of a largely privatised and lean-looking public sector, imitating not only the methods but also the standards and principles of business where the public is served and not steered (Denhardt & Denhardt, 2003: 139).

In South Africa, NPM is evident in the way government operates. For example, the Department of Public Enterprise performs oversight management over governments State Owned Enterprises (SOE) such as Eskom, South African Airways and Transnet. These organisations are operated as private sector businesses while government is the major or sole shareholder. One of its key objectives is the development of key infrastructure and manufacturing capacity, and inherent is the development and sustenance of a key skills base (DPE Online: 2008).

The principal thrust of skills development within an NPM framework is to create a resource base with the correct knowledge, skills, values, development mechanisms and a programme of sustainability that will enhance productivity and overcome scarcity. The significance of this discussion is expanded in *Chapter Three*. Government ought to be a major driver in developing skills and eliminating skills loss, and to this end,

programmes such as learnerships have been legislated (Awortwi & Siteo, 2006: 3).

The roll-out of learnerships in the public sector is dependent to a large extent on public resources. The ensuing discussion focuses on the importance of public resource management in the South African public sector.

## **2.6 PUBLIC RESOURCE MANAGEMENT AND SKILLS DEVELOPMENT**

The study of public administration in South Africa has its formation and foundation in Chapter 10 of the Constitution (Act 108 of 1996). The efficient, economic and effective use of scarce resources is a paramount requirement for the provision of satisfactory service delivery. Allison (in Stillman II, 1992: 282) defines resource management as the organisation of basic administrative support systems, for example, budgeting, fiscal management, procurement and supply, and human resource management. More specifically, from a public management viewpoint, public resource management aims to manage resources allocated by politically legitimate means to public institutions in the most efficient and effective way. It seeks to attain the policy goals and objectives of constitutional government structures. Therefore, the effective, efficient, and productive management of public resources is subject to political, economic and social imperatives as constitutionally reflected above (Schwella, Burger, Fox & Muller, 1996: 3).

As mentioned earlier, these resources are scarce in the public domain and public managers have the unenviable task of prudent utilisation with the objective of providing satisfactory services. Society's demands for services and goods have grown substantially more than the corresponding availability of resources to meet that demand. This is due, *inter alia*, to the following:

- The fallibility of a fledgling government;

- The increase in demand from a democratic society whose majority was previously marginalised with regard to provision and allocation of basic goods and services;
- A huge debt inherited from the previous regime;
- A severe lack of skilled labour;
- Corruption within the public sector, and
- Increase in crime levels.

As these examples attest, the effective and efficient management of public resources poses a challenge for the public manager specifically, and the overall practice of public management. The afore-mentioned points contain both internal and external environmental considerations that a public manager ought to take cognizance of in managing public resources. Learning and development interventions from management ought to be considered in equipping public managers to effectively utilise personnel and scarce resources responsibly. This position is an important focus of this discussion on the learnership in internal auditing.

Figure 2.4 provides an illustration of the context of public resource management within public administration, and highlights its relevance to skills development. The Constitution of the Republic of South Africa is the supreme legislation and informs all other promulgated legislation and organisational processes and procedures, such as the management of public human resources. Learnerships being a skills development initiative, are a legislated training intervention emanating directly from the Skills Development Act (Act 97 of 1998).



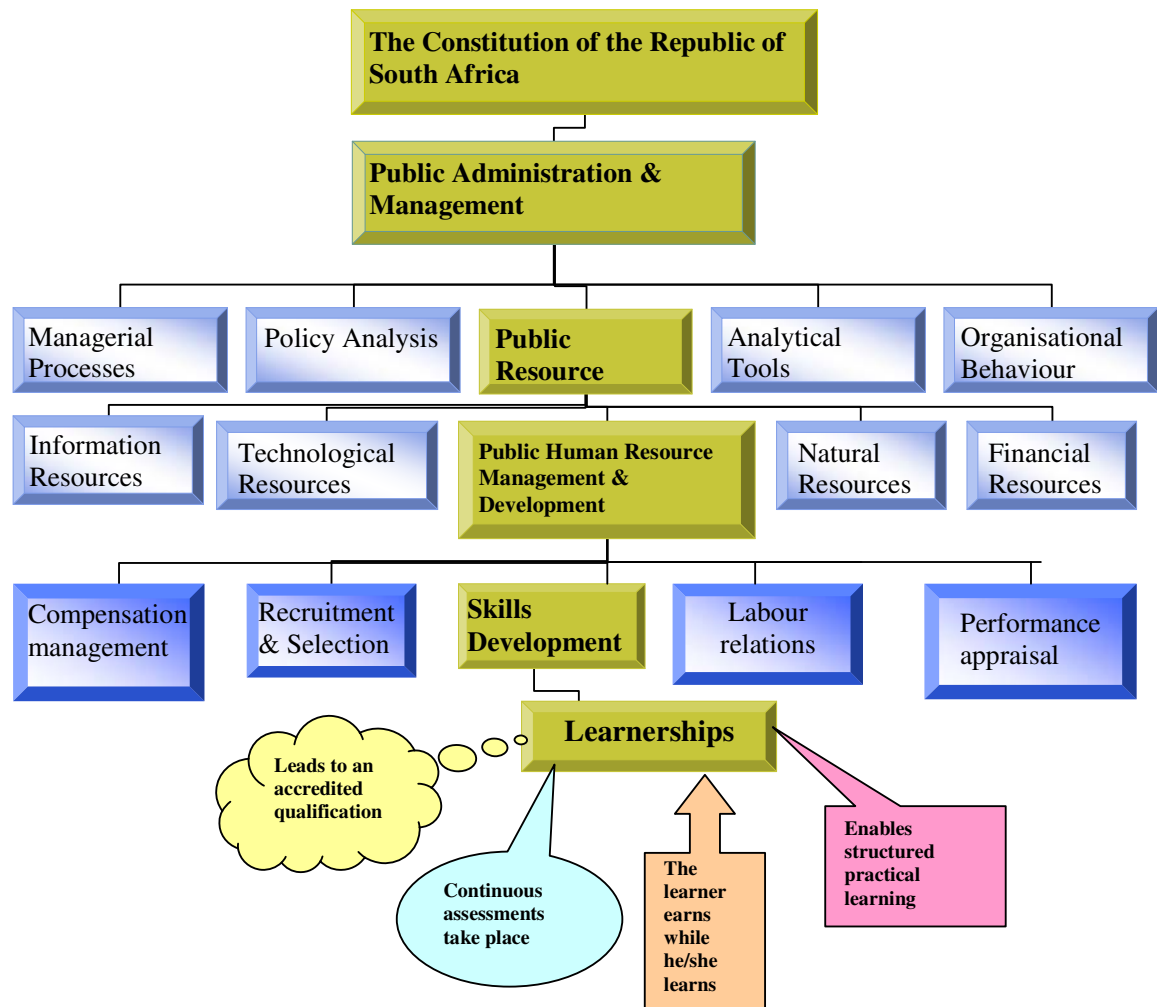


Figure 2.4: A model outlining the context of public resource management.

South Africa has a diverse societal mix, globalised economy and developmental superiority in Africa. This results in new and dynamic challenges, a continuously changing economic landscape, innovative entrepreneurship and an increasingly demanding society. In this context, public resource management is informed by the importance of values. Value proposition is the electorate's mandate to government and its inclusion as one of the Batho Pele Principles is an indication of its inherent importance. It is one of the criteria by which government is evaluated.

### **2.6.1 Values and its relevance to the skills strategy in South Africa**

The nation's value systems also shape the way government handles problems. Society places a high value on rationality and efficiency, that is, solving problems with the least expenditure of resources. The benefactors of this important task ought to be imbued with the necessary skills and competences to remain effective (Levine, 1990: 5).

Dictionary.com: online defines values as the ideals, customs, institutions, etc. of a society towards which the people of the group have an affective regard. The Cambridge University dictionary defines values as the beliefs people have about what is right and wrong, and what is most important in life which controls their behaviour (<http://dictionary.cambridge.org>).

Furthermore, Starling (1998: 151) states that values are simply things or relationships that people would like to have or enjoy. A system of shared beliefs or values underpins any institution as emphasised by Klinger (in Schwella *et al.*, 1996: 15).

Values compete with one another. Organisations constantly face competition among values depending on the model or approach used. For example, the human relations model emphasises flexibility in internal processes and improving morale and cohesion as a means of developing people in an organisation. The internal process model also focuses internally, but with emphasis on control through maintaining sound information, auditing and review systems. The open systems model emphasises responsiveness to the environment with flexibility in structure and process as a means to acquire and utilise resources effectively and efficiently. The rational goal model emphasises careful planning to maximise efficiency. It can be argued that central to these models is the need for relevant and effective skills empowerment (Rainey, 1991: 216-7).

Values also complement one another. For example, efficiency effectiveness and economy are required to ensure optimum functionality of an organisation.

This may pertain to goods production, service provision or resource utilisation. Furthermore, values also shift or change because of intra-organisational transformation or changes to the political or economic landscape. Ultimately, public organisations and managers must balance or concurrently manage the shifting in changing or competing values.

The following pertinent Constitutional values are of significance to the research study on learnerships:

#### **2.6.1.1 Constitutional values**

Basic values and principles governing public administration in South Africa are enshrined in section 195 (1) of the Constitution. Central to the effective and efficient functioning of public administration are values such as:

- A high standard of professional ethics;
- Services must be provided impartially, fairly, equitably, and without bias;
- Public administration must be accountable;
- Efficient, economic, and effective use of resources, and
- Good human resource management and career development practices, to maximise human potential, must be cultivated (Act 108 of 1996).

#### **2.6.1.2 Democratic Values**

Democratic values underpin the representative systems of governance and public administration and include representation, legitimacy, transparency, responsiveness and accountability (Schwella *et al.*, 1996: 15).

#### **2.6.1.3 Economic Values**

Every country has an imbalance between resources and the demand for societal services. Economic values such as efficiency, effectiveness, economy and productivity are vital in determining how a country and its public administration attempt to balance that equilibrium. The shaping factors here

would be its national economic and fiscal policies and the level of skills initiatives (Schwella *et al.*, 1996: 16).

#### **2.6.1.4 Administrative Responsibility**

Administrative responsibilities are values relevant to public administration. There are various aspects but the most important ones are cited hereunder as follows:

- Responsiveness – governments ability to react by providing timeous solutions (Starling,1998: 153);
- Fairness – ensuring that justice and equality is upheld;
- Flexibility – a diverse society like South Africa requires endemic and society driven solutions;
- Honesty – administration’s obligation to provide and the public’s right to know the truth;
- Accountability – an organisation must be answerable to the society it serves, and public officials must bear responsibility for their actions;
- Competence – public resources such as its limited skills base ought to be dispensed and utilised optimally, and
- Professionalism – an application of and commitment to the highest standards of morality and service by all public resource managers (Schwella *et al.*, 1996: 17).

The above discussion is by no means a comprehensive list of values that ought to guide the proper functioning of public resource management. They are mere broad outlines that play no small part in influencing the decision-making processes. This research centres on skills development which finds reference in human resource management, which is a key sub-component of the broader discourse of public administration.

## **2.7 PUBLIC HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT**

Human resource management is a specific organisational practice to help human resource managers and functional managers optimally apply and

utilise intellectual assets in the organisation in order to achieve their goals. In simple terms, management can use or direct the people employed by the organisation to contribute to the organisations goals and objectives (Marx, 1998: v). Public human resource management focuses on the people aspects of the public organisation and their role in optimally attaining the organisations policy goals and objectives (Schwella *et al* 1996: 6).

Henceforth the term 'public human resource management' and 'public personnel management' will be used interchangeably for the purposes of this study. However, the use of the term public personnel management in this context does not delimit the significance of the contemporary approach to public human resource management. From the above outline and within a public management context, public personnel management is fundamental within an organisation to ensure the optimal administration and utilisation of resources such as financial, physical, information and natural resources. Therefore the lack of an efficient, effective and motivated employee base with poor skills, will lead to reduced governance and wastage of scarce resources. Public personnel management is crucial because of the costs involved. Cost comparison amongst the other resources reveal personnel costs as the largest item of government expenditure in South Africa. In some cases it comprises more than 60% of state expenditure (Chemais *et al.*, 1998: 2).

### **2.7.1 STRUCTURE OF PUBLIC PERSONNEL MANAGEMENT AND ITS RELEVANCE TO SKILLS DEVELOPMENT**

Personnel management continues to evolve more than any other resource management in South Africa. The main differentiating factor between private and public personnel management is the role played by politics. Changes in the political landscape, coupled with legal and economic alterations, are the main causes of this evolution. This basically has an impact on the framework of public personnel management in general, and skills development in particular.

Skills development implies the expansion of knowledge, improvement and/or acquisition of skills and an attitudinal adjustment. This entails a learning process in which information and skills are acquired, therefore personnel in the learning process will evolve and progress (Chemais *et al.*, 1998: 188). In an emerging economy, the development of skills across the different personnel levels in the public sector is critically important.

Figure 2.5 illustrates Starling's framework for analysing human resource management within the public sector and how they fit together (Starling, 1998: 464). It indicates the four personnel input systems for people entering the public service at the top. These are:

- *Political appointees* – those public officials appointed with policy-making powers, for example, cabinet officials and who are outside of the civil service system;
- *General civil service* – these consist of mostly white-collar personnel who perform the day-to-day activities within the public sector;
- *Career systems* – they consist of white-collar personnel, generally professionals and para-professionals such as military officers, health officials, fire fighters and police officials;
- *Collective systems* – these consist of mainly low skilled workers.

The five functions shown in the middle box indicate how they affect employees at the different stages in their careers. These are:

- *Staffing* – refers to the process of recruiting, selecting, and advancing employees on the basis of their ability, knowledge, and skill;
- *Classification and compensation* – this involves identifying the duties and responsibilities of each position in the organisation and grouping them according to their similarities. Compensation allotment must be market related, adequate and equitable;
- *Training and management development* – continuous education and training such as learnerships help prevent employees from

finding themselves with obsolete skills. Management development is a systematic process of training and growth in anticipation of an organisations future management needs;

- *Advancement* – promotional opportunities for employees. Generally performance appraisal is used to measure an employee's progress. An additional benefit of learnerships is its usage in evaluating employees performance;
- *Discipline and grievances* – discipline involves reprimands, suspensions, demotions, reassignments, and dismissals. They can have an adverse effect on the career of an employee. Grievances allow the complainant the right to be heard.

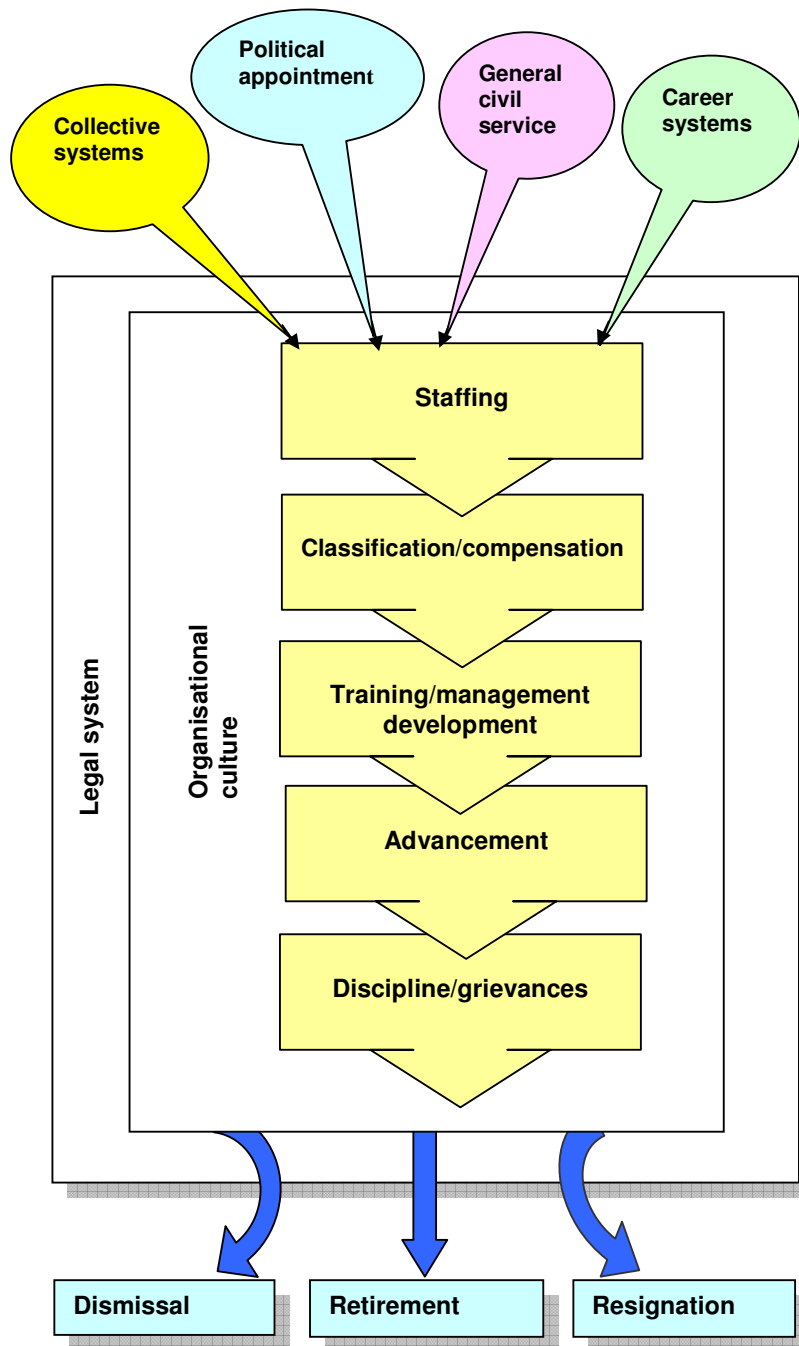


Figure 2.5: Starling's framework for analyzing human resource management (Starling, 1998: 464).



Finally, the exit component consists of dismissal, retirement, and resignation for departing personnel. All of this exists within a framework of the organisations culture and the legal system.

The above discussion succinctly locates training and management development as an essential component of the public personnel function within the organisation as a whole.

## **2.8 SKILLS DEVELOPMENT IN SOUTH AFRICA**

South Africa as a young democracy ushered in the global economic boom faced with a severe skills shortage across all sectors of the economy. Government set a core objective of halving poverty and unemployment by 2014; however, the skills crisis remains very real and very daunting (Mail & Guardian, 2009: 7).

In the years since the democratic election, significant efforts have been made to restructure institutional support for skills development, including the introduction of the Sector Education and Training Authorities (SETA) and an increased focus on technical training. However, the lack of interface between the users and suppliers of human capital still meant that these institutions have not been effective in developing the skills required by the economy (The Presidency online: 2008, <http://www.thepresidency.gov.za>)

The issue of skills shortages is a cross-sectoral matter, involving a range of government departments and affecting institutions both in the public and private sectors and needs to be addressed on three fronts: upgrading of existing skills, not using existing skills adequately, & the lack of skills required.

The Public Administration Leadership and Management Academy (PALAMA) in Sunnyside, Pretoria is a national training academy aimed at offering development and training courses for managers in the public service. It involves public and private sector educational institutions in developing and delivering a greatly expanded range of accredited training programmes.

Instead of being a direct provider of training, the academy facilitates and coordinates the formulation of suitable curricula, connecting training providers to departmental users and monitoring the quality of courses being delivered. This approach has already been successfully piloted and applied to various levels of general management courses (Tshivhdzo, 2008: 35). This phase of advancement of an increasingly integrated public administration and the goals of the developmental state was to properly train the twenty five thousand public service managers because they were the government's prime instruments in uplifting performance and boosting a Batho Pele ethos of service delivery.

### **2.8.1 IMPACT OF SKILLS SCARCITY IN SOUTH AFRICA**

Sixteen years into our democracy, education and skills remain a critical constraint on economic growth and development, and on our ability to improve the quality of life and opportunities for the people of South Africa.

Since March 2003, the rate of unemployment has fallen from 31.2% to 23% in September 2007. There are now about 1.8 million more people employed in South Africa than in September 2003 (Statistics SA online: 2007). Of South Africa's youth population, 65% remain unemployed (CDE: 2008). A further 25.5% of the economically active population was unemployed in March 2007. New data based on the latest Income and Expenditure Survey show a better than expected trend for people living on less than 1\$ per day in South Africa. In 2002, the numbers of people living below this poverty level peaked at just under 3 million people, but in 2007 just under 1 million South Africans fell into this category (Statistics SA online: 2007).

In 2006, the public sector employed about 1.65 million people made up of about 1.15 million people in national and provincial government, 181 000 in local government, and a further 304 000 in public entities and state-owned enterprises. The public sector employs about 3,5 percent of the population of the country (CDE: 2007). Government's developmental aspirations will be negatively affected without sufficient skills and productivity. The acquisition of

skills is a critical requirement to deliver essential services like education and health, water and sanitation. Co-ordinating and managing high level policy-making around growth will be similarly endangered.

The view that skills act as a significant constraint on economic growth is widely held, and is reflected in the government's official policy document on the Accelerated and Shared Growth Initiative for South Africa (AsgiSA). There is also a view that solving skills shortage is more important than attracting foreign direct investment into the country.

The impact of skills shortage in South Africa can result in the following:

- Decreased economic productivity;
- Increased costs of production and inflated wages;
- Lower quality of services and products;
- Lost economic opportunities to countries that have the required skills, and
- Decreased ability to develop a "knowledge society," which means we make less technological progress.

The above discussion reflects that this renders South Africa less competitive in the global economy, where economic success is increasingly dependent on knowledge and research. We become more vulnerable to "cheaper" competition from other countries, with lost income spent by the country on educating people who emigrate to other countries with their skills.

In 1997, the direct loss to South Africa measured as tax revenue which had been invested in emigrants' education and training, was estimated at R67.8 billion (The National Skills Development Handbook, 2007: 61). South Africa continues to experience an exodus of skilled personnel. This point has significance for this research because it is hoped that learnerships will contribute to addressing the skills deficient in the country. Most skilled personnel are leaving the country due to the high crime rate. A growing number of people recorded as 16 165 emigrated in 2003 "in search of a better life and opportunities" (ref) compared with 8487 in 1999. The 2003 figure represents a 48.4% increase over the 2002 figure of 10 890 emigrants (Cape

Argus, November 2005). A new website, *Homecoming Revolution*, is managed by a group of independent funders. The site provides information and support for expatriate South Africans who intend returning (homecomingrevolution: online). In 2007, the Minister of Safety and Security Charles Nqakula addressed expatriates in Britain and urged them to think about returning to South Africa. Despite renewed confidence in the economy, figures by Statistics SA indicate there was an increase of 90% in the number of emigrants who left the country over a six-year period (Pretoria News, October 2006).

Furthermore, people in the streets tend to think of the skills shortage as a shortage of, for example, welders, electricians, plumbers, etc. If one asks senior managers in the public service, the response is about the shortage of skilled managers, skilled administrators and even skilled typists. This starts to broaden one's understanding of this challenge called a skills shortage because one understands that it covers the entire scope of the employment sector (Hindle, 2007: 136).

There is the avoidance of the fact that we face not only a skills shortage - numbers of qualified and experienced people - but also a skills quality deficit, resulting in the unemployment of "qualified" people at both school and tertiary levels. This mismatch is starting to edge into the skills debate (Business Day, March 2007).

Another form of mismatch caused through rapid restructuring and transformation is between organisational structures (organograms), incumbents of posts, job descriptions and qualifications required to fulfil certain functions (Tladi, 2006: 134). The factors impacting on scarcity of skills is an integral focus area of this research, and is highlighted in the following discussion.

#### **2.8.1.1 FACTORS IMPACTING ON SCARCITY OF SKILLS**

The high levels of crime together with the apparent lack of effective law enforcement have driven highly skilled personnel out of the country. High

crime levels may also be attributed to high poverty rates. With unemployment averaging around 24%, at least 20% of households have an income of less than R500 per month (Fourie & Schonteich in Odendaal, 2003: 124). According to a community survey conducted in 2007, approximately 10.3% of our population are functionally illiterate. Education is central to skills empowerment and consequently leads to the achievement of sustainable communities. (Stats SA online: 2008). It is also viewed as a key determinant for improved service delivery and enhancing public administration overall.

HIV/AIDS has devastating consequences for the population composition and negatively affects economic growth in general, and skills development in particular. The gross domestic product growth can decrease between 1 & 2 % in countries where the HIV prevalence rate is more than 20%. In South Africa, the HIV infection rate is 19.94% advocates (Fourie & Schonteich in Odendaal, 2003: 126).

### **2.8.2 IMPERATIVE TO DEVELOP SKILLS NATIONALLY**

Education and skills development remains the key to increasing chances of employability and productivity. Ex-minister of labour, Mr Membathisi Mdladlana, stated that "...skills development enables enterprises to adapt rapidly to change, innovate and move with greater ease up the value chain. Secondly, skills and an education system that prepares people to learn underlie the individual's employability. This in turn allows new knowledge to be rapidly applied in enterprises and enables individuals' greater labour market security when their jobs are at risk. Investment in training is the responsibility of all stakeholders, government, enterprises, social partners and individuals. Better employment can become a reality when we empower workers, raise productivity levels and meet the skills need of our economy" (DoL Online: 2008). Government remains the benefactor, protagonist, initiator and ultimately the guardian of South Africa's skills strategy.

Therefore, one needs to ask the question whether skills development is seen as the panacea to the ills of rising crime, increased poverty and high

unemployment that plague South Africa at present. Perhaps not in its entirety, but it certainly holds the key to addressing South Africa's economic challenges. The rate of unemployment will increase as more school and tertiary leavers join the burgeoning labour market each year.

Another aspect of the skills dilemma is South Africa's vulnerability to the steady erosion of our skills pool due to emigration and ageing (Business Day, March 2007). It has hampered this country's endeavour to develop, recruit, and retain the skills and human capital that are essential for sustainable and shared growth.

### **2.8.3 NATIONAL SKILLS DEVELOPMENT INITIATIVE**

Various state departments play a role in developing human resources in the country. Amongst them, two ministries play a pivotal role, *viz.* the Department of Labour and Department of Higher Education and Training. The Department of Higher Education and Training was originally the Department of Education. Since October 2009, it was split into the Ministry of Basic Education and the Department of Higher Education and Training. The dynamics of both the Department of Higher Education and Training and the Department of Labour institutions are inter-related and both coerce to provide a synergistic framework for the creation of employment and upliftment of skills within the country's labour force. The Department of Labour also provides the legal framework to regulate issues concerning employment via the Labour Relations Act (Act 66 of 1995).

As illustrated in Figure 2.6 which follows, both ministries have legislated initiatives that prescribe and regulate all issues pertaining to training and skills development nationally. The Department of Higher Education and Training had enacted the South African Qualifications Act (Act 58 of 1995) which provided for the establishment of *inter alia*, the South African Qualifications Authority and the National Qualifications Framework. Since March 2009, the National Qualification Framework Act (Act 67 of 2008) replaced the South African Qualifications Act. The Department of Labour enacted the Skills Development Act and the Skills Development Levies Act which provided for

the establishment of *inter alia*, the National Skills Authority, National Skills Fund, and the Sector and Education Training Authorities (SETAs). Both ministries have responsibility for segments of the national learning system within which the NQF operate (The National Skills Development Handbook, 2007: 133).

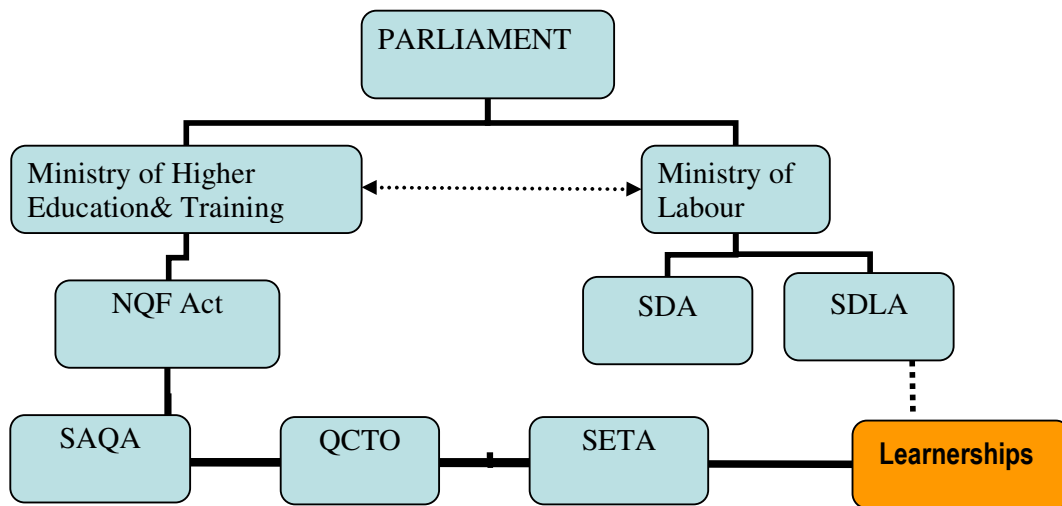


Figure 2.6: Framework regulating national skills development

From the above illustration, the objectives of the National Skills Development initiative are to:

- Achieve major quality improvements within all skills areas and fields of learning;
- Optimise the human resources and skills base of the country;
- Reform training initiatives and create greater access to learning and accessibility to national qualifications, i.e. formalise all training processes, and
- Make the business an active learning environment and continually develop the potential of learners (Labour online: 2008, <http://www.labour.gov.za>).

Emanating from the above discussion, the following section will focus on the most pertinent legislation and institutions relating to skills development in South Africa to locate the framework for learnerships.

#### **2.8.4 SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA) AND THE NATIONAL QUALIFICATION FRAMEWORK (NQF)**

SAQA was established as a juristic person in terms of the South African Qualifications Act. As a national initiative, one of its key responsibilities is to ensure that all training and education provided is in terms of nationally recognized standards which lead to nationally recognised qualifications. SAQA is also the official guardian of the National Qualification Framework (NQF).

This allows benefits for both employers and employees. For the employee, he or she was able to acquire qualifications that could be measured against national and international standards. Not only is the learner able to acquire a qualification with a high market value, but she is also allowed to access further education and training opportunities with a view to life-long learning. For the employer, there is value attached to the qualification when employing a worker (Van Dyk, Nel & Loedolff, 1997: 130).

To succeed or even survive in a globally competitive world, a country must ensure that it has a national education and training system that provides quality learning, is responsive to the ever-changing influences of the external environment and promotes the development of a nation that is committed to life-long learning. In this regard, the NQF is a policy in response to these demands. The NQF is a key strategy for the development of human resources. In terms of education and training, it provides a totally new approach. It provides a framework within which the South African qualifications system is constructed, representing a national effort at integrating education and training (NQF Online: 2008).

The NQF is a set of principles and guidelines by which records of learner achievement are registered to enable national recognition of acquired skills



and knowledge, thereby ensuring an integrated system that encourages life-long learning (SAQA online: 2008). It is based on a credit system for achieving learning outcomes. A learning outcome is in essence an ability developed by the learner that reflects an integration of knowledge and skills that can be transferred to different skills (Erasmus & Van Dyk, 2004: 18). This synergy is captured in the following which diagram illustrates the importance of the NQF and its integration within the National Skills Development Strategy.

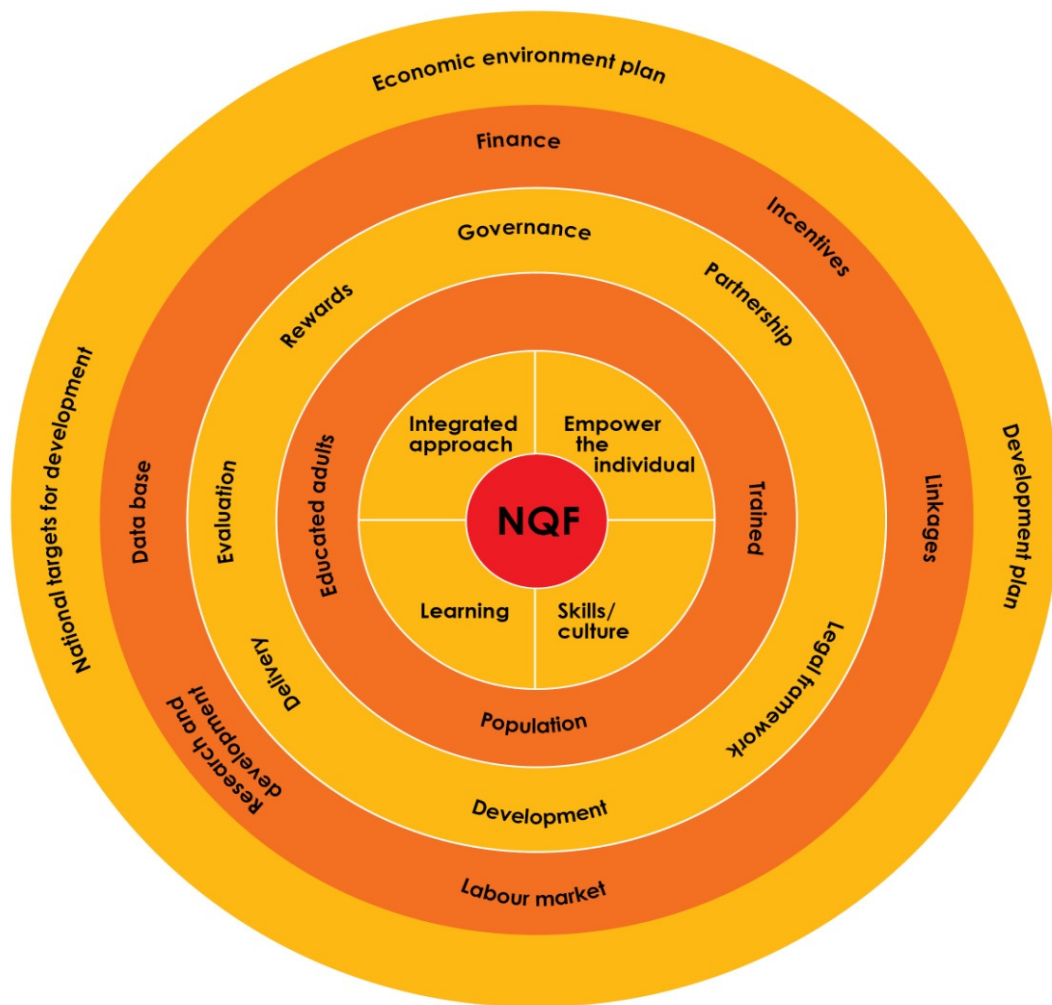


Figure 2.7: Essential elements of a national training strategy (Source: National Training Board, 1994: 11).

A succinct discussion of the above illustration follows. The NQF is a component of the National Skills Development Strategy and consists of essential elements critical for the implementation of the strategy.

These elements include the following salient aspects:

- The point of departure is a national qualifications framework that specifies learning in terms of outputs that are accepted both nationally and internationally;
- This is an instrument that makes it possible to follow an integrated approach to education and training, to empower the individual and the population, and to develop a learning culture that will make a contribution to their own and the country's economic welfare;
- A nationally recognised qualification that can be obtained at a number of education and training institutions should provide for the above needs, while at the same time encouraging culture, and
- A national qualifications framework provided a method of providing for the needs of the State, the community, the business sector, labour organisations and providers (Erasmus & Van Dyk, 2004: 16).

The framework was originally divided into eight level descriptors but will increase to ten with the impending introduction of new legislation.

As illustrated in Figure 2.8 which follows, the framework consists of:

- NQF bands consisting of General, Further and Higher Education bands;
- 8 NQF levels;
- Types of qualification, and
- The 3 NSDS categories.

The following table reflects the NQF level descriptors and also indicates the location of the IAT learnership. <b>NQF LEVEL</b>	<b>BAND</b>		<b>QUALIFICATION TYPE</b>		
	8	<b>HIGHER EDUCATION AND TRAINING</b>	Post-doctoral research degrees		
7	Doctorates				
	Masters degrees				
6	<b>Professional Qualifications</b>				
	<b>Honours degrees</b>				
5	<b>National first degrees</b>				
	<b>Higher diplomas</b>				
<b>FURTHER EDUCATION AND TRAINING CERTIFICATE</b>					
4	<b>FURTHER EDUCATION AND TRAINING</b>		National certificates		
3					
2					
<b>GENERAL EDUCATION AND TRAINING CERTIFICATED</b>					
1	<b>GENERAL EDUCATION AND TRAINING</b>	Grade 0-9	ABET Level 4		
		National certificates			

The IAT learnership is a NQF Level 6

Figure 2.8: NQF level descriptor (Adapted from SAQA online: 2008)

### **2.8.5 OVERVIEW OF THE CHANGES TO THE NQF**

SAQA continues to exist as the apex body in education and training quality assurance with many of its functions unchanged. South Africa now has three NQF's; the Higher Education Qualifications Framework (HEQF), the General and Further Education and Training Qualifications Framework (GFETQF) and the Occupational Qualifications Framework (OQF). Each of the three frameworks has a responsible quality assurance council.

- The Council on Higher Education (CHE) with its Higher Education Quality Committee (HEQC);
- Umalusi for general and further education, and
- Quality Assurance Council for Trade and Occupations (QCTO), a new body responsible for quality assurance of occupational qualifications. Quality assurance of the learnerships will reside with this council.

### **2.8.6 SKILLS DEVELOPMENT ACT (ACT 97 OF 1998)**

On 20 October 1998, the Skills Development Act (Act 97 of 1998) was promulgated. The purpose of the Act *inter alia*, is:

(a) developing skills of the South African workforce by -

- improving the quality of life of workers, their prospects of work and labour mobility;
- improving productivity in the workplace and the competitiveness of employers;
- promoting self-employment; and
- improving the delivery of social services.

(b) increased levels of investment in education and training in the labour market, and to improve the return on investment;

(c) encouraging employers to:-

- Use the workplace as an active learning environment;

- Provide employees with the opportunities to acquire new skills;
- Provide opportunities for new entrants to the labour market to gain work experience; and
- Employ persons who find it difficult to be employed;

(d) to encourage workers to participate in Learnerships and other training programmes;

(e) to improve the employment prospects of persons previously disadvantaged by unfair discrimination, and to redress those disadvantages through training and education, and

(f) to ensure the quality of education and training in and for the workplace;

Inherent in the above precepts, are the enjoinder of organisations to become organisations of learning through learnership programmes and incentivised financial rewards for participating organisations.

The imperatives are as follows:

- to provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce;
- to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995;
- to provide for Learnerships that lead to recognised occupational qualifications;
- to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund, and
- to provide for and regulate employment services (Skills Development Act, Act 97 of 1998).

### **2.8.7 NATIONAL SKILLS DEVELOPMENT LEVIES ACT (ACT 99 OF 1999)**

The purpose of this act is to provide for the imposition of a mandatory skills development levy upon all employers. This levy is calculated at a rate of 1% of the employees' remuneration. The collection of these funds is the responsibility of the South African Revenue Services. Certain organisations are exempted from paying skills development levies (SDL), for example, any public service employer, any religious or charitable organisation which is exempted from income tax, and any national or provincial public entity that receives more than 80% or more of its funds from Parliament. Part of these funds is channelled to the SETAs.

### **2.8.8 NATIONAL SKILLS AUTHORITY (NSA)**

The NSA has been established in terms of the Skills Development Act and it is comprised of five key constituencies; Organised Labour, Organised Business, Government, Community, and Education and Training Providers. This strategy outlines specific and measurable national targets to achieve the broader objectives of the legislation. In recommending these targets, the NSA sought to achieve the vision of "Skills for Productive Citizenship for All". Productive citizenship refers to the right of people, not only to vote and participate in our political democracy, but also to contribute to, make decisions about and benefit fairly from their own work life.

In this regard, the functions of the NSA are to:

- Advise the Minister on a national skills development policy, a national skills development strategy, guidelines on the implementation of the National Skills Development Strategy, the allocation of subsidies from the National Skills Fund, and any regulations to be made;
- Liaise with Sector Education and Training Authorities (SETAs) on the national skills development policy and the National Skills Development Strategy;

- Report to the Minister in the prescribed manner on the progress made in the implementation of the National Skills Development Strategy;
- Conduct investigations on any matter arising out of the application of the Act, and
- Exercise any other powers and perform any other duties conferred or imposed on the NSA by the SDA (Labour online: 2008).

### **2.8.9 ROLE OF THE SECTOR AND EDUCATION TRAINING AUTHORITIES (SETA)**

Sector and Education Training Authorities, more commonly known as SETAs, are bodies that are constituted in terms of the SDA. They generally belong to and oversee skills development for the different economic sectors. For example, there are SETAs for the financial and accounting services sector, public service education and training and the transport sector. Although established under the law, SETAs exist to serve their economic sector; they are owned by the sector and their Boards consist of members from the sector. They are responsible for guiding and encouraging quality education and training in the 23 economic sectors of the country. Each SETA supports an Education and Training Quality Assurance component which quality assures education and training in their sector.

They are funded by skills development levies collected in its sector, monies paid to it from the National Skills Fund, grants, donations and income earned for services rendered.

Some of the main functions are to:

- Develop a sector skills plan within the framework of the national skills development strategy;
- Implement its sector skills plan by approving workplace skills plans, allocating grants to employers, education and training providers, and workers;

- Formulate and implement quality control and evaluation measures for the sector;
- Do regular analysis and monitoring of the labour markets in their respective sectors; and
- Monitor education and training in the sector (Erasmus & Van Dyk, 2004: 38).

Over the years, SETAs and the Department of Labour have come under heavy criticism from the media for poor performance issues. Of significance is the sheer volume of resources that passes through the SETA. In 2004 to 2005, the 23 SETAs received total resources of R4.5 billion, almost entirely in the form of levy contributions from 193 000 employers. Since 2002, about R20 billion has gone through the SETA system. It is safe to say that few stakeholders are convinced that this money has been spent as well as it could (CDE in Depth: 2007). The Democratic Alliance, South Africa's official opposition party called for the scrapping of the SETAs, saying they were a waste of money and failed to achieve their objective of providing vocational training; they were accused of being "financial sinks" into which the South African taxpayer is "pouring millions of rands for little or no return". (Business Day, October 2004: page no??).

As a result, SETA service level regulations were gazetted (18 July 2005 – Government notice Nr. 712). They give the Minister of Labour powers to performance manage SETAs, including identifying areas of poor performance so that assistance can be provided to remedy the problems (The National Skills Development Handbook, 2007: 119).

#### **2.8.10 ROLE OF THE NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL (NEDLAC)**

Nedlac comprises of representatives from government, organised business, organised labour and organised community groupings on a national level to discuss and try to reach consensus on issues of social and economic policy. This is called "social dialogue". Nedlac's aim is to make economic decision-



making more inclusive, to promote the goals of economic growth and social equity. The main Government department is the Department of Labour, out of which Nedlac is funded. Furthermore, the Departments of Trade and Industry, Finance and Public Works are also centrally involved in Nedlac. Other departments attend when there is an issue which relates to their portfolio (Nedlac online: 2008).

### **2.8.11 NATIONAL SKILLS DEVELOPMENT STRATEGY**

The National Skills Development Strategy is a Department of Labour strategy aimed at developing the skills and employability of South Africans in order to help alleviate poverty and improve our global competitiveness. The strategy is formulated in five year plans, the first plan was from 2001 – 2005 and was known as NSDS 1, and the second period is from 2005 – 2010 and is known as NSDS 2. The process to formulate the strategy is the responsibility of the National Skills Authority. The key principles of NSDS 2 are as follows:

- Support economic growth for employment creation and poverty eradication;
- Promote productive citizenship for all by aligning skills development with national strategies for growth and development;
- Accelerate equity in the country;
- Support the Broad Based Black Economic and Employment Equity policy;
- Provide learners with disabilities with reasonable accommodation such as assistive devices and access to learning and training material to enable them to participate in skills development;
- Support, monitor and evaluate the delivery and quality assurance systems necessary for the implementation of NSDS 2, and
- Advance the culture of excellence in skills development and life-long learning (The National Skills Development Handbook, 2007: 105).

The SETAs are responsible for the implementation of the strategy through the design and implementation of learning interventions such as learnerships, and

marketing and advocacy efforts to attract and expose learners to work in their sector.

Table 2.1 shows projected figures of the number of learners targeted between 2005 and 2010 with a total of 1,510 000 people to be trained directly under NSDS 2 and divided into different beneficiaries.

- A total of 1.510 000 people to be trained directly under NSDS 2. In comparison with NSDS 1, NSDS 2 sets more targets for training (6 versus 3), but smaller numbers of people (1,510 000 versus 2,379 500). This is perhaps a reaction to the criticisms of poor quality of skills provision in NSDS 1. However, unemployed beneficiaries are targeted to receive more training than in NSDS 1 (The National Skills Development Handbook, 2007: 115).

An illustration of the type of beneficiary and types of training follows:

Type of Beneficiary	Number trained
Employed	825 000
Unemployed	675 000
Unspecified (youth)	10 000

The types of training intervention are divided as follows:

Types of training	Number trained
ABET	800 000
Learning programmes including Learnerships and apprenticeships, but not limited to them only	700 000
New venture creation	10 000

Table 2.1: NSDS 2 minimum training targets (DOL online: 2008)

As part of its overall strategy to boost economic growth rate and halve the unemployment and poverty rate, the Accelerated and Shared Growth Initiative in South Africa (AsgiSA) was implemented by government. Consultation with various stakeholders such as other government department, labour

organisations, organised business, religious leaders, youth organisations, and women in various groupings and forums together with domestic and international experts led to this initiative.

A brief discussion on the Accelerated and Shared Growth Initiative follows to contextualise Government's quest to achieve its desired social objectives through, *inter alia*, skills development initiatives.

### **2.8.12 ACCELERATED AND SHARED GROWTH INITIATIVE IN SOUTH AFRICA (AsgiSA)**

AsgiSA was launched on 06 February 2006 as a short-term government economic programme. Its purpose was:

- To involve business, labour, and the community in a combined effort to attain a 6% economic growth rate by 2010; a sustained 6% growth rate will help to halve the official unemployment rate from 30% to 15% by 2014, and to also help halve poverty;
- To respond to the 6 identified "binding constraints" that are holding back economic growth, which are:
  - The volatility and level of the currency;
  - The cost, efficiency and capacity of the national logistics system;
  - Shortage of suitably skilled labour;
  - Barriers to entry, limits to competition, and limited new investment opportunities;
  - Regulatory environment and the burden it imposes on small and medium businesses, and
  - Deficiencies in state organisation, capacity and leadership (The National Skills Development Handbook, 2007: 60).

To this end, a joint task team comprising of the Deputy State President and 28 members who are leaders from business, labour, higher education, and civil society, were appointed to lead the initiative. Inadequate education and skills

development is one of the six binding constraints on accelerated and shared economic growth and development. Education and skills provision are a fundamental responsibility of government. Established initiatives reported here represent continuing efforts by the departments of education and of labour to improve the quality, relevance and effectiveness of the education and skills development system. These initiatives support AsgiSA's specific short- and medium-term objectives (AsgiSA 2006 Annual Report).

A throughput from this initiative called the Joint Initiative for Priority Skills Acquisition (JIPSA) was formed with a mandate to identify urgent skills needs and to provide quick and effective solutions.

### **2.8.13 JOINT INITIATIVE FOR PRIORITY SKILLS ACQUISITION (JIPSA)**

The present economic growth of the country is hampered by the lack of skills. JIPSA was established in March 2006. It consists of a Technical Team with a representation from business, academia and government. Its objective is to coordinate and ensure that South Africa has the needed skills for accelerated growth in the country. An arm of JIPSA is the Skills Acquisition and Placement Programme (SAPP), which is the implementation arm of JIPSA Technical team. It seeks to address problems facing the unemployed, focusing on graduates, ungraduated technikon "graduates", inexperienced professionals and matriculants. SAPP also seeks to address gaps between institutions of higher learning and corporates. JIPSA's SAPP programme strategy involves placement of candidates with corporates in this country and abroad (Tladi, 2007: 148).

Skills acquisition is an economic and labour-market issue, as well as a problem of education and training meaning that the resolution of these issues is dependent on the social partners, as well as on government. This is also a sign of frustration and desperation at senior government levels with the failure of existing attempts to deal with the skills crisis within the country (The Presidency online: 2008).

The objectives of the AsgiSA Joint Task Team in supporting the JIPSA initiative are to:

- Be the engine for unblocking the economy's acquisition of targeted skills;
- Oversee the work of the Joint Initiative for Priority Skills Acquisition (JIPSA) and ensure that it delivers on its mandate of acquiring scarce skills in the shortest time possible;
- Build partnerships with different institutions;
- Ensure the sustainability of the JIPSA initiatives, and
- Fast track training initiatives such as learnerships and internships and ensure that it maintains quality (The National Skills Development Handbook, 2007: 61).

It must be noted that the JIPSA initiative is not intended to solve the country's skills shortage, but is limited to specific short and medium-term targets with a view to acquiring priority skills for economic growth. It is also not a duplication of existing institutions or structures. The 2006 Jipsa annual report states that Jipsa is starting to demonstrate the potential benefits of a targeted approach to priority skills acquisition within the wider skills development framework.

As an alternative and to ensure continuity in ensuring skills development, cabinet has approved a broad framework for a human resource development strategy (HRDS-SA) to start functioning in 2009. It will ultimately replace JIPSA. The plan is to create a more formalised, permanent structure which would adopt a far more comprehensive approach to skills development and acquisition (Business Day, August 2008). Such initiatives, it is hoped, will address some of the practical challenges experienced by public institutions in implementing quality service delivery, and ultimately enhancing public administration in practice.

## **2.9 CONCLUSION**

From the foregoing discussion, it is noted that public administration is the mechanism by which government expresses its intent, action and objective in meeting the growing needs of its citizenry. Its fundamental objective is the equitable distribution of its services to its various communities. Public management is one of the cogs in this mechanism and is a fundamental segment of the broader discipline of public administration. It is concerned with the functions and processes of management at all levels of government, and makes evident the importance of the role of public managers. They have the task of prudent resource utilisation with the objective of providing satisfactory services and goods to a demanding South African public.

One of the contemporary challenges facing public management is the skills shortage in the South African public sector. A fairly new administration with a growing economy has highlighted the need for high skill set levels across both the private and public sectors, not helped in the least by a growing exodus of skilled personnel due to emigration. Synergies between the Departments of Education and Labour in enacting effective legislations such as the South African Qualifications Act and the Skills Development Act together with legislated bodies such as SAQA, SETAs and the NQF, has seen incremental progress in building and retaining critical skills.

The following chapter focuses on learnerships, a legislated work-based structured training intervention designed to add value to the employer and increase skills levels of the employee. Discussion on the various types of learning and development concepts ensues with emphasis on learnerships particularly within a focus on the public sector.

## CHAPTER THREE

### Review of Learnerships - A South African and Global Perspective

#### 3.1 INTRODUCTION

This chapter begins with a theoretical outline of the concepts and terminology regarding training, education, learning and development, and follows with a contextualised discussion within the local and global environment.

The term *learnership*, while being uniquely South African, has its equivalence in notions such as workplace and vocation-based learning elsewhere in the world. The discourse on the topic reveals important relevancy for both South Africa in particular and internationally in general. Workplace learning differs from conventional education and when compared to other forms of learning concepts, is a relatively new way of learning and skills application.

A thorough examination of learnerships follows, and its conceptualisation and rationale within the South African skills crisis are highlighted in this chapter. Learnerships present a remedy for the conundrum of filling the gap between theoretical knowledge gained from tertiary institutions and practical experience required in the workplace, and has become a key driver for skills development in South Africa.

#### 3.2 TRAINING, EDUCATION, LEARNING AND DEVELOPMENT

Rothwell (2002: 6) advocates that the terms *training*, *learning*, *education*, and *development* are often used interchangeably but have notably different meanings. *Training* is a short-term change effort intended to improve individual work performance by equipping people with the knowledge, skills, and attitudes to be successful in their work. It aims to improve job performance in a direct way. *Learning*, in contrast, occurs when long-term change comes about when an individual acquires new information, knowledge, skills and attitudes through experience, reflection, study and instruction. (Rothwell, 2002: 7). While all these terms are defined in the

context of change, the difficulty, however, is to establish with certainty whether or not change has taken place. Hardy and Haze (1979: 67) have partly demonstrated their concern for change in their definition of learning. They suggest that “learning involves changes of behaviour and presumably because change of behaviour is relatively permanent. There must also be a relatively permanent change somewhere inside people which also allows them, once having learnt something, to demonstrate this learning again later”.

According to Truelove (1992: 273), *education* is a process “whose prime purposes are to impart knowledge and develop the way mental faculties are developed and utilised. It is often an enabler, a means of helping people to prepare for later life, thus equipping them for lifelong learning”. A key difference between training and education centres on assumptions about application. It exists in an atmosphere of generality and its application is unknown (Rothwell, 2002: 7). Therefore, education is not primarily concerned with job performance.

*Development* is a process whereby individuals learn through experience to be more effective. It aims to help people to utilise the skills and knowledge that education and training have given them – not only in their current job, but also in future posts. It embodies concepts such as psychological growth, greater maturity and increased confidence (Truelove, 1992: 273).

Many ‘educational’ courses include elements of training, some educational courses have large educational components and all are aimed at nurturing and unlocking potential within the individual. Therefore education, training and development are not three sequential or hierarchical components, rather, they are interlinked and interdependent (Truelove, 1992: 274).

The subsequent discussion outlines theories and approaches to learning to locate the literature review informing this research study.



### **3.3 THEORIES AND APPROACHES TO LEARNING**

Many theories on learning exist; however, three have been identified as dominant for the purposes of this study:

#### **3.3.1 Affective learning**

Affective learning involves the formation of attitudes, feelings, and preferences. Learning participants are exposed to situations, products or procedures in order to evaluate their responses.

#### **3.3.2 Behavioural learning**

This includes the development of competencies in the actual performance of operations, procedures, methods and techniques.

#### **3.3.3 Cognitive learning**

This type of learning includes the acquisition of information and concepts related to course content. Participants must not only comprehend the subject matter, but also analyse and apply it to new situations (Silberman, 1990: 29).

This research specifically explores the concept of experiential learning within the context of workplace learning. It presupposes the notion of conscious reflection on actual experience. Learning often occurs through experience. A learner first encounters an experience, and through reflecting upon that experience, will learn from it. It is what Raelin terms “learning-in-practice” (2008: 73). The concept of learnerships is a practical demonstration of this important dictum of “learning-in-practice”.

Experience is also a source of stimulation to organisations and individuals alike. They both learn by trying out something new and regardless of whether this leads to success or failure, it is preserved as an experience. This experience is ultimately linked to learning, and that is why experience is so prized (Rothwell, 2002: 165).

### 3.4 EXPERIENTIAL LEARNING

Senge (1990: 23) argues that the most powerful learning comes from direct experience, and is indeed the essence upon which this study is based. In recent years, increased attention has been given to the concept of individual learning styles. This implies that a learner's disposition to assimilate knowledge and experience differs and is dependant on the various approaches. Some learn better through practical experiences, some prefer demonstrations and explanations first before reflecting on the content, while others may be more inclined to theoretical and abstract discussions to establish a thought process (Buckley & Caple, 1995: 173). In this research study, the experience gained through a combination of theory and practical means, is highlighted through the learnership.

There is no single theory to be followed, but the trend is to borrow from different theories. Different theories apply according to the nature of the learning content, the ability of the learner, the goals of the organisation and the availability of learning resources (Erasmus & Van Dyk, 2004: 119). The focus of this research is the learner's ability to convert theoretical knowledge surrounding experiential learning into practice. Therefore, the different presumptions relating to experiential learning will be discussed through illustrations focusing on three well-known theories.

Kolb (1984: 127) in Figure 3.1 views acquiring knowledge, skills, and attitudes as a process of "confrontation of the four modes of experiential learning" that makes up a cyclical process of learning. They are discussed as follows:

- *Concrete experience abilities* – Learners must have the capacity to involve themselves fully in new experiences in an unprejudiced way;
- *Reflective observation abilities* – Learners must be able to observe, and to reflect on their experience from different angles or viewpoint;
- *Abstract conceptualisation abilities* – Learners must be able to

incorporate their observations into valid and rationally based theories; and

- *Active experimentation abilities* – The theories learners develop must enable them to make decisions and solve problems.

Kolb argues that for learners to be fully effective, they need to acquire abilities related to these four modes of learning which are integral determinants of a learnership. These learning modes are reflected diagrammatically as follows:

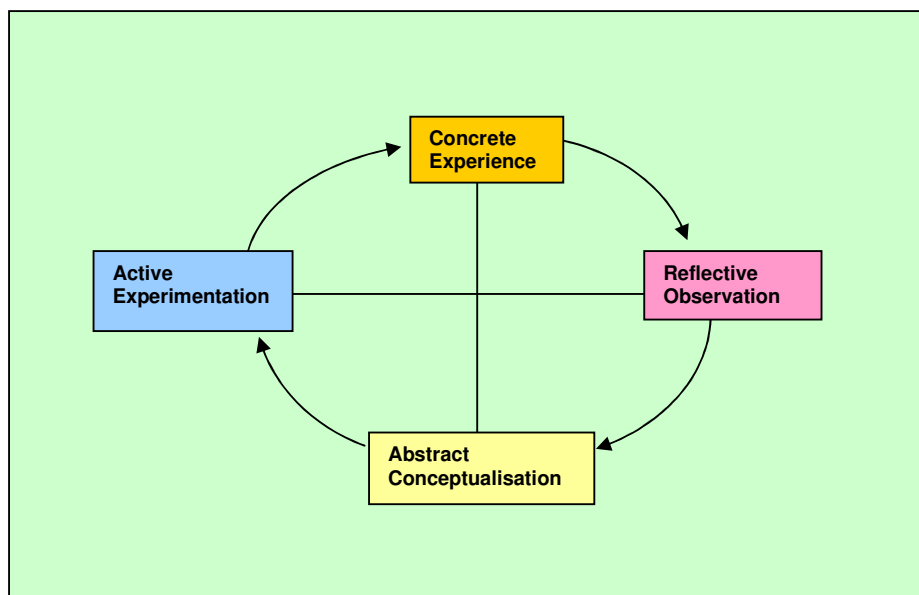


Figure 3.1: Kolb's learning cycle (Buckley & Caple, 1995: 177)

Honey and Mumford (1982: 17) in Figure 3.2 also identify and define four basic learning styles:

- *Activists* – They enjoy themselves in the immediacy and challenge of new experiences, but get bored with implementation and long-term consolidation;
- *Reflectors* – They like to stand back and ponder on what has been experienced and observe from many different perspectives, implying a cautious and calculated approach;
- *Theorists* – They adapt and integrate observation into complex and sound theories, and prize rationality and logic, and

- *Pragmatists* – They are keen to search out new ideas and generally take the first opportunity to experiment with new applications. They regard problems and opportunities as a challenge (Buckley & Caple, 1995: 174 and Analoui, 1993: 36).

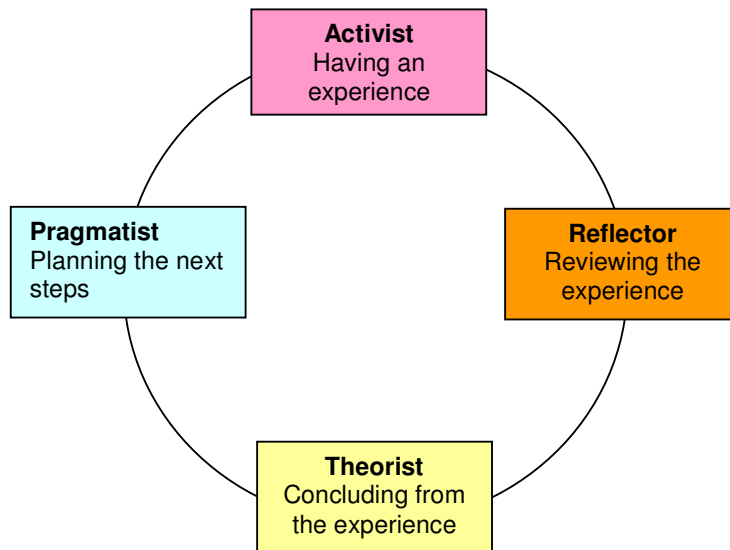


Figure 3.2: Honey & Mumford's learning cycle & learning style (in Raelin, 2008: 4)

However, Buckley and Caple (1995: 178) question the meaning of 'experience' referred to by both Kolb, and Honey and Mumford. These authors argue that both protagonists of experiential learning do not explore the experience factor sufficiently. Furthermore, they assert that Honey and Mumford do not define what constitutes experience, while Kolb is a little clearer on this point. He (1984: 129) suggests that experiential learning is "the process whereby knowledge is created through the transformation of experience".

In Figure 3.3, Buckley and Caple propose that a learning cycle that incorporates experience is more valid, as highlighted. This cycle reflects more accurately how scientific knowledge is actually acquired and contends that learning from experience is 'theory' dependant, while refuting the notion that learners could enter the cycle at any point.

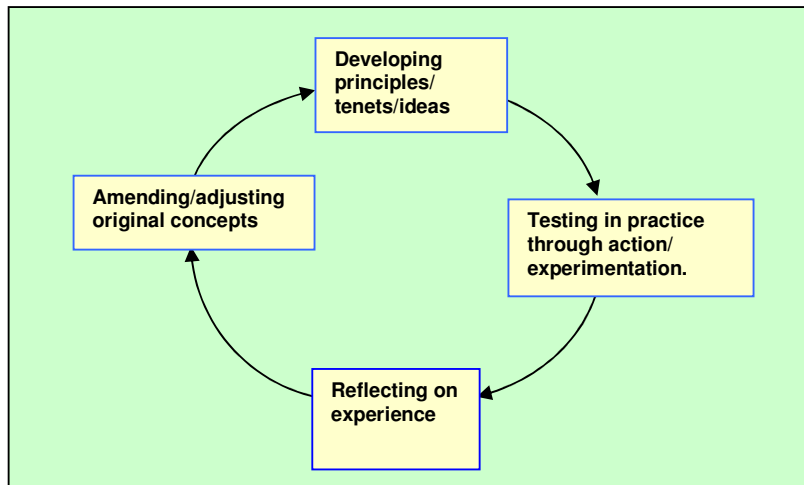


Figure 3.3: Buckley & Caple's Learning cycle incorporating experience (1995: 180)

The concept of a learning organisation has significant relevance for the discussion of learnerships in the public sector, and is becoming a popular concept in this domain. A discussion of the significance of locating learnerships within a learning organisation is reflected in the subsequent section.

### **3.5 LEARNING ORGANISATION**

Learning organisations is a popular concept in strategic human resource management. Fluctuating economic conditions within the global environment has created a need for organisations, both public and private, to become adaptive, innovative and resilient. A successful organisation within this environment is one that learns as it evolves thereby transforming itself in the process.

Senge (1990: 4-14) describes a learning organisation as "an organisation that is continually expanding its capacity to create its future" He also asserts that "organisations that will truly excel in the future will be the organisations that discover how to tap peoples commitment and capacity to learn at all levels of the organisation". They also work towards maintaining a *fit* within their environment, both internal and external (Raelin, 2008: 32). The Public Service, as a learning organisation, is high on government's agenda as a way of promoting skills development, and ultimately effectiveness and efficiency. Establishing a learning organisation depends on creating a learning culture. This entails aligning the organisation's objectives with the individuals development needs and creating the necessary support structure that promote a culture of lifelong or continuous learning (Van Dyk, 2003: 339-341).

According to Zuboff (1988: 395), the informed organisation is a learning organisation. One of its principal purposes is the expansion of knowledge; not knowledge for one's own sake as in academic pursuit, but knowledge that comes to reside at the core of what it means to be productive. Learning is no longer a separate activity that occurs either before one enters the workplace or in a classroom activity, nor an activity preserved for a managerial group. The behaviours that define learning and the behaviours that define being productive are one and the same. Learning is not something that requires time-out from being engaged in productive activity: learning is the heart of productive activity. To put it simply, learning is the "new form" of labour because of its renewed focus.

Central to this is the organisation's commitment to individual employee learning. According to Senge (1990: 140), a manager's fundamental task no longer lies in planning, organising and controlling but in providing the enabling environment for an employee to lead the most enriching life he or she can. Senge proposes five disciplines that underwrite the building blocks for a learning organisation. They are personal mastery, mental modes, shared vision, team learning and systems thinking (1990: 6-11).

Personal mastery centres on the individual's discipline for personal development and knowledge acquisition. An employee with high levels of personal mastery seeks to continuously expand his or her ability to create the results that are satisfying. His pursuit for continuous learning forms 'the spiritual foundation' of the learning organisation (Senge, 1990: 7).

Mental modes are the deep-seated assumptions and generalisations that influence employees negatively. It leads to the prevention of new practices from being implemented. The mental modes focus on turning the attention inward, "learning to unearth our internal pictures of the world, and hold them rigorously to scrutiny" so that the individual is open to influence from others and in the process experiences self-development, without making assumptions on who these people are (Senge, 1990: 8-9).

A shared vision builds a sense of cohesion that permeates the whole organisation and results in employees that "excel and learn, not because they are told to, but because they want to". When this happens, they develop a common goal and aspire to achieve it (Senge, 1990: 9). The shared vision is crucial to organisation learning because it provides focus and energy for learning (Thornhill & Van Dijk, 2003: 339-341).

Team learning is a fundamental concept in learnerships as it engenders a culture of sharing and support, and Senge (1990: 233-236) concurs that team learning is the process of aligning and developing the capacity of the team in order to ensure organisational effectiveness and efficiency. Team learning invests in the potential wisdom of teams. An unaligned team is wasted energy and even though individual employees may work very hard, their collective effort does not translate into an efficient and effective group effort. Teams build on the shared vision principle.

The notion of systems thinking is a 'discipline for seeing wholes'. This is a key aspect of the focus of public administration and service delivery (which was emphasised in the previous chapter). The growth of an organisation depends on the ability to consider all components and all the actions of an organisation

simultaneously. “Systems thinking contribute to the cornerstone of how learning organisations think about their world” (Senge, 1990: 69). In this regard, public sector managers have a responsibility to clearly determine the requirements of and processes to build a learning organisation. Paramount to the determinant of this process is to inculcate a perpetual learning culture. This concept offers a management tool for developing the organisation by developing the competencies of the employees and the learning systems of the organisation.

### **3.6 THE CHANGING LANDSCAPE OF TRAINING IN SOUTH AFRICA**

South Africa, like many countries in Europe and elsewhere in the world, is moving towards a mass educational system. In terms of South Africa’s population breakdown, it is clear that for reasons of equity, social restructuring and democracy, more students of colour will enter higher education. Pressures to ensure that expansion in higher education produces more competitive, workforce will undoubtedly be prevalent. It is clear that a delicate balance between skills teaching, academic discipline and integrity will need to be maintained. However, the benefits of skills teaching in allowing students to think more critically, to learn independently and thus reduce drop-out rates, to achieve their full potential, and to utilise their knowledge better in industry, would seem to represent a significant benefit.

The de-racialisation of training colleges after 1990 resulted in colleges experiencing a dramatic enrolment transition from a student base consisting of predominantly employer sponsored to independently funded, mainly African students. Colleges responded to this trend by providing qualifications to suit student demand. This form of provision was termed ‘provider-driven’. However, it highlighted the disconnection between provision in particular fields on the one hand, and the lack of employment opportunities in those fields on the other (Kraak, 2008: 209). The Green Paper on Skills Development (DoL, 1996: 21). argued that training interventions ought to be more demand-driven, should be linked to the requirements of work and of sufficient quality and relevance to support increases in productivity in the workplace.



Traditionally, training was dichotomised into *on-the-job* training and *off-the-job* training. *On-the-job* training is conducted in the workplace and in the context of the actual job. The employee remains highly motivated and any learning is related directly to the job (Erasmus & Van Dyk, 2004: 205). *Off-the-job* training, in contrast, is conducted in a location designed specifically for training. The concept is instructional and generally takes place away from the work place, usually in a special training centre or resort (Erasmus & Van Dyk, 2004: 206).

Predicated on the ensuing skills dilemma, government, labour and skills practitioners embraced different training approaches that would result in an effective and expeditiously accelerated skills base. One such approach entailed the combining of *on-the-job* and *off-the-job* training into a concept entitled 'learnerships'. Learnerships, a form of workplace learning, is introduced as a 'demand-led' intervention aimed at aligning the learning programmes closely to the employer's skills needs.

What has become evident in the opinion of the researcher is that learning belongs to its natural abode – the workplace.

### **3.7 WORKPLACE LEARNING**

Being armed with a formal qualification does not necessarily translate to immediate and optimal productivity in the workplace. This scenario continues to pose challenges in the workplace in both the public and private sectors. For most graduates, the transition from tertiary institution to the workplace can be traumatic and a distressingly intimidating experience. This is partly due to lack of practical exposure prior to joining the workplace. Recent research has shown that for technicians and professionals, most learning is informal. Such informal learning takes place through everyday interaction in the workplace. This reveals that the workplace may well be the most important source of lifelong learning (Ashton & Sung, 2002: 9).

Another dimension that draws attention to workplace learning, is the tendency for tertiary scholars to prefer workplace learning to the 'class room' setting. In a Danish questionnaire survey, the majority of students surveyed expressed a preference to learning their profession in a workplace rather than at school. Similarly, a Norwegian study found that more than 90% of students expressed how they preferred the workplace to the school environment (Nielsen & Kvale in Antonacopoulou *et al*, 2006: 119). In a similar perspective, employees surveyed by the Chartered Institute of Personnel and Development (CIPD) in the United Kingdom (UK) shows that the most popular form of training or structured learning in organisations are classroom-based modes, yet they are the least popular with learners who favour on-the-job learning. There is obviously a mismatch between what people prefer and what is being provided (Cunningham, 2004: 39).

While the learner may prefer this type of intervention, Babb & Meyer (2005: 23) argue that such training is inherently at risk in the workplace: "The people required to provide such training are generally very stretched for time and frequently do not possess the skills for effective coaching and training. In addition, they feel that they are distracted from their core function, which is what their salaries and bonuses are paid for". As a solution, they recommend the incorporation of workplace learning into the policies of the organisation, and more specifically the job fabric of line managers. This is the thrust of the discourse on learnerships, and can prove to be most challenging in terms of recording and managing the performance of learners. Across the world there is a growing awareness of the importance of the workplace as a site for learning and development. This is evident in both national and international policies and in employers' development policies and practices (Evans *et al.*, 2006: xi).

Workplace learning is neither a unified nor clearly defined term. Different authors have used the terms *workplace learning* and *work-based learning* interchangeably. Some refer to it as informal, asserts Elkjaer & Wahlgren (in Antonacopoulou, 2006: 22), while others deem it to be formal learning (Flanagan, 2001). The common thread is its lifelong learning capabilities and

the benefits it has for both learner and the organisation.

One of the most appropriate definitions of workplace learning in the context of the learnership, is found in the Journal of Clinical Nursing (Flanagan & Clarke, 2000: 360): “Workplace learning is the bringing together of self-knowledge, expertise at work and formal knowledge. It takes a structured and learner-managed approach to maximize opportunities for learning and professional development in the workplace”. It argues that both formal and informal learning are pillars of workplace learning while placing emphasis on their learner-centric approach. They include vocationally-based training, on-the-job training, e-learning initiatives, job rotation programmes, and others (Rothwell, 2002: 140).

This learning concept has evolved into a *best-fit* model to deal with the challenges of a globalised workplace, societal development, and increased knowledge economies. It confronts the workforce to take ownership of their learning and development and their employability; to be innovative and continually reflect critically (Fenwick, 2001: 5). It is a form of strategic learning, and the consequence is an organisation that will respond to its changing environment.

In considering both the organisation’s internal and external environments, one of the most valued theoretical contributions on the issue was from the Tavistock Institute of Human Relations and their evolution of the Open Socio-Technical Systems Approach, evidenced in Figure 3.4 that follows this discussion. The model outlines work organisations as open socio-technical systems that encompass roles from work design to the economic performance of the organisation as the technical systems on the one hand, and on the other, the people in the organisation who achieve their goals within the organisation as part of the social system. The model contends that the two are inextricably linked in achieving the outcomes of the organisation. Managing the system requires that the relationship between the elements is understood and influences the attainment of the system’s goals. This is a critical issue prevalent in a dynamic workplace where relationships constantly change in

line with regular changes in the global, economic and business landscape (Reid & Barrington, 1997: 408).

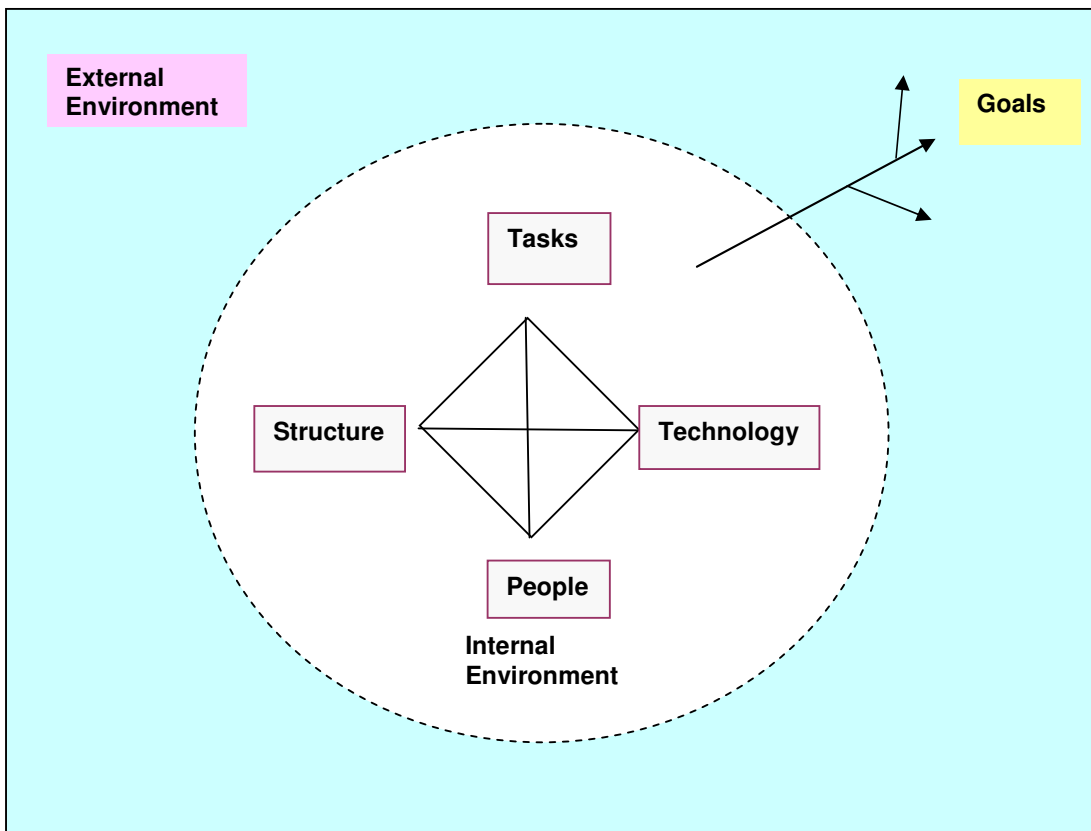


Figure 3.4: Open Socio-Technical System adapted from Reid & Barrington (1997: 409)

It can be noted therefore, that workplace learning creates a win-win situation whereby the company benefits through increased productivity and the employee gains through improved quality of working life. In the South African context, the acquisition of a certified qualification recognised under the National Qualification Framework makes a qualification relevant and appropriate. It also provides opportunities for workers to develop their capabilities and range of skills through job rotation, multi-skilling, and teamwork; it becomes a continuous process of life-long learning. Imitation and innovation is central to the workplace learning practice. Workplace learning is not just about training, but involves a major commitment from supervisors, managers and the employee. Mutual trust and appreciation for each other is a

major part of the workplace learning programme. This also increases the employee's marketability in terms of job opportunities and promotion. Some companies provide financial incentives and remuneration for the employee.

For workplace learning to work effectively, changes are required in four main areas. *Firstly*, the job must be designed in such a way that they use the full intellectual and practical experience of all employees and engage them in the decision-making process. *Secondly*, the employee will not be able to use their new situation to improve performance if they do not have the requisite knowledge of the business environment. Therefore, dissemination of knowledge within the organisation, such as regular meetings of the workforce and the regular dissemination of business information to all employees, is crucial. This would also require that the employee is committed to the values and objectives of the organisation and that they must want to use that information to improve their performance. *Thirdly*, the organisation must implement support structures such as mentors and coaches, complemented by feedback and appraisals sessions. *Finally*, there must be a reward or incentivisation scheme put in place. None of the above three will produce improved benefits if the financial reward scheme does not exist. To implement these four practices takes tremendous amount of time, effort and energy (Ashton & Sung, 2002: 4).

Some of the benefits of workplace learning that are significant for emphasis in this research include,

- Increased profitability;
- Increased productivity;
- Provide more efficient ways of organising labour;
- Higher earning potential;
- Provides opportunities to extend learning to all employees;
- More challenging work for employees;
- Acquisition of a NQF qualification;
- Increased job opportunities, and
- Lifelong learning.

Workplace learning has gained universal appeal; however, its inherent drawbacks and challenges include:

- The time-span and commitment in turning the workplace into an arena that is conducive to learning;
- The formation of a workplace learning environment cannot be done in isolation, it also requires input from human resources, labour and other relevant departments, and
- While the organisation has committed to workplace learning, this notion has to be sold to the employee. Not all employees willingly embrace learning and development initiatives. This process will experience pockets of resistance.

One of the central challenges facing all those involved in developing understandings of workplace learning, is that of conceptualising how these aspects of learning actually come together within the experience of the learners (Hoskin & Anderson-Gough in Rainbird *et al.*, 2004: 71).

Critics of workplace learning such as Gibbs & Morris (The Learning Organisation, 2001: 89) argue that it is not the learner but the employer who are the main beneficiaries of workplace training. They are concerned about the movement towards vocationalism in mass higher education, especially the increasing dependence upon the use of occupational standards in course design. "These standards embody the past and ignore the notion of what the workplace might become. They are historic, anchoring both learning and the individual within the being of others; the individual becomes the object for the standards. In this sense, they may be considered to be the antithesis of higher education. Their most clear manifestation is concerned with technique rather than know-how, and is assumed best increased through periods of work experience. We see little value other than to reinforce the hegemony of the holder of the means of production, the employer"

### 3.8 GLOBAL PERSPECTIVES ON WORKPLACE LEARNING

In the Republic of Korea, Thailand and other rapidly industrialising countries with large and expanding modern sectors, pre-employment vocational training have enabled students to enter the formal economy easily (Van Dyk, 1998: 8).

As mentioned earlier, the term *learnership* is a unique South African term. Elsewhere in the world, the term is more commonly referred to as workplace learning. Once established, it results in far reaching benefits for all the role-players in the organisation. At one stage, it was believed that these organisations were part of a rich man's club and could only function in the more advanced economies of the world. However, it has been successfully implemented all over the world. This concept first appeared in Japan, partly as a product of the special relationship of trust which characterised Japanese companies with their 'guarantee' of lifetime employment. From there, it spread to the West, especially the United States of America. There, in the face of Japanese competition, American companies had to adapt workplace learning practises to raise their productivity or risk closure. Since then, partly due to multinational and international organisations, they have spread to countries such as Jamaica, Gambia, China, Singapore, United Kingdom and Germany (Ashton & Sung, 2002: 6).

Ashton (in Rainbird, Fuller & Munro, 2004: 23) distinguishes globally between three types of workplace models that exist within the relational context of the state, business and labour. They are the free market model that is found in the United States of America (USA) and the United Kingdom. The corporatist model was in Denmark and Germany, and the developmental state model was located in Singapore and South Korea. The labels are not important but the different relations to workplace learning that have been created between the state, business and labour, are noted.

It follows then, that workplace learning is a global phenomenon which is captured in the subsequent discussion of the typologies and models of a selected range of countries.

### **3.8.1 WORKPLACE LEARNING IN THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM: A FREE MARKET MODEL**

There is little involvement of the state and labour in workplace learning due in the free market ideology. It is driven largely by business. Mainstream training and development has remained firmly in the hands of the employers. This led to the formation of skills standards by the different industry sectors. However, the Federal government's initiative to rationalise and formalise these standards into a nationally recognized collective remains a challenge. Politicians and employers resent what is perceived as the 'interference' of the Federal government and have prevented the introduction of a national competence-based scheme. The main push for the development of workplace learning has come from larger employers, especially multinational corporations and professional associations such as the American Society for Training and Development (ASTD), emphasised Ashton in (Rainbird, 2004: 26).

The United Kingdom, being a free market model, adopts a similar framework as the United States of America; however, the UK government has been more active in developing programmes than the USA. The Learning and Skills Council administer government programmes at local level, while the Sector Skills Council identifies sector skills needs and advises business on workplace learning. In addition, the Regional Development Agency also funds experiments in workplace learning. Regarding certification, the UK government has been more successful than the USA in linking certification to workplace learning. The UK has a greater degree of centralisation of power which enables the state to implement policies without the fear of challenge from subordinate agencies. This has made it easier for the central government to launch programmes such as the National Vocational Qualifications (NVQs), proffers Ashton (in Rainbird *et al.*, 2004: 28).



### **3.8.2 WORKPLACE LEARNING IN DENMARK AND GERMANY: A CORPORATIST MODEL**

In Denmark, there is a strong collaboration between labour and business when formulating workplace learning initiatives. The state merely acts as a facilitator in this process. The system is highly decentralised where labour and business play important roles at ministerial, institutional and enterprise levels in determining the content, structure and delivery of workplace learning programmes. One of the main reasons for this strong commitment of business and labour to training and development initiatives, is the unique characteristics of Danish enterprises. In Denmark, an enterprise consists of a number of mini-enterprises. Within each mini-enterprise, a skilled worker with the support of semi-skilled workers, integrate plans, programmes implements, engages maintenance and introduces innovations into the workplace. These skilled workers have considerable power over their workplace which enables them to continually seek to improve and update worker skills (Ashton in Rainbird *et al.*, 2004: 29).

Germany is similar to Denmark concerning the role of the social partners. However, Germany is a much larger country with a federal political system. The organisation of training is a joint enterprise between the federal government, the states, chambers of commerce, business and labour. However, this is primarily concerned with initial apprenticeship training (Culpepper, 1999: 45). This system of initial vocational training is highly regulated, but thereafter, the state plays a minor role concerning continuous training. Given the lack of a particular framework, incentive scheme or standards there is no particular emphasis on workplace learning and training as a separate system (Ashton in Rainbird *et al.*, 2004: 32).

### **3.8.3 WORKPLACE LEARNING IN SINGAPORE AND SOUTH KOREA: A DEVELOPMENTAL STATE MODEL**

In Singapore, the state still retains a high degree of autonomy from both business and labour. Although there are many multinational corporations, the

fragmented power of business is not strong enough to exert any form of pressure on the state. Singapore is perceived to have a competitive edge in the life science and electronics industry and here government plays a proactive role in anticipating and fostering the demand for higher levels of workplace learning. It has done this in two ways. The first is to encourage employers to adopt best practices in business management. Here, the Job Re-design Programme assists in helping business to achieve higher levels of productivity. The second way is by increasing the supply of new skills which takes two different forms, *firstly*, by providing guidance to employers on how to structure informal, on-the-job training for key workers. Subsidies are available through the Skills Development Fund. *Secondly*, it is through the Critical Enabling Skills Programme which delivers modules in a range of 'new skills' from communication to leadership and problem solving. In the field of certification, Ashton (in Rainbird *et al.*, 2004: 32-3) asserts that recognition of middle and lower levels of workplace competencies are facilitated through the National Skills Recognition System.

In South Korea, giant conglomerates initially assisted by government are no longer being influenced by them. The implications are that the state has little power to determine the skills agenda. This is in the hands of a strong labour movement. Skills formation therefore is centred in the internal labour markets of the large corporations with their near lifetime employment, meaning there was little demand for a system of skills certification. While workplace learning gained importance, Ashton (in Rainbird *et al.*, 2004: 33-4) highlights that it is the large corporations that remained firmly in control of the skills agenda.

There are three predominant types of workplace learning intervention that are practised in South Africa regarding skills development. These include apprenticeships, internships and learnerships. A succinct discussion of these pertinent interventions is presented in the next discussion.

### 3.9 APPRENTICESHIPS

Apprenticeship, according to the World Book dictionary, is defined as “*a time or period during which one is deemed a learner or beginner*” (1990: 102). It placed a contractual obligation on the employer to train the apprentice in a given trade. Generally known as a time-served model, the duration is generally between three to seven years depending on the trade, and during this period, very low rates are paid. Upon completion, the apprentice undertakes a practical examination and if successful, would be accorded trade skilled status which gave eligibility for union or association membership. Hamlin (in Truelove, 1992: 248) asserts that full employment in a trade was dependent on the person being a fully qualified artisan.

Although apprenticeship is widely believed to have died out following the Industrial Revolution, it survives today in various forms. In North America, it has become an advanced training opportunity for experienced adults, especially in the building and machine trades. Germany, Austria, Switzerland, and Denmark adapted traditional craft apprenticeship to their emerging industrial economies around the turn of the century. Apprenticeship is continuing to evolve in Europe to meet the challenges of rapid technological change, global economic competition, and the requirements of diverse democratic societies. They extended it to a wide range of white-collar and technical occupations, altering its structure to fit factories and offices as well as small shops and adding a school-based component to ensure that apprentices had adequate academic skills and understood the fundamental principles of their occupations. It includes focusing on broad occupational areas rather than on specific jobs, systematically teaching personal and social as well as technical competencies, and most importantly, giving young people a sturdy academic foundation and the ability to continue learning so they can adapt to an unpredictable future (Hamilton & Hamilton: 1997).

Apprentices are expected to accomplish productive work which serves as an incentive to them to improve their skills, but they are also authorised to produce less than a skilled worker does and to take time off from production to

learn. Apprentices are paid for the work they do, but their pay is lower than that of regular workers. Apprenticeships, therefore, had no national standard system of qualifications attached to the status of skilled worker other than being time served. In many industries, apprenticeships became the only route to skilled status. Pre-democratic South Africa had a dual learning principle in which the apprentices alternated between attending classes in a vocational college commonly known as a technical college, and receiving on-the-job training in the workplace. One of the problems experienced was that apprentices did not experience any connection between what they were taught at the technical college and what they had learnt in the workplace. This lack of coherence questioned the relevance and justification of the dual system.

Currently, South Africa suffers from a declining and aging artisan workforce. It is hoped that learnerships will address this serious anomaly in the country. This is qualified by the following concerns to date regarding apprentices and artisans:

- In 1975, 33 000 apprentices were registered in South Africa and by the year 2000, there were only 3 000;
- The average age of artisans is 54 years; in terms of one estimate, 70 percent of current employed artisans will exit the labour force over the next five to six years; and
- JIPSA's research estimates that South Africa currently produces about 5 000 artisans a year, which will have to rise to 12 500 a year for the next four years to meet demand for a projected increase of 30 000 over the period 2007 to 2010 (Jipsa online: 2008).

The apprenticeship system was associated with the apartheid workplace, and after 1994, many in government felt that artisan skills would be of little importance in the skills base of the 'new economy' which was to emerge. Out of a desire to reach employment equity targets and address youth unemployment, most learnerships have been granted to teach low-end skills rather than intermediate, artisan skills (CDE online: 2007).

Another focus is internships which, prior to learnerships, were regarded as a popular mode of workplace training intervention, as discussed below.

### **3.10 INTERNSHIPS**

An internship is similar to an apprenticeship in its structure but different in that it does not lead to an accredited qualification. Various other differences are outlined in a later section. It is essentially aimed at young educationally qualified graduates and is linked to professional development. The intern is placed on a structured development programme generally with support personnel assigned, such as a mentor and a supervisor, over a specified period of time. Upon completion of the programme, the intern is awarded full professional status. The basis of the programme is for the intern to apply the theoretical knowledge learnt and convert this into practical skills in the work environment (Cunningham *et al.*, 2004: 72).

### **3.11 ORIGIN AND OUTLINE OF LEARNERSHIPS**

Educational conservatism was the predominant style of the educational framework during the South African apartheid era, and it largely ignored industrial realities. There was a lack of coherence between what was being taught at the colleges and the tasks taught at the workplace. For example, the old apprenticeship programme contained irrelevant theoretical material when compared to the actual job description of the apprentice. The new government altered the focus by introducing a legislated workplace learning intervention in the form of learnerships in terms of chapter four of the Skills Development Act (Act 97 of 1998).

A learnership may be defined as a workplace learning programme comprising structured theoretical learning and practical workplace experience in order to obtain a registered and nationally recognised qualification. It is a "learning-oriented intervention" which in essence, relies chiefly on learning as a means of changing people (Rothwell, 2002: 140).

It follows then that the term *learnership* is uniquely South African and refers to a workplace structured learning and development programme, and a collaborative training initiative between companies and governments to impart skills to currently employed and unemployed workers. It is a workplace route to an accredited qualification, an intervention that forges cooperation between learners and institutional bodies such as government, employer organisations, training bodies, and the SETAs. Although a learnership results in the learner achieving a qualification, the word ‘learnership’ describes a planned learning experience that leads to a qualification rather than the qualification itself. Kraak (2008: 208) calls it the “most important innovation in the skills development arena in the post-Apartheid era”.

Given the above description of a learnership, inherent in the characteristic of a learner would be the fact that the learner must be employed, and more specifically, perform the job function relating to the learnership. Learnership essentially has a three-fold purpose. *Firstly*, they are aimed at providing structured and organised form of workplace training to the learner enabling him or her to gainfully participate in the economy. Multiple sites may be used to expose the learner to the different competencies as required in terms of the qualification. Formalised training is provided by an accredited institutional provider such as a college, university of technology or a private training provider. *Secondly*, learnership agreements<sup>1</sup> are compiled and signed by the three parties, *viz.* the employer, the learner and the training provider; thus legally binding the parties to observance of certain rights and performance of prescribed duties. *Finally*, the successful completion of the entire learning programme culminates in a nationally accredited and recognised qualification (Skills Development Act 1998).

Similarly, its objectives are also threefold. According to Van der Schyff in Babb & Meyer, at an individual level, the learner, through the development of individual competence, acquires a nationally recognised qualification. At

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<sup>1</sup> A learnership agreement is a SETA generated contractual agreement between the learner, training provider and the employer organisation outlining each role-player’s rights and obligations in the learnership. See Annexure D for a learnership agreement.

national level, an increased pool of skills leads to economic growth and at corporate level, learnerships may be used effectively to enhance talent acquisition and develop intellectual capital (2005: 88).

A discussion on the model and structure of learnerships follow.

### **3.11.1 LEARNERSHIP MODELS**

While there are broad guidelines for learnerships set out in the Skills Development Act (Act 97 of 1998), in practice there are subtle differences between learnership models in operation in South Africa, the caveat being that they must be linked to a qualification. The most important differences occur in the way in which qualifications are incorporated into learnerships. This, in turn, is linked to the fact that SAQA registers Unit Standard based as well as whole qualifications. Broadly speaking, the following two models can be distinguished for clarification of the above point:

3.11.1.1 Learnerships represent the total learning path leading to the qualification. It means that workplace training is an integral part of the qualification itself and there is no way to obtain the qualification other than through the learnership.

3.11.1.2 Learnerships are built around an existing qualification. It means that the learnership prepares the learner for a particular qualification, but that other learners who are not on registered learnerships can also prepare themselves and be assessed for the same qualification. The learnership is thus not the only route to the qualification.

Learnerships also differ in terms of the way in which institutional and workplace learning are structured. In some instances, learners are obliged to attend training courses at accredited training institutions. In others, the learning material is available and learners have the option of either attending classes or working through the required material in their own time and at their own pace (Fasset Report, 2003: 82).

Stakeholders play a pivotal role in shaping a learnership due to their legislated rights and obligations. Moreover, in the absence of one of the key stakeholders, the term *learnership* loses its legal meaning. Therefore, the next part of this chapter focuses on the role of key stakeholders.

### **3.11.2 KEY STAKEHOLDERS**

In terms of the learnership agreement, the three important stakeholders are the employer organisation, the training provider and the learner. While each SETA is responsible for designing its own agreement, they essentially contain the same format and information required of the parties in terms of the Skills Development Act. Differences may lie with the various corroborating documents required in support of the agreement. Ancillary stakeholders also include legislative bodies and the SETA and/or agent ETQA bodies.

### **3.11.3 LEGISLATIVE BODIES**

The SDA and the Skills Development Levies Act 99 of 1999 (SDLA) form the legal basis for skills development in South Africa. In terms of the SDLA, every employer must pay a 1% skills development levy of the employers total remuneration costs. Provincial and national spheres of government and religious and charitable organisations are exempt from this Act.

The SDLA channels funds for skills development through a levy grant system and to the National Skills Fund (NSF). 80% of the funds collected from the levies is divided among the SETAs, to be used for grants to employers, encouraging them to train their employees. The remaining 20% of the levies is allocated to the NSF to finance development in areas of national priority, as advocated by Edwards (in Babb & Meyer, 2005: 63).



### 3.11.4 EMPLOYER ORGANISATIONS

In terms of the SDA, the employer has the right to require the learner to:

- perform their duties in terms of the learnership agreement; and
- be compliant with the rules and regulations concerning the employer's business concern (Act 97 of 1998).

In order to offer a learnership, an organisation must be properly structured according to the requirements stipulated by SAQA and the NQF. The principles of the NQF as well as those of SAQA need to be in operation on a practical level.

According to Meyerson (in Workinfo.com Online: 2008), what this implies is that the organisation would have in place:

- Workplace assessors who are trained and qualified against the standards for assessors and registered on a database of national assessors;
- A quality assurance system that would meet the criteria stipulated by the relevant Education and Training Quality Assurance body (ETQA);
- Qualified and registered moderators who would ensure that assessment decisions are fair and correct;
- A mentor who would be in a position to assist the Learnership candidate on a one-on-one basis;
- Courseware that is aligned to unit standards. This stipulates the minimum requirements for signing off a candidate as being competent, and

A full understanding of how to assist the candidate in developing a portfolio of evidence. This portfolio contains all the proof that a candidate meets the evidence requirements the qualification on workplace experience.

It is the type of intervention that encourages learners to bear more responsibility for their own progress in the learning environment. This

responsibility is examined and captured in the empirical survey in subsequent chapters of the study. This includes being the innovator, initiator and enabler in the learnership process, although it does not detract from the duties and responsibilities of the other role-players. Notwithstanding the afore-mentioned role-players, there are also developmental relationships incorporated as part of the support structure. They include the mentor, supervisor, manager, and internal assessor. Developmental relationships entail dialogue, meaning that the role-players are committed to surfacing those social, political and even emotional reactions that might be interfering with their own operating effectiveness in general or the learner's progress in particular (Raelin, 2008: 172).

The most important role-player in this relationship is the mentor and a discussion on the importance of such follows.

### **3.11.5 MENTORING**

What is mentoring? It is defined as a process of deploying experienced individuals to provide guidance and advice that will help to develop the careers of protégés allocated to them. Mentoring involves the development of a relationship between a seasoned and wise person, known as the mentor, who supports a less experienced individual who is the protégé or learner. This enables the learner to achieve personal growth so that she/he can achieve greater efficiency, productivity and effectiveness within an organisation (DPSA online: 2008).

A mentor is one with whom individual learners come into contact with as they progress through their daily work or planned learning project. They may take the form of a co-worker or senior personnel in the company. In certain circumstances, for example a small business, a mentor may be outsourced from another company. Their role in the learnership process is to:

- Be available to provide guidance to the learner;

- Supply a triggering circumstance so as to provide some form of sensory stimulus to learners;
- Emphasise, through different mediums and where the need arises, the importance, both short and long term, of the learnership;
- Permit learners to draw on the mentor for information to satisfy the learners curiosity;
- Encourage processing by asking questions to help the learner to reach a deeper level of understanding;
- Encourage conversion and knowledge transformation by questioning learners how they may apply the new information in their work environment, and
- Encourage application and reflection by asking learners to experiment with new information in practical ways, to reflect and draw conclusions (adapted from Rothwell, 2002: 247).

Mentoring is therefore, both value and career-orientated. It is value-orientated in that it develops the protégé's character and values; career- orientated because it introduces protégés to ways of thinking, solving problems, strategising and developing skills that are relevant to their careers. Mentoring does not replace, but supplements, the role of an individual's immediate supervisor to provide on-the-job training and development (DPSA online: 2009). Raelin (2008: 178) concludes that of all the qualities necessary to develop a relationship that can be constructive and inductive of healthy reflection. It is most critical to find someone who respects the learner as an individual and can work with him or her in a supportive and non-judgmental way.

### **3.11.6 SUPERVISOR**

The supervisor plays a key role in ensuring effective skills transfer in accordance with the prescribed competences required in the workplace. The supervisor's role differs from the mentor's significantly. While the mentor's input is subjective and non-participatory, the supervisor's role is direct and

involves the actual work competences of the learner, such as on-the-job training.

### **3.11.7 TRAINING PROVIDER**

In terms of the Skills Development Act (Act 97 of 1997), the training provider must provide the education and training specified in the learnership agreement; and the learner support specified in the learnership agreement (Act 97 of 1998).

Furthermore, this ought to be effected by:

- providing education and training in terms of the learnership;
- providing the learner support as required by the learnership;
- recording, monitoring and retaining details of training provided to the learner in terms of the learnership;
- conducting off-the-job assessment in terms of the learnership, and
- providing reports to the employer on the learner's performance (Fasset Online: 2009).

Two training providers form part of the learnership process, *viz*, the academic and workplace training providers. The academic training provider is responsible for developing and facilitating material according to the principles of outcomes-based learning, while the workplace provider develops and facilitates the structured workplace competences. The materials are developed in terms of the learning outcomes reflected in the relevant unit standard or whole qualification on the SAQA database. The learning outcomes and practical competences are ultimately assessed according to formative and summative assessment criteria.

As can be seen from the above discussion, a learnership is essentially learner-centric and the learner's rights and obligations are fundamental to the proper functioning of the programme.

### **3.11.8 LEARNER**

In terms of the Skills Development Act (Act 97 of 1998), the learner is obliged to:

- work for the employer; and
- attend specified education and training programmes.

Therefore the learner has the right to:

- be educated and trained in terms of the learnership;
- have access to the required resources to receive training in terms of the learnership;
- have his or her performance in training assessed and have access to the assessment results;
- receive a certificate upon successful completion of the learning, and
- raise grievances in writing with the SETA concerning any shortcomings in the training.

Correspondingly, the learner must:

- work for the employer as part of the learning process;
- be available for and participate in all learning and work experience required by the learnership;
- comply with workplace policies and procedures;
- complete any timesheets or any written assessment tools supplied by the employer to record relevant workplace experience, and
- attend to all study periods and theoretical learning sessions with the training provider and undertake all learning conscientiously.

Learners ought to undergo an induction and be provided with a comprehensive learner pack that explains all the pertinent issues concerning

the learnership. Employed learners are able to extend and upgrade their skills which open up opportunities for job advancement and enrichment. They are

also able to bridge the gap between institutional learning and the job market by enhancing their learning with workplace experience. Unemployed learners benefit by being able to build skills and gain workplace experience which will improve their employability (Babb & Meyer, 2005: 199).

### **3.11.9 QUALITY ASSURANCE PROCESS**

According to Patel and Van Zyl (in Babb & Meyer, 2005: 45), the SETAs or their designated ETQA agents are responsible for the quality assurance of all the qualifications residing under their scope. In relation to learnerships, they are directly responsible for the development, promotion, quality assurance, and administration of all learnerships and also for the registration of learnership agreements. They also assume the overall monitoring and evaluation function of all learnership activities *vis a vis* implementation to certification.

### **3.11.10 OTHER FACTORS SUPPORTING LEARNERSHIPS**

Legislated factors designed to support the learning process and to ensure that applicability in the workplace takes place include all the rights and duties pertaining to the training provider, the learner and the employer as prescribed in Section 17 of the Skills Development Act (Act 97 of 1997) and previously outlined.

The following non-legislated but equally important factors include:

- The existence of sufficient financial resources to support the learnership programme.
- Realistic goals and expectations for the learner and the learning process have been established.
- Sufficient commitment and support by the organisation and the unions to the learnership.
- Sufficient trust between the three role-players.
- A common understanding by the learner and management of vision and goals.

- Sufficient time provided by the organisation to permit learning.
- Good communication between the role-players.
- The organisation has mechanisms in place to factor in feedback from its customers.
- The learnership is made a priority and is tied to performance expectations.
- Clear milestones are established for the learnership process.
- Work standards are consistently applied within the organisation, which is one of the most challenging aspects in managing learnerships.
- Measurement and accountability has been established and linked to the learnership process.
- Learners and the organisation are open-minded and possess an attitude that favours the learnership.
- The learnership process is guided by a project plan<sup>2</sup>..
- Learners feel a sense of inclusivity and empowerment.
- The roles and responsibilities of the role-players are clarified.

(Adapted from Rothwell, 2002: 174-5).

There are several advantages and disadvantages regarding learnerships. Some of the more pertinent aspects are highlighted next.

### **3.11.11 ADVANTAGES AND DISADVANTAGES OF LEARNERSHIPS**

Learnerships have the following advantages:

- It empowers more previously disadvantaged people;
- It creates valuable opportunities for learners such as upskilling and encourages entrepreneurs;
- It attracts the right talent for that type of industry;
- It helps to strengthen the core of the South African economy, and
- It gives the learner opportunities to explore the industry and to network early in their careers as this would benefit them later in life.

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<sup>2</sup> See Annexure E for a sample of an IAT learnership project plan

Some disadvantages include:

- The focus on increasing the numbers of learners which inevitably affects the quality of learning;
- Learners are exploited by not being paid their stipends or working long hours, and
- Another form of exploitation is for learners to be engaged in activities that are not envisaged in the learnership. They are seen as a form of cheap labour.

### **3.11.12 LEARNERSHIP INCENTIVES**

Apart from a general feeling of well-being, two specific incentives have been communicated to employers to encourage them to enrol learners onto learnerships. However, they are dependent on certain factors. One avenue is a tax incentive from the national treasury, and the other is a discretionary grant from the employer's SETA.

The South African Revenue Services advocates tax incentives for employers who implement learnership training in their workplaces. However, certain exempt employers, for example, public benefit organisations which are exempt from the payment of skills development levies and do not have any income that is subject to income tax, will receive no tax benefit as they are exempt from the payment of income tax.

The maximum tax deductions are:

- Up to R20 000 or 70% of the annual wage , whichever is lesser, for employed learners at the start of the learnership;
- Up to R30 000 or the learners annual wage, whichever is lesser, for unemployed learners at the start of the learnership;
- On completion of the learnership, the deduction for both previously employed and previously unemployed learners is a maximum of R30 000, or the learners annual wage, whichever is the lesser, and



- In the case of a disabled learner being registered on a learnership:
  - R40 000 or 150% of the employed learners annual wage at the start of the learnership, whichever is the lesser;
  - R50 000 or 175% of the unemployed learners wage, at the start of the learnership, and
  - R50 000 or 175% of the learners annual wage, whichever is the lesser, at the end of the learnership for both previously employed and previously unemployed learners (SARS online: 2009)

SETAs offer discretionary learnerships cash grants (LCG) as incentives for learnership enrollments. Each SETA differs in the required procedural format and allocation of the LCG. For example, submission and approval of the Fasset LCG application will entitle a company to a claim of up to a maximum of R27 000.00 for the employment of a previously disadvantaged individual (PDI) such as an African, Indian and Coloured men and woman. They may also claim up to R 47 250.00 for a person with disabilities. The LCG is available only to employers registered with Fasset employing less than 150 employees. This grant will be paid once off per learner on commencement of the learnership. An approved Fasset workplace skills plan (WSP) is a prerequisite requirement for this grant application should a company be a Fasset levy-paying organisation (Fasset Online: 2009: [www.fasset.co.za](http://www.fasset.co.za)).

### **3.11.12.1 ORGANISATIONS NOT CLAIMING GRANTS**

While the LCG may seem substantial and attractive, and in most cases may cover the entire costs of the learnership, there are instances of organisations not claiming these grants. It is important to understand why these organisations are not claiming grants. The two dominant reasons are *firstly*, ignorance of the existence of such an incentive and *secondly*, the grant application process being too complicated. Equally important are the perceived costs and benefits of participation in the grant scheme from the

perspective of organisation. It is too time-consuming and not worth the financial effort (DoL Online, 2005: <http://www.labour.gov.za>).

The tendency is to view learnerships and apprenticeships differently, however some similarities exist and a discussion on them follows.

### **3.12 SIMILARITIES BETWEEN LEARNERSHIPS AND APPRENTICESHIPS**

The similarities are:

- Both programmes emphasise practical work experience as part of the learning programme;
- Learnerships are not limited to technical trades; any NQF qualification can have a learnership designed for it. This means that a learner may have the choice to qualify as professionals like lawyers, doctors, accountants, and engineers by means of a learnership;
- Learnerships are not time-based, they are outcomes-based, meaning that learners are not forced to work out a fixed period of time before they can receive their qualification. This is one of the limitations of the old system of education. If learners can demonstrate their ability to perform all the expected outcomes and pass the required assessment, they can receive their credit and qualification;
- Learnerships provide a launch pad for further learning. Because they are based on unit standards which are the building blocks of all NQF qualifications, it becomes easy to expand their career path and build on what was already achieved. Apprenticeships tied apprentices down to a particular trade and provided little mobility outside of that field;
- Learnerships are career-orientated; apprenticeships are job-orientated, and
- Learnerships can recognise prior learning of learners, therefore fast tracking learners who already have significant experience in the field of study and avoiding duplication and wastage in learning programmes (The National Skills Development Handbook, 2007/8: 145).

### **3.13 INTERNAL AUDIT TECHNICIAN LEARNERSHIP**

The research conducted in this study relates to the Internal Audit Technician (IAT) learnerships in the public sector. Presented country-wide to practising internal auditors, the IAT learnership has become popular with organisations wanting to fast-track the experience levels of their junior internal auditors and those who have recently entered the field. An overview of the profession of internal audit follows to enable better contextualisation of the topic within the research.

#### **3.13.1 WHAT IS INTERNAL AUDITING?**

The International Professional Practices Framework (IPPF) of Institute of Internal Auditors defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (IPPF, 2009). Fourie (2005: 4) argues that the definition requires the internal auditor to be multi-skilled. King echoes the sentiment in his first report stressing that the internal audit profession has expanded to a much broader spectrum of services and activities, and has become one of the more important role-players in corporate governance in South Africa (King, 2002: 92).

Performed by professionals with an in-depth understanding of the business culture, systems, and processes, the internal audit activity provides assurance that internal controls in place are adequate to mitigate the risks, and organisational goals and objectives are met. Although this might appear to be rather simple, internal audit processes are quite technical, and the value that the internal audit activity can bring to the table can mean the difference between the organisation's ultimate success and failure.

Key to internal audit effectiveness is the activity's reporting structure. Best practice indicates that it should have a dual reporting relationship. The chief

audit executive (CAE) should report to executive management for establishing direction, support, and administrative interface and to the organisation's most senior oversight group, typically the audit committee of the board of directors, for validation, reinforcement, and accountability. Internal auditors also play a variety of roles to help ensure that an organisation meets its goals and objectives. These roles include, but are not limited to:

- Evaluating whether policies and procedures are being followed;
- Educating management and the board on critical issues;
- Monitoring compliance with laws and regulations;
- Assessing operations and making best-practice recommendations;
- Providing counsel for improving controls, processes and procedures, performance, and risk management;
- Suggesting ways to reduce costs, enhance revenues, and improve profits;
- Delivering in-house consulting, assurance, and facilitation services. Independent counsel and consulting;
- Emerging-issue education;
- Control and risk-assessment training and facilitated workshops;
- Fraud awareness training;
- Joint venture, merger, and acquisition opinions, and
- Global services.

Internal auditors shoulder significant responsibility in today's dynamic business environment and have the potential to create positive change within an organisation (IIA Online: 2009).

A discussion of the Institute of Internal Auditors follows.

### **3.13.2 INSTITUTE OF INTERNAL AUDITORS**

Established in 1941, The Institute of Internal Auditors (IIA) is an international professional association with global headquarters in Altamonte Springs, Florida in the United States of America. It has a network of affiliates serving

members in more than 160 countries. The IIA is the internal audit profession's global voice, recognised authority, acknowledged leader, chief advocate, and principal educator. The Institute is creator and custodian of the International Professional Practice Framework for Internal Auditors, and the Code of Ethics to which all members must adhere. It is dedicated to the education and advancement of internal auditors, and dynamically promotes and develops the profession. Members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security (IIA Online: 2009).

The Institute of Internal Auditors South Africa (IIA SA) is registered as a non-profit organisation under Section 21 of the Companies Act (Act 61 of 1973), and is affiliated to the Institute of Internal Auditors Incorporated (IIA) as a National Institute. It has its headquarters in Bedfordview, Johannesburg and serves a paid-up membership in excess of five thousand eight hundred (IIA SA 2008 Annual Report: 2009). It comprises various departments whose purpose is to provide a broad range of efficient and effective services to its members. Registered as a professional body, the IIA SA plays a central role in the development of skills for the internal audit profession. Its contribution to skills development includes the setting of educational standards, accreditation of workplace training organisations and tertiary institutions, contributing to the development of curricula, the provision and distribution of learning materials. It further includes the setting of examinations, assessment of practical experience, organising conferences, seminars and workshops and distributing new knowledge and information through the publication of journals and newsletters.

To this end, departments such as Education and Training manage the professions premier Certified Internal Auditor (CIA) qualification, academic relations and learnerships. The Institute exclusively manages the IAT and General Internal Audit (GIA) learnerships.

The Institute was instrumental in developing the Internal Audit Technician (IAT) learnership, which was registered with the Bankseta and the Department

of Labour as a two-year programme with modular technical training facilitated by IIA SA and a structured workplace training programme facilitated by the employer organisation which must be accredited by the IIA SA.

A discussion on the IAT learnership follows.

### **3.13.3 PURPOSE AND FORMAT OF THE IAT LEARNERSHIP**

Initiated in 2003, the IAT learnership was first presented to a group of bankers. Interest and demand quickly increased and as at July 2009, over eight hundred learners had enrolled for the programme. It is a cross-sectoral programme presented to organisations from across various industrial spheres. Presently, there are more public sector programmes than private sector. This is partly because of the Public Financial Management Act (PFMA). Chapter 9 of the PFMA lists the areas over which the National Treasury is empowered to issue treasury regulations and instructions applicable to all public sector institutions concerning internal audit components and their functioning. It also stipulates the appointment and composition of audit committees (Act 1 of 1999).

The purpose of the learnership is to provide the initial step to a career path in internal auditing as well as professional recognition to persons who have been in the profession, but have been unable to obtain a professionally formulated and recognised qualification. The programme focuses on creating awareness and building a sound knowledge base. There is a need for the IAT qualification as employers have recognised that, while providing some valuable academic background, tertiary internal audit qualifications do not equip graduates and diplomats sufficiently to operate productively in the working environment. This qualification provides for both workplace structured training and an infusion of current practices and procedures of internal audit contained in modular presentations conducted over two years. A secondary, and as important factor, is the need that has been identified by employers to improve the skill levels of existing internal audit staff, who over time have become accustomed to applying outdated techniques and principles.

Being competency-based, and running for over twenty four months in duration, it is rated as level six on the NQF level descriptor and in line with the definition of a learnership, with both the theoretical and practical components as an integral part of the programme. The theoretical component is presented in the form of modular sessions and the practical component consists of a work-based structured competency tasks outlined in the training log book (TLB).

### **3.13.3.1 PROCESS AND KEY FEATURES OF THE IAT LEARNERSHIP**

The following illustration in Figure 3.5 is a flow model of the IAT learnership that describes the process from the planning to certification stages. The cross-sectoral nature of the programme makes it difficult to market in a specific sector therefore marketing efforts are concentrated via the IIA SA website and internal audit related mechanisms. Expressions of interest initiate the planning stage which consists of interaction and communication between the Institute and the various employer organisations. During this phase, the organisation is inspected and approved as an accredited workplace training provider, learners are identified and the mentor, supervisor and internal assessors are allocated. The employing organisation normally enrolls and finances the learner and together with the IIA SA and the relevant SETA is responsible for finalising all documentation such as the learnership agreements, operational agreements, learner registration forms and other related personnel contracts. The composition of the group may be homogenous or generic. Homogenous groups are more popular with public sector based learnerships. The format of programs is such that they are not bound to an academic or calendar year, and therefore can start at any time, once the required number of participants has been sourced. To contain costs, a minimum group size of 20 is required to start a programme. Once the programme is confirmed, facilitators are allocated modules, dates are scheduled, and the venue is booked. Workplace support personnel receive guidance on mentoring, supervision and assessment procedures from the IIA SA prior to implementation.

During the implementation phase, an induction is conducted by the IIA SA with the learners and the relevant support personnel. The induction delineates the role-players obligations and confirms scheduling, venue and other important issues. Facilitators are responsible for compiling and continuously updating the TM learning materials based on the outcomes stipulated by the IIA SA.

On completion of each TM and TLB section, the learner is assessed. Remedial interventions are implemented to assist learners with learning deficiencies. Continuous monitoring and moderation of the programme is conducted by the IIA SA through mechanisms such as compulsory evaluations at the end of each module presentation and TLB scrutiny. Feedback is communicated to all the relevant role-players concerned and corrective action taken where necessary. Upon successful completion of all of the TM's and the entire TLB, the learner is advised to contact the IIA SA to make arrangements for the summative assessment. Upon successful completion of the summative assessment, the learner is notified of the results immediately. Thereafter, arrangements are made for the certification and graduation.

The illustration in Figure 3.5 describes the flow processes involved in the IAT learnership.



**INTERNAL AUDIT TECHNICIAN LEARNERSHIP MODEL**

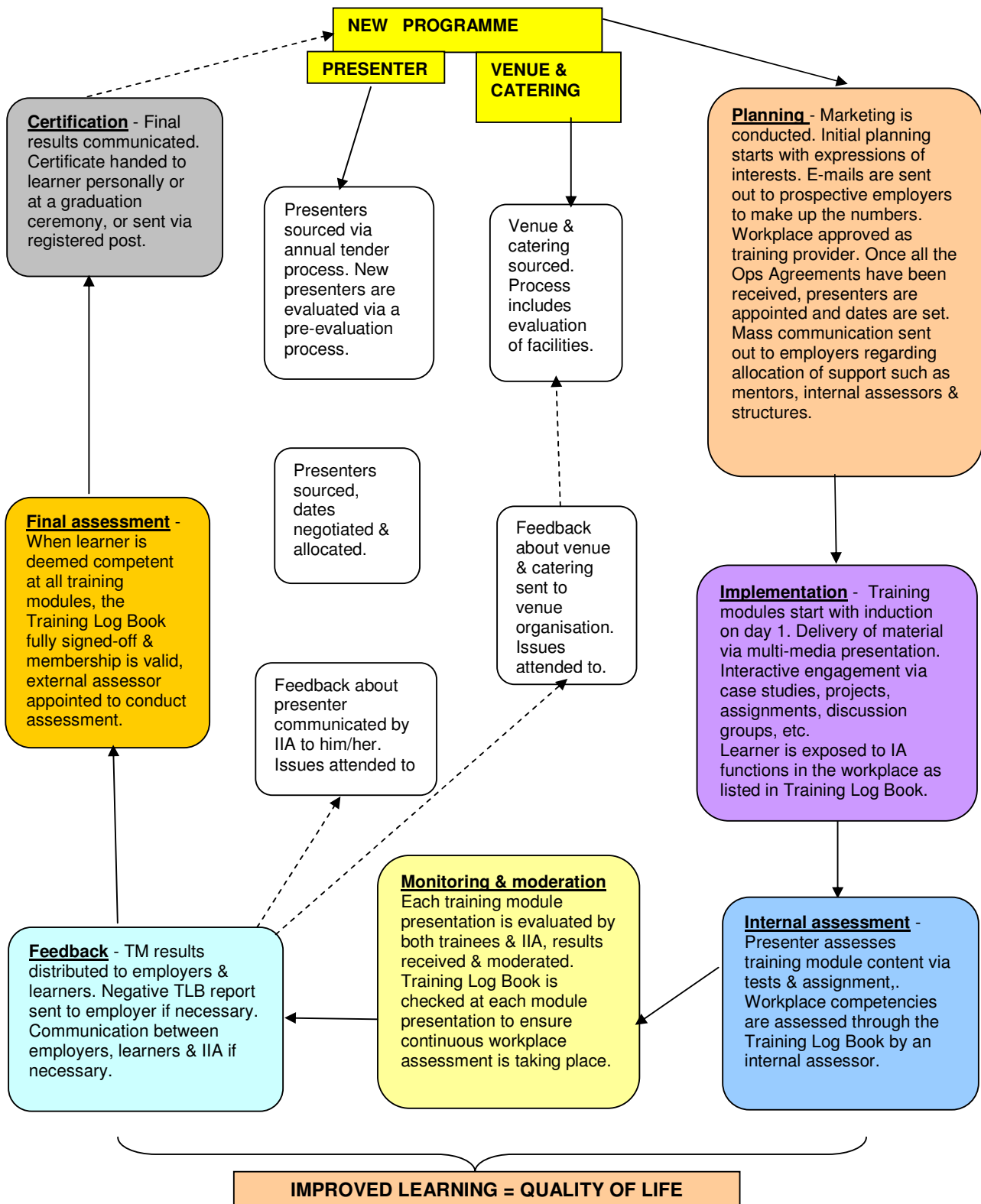


Figure 3.5: Flow model of the IAT learnership of the IIA SA

A discussion of the two main components of the learnership programme, which is the theoretical and structured practical training process, follows.

### **3.13.3.2 THEORETICAL MODULAR LEARNING**

The theoretical component comprises of eight training modules (TM) presented as contact sessions by professional consultants, qualified in their respective field of expertise. These modules vary between two and three days in duration and are presented according to prescribed outcomes.<sup>3</sup> They are:

- Training module one: Introduction – Building the foundations, duration over three days;
- Training module two: Tools and techniques for the internal auditor, duration over three days;
- Training module three: Oral communication, interviewing and report writing, duration over two days;
- Training module four: Financial aspects one, duration over three days;
- Training module five: Non-financial aspects, duration over three days;
- Training module six: Financial aspects two, duration over two days;
- Training module seven: Information technology and internal audit, duration over two days, and
- Training module eight: Fraud risk, duration over three days.

In total, the learner spends twenty-one days away from the workplace attending the training modules. The balance of the time is spent gaining practical experience and training in the workplace.

### **3.13.3.3 WORKPLACE STRUCTURED TRAINING**

The learner is handed a TLB that contains prescribed tasks to which the workplace must expose him or her. The TLB has nine sections which are closely aligned with the eight theoretical training modules. They are:

- Section one: Understanding the business organisation;

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<sup>3</sup> See Annexure F for a more detailed version of the outcomes document & Annexure G for the TLB.

- Section two: The internal audit unit;
- Section three: Internal auditing in the working environment;
- Section four: Communication – verbal and written;
- Section five: Financial aspects;
- Section six: Non-financial aspects;
- Section seven: Information technology in internal auditing;
- Section eight: Corporate governance, and
- Section nine: Fraud in the workplace.

The supervisor and any other appointed staff are responsible for training and exposing the learner to the tasks contained in the TLB. Once the learner has mastered each task, he or she will, from time to time, advise management and negotiate a date for the internal assessments.

#### **3.13.3.4 ASSESSMENTS**

The focus of assessment is on applied competence. Two types of assessments are integral to the programme: formative and summative. Formative assessments are conducted by both the facilitator of the TM and the internal assessor in the workplace. At the TM, learners are assessed through various assessment instruments such as tests, assignments, projects, case studies or any other interactive activity the facilitators deems relevant. The practical component is assessed in the workplace via the competencies outlined in the training log book.

Once both formative assessments are completed, the learner may commence preparations for the summative assessments to be conducted by an external assessor appointed by the IIA SA. All the assessments are conducted in accordance with the SAQA assessment policy guidelines. The learner, on successful completion of the summative assessment is awarded the IAT qualification in the form of an IIA SA endorsed and SETA accredited certificate.

As a result of its demand-led nature, constituting the programme may lead to certain barriers as discussed hereunder.

### **3.13.4 BARRIERS TO EFFECTIVE PROGRAMME CONSTITUTION**

Barriers to constituting learnership programmes can come from various avenues and some of these hurdles may be seen and unforeseen, as illustrated below.

#### **3.13.4.1 AFFORDABILITY**

Constituting and presenting a programme must be based on a financially viable plan. The fees for the programme is affordable and comparably inexpensive; however, this appears to be a factor that prevents especially small organisations from enrolling their learners.

#### **3.13.4.2 LEARNER NUMBERS**

For the Institute to prevent making a loss, a minimum number of learners are required to take part both to provide good group dynamics and to make the programme financially viable. The demand-led process to form a group may lead to a protracted length of period before the programme commences.

#### **3.13.4.3 SETA BUREAUCRACY**

In terms of the SAQA Act (58 of 1995), one of the objectives of the NQF is to accelerate the redress of past unfair discrimination in education, training and employment opportunities. This infers the notion of an educational system that ought to be fast-tracked and people empowered through a seamless process.

Unfortunately, long-drawn-out processes and frustrating formalities that constrain people in a web of prerequisites, closed systems, tedious paperwork, and other administrative and bureaucratic procedures instituted by SETAs have become hindrances that stifle the application process. This detracts from the real purpose, that is, skills and capacity development.

Authorities such as the SETAs need to improve and streamline the point of contact between the SETA and the company if learnerships are to work. Even now, many companies have resorted to financing their learnership programmes on their own instead of applying for SETA grants (Margalit in Babb & Meyer, 2005: 137).

#### **3.13.4.4 PUBLIC SECTOR BUREAUCRACY**

A proposal to implement a learnership in a public sector department normally has to go through a long 'ladder' of vetting processes before a final decision is made. This has been a hallmark of the public sector experience and continues to frustrate the process.

#### **3.13.5 FASSET**

Fasset is the Sector Education Authority for Finance, Accounting, Management Consulting and Other Financial Services. Fasset's Education & Training Quality Assurance (ETQA) department is responsible for the Quality Assurance of the training and education of qualifications and learnerships within its scope including the learnerships presented by the IIA SA. Fasset reports to the Department of Labour (DoL) on skills development within its sector and to the South African Qualifications Authority (SAQA) on the quality of learning.

Fasset operates within a dynamic environment. 90% of learning within the Fasset sector takes place through learnerships. Most of these learnerships are managed through Quality Assurance Partners (QAPs). QAPs are responsible for the accreditation and monitoring of training providers (TPs) and workplace providers (WPPs). Fasset does not interact directly with these providers, but focuses instead on ensuring that the QAPs apply the correct Quality Assurance processes to these providers (Fasset Online: 2008, [www.fasset.org.za](http://www.fasset.org.za) ).

### **3.13.6 APPLICABILITY PROCESS**

Applications take relevant concepts and attempts to apply them into practice, normally with commentary as to their potential or worthwhileness (Raelin, 2008: 158). The ability to apply knowledge learnt is an indicator of the effectiveness of a training programme. A form of measurement to gauge the effectiveness of the learnership programme is to evaluate the learner's propensity to apply what theoretical and practical knowledge he or she has learnt during the learning process. This may take the form of engagement letters, draft audit assignment plans, review of risk matrix, working papers, testing of controls, client interview preparation, recording of interview results, audit findings, draft audit reports and draft follow-up actions. The formative internal assessments conducted during the training period can also be used as an indicator.

Crucial to this process is the support factor given to learners by senior management. Moreover, it is important that senior management commits itself to the development of the learner by providing the necessary support structures, an enabling environment, and an open door policy coupled with a consultative approach. This application of an integrated approach to the learning process goes against conventional wisdom by ensuring that training is not the domain of just the facilitator and the human resource personnel, but also requires constructive input from peers, senior internal auditors, managers and even the chief audit executive.

Continuous feedback from the support structures will enable the learner to go through a cyclical process of development and refinement. This focus can shift from the experiential level to one in which reflections might be offered regarding the use of the theories and ideas in practice (Raelin, 2008: 276). This research questions the extent to which the IAT learner actually applies the knowledge gained in the workplace.

### **3.14 CONCLUSION**

In this chapter, different concepts and theories have been presented and explored in relation to skills development in the South African context. A distinction between learning, training, education and development was made and while they are different in meaning, they are interlinked and interdependent and often used interchangeably in the industry. The convergence of the three dominant theories, *viz.* Affective, Behavioural and Cognitive learning into the experiential learning process, is highlighted within the learnership context.

Skills development interventions such as learnerships can only succeed with the adoption of a culture that transforms the organisation into a learning organisation. Public sector managers have a responsibility to clearly determine the requirements of and processes to build an effective learning organisation that perpetuates this learning culture. A central stimulus within such an organisation is workplace learning and more specifically in the case of this research, learnerships.

Post-democratic South Africa is facing a critical skills shortage compounded by an ageing high-skilled workforce, increasingly complex technology and growing consumer expectations from service providers. Work seekers need to be assisted to acquire the skills needed for employment. The answer lies in the understanding of the job market and the training needs of an increasingly diverse workforce. Highly skilled, motivated and customer focused personnel are required to solve the country's skills problem and learnerships have been identified by the government as a key skills development intervention to assist in alleviating the skills crisis. It is described as a workplace structured learning and development programme consisting of a collaborative training initiative between companies, government and relevant service providers to impart skills to currently employed and unemployed workers.

The subject of this study, the Internal Audit Technician (IAT) learnership, has widely been regarded as a benchmark within the professions training and development framework. It covers a wide range of internal audit and related topics at a basic level that is structured to produce an internal auditor who is well-grounded and confidently competent in the field of internal audit. The following chapter analyses data collected via research conducted on internal audit managers and learners, who have completed the IAT programme in the public sector. The chapter also interprets findings.



## CHAPTER FOUR

### Research Methodology

#### 4.1 INTRODUCTION

This chapter provides a theoretical discourse of the research methodology used in the study, and is followed by a discussion on the findings, analysis, results and interpretation.

##### 4.1.1 CRONBACH'S ALPHA

Reliability refers to the property of a measurement instrument that causes it to give similar results for similar inputs. Cronbach's alpha is a measure of reliability. More specifically, alpha is a lower bound for the true reliability of the survey. Mathematically, reliability is defined as the proportion of the variability in the responses to the survey that is the result of differences in the respondents. Answers to a reliable survey differ because respondents have different opinions and not because the survey is confusing or has multiple interpretations. The computation of Cronbach's alpha is based on the number of items on the survey ( $k$ ) and the ratio of the average inter-item covariance to the average item variance (UCLA Online: 2007, <http://www.cse.ucla.edu/products/downloadreport.asp> ).

$$a = \frac{k \left( \frac{\text{cov}}{\text{var}} \right)}{1 + (k - 1) \left( \frac{\text{cov}}{\text{var}} \right)}$$

Under the assumption that the item variances are all equal, this ratio simplifies to the average inter-item correlation, and the result is known as the Standardized item alpha (or Spearman-Brown stepped-up reliability coefficient).

$$a = \frac{kr}{1 + (k - 1)r}$$

Notice that the Standardized item alpha is computed only if inter-item statistics are specified. The coefficient of 0.921 reported for these items is an estimate of the true alpha, which in turn is a lower bound for the true reliability.

Cronbach's alpha measures how well a set of items (or variables) measures a single unidimensional latent construct. When data have a multidimensional structure, Cronbach's alpha will usually be low. Technically speaking, Cronbach's alpha is not a statistical test - it is a coefficient of reliability or consistency (UCLA Online: 2007, [http://www.cse.ucla.edu/products/download\\_report.asp?r=643](http://www.cse.ucla.edu/products/download_report.asp?r=643)).

Cronbach's alpha can be written as a function of the number of test items AND the average inter-correlation among the items. Below, for conceptual purposes, we show the formula for the standardized Cronbach's alpha:

$$\alpha = \frac{N \cdot \bar{c}}{v + (N - 1) \cdot \bar{c}}$$

Here N is equal to the number of items, c-bar is the average inter-item covariance among the items and v-bar equals the average variance.

One can see from this formula that if you increase the number of items, you increase Cronbach's alpha. Additionally, if the average inter-item correlation is low, alpha will be low. As the average inter-item correlation increases, Cronbach's alpha increases as well.

This makes sense intuitively - if the inter-item correlations are high, then there is evidence that the items are measuring the same underlying construct. This is really what is meant when someone says they have "high" or "good" reliability. They are referring to how well their items measure a single unidimensional latent construct.

Thus, if you have multi-dimensional data, Cronbach's alpha will generally be low for all items. In this case, a factor analysis will show which items load highest on which

dimensions, and then the alpha of each subset of items is taken separately (UCLA Online: 2007, [http://www.cse.ucla.edu/products/download\\_report.asp](http://www.cse.ucla.edu/products/download_report.asp) ).

#### **4.1.2 FACTOR ANALYSIS**

Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. For example, as part of a national survey on political opinions, participants may answer three separate questions regarding environmental policy, reflecting issues at the local, state and national level. Each question by itself, would be an inadequate measure of attitude towards environmental policy, but *together* they may provide a better measure of the attitude. Factor analysis can be used to establish whether the three measures do, in fact, measure the same thing. If so, they can then be combined to create a new variable, a factor score variable that contains a score for each respondent on the factor. Factor techniques are applicable to a variety of situations. A researcher may want to know if the skills required to be a decathlete are as varied as the ten events, or if a small number of core skills are needed to be successful in a decathlon. One need not believe that factors actually exist in order to perform a factor analysis, but in practice the factors are usually interpreted, given names, and spoken of as real things (Wholey, Hatry & Newcomer, 2004: 456).

#### **4.1.3 STATISTICAL APPROACH**

Descriptive statistics describes the organising and summarising of quantitative data. Univariate and bivariate analysis is most appropriate for descriptive statistics. Univariate analysis is concerned with measures of central tendency and measures of dispersion. The most appropriate measure of central tendency for interval data is the mean and the most appropriate measure of dispersion for interval data is the standard deviation. Bivariate analysis concerns the measurement of two variables at a time (Lind, Marchal & Mason, 2004: 6). Descriptive statistics is useful as it summarises results for an experiment, thereby also allowing for more constructive research after more detailed

analysis. Descriptive data analysis aims to describe the data the investigating the distribution of scores on each variable, and by determining whether the scores on different variables are related to each other (Lind, Marchal & Mason, 2004: 73).

The qualitative approach usually will not include numerical analysis (description using numbers may be difficult). Solving problems is likely to require the use of quantitative and qualitative approaches (Willemse, 2009: 6).

#### **4.1.4 SAMPLING**

Sampling is a component of statistical practice relating to the range of an unbiased or random subset of individual observations within a population, with the aim of providing knowledge about the population being sampled. Sampling is an important element of data collection (Wikipedia: online).

There are generally two reasons for using a sampling method. The first is time and cost. Instead of accumulating data from the entire population, if properly conducted, a researcher can select a percentage of the population which saves time and money. The second is accuracy. The results of a well-designed, carefully executed sample will produce results that are equally, if not more accurate than trying to reach the whole population (Neuman, 2000: 195).

##### **4.1.4.1 Types of Sampling**

- *Probability Sampling*
  - This is where every item has a calculable chance of selection
- *Non-probability Sampling*
  - This is where there is a choice in who or what is selected.

##### **4.1.4.2 Types of Random Sampling**

- *Simple Random Sample*
  - Is obtained if each element of the population that has not yet been included in the sample stands an equal chance of being selected in the next draw (Steyn, Smit, Du Toit, & Strasheim. 1994: 22).

- *Stratified sampling*
  - Involves dividing the group into subgroups or strata. Each stratum is homogeneous with respect to the characteristics being studied (Steyn *et al*, 1994: 25).

#### **4.1.4.3 Types of Non-Random Sampling**

- *Quota Sample*
  - The method amounts to the formation of reasonably homogeneous subpopulations or cells by using so called control characteristics for which census figures of the population are available (Steyn *et al*, 1994: 39).

#### **4.1.5 MEASUREMENT**

Nominal (or categorical) is a classification of responses (e.g. according to gender). Ordinal measurement is achieved by ranking (e.g. the use of a 1 to 5 rating scale from 'strongly agree' to 'strongly disagree'). Interval measurement is achieved is the differences are meaningful (e.g. temperature). Ratio measurement is the highest level – where difference and the absence of a characteristic (zero) are both meaningful (e.g. distance, see Steyn *et al.*, 1994: 7).

#### **4.1.6 GRAPHS**

Most of the data in the research are discrete. Therefore, the most applicable graphs used are discussed below.

Discrete data – bar charts

- Can be horizontal or vertical bars;
- Various levels of complexity are possible;
- Generally, all bars are same width, with the length corresponding to the frequency (Willemse, 2009: 29-34).

Discrete data – pie charts

- Widely used as divisions between people/groups/spending;
- Various levels of complexity also possible (Willemse, 2009: 34-35).

#### **4.1.7 CROSS-TABULATIONS**

Data resulting from observations made on two different related categorical variables (bivariate) can be summarised using a table, known as a two-way frequency table or contingency table. The word contingency is used to determine whether there is an association between the variables (Willemse, 2009: 28).

#### **4.1.8 HYPOTHESES TESTS: P-VALUES AND STATISTICAL SIGNIFICANCE**

Inferential statistical analysis is concerned with the testing of hypothesis. The independent t-test is the most appropriate parametric test for a comparison of the means. This tests any significant difference between the two variables. Primary data were collated and analysed and comments and concluding discussions are thereafter based on the results obtained. Inferential statistical analysis allows the researcher to draw conclusions about populations from sample data (Lind *et al.*, 2004: 347-351).

The most important application in the social sciences of the statistical theory around sampling distributions has been significance testing or statistical hypothesis testing. The researcher is interested in the outcome of a study on the impact of service delivery. The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with " $p < 0.05$ ". The choice of the value 0.05 as the level of significance is in fact totally arbitrary, but has become enshrined as a standard in statistics (Lind *et al.*, 2004: 347-351).

#### 4.1.9 CHI-SQUARE TEST

A chi-square test is any statistical hypothesis test in which the test statistic has a chi-square distribution when the null hypothesis is true, or any in which the probability distribution of the test statistic (assuming the null hypothesis is true) can be made to approximate a chi-square distribution as closely as desired by making the sample size large enough.

Specifically, a chi-square test for independence evaluates statistically significant *differences* between proportions for two or more groups in a data set (Willemse, 2009: 209-214).

Chi-square test statistic:

$$\chi^2 = \frac{(f_o - f_e)^2}{f_e}$$

$$df = (r-1)(c-1)$$

A range of reliability scores is presented in the subsequent discussion relating to the learners' response to the learnership.

#### 4.1.10 RELIABILITY

Table 4.1 below is a summary of the reliability scores for learners for the following categories:

Category	Cronbach's Alpha
Improved percentage of recommendations through improved report writing	0.412
Understanding of the principles of the governance process in relation to the audit universe in the organisation	0.883
Applications of the principles of the governance process in relation to the audit universe in the organisation	0.931
Exposure to Governance frameworks in terms of Section 3.4.4	0.709
Application of the Governance frameworks in terms of Section 3.4.5	0.824
Understanding of the principles of the financial auditing in relation to the audit universe in the organisation	0.968
Application of the principles of the financial auditing in relation to the audit universe in the organisation	0.958
Understanding of the principles of management	0.953
Applications of the principles of management	0.933

Table 4.1: Summary of the reliability scores for learners

From the afore-going illustration of the scores, it is evident that a significant relationship exists between various sets of variables. However, the research highlights the 'Understanding of the principles of the financial auditing in relation to the audit universe in the organisation' and 'Application of the principles of the financial auditing in relation to the audit universe in the organisation'. This relationship indicates where such transfer of knowledge had the greatest possible positive impact on the learner's knowledge and ability.

A further strong relationship between variables that this research emphasises is the 'Understanding of the principles of management' in relation to the 'Application of the principles of management' *vis-à-vis* key legislations such as the Basic Conditions of Employment Act and the Safety, Health and Environmental Reviews. According to Antona (1993: 2), the audit of performance or conformity consists of "making an inventory of the social situation of the company, considering the labor law norms and regularly verifying the company's compliance with the applicable regulations."



The reliability scores are for categories of questions that include the Likert scale. Open ended questions were omitted from the analysis. As per the acceptable norms for reliability, scores of 0.70 and above are considered to be acceptable. Only one category of responses for learners give values lower than this. The researcher draws attention to a key variable which reflected a low score i.e. Improved percentage of recommendations through improved report writing (0.412). This low score is attributed to the fact that, depending on their position, not all respondents are allowed to make recommendations to management, hence the low response rate.

Overall, it means that the inter-item correlations are high and that there is evidence that the items are measuring the same underlying construct (per category). Categories with low coefficient values indicate that the categories may be multi-dimensional and would have to be further analysed using factor analysis.

### **Managers**

Table 4.2 represents the reliability scores for managers for the following categories:

<b>Category</b>	<b>Cronbach's alpha</b>
Learners were able to apply knowledge	0.818
Experience benefits the Learners	0.735

Table 4.2: Reliability scores for managers

Cronbach's alpha was used to measure how well a set of items (or variables) measured a single one-dimensional underlying construct. When data has a multi-dimensional composition, Cronbach's alpha will usually be low. The values obtained in Table 4.3 are above the acceptable research value of 0.70 (UCLA online: 2007). This implies that the questions that constitute the dimension measure what they set out to measure. The fact that reliability scores are high indicates that respondents have answered the questions in a manner that will accurately reflect their feelings related to the dimension. There would be some level of consistency in the way questions making up a dimension would have been answered. It is evident that a strong perception exists between the learner's application of knowledge and the experience gained in the workplace. This relationship is one of the most integral aspects of the research.

This significant finding is noteworthy for the learnership in internal auditing and the IIA SA overall. This is corroborated by James Gourrah, Head of Internal Audit at Capitec Bank, who stated that over the two year period he had the personal privilege of witnessing how learners grew in maturity and proficiency whilst on the learnership programme (IA Adviser, 2010: 36).

The table of communalities for managers and learners is provided below:

<b>Communalities – Managers</b>	<b>Extraction</b>
Learners were able to apply knowledge: International Standards for the Professional Practice of Internal Auditing	0.369
Learners were able to apply knowledge: Code of Ethics	0.728
Learners were able to apply knowledge: Communication Skills	0.648
Learners were able to apply knowledge: Corporate Governance	0.814
Learners were able to apply knowledge: Financial aspects	0.661
Learners were able to apply knowledge: Non-financial aspects	0.767
Learners were able to apply knowledge: Tools and Techniques	0.649
Experienced benefits from your learner/s in terms of the following: Productivity	0.535
Experienced benefits from your learner/s in terms of the following: Attitude towards work	0.659
Experienced benefits from your learner/s in terms of the following: Proactiveness in completion of tasks	0.715

Table 4.3: Table of Communalities for Managers

<b>Communalities – Learners</b>	<b>Extraction</b>
Application to the principles of governance: Strategic and operational planning	0.684
Application to the principles of governance: Budgeting techniques	0.706
Application to the principles of governance: Human resource planning	0.694
Application to the principles of governance: Performance management systems	0.716
Application to the principles of governance: Management information systems	0.713
Application to the principles of governance: Key measurable objectives and indicators	0.665
Application to the principles of governance: Continuous monitoring	0.677
Application of financial auditing principles: Budgeting	0.646
Application of financial auditing principles: Standard costing	0.869
Application of financial auditing principles: Capital budgeting and net present value analysis	0.88
Application of financial auditing principles: Cost volume profit analysis	0.883
Application of financial auditing principles: Financial techniques	0.748
Application of financial auditing principles: Cost of capital	0.87
Application of financial auditing principles: Auditing balance sheet items	0.784
Application of financial auditing principles: Auditing income statement expenses	0.76
Application of the following principles of management: Planning	0.731
Application of the following principles of management: Organising	0.911
Application of the following principles of management: Directing	0.869
Application of the following principles of management: Controlling	0.815

Table 4.4: Table of Communalities for Learners

- The rotation method used is the Varimax Method with Kaiser Normalisation. This is an orthogonal rotation method that minimises the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors, and
- Factor analysis/loading show inter-correlations between variables.

The communality for a given variable can be interpreted as the proportion of variation in that variable explained by the factors that make up the variable. The analysis is analysed similar to that for multiple regression: signage against the two common factors yields an  $R^2 = 0.728$  (for the second variable in communalities for Managers), indicating that about 73% of the variation in terms of the learners applying their knowledge to the code of ethics is explained by the factor model. This argument can then be extended to the rest of the model as the communality values are high for all of the variables, except for the very first for Managers. The high communality values signify that managers and learners have scored in a manner that is consistent with their overall patterns of thinking. A question by question analysis is unnecessary at this stage (as this is done under the section analysis) but the importance of high communality scores cannot be ignored as it indicates the amount of variability and having valid explanations thereof.

(UCLA online: 2010, <http://www.ats.ucla.edu/stat/SPSS/output/principalcomponents.htm> ).

With reference to Table 4.3, managers believed that a significant relationship exists between Financial Aspects (.661) which include Budgeting, Standard costing, Capital budgeting and net present value analysis, Cost volume profit analysis, Financial techniques, Cost of capital, Auditing balance sheet items, and Auditing income statement expenses; and Non-financial aspects (.767), which include ethics, ethical culture, governance including setting objectives and policies, procedures and the capabilities of people. All of this is necessary to first of all, enable the internal auditor to perform the work that is required regarding financial aspects and secondly, not to manipulate and misrepresent the financial statements.

Comparatively speaking, when one views the two sets of communalities for managers & learners in Tables 4.3 and 4.4 respectively, the scores are high for all the variables; however, there is a remarkable difference between the scores of first variable. It is noted though that certain components are split into finer components. This is explained below in the rotated component matrix.

An assessment of how well this model is doing, can be obtained from the communalities. The ideal is to obtain values that are close to one. This would indicate that the model explains most of the variation for those variables. In this case, the model is fairly decent as it explains approximately 65% of the variation for the two categories for managers, and explains approximately 77% for the three categories for learners.

Factors that load perfectly have high communalities and those with low communalities load across various factors. These are illustrated in the rotated component matrix in Table 4.5 and 4.6.

The rotated component matrices for the managers and learners follows.

The rotated component matrices for managers and learners are given below:

<b>Rotated Component Matrix – Managers</b>	<b>Component</b>	
	1	2
Learners were able to apply knowledge: International Standards for the Professional Practice of Internal Auditing	0.595	0.122
Learners were able to apply knowledge: Code of Ethics	0.853	-0.031
Learners were able to apply knowledge: Communication Skills	0.769	0.236
Learners were able to apply knowledge: Corporate Governance	0.899	0.075
Learners were able to apply knowledge: Financial aspects	0.629	0.516
Learners were able to apply knowledge: Non-financial aspects	-0.158	0.861
Learners were able to apply knowledge: Tools and Techniques	0.592	0.546
Experienced benefits from your learner/s in terms of the following: Productivity	0.557	0.474
Experienced benefits from your learner/s in terms of the following: Attitude towards work	0.627	0.515
Experienced benefits from your learner/s in terms of the following: Proactiveness in completion of tasks	0.274	0.8
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalisation.		

Table 4.5: Rotated Component Matrix for Managers

Rotated Component Matrix – Learners	Component		
	1	2	3
Application to the principles of governance: Strategic and operational planning	0.224	0.75	0.267
Application to the principles of governance: Budgeting techniques	0.284	0.764	0.205
Application to the principles of governance: Human resource planning	0.172	0.803	0.136
Application to the principles of governance: Performance management systems	0.227	0.775	0.253
Application to the principles of governance: Management information systems	0.238	0.762	0.276
Application to the principles of governance: Key measurable objectives and indicators	0.182	0.757	0.243
Application to the principles of governance: Continuous monitoring	0.232	0.779	0.132
Application of financial auditing principles: Budgeting	0.694	0.279	0.294
Application of financial auditing principles: Standard costing	0.862	0.294	0.197
Application of financial auditing principles: Capital budgeting and net present value analysis	0.889	0.262	0.145
Application of financial auditing principles: Cost volume profit analysis	0.887	0.265	0.162
Application of financial auditing principles: Financial techniques	0.784	0.195	0.307
Application of financial auditing principles: Cost of capital	0.874	0.226	0.235
Application of financial auditing principles: Auditing balance sheet items	0.868	0.158	0.082
Application of financial auditing principles: Auditing income statement expenses	0.854	0.165	0.061
Application of the following principles of management: Planning	0.242	0.349	0.743
Application of the following principles of management: Organising	0.206	0.185	0.914
Application of the following principles of management: Directing	0.259	0.345	0.826
Application of the following principles of management: Controlling	0.157	0.288	0.841
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalisation			

Table 4.6: Rotated Component Matrix for Learners

Factor analysis was used for data reduction in Table 4.6 where the researcher intended to represent a number of questions with a small number of hypothetical factors (categories). With reference to Table 4.6:

- The principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalisation. This is an orthogonal rotation method that minimises the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors;
- Factor analysis/loading show inter-correlations between variables;
- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading, in instances where items cross-loaded at greater than this value) effectively measured along the nine dimensions.

It is noted that for Learners, the three categories under consideration (principles of Governance, Financial Auditing and Management) loaded perfectly. This means that the questions contained within these categories measured what they had set out to measure. As they loaded completely across different categories, they were clearly distinguishable in terms of what they were measuring. It can therefore be deduced that the measuring instrument (factor analysis) was designed in a manner that strongly measured the variables that made up the categories. This implies that the learners were exposed to the concepts and constructs underpinning Governance, Financial Auditing and Management in that they understood and applied these principles to the workplace.

Evidence from Table 4.6 which indicates the high scores (shaded), reflect a close correlation with the views of managers. This rotated matrix between the managers and the learners can be viewed as a significant milestone in this study on the learnership in internal auditing. Furthermore, this outcome is an important consideration for the Institute of Internal Auditors regarding the learnership.



For managers, the two categories (Application of Knowledge and Experienced Benefits) loaded with variables that overlap, indicating a mixing of the variables. This means that the questions in the overlapping categories did not specifically measure what it set out to measure. It can be highlighted that the respondents did not clearly distinguish between the questions constituting the dimensions, or that the questions measured quantities similar to what was asked in other categories.

#### **4.2 SELECTION OF SAMPLING TECHNIQUE AND QUESTIONNAIRE DISTRIBUTION**

Due to the small size of the target population, all learners who had completed the programme, and whose contact details still appeared on the IIA database, were chosen.

A total of two hundred and sixty-one questionnaires were distributed to all the public sector IAT Learnership learners who had completed the programme. One hundred and twelve questionnaires were received, representing a response rate of 43%. Twenty-two questionnaires were sent via e-mail to managers and six managers were interviewed personally by the researcher. Sixteen managers responded via e-mail. This represented a response rate of 95%.

#### **4.3 GEOGRAPHIC SPREAD OF THE TARGET POPULATION**

The choice of the target population was not based on regional or sector specific allocation. As mentioned in *Chapter Three*, the formation of the group is dependent on attainment of the required minimum enrolments and, unlike a tertiary institution, programmes are not scheduled in advance or per calendar period. Figure 4.1 reflects the programmes that were identified in relation to the provinces where they were held and completed during the time of the study; therefore this had no biasing effect on the outcome.

## Provinces

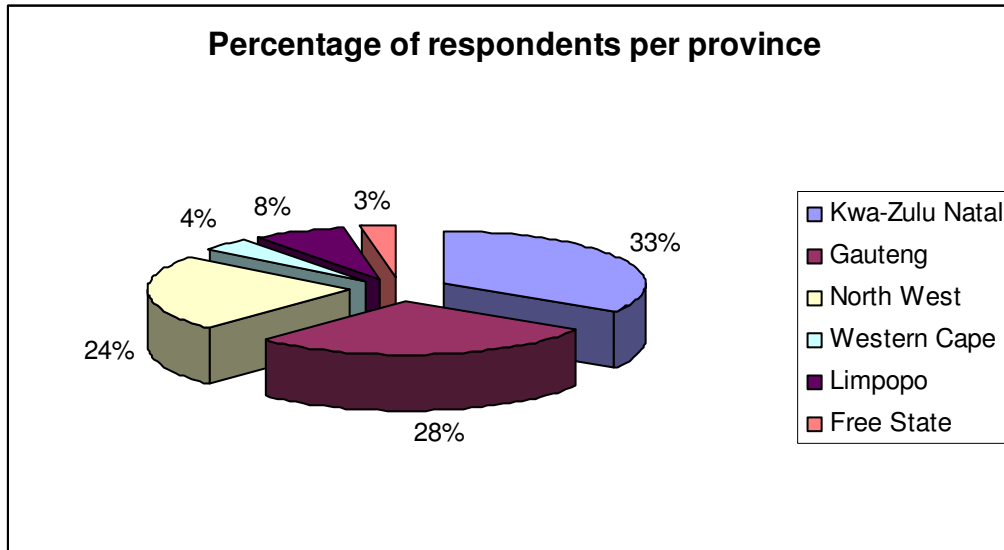


Figure 4.1: Provinces represented in study

## 4.4 RESPONDENTS BIOGRAPHICAL DATA

A racial composition of the managers in Figure 4.2 indicates that almost two-thirds (62%) of the managers are African. A quarter of them are white. The remainder is Indian, and there are no managers from any other race group.

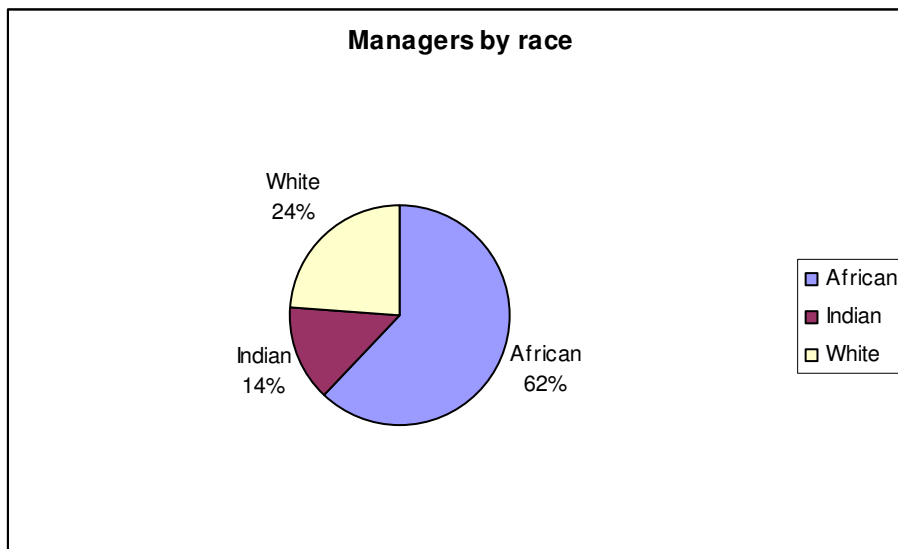


Figure 4.2: Racial composition of managers

A similar analysis for learners reveals the following demographic characteristics in terms of the cross-tabulation for the learners by gender, race and age group below.

Race				* Age Group * Gender					
				Cross tabulation					
				Age Group					
Gender				18 - 30 years	31 - 40 years	41 - 50 years	51 - 60 years	Total	
Male	Race	African	% within Race	55.6%	24.4%	8.9%	11.1%	100.0%	
			% within Age Group	96.2%	78.6%	50.0%	83.3%	83.3%	
			% of Total	46.3%	20.4%	7.4%	9.3%	83.3%	
		Coloured	% within Race			100.0%		100.0%	
			% within Age Group			12.5%		1.9%	
			% of Total			1.9%		1.9%	
		Indian	% within Race	20.0%	20.0%	40.0%	20.0%	100.0%	
			% within Age Group	3.8%	7.1%	25.0%	16.7%	9.3%	
			% of Total	1.9%	1.9%	3.7%	1.9%	9.3%	
		White	% within Race		66.7%	33.3%		100.0%	
			% within Age Group		14.3%	12.5%		5.6%	
			% of Total		3.7%	1.9%		5.6%	
		Total	% within Race		48.1%	25.9%	14.8%	11.1%	100.0%
			% within Age Group		100.0%	100.0%	100.0%	100.0%	100.0%
			% of Total		48.1%	25.9%	14.8%	11.1%	100.0%
Female	Race	African	% within Race	77.1%	14.6%	6.3%	2.1%	100.0%	
			% within Age Group	92.5%	70.0%	42.9%	100.0%	82.8%	

		% of Total	63.8%	12.1%	5.2%	1.7%	82.8%
	Indian	% within Race	42.9%	28.6%	28.6%		100.0%
		% within Age Group	7.5%	20.0%	28.6%		12.1%
		% of Total	5.2%	3.4%	3.4%		12.1%
	White	% within Race		33.3%	66.7%		100.0%
		% within Age Group		10.0%	28.6%		5.2%
		% of Total		1.7%	3.4%		5.2%
	Total	% within Race	69.0%	17.2%	12.1%	1.7%	100.0%
		% within Age Group	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	69.0%	17.2%	12.1%	1.7%	100.0%

Table 4.7: Cross-tabulation of learners by gender, race, and age group

In terms of Table 4.7 and given the basic nature of the IAT learnership, 69% of the learners are in the 18–30 year age group. This trend corroborates the target expectation aimed at attracting candidates, especially tertiary leavers and first time internal audit entrants with 0–3 years internal audit experience and further indicate government’s resolve in advancing the skills development agenda, as mentioned in Section 3.11.3 of *Chapter Three* of this research. The learnership also enables internal auditors without a formal qualification an opportunity to gain a vocational qualification that has national accreditation and recognition. This is represented in the older age grouping.

The majority of the learners in this age group (94%) are African, split evenly between males and females. Only 2% of the learners are Coloured, with all of them being male. With the majority of the population being African, this indicates governments’ exemplary impetus towards fulfilling its Constitutional mandate regarding gender and racial equity

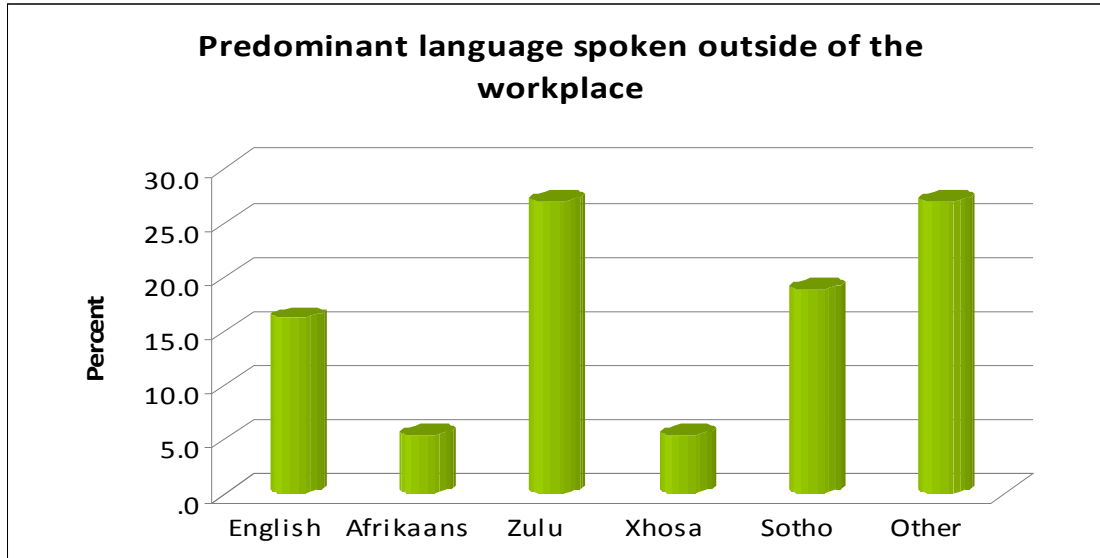


Figure 4.3: Language preferences outside of the workplace

Figure 4.3 above reflects that only 16% spoke English outside of the workplace, indicating that English is regarded as a second language for over 84% of the learners. The other category comprises official indigenous languages not listed. In terms of the racial profile of the students, it is expected that most learners would use the African languages in their workplaces informally; however, this may have important implications for the understanding and concomitant application of what is being learned in the learnership programme. It must be noted, however, in defence of the above point, that there are a greater percentage of African managers: hence support staff may make use of the predominant African indigenous languages in the workplace. Molekane (2008: 239) asserts the importance of service providers being able to conduct training in the language that would be understood by their audience. This also requires initiative and flexibility from the part of the service providers, in terms of language, as the situation could lead to loss of morale and a lack of enthusiasm by employees to participate.

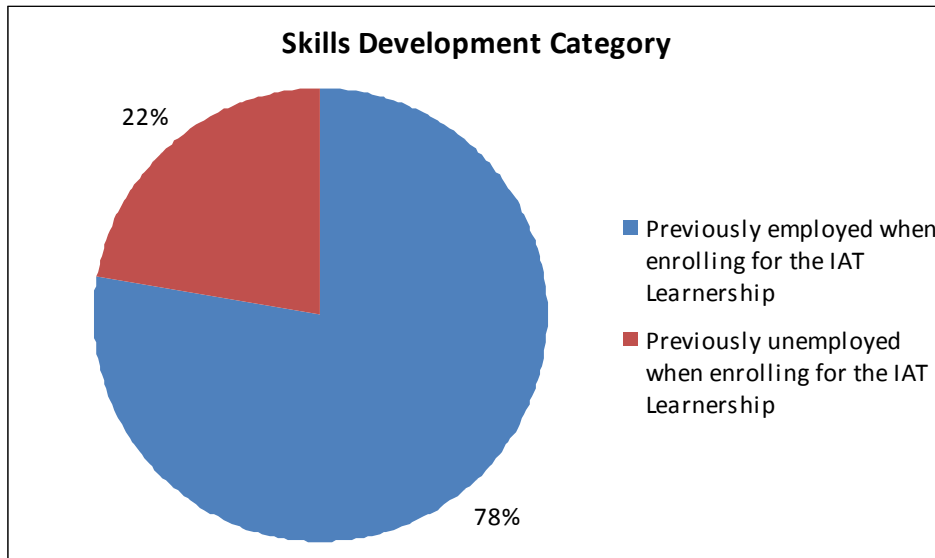


Figure 4.4: Category of employed and unemployed learners in terms of the Skills Development Act

Figure 4.4 shows the split between the two categories of learners in terms of Section 18.1 and 18.2 of the Skills Development Act (Act 97 of 1998) and is linked to the second objective of the study, which is to determine, interpret and explain the legislative framework and strategies governing learnerships.

Section 18.1 refers to an employee who was employed by the employer party prior to the learnership agreement being concluded, while Section 18.2 refers to an employee who was not employed by the employer party prior to the learnership agreement being concluded. This categorisation is an endeavour by government to encourage development of the unemployed and concurrently, exposing them to opportunities to develop skills and obtain work experience

The pie chart indicates that there were 78% of learners as categorised under Section 18.1, and 22% of learners as categorised under Section 18.2. Thus, there is a 7:2 ratio between the previously employed and previously unemployed learners. Most of the organisations employed Section 18.2 category learners on a two year contract in line with the two year duration of the learnership. No indications were given as to whether the learners would be awarded a full-time contract upon successful completion of the

programme. An additional study is required to ascertain how many Section 18.2 category learners eventually find full-time employment in internal audit. This would be a litmus test to ascertain the benefit of learnerships for the unemployed.

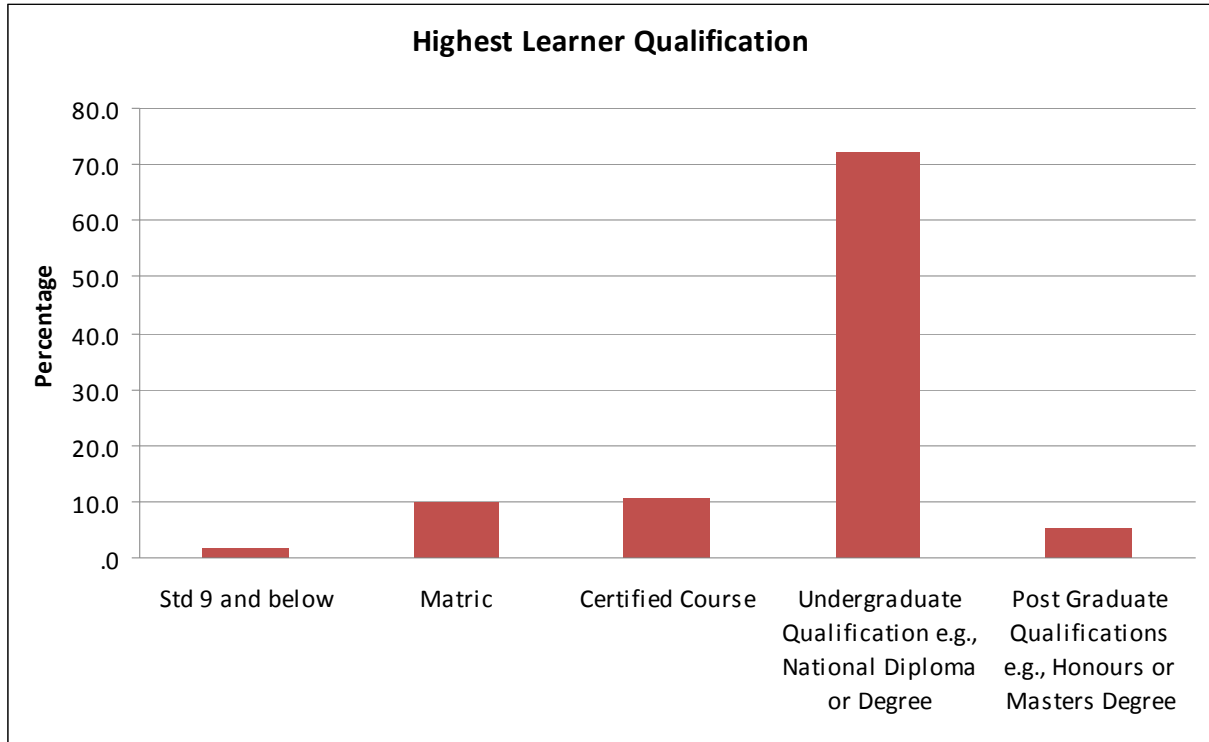


Figure 4.5: Highest qualifications of learners

Figure 4.5 indicates more than 72% of the learners had an undergraduate degree, while a further 5.4% had a post-graduate degree. Less than 2% of the learners did not complete Matric. This suggests that there is an adequate throughput of learners with qualifications emanating from tertiary institutions. It also suggests that employer organisations have the liberty of being able to choose from a large pool of tertiary qualified internal audit job-seekers in the labour market.

#### 4.4.1 WORK STATUS

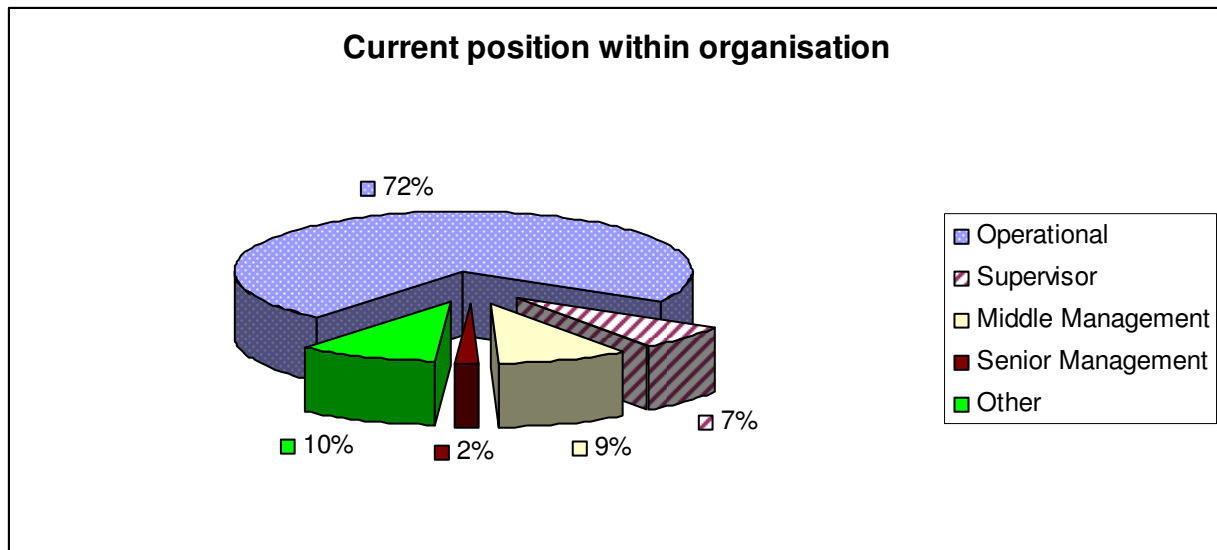


Figure 4.6: Learners current position within the organisation

Evidently from Figure 4.6, 72% of the learners hold operational positions. This finding indicates that the majority of the learners on this programme are concentrated at line level which is where the learnership is located.

#### 4.5 APPLICATION

Following the data on the demographic spread of the sample, a discussion on the analysis and findings on the core of the research regarding applicability by the learners follows.

##### 4.5.1 THE INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The International Standards for the Professional Practice of Internal Auditing, also known as the International Professional Practice Framework (IPPF), is the cornerstone of practice and an international benchmark within the discipline and profession of internal audit. With regard to the questions on the IPPF, 97.3% of the learners indicated that they were able to identify areas whereby the application of IPPF principles would



improve processes and operations within the organisation and a further 88.4% of them were able to apply knowledge learnt from the learnership. This finding is again noteworthy for the IIA SA.

<b>Statements of interest in response to IPPF</b>	<b>Percent</b>
Were you able to identify any areas in the organisation, with regards to processes and operations, which could be improved upon?	97.3
If yes, were you able to apply knowledge gained specifically from the learnership?	88.4

Table 4.8: Statements of interest in response to IPPF

The empirical findings in Table 4.8 revealed that those who responded negatively to the application of the IPPF cited the following reasons for doing so:

<b>Reasons for non-application</b>	<b>Frequency</b>	<b>Percent</b>
Not part of management, therefore not given chance to implement	5	4.5
Managers do not take suggestions from staff	2	1.8
Managers feel threatened by junior staff and new ideas	2	1.8

Table 4.9: Reasons for not applying the IPPF

In the empirical survey, learners were asked to comment on the reason for not being able to apply the knowledge of IPPF gained from the learnership. The findings revealed that 1.8% of the learners were of the opinion that managers do not take suggestions from staff. This could be attributed to an autocratic management style, non-adherence to the IPPF principles, or a vague interpretation on the learner's part. Furthermore, 1.8% of the learners were of the opinion that managers feel threatened by junior staff and new ideas. This counteracts the trend towards a knowledge management environment, and is a significant finding in this research study.

#### 4.5.2 CODE OF ETHICS

Most learners were able to benchmark against the Committee of Sponsoring Organisations (COSO) framework, as indicated in Table 4.10.

COSO Framework	Percent
Effectiveness of the ethical process using COSO framework	91.1
Practices or procedures identified that are contrary to the Code of Conduct as prescribed by COSO	58.0

Table 4.10: COSO Framework

However, 58% of the learners identified practices or procedures that went against the COSO code of conduct. The reasons are illustrated in the Figure 4.7 below.

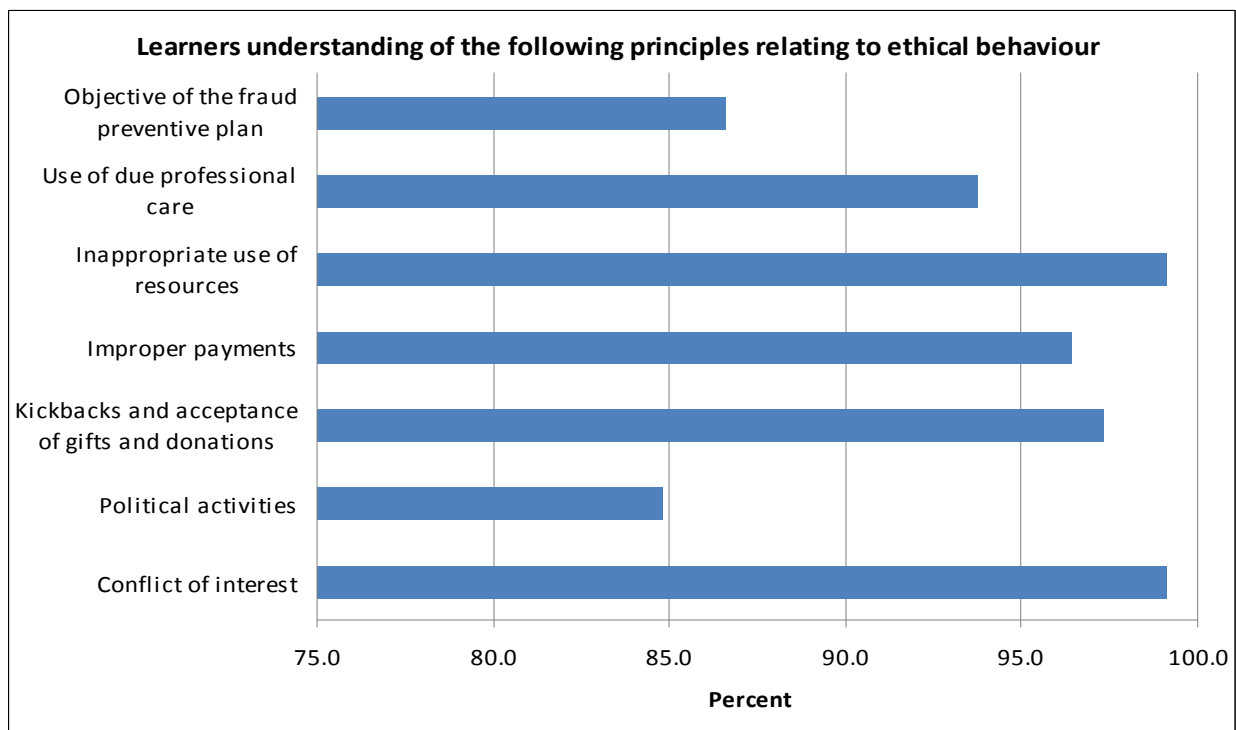


Figure 4.7: Learners understanding of the principles of ethical behaviour

Figure 4.7 summarises learners' understanding of the principles relating to ethical behaviour. On average, 94% of the learners indicate that they understand the principles

relating to ethical behaviour. These are critical points of good governance for public sector officials. All factors scored highly. Amongst the lower ranks were Political activities (84.8%) and Objective of the fraud preventative plan (86.6%). Most of the others scored close to unity (100%). Ethics is an integral part of auditing and the cornerstone of the public sector. Almost on a daily basis, issues of unethical behaviour involving government personnel appear on the television and print media. This was also underscored by the IIA's strong Code of Ethics and, at the time of the research, by the compilation of the draft King III Code of Good Governance.

Conflict of interest has come under the spotlight with regards to declaration of private gain for self enrichment. This reaffirms the commitment of public officials to the Values and Principles of Public Administration as contained in Chapter 10 of the Constitution. 99.1 % of the learners indicated that they understand the principles of conflict of interest, therefore to combat its perpetuation, a draft framework on Conflict of Interest Framework for the Public Service is being compiled as a way of creating a standardised approach to managing conflicts of interest (DPSA online: 2010). This aspect continues to pose challenges to public sector employees.



Figure 4.8: Ability to apply knowledge gained from the learnership in terms of rectifying ethical behaviour

The above findings are very positive. They show that the learners internalised the principles of the Code of Ethics as discussed in the modular sessions and were able to apply these principles in the workplace. Developing competence is fundamental to building commitment. Public officials in management positions who capacitate subordinates in increasing their knowledge, skill and experience, are building subordinate public official commitment (Mafunisa, 2000: 83).

### 4.5.3 COMMUNICATION SKILLS

The following improvements were noted:

Improvements noted	Percent
Communicating with departments	11.1
Communicating with clients more confidently; presentation skills improved	42.2
Knowing what is expected from an internal auditor	4.4
Reporting writing skills improved; address findings correctly; communicate when meeting clients	14.4
Learnt listening techniques and how to apply it	1.1
Communication process - good skills were passed; identify and overcome barriers	16.7
Can handle entry and exit meeting as well as interviews	2.2
Understanding of risk identification	4.4
Was able to interview better	3.3

Table 4.11: Improvements noted in Communication Skills

In a significant finding in this research and one that answers a key question in *Chapter One*, more than 90% of the learners indicated that their communication skills had improved after this module in the learnership. Communication Skills as a module appears on the curriculum of both the IAT and GIA learnerships, thus highlighting its importance. The importance of the subject is further emphasised by its inclusion in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (IIA Standards 2410 – Criteria for Communicating).

The Communication Skills module is two days in extent and a high volume of work covering written and verbal skills are taught. This could be the reason why only 1.1% had noted an improvement in listening techniques and how to apply it. The presenters of this module informed the researcher that due to time constraints, they were not able to conduct listening self-assessment and application techniques with the learners.

In recent research conducted in the United Kingdom, communication emerged as a very important skill for public sector managers: more than 74% said that, increasingly, they had to influence people over whom they had no management responsibility. 46% believed that leaders did not communicate enough (The Times: Online, <http://www.timesplus.co.uk/tto/news>). An important observation is that the majority of learners identified interaction with the customer as being of greatest benefit. The client to the internal auditor is the department or unit being audited and more importantly the community being served. In line with the latter, one could argue that Batho Pele, as government's key service delivery policy, seeks prominence. Communication is the common underlying theme across the eight principles. It is a customer-centric approach and focuses on customer-relationship management. The Communication module in the learnership highlights the principles of Batho Pele, which suggests that the IAT learnership not only seeks to improve the internal auditors working sphere, but also its communication with its external client – the public. Presently, the lack of efficient and effective service delivery is in the limelight across South Africa and has led to numerous community protests and even violent conflict. President of the relatively newly-elected government, Jacob Zuma, has acknowledged this and promised better government performance by his 'young' administration once the new structures that have been put in place are given time to work (Sunday Times, 2009: 4).

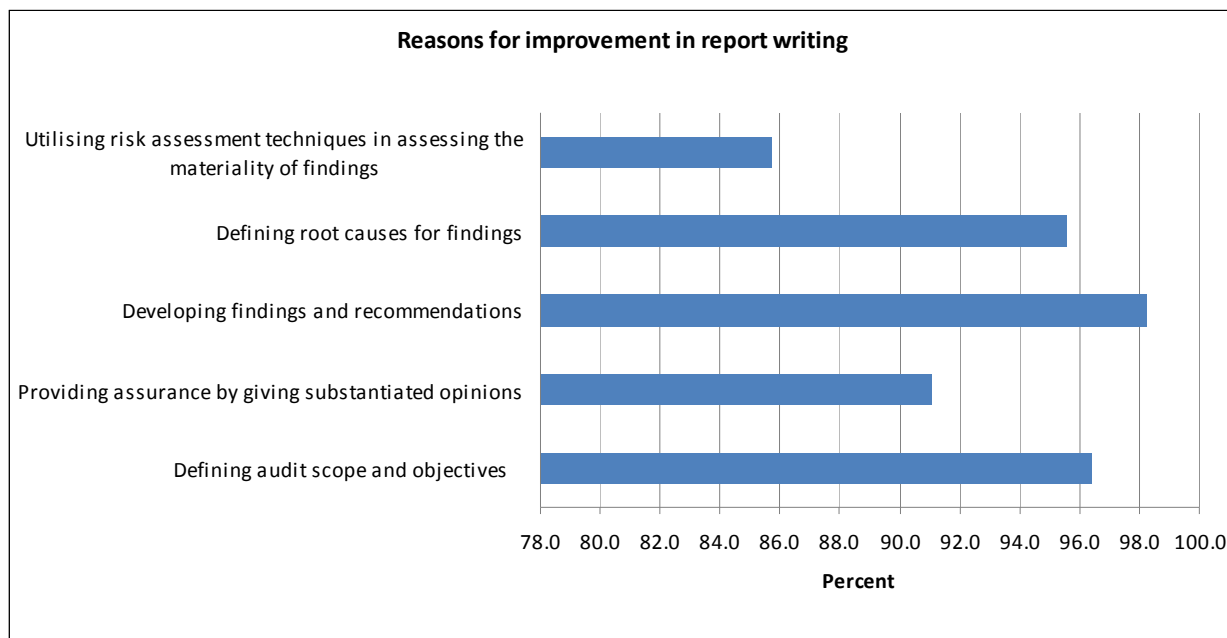


Figure 4.9: Reasons for improvement in report writing

Report writing is a fundamental skill for accountability and transparency in the public sector and a key determinant for performance management; it continues to be an ongoing challenge insofar as the technical and scientific requirements for reporting levels are concerned. Upskilling both managerial and line personnel also remains an ongoing challenge in the public sector.

The learnership specifically develops the learner on auditing specific scopes and objectives, based on a risk assessment where high likelihoods and impact were identified and agreed on with management. This agreement allows synergy between management and auditors. When significant things go wrong, this synergy together with a proper root cause analysis, allows auditors to generate reports that address the real issues. An internal auditor’s ability to identify inadequate, inefficient and ineffective controls, is a critical aspect of root cause analysis. Identifying root causes leads to solutions or recommendations, and the implementation thereof leads to a reduction of the likelihood of the problems being repeated which in turn enhances the internal audit value proposition (Practice Advisory 2120-2 IPPF Standards). The researcher notes that root cause analysis is not part of the outcomes of the Communication module. A proposal to include same will be made to management.

Approximately 93% of the learners on average have identified the aspects contained in Figure 4.9 for improvement in report writing. These high scores reflect a positive impact of the learnership on the learner's ability to produce reports of high quality. This is further substantiated by the managers' response in Figure 4.25, where 80% of the managers agreed that their learners were able to apply knowledge gained from the programme.

It must be noted that internal audit reports serve the needs of the management of the organisation and not that of the internal auditor. To this end, it is imperative that the quality of the report is of a high standard as it is meant to inform, persuade and achieve results (Fourie, 2005: 40). IIA Standard 2400 on Communicating Results requires that internal auditors communicate the engagement results effectively. Although several public sector managers are not *au fait* with scientific writing skills and the requirements for submission of reports, this learnership provides a good grounding for report writing skills and strengthens the rationale for offering this programme by the IIA SA (IIA Online: 2009, [www.iiasa.org.za](http://www.iiasa.org.za)).

Approximately 80% of the learners indicated that prior to attending the programme, only 3% had their recommendations accepted. After attendance, this had grown to 33%. This is yet another clear indication of the benefits of the learnership and points to a growing need for internal auditors to articulate their findings accurately, concisely and convincingly, while making a difference in addressing practical challenges and improving their vocational skills.

A brief discussion on corporate governance within the public sector follows within the context of auditing *vis-à-vis* learnerships.

#### 4.5.4 CORPORATE GOVERNANCE IN THE PUBLIC SECTOR

*“Corporate governance describes the system by which the responsibilities of enterprises are fixed, directed and controlled. It is the relationship amongst various participants of companies in determining their direction and performance. It is concerned with holding the balance between economic and social goals and between individual and communal goals; the aim is to align as nearly as possible the interests of individuals, corporations and society“ (Cadbury Report, 1999).*

Ultimately, the aim is to achieve the objectives of the overarching corporate governance principles of fairness, accountability, responsibility and transparency.

In terms of the research, 94% of the learners indicated that they had gained an understanding of corporate governance. Corporate governance relates to social, moral and ethical responsibility mandated by the Constitution. This is directly linked to auditing as a control function, and in particular, internal auditing.

Module one of the learnership extensively covers the King Report on Governance for South Africa 2009, otherwise known as King III. The King III Report applies to all entities regardless of the manner and form of incorporation or establishment, whether in the public, private sectors or non-profit sectors. The principles have been drafted so that every entity can apply them and, in doing so, achieve good governance. Chapter 7 of King III enjoins the internal audit department to, *inter alia*, evaluate the company's governance processes and provide a source of information as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities (King III Report, 2009).



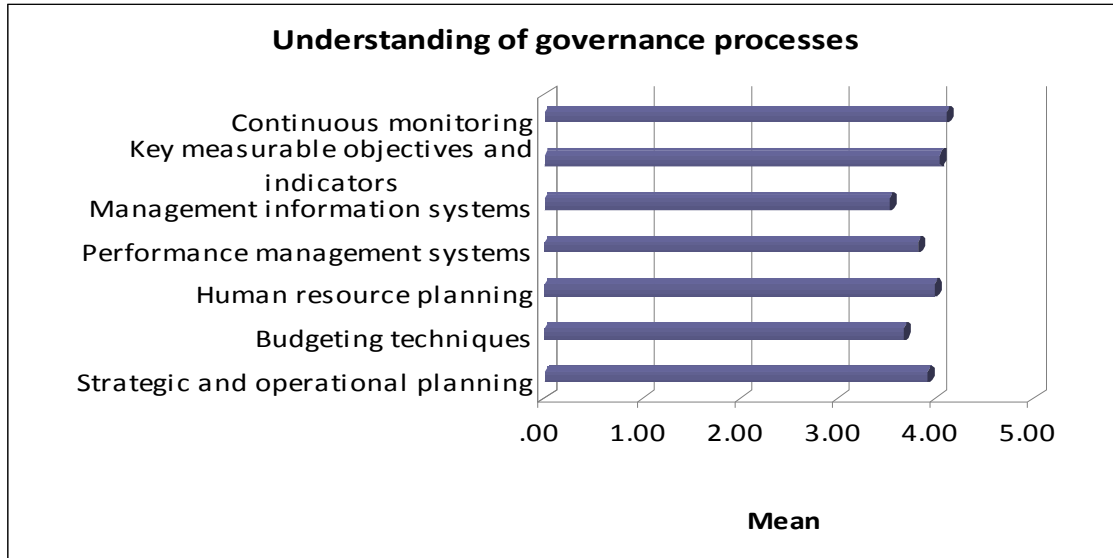


Figure 4.10: Understanding of governance process

As a measure of this, learners rated their understanding and applications of the category, as illustrated in Figure 4.10. The average score for this category is 3.9, which is close to an average application rating. Management information systems and budgeting techniques were identified as the factors that contributed to the lowering of the average. The reason for this lower score is that the former is a specialised function not performed by all internal auditors, while the latter is conducted by senior management personnel.

Monitoring and evaluation is a major contemporary focus area in the public sector. Application of the principles is a key determinant for the practice of public administration and more importantly, public service delivery.

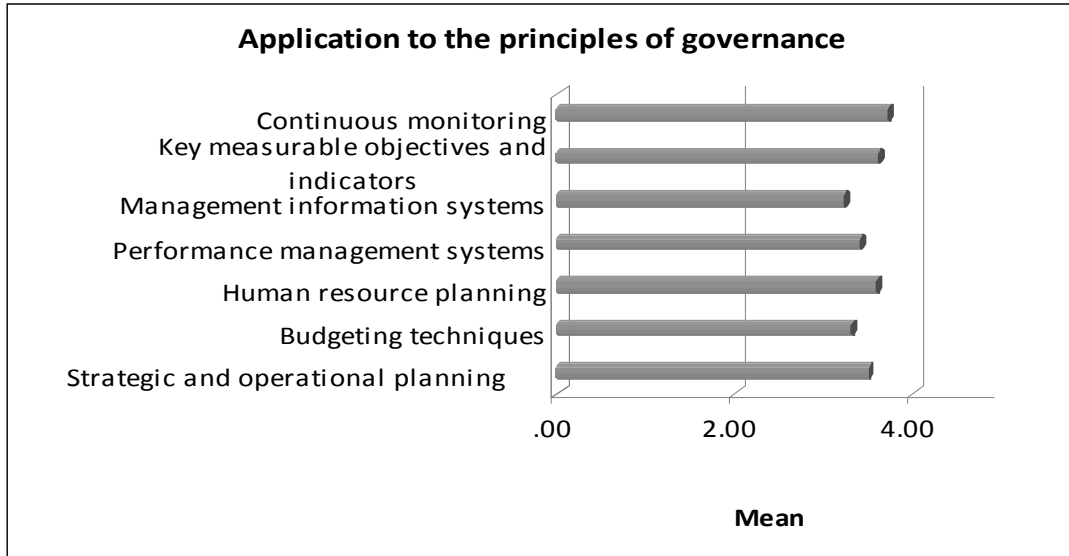


Figure 4.11: Application of the principles of governance

As depicted in the above illustration, none of the statements reach the positive statement scale. The average is 3.5 for this category. There are as many respondents who are uncertain as there are with average application. The contributing factor for this could be that learners functioning on an operational level are not exposed to audits of the governance processes. Due to its traditional status as the domain of senior management, these reviews are conducted by senior internal auditors. This may be highlighted as an area for improvement urging employers to allocate internal auditors at line and operational level more exposure to these types of audits. It is an important finding for due consideration by employers in the public sector.

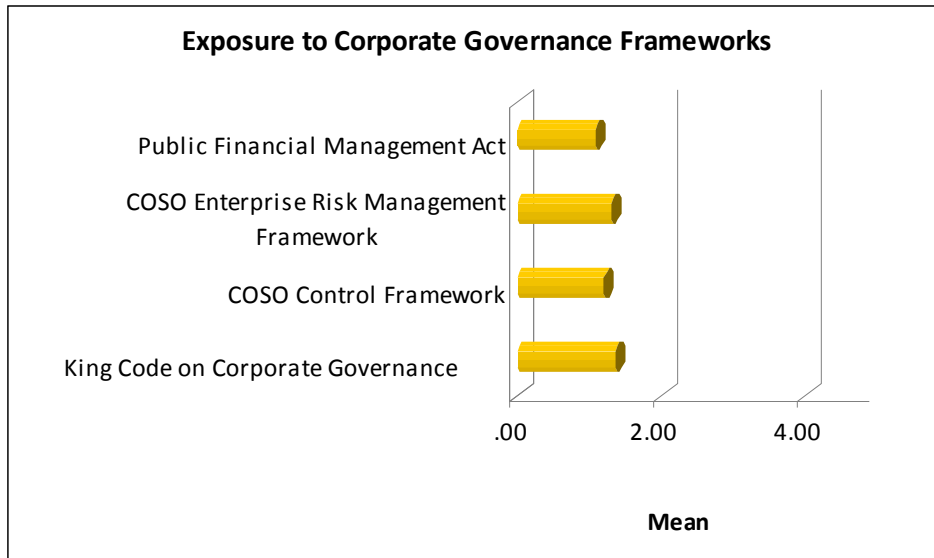


Figure 4.12: Exposure to Corporate Governance Frameworks

The average score is 1.25, which is close to the choice of ‘yes’. There is an overwhelming indication that learners were exposed to the factors that make up this category. This is indeed a reflection that the content of the learnership is relevant and appropriate and the outcomes reflect emphasis on areas that add value to public sector management, increased responsibility and accountability and a culture of service delivery improvement.

#### 4.5.5 FINANCIAL ASPECTS

The requirement that public service administrators across the hierarchical spectrum must be financially competent is of paramount importance. This was echoed by the previous Minister of Public Service and Administration, Ms Geraldine Fraser-Moleketi, who asserted that insufficient attention was given to the capacity of the provinces to assume their devolved powers, especially given the poor financial control culture due to the lack of an effective system of monitoring and evaluation, and a continued *silorised* approach in the delivery of services, resulting in poor integration of delivery efforts across government (2007: 4). The 2007-08 report by the Public Service Commission indicates alarming lapses in proper financial controls in 107 of the 108 provincial government departments (Business Day, 2009: 2).

While internal auditing is not solely a financially based discipline, its findings will invariably have a financial impact or consequence; therefore financial acumen is imperative for an internal auditor. This is borne out in the analysis of the results for both the financial modules in the learnership, which indicates a trend of lower scores attained by learners when compared to other modules. For example, the average pass rate for the non-financial module is 72% while the average pass rate for the financial modules is 68%.

Following 24 months of the learnership programme, only 5% of the learners indicated that they did not gain an understanding of the principles of financial auditing as required by the International Standards for the Professional Practice of Internal Auditing. This could be attributed to learners with non-financial acumen, lack of conceptual and contextual understanding of numeracy skills, fear of numeracy and a lack of embedded financial knowledge when entering the field.

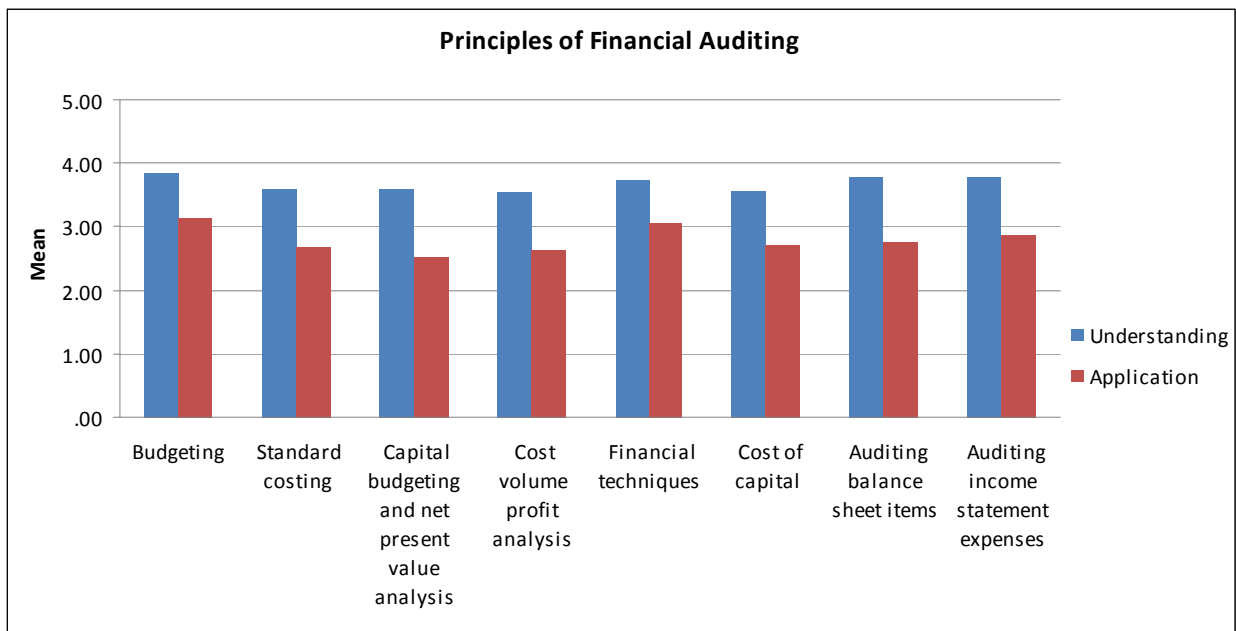


Figure 4.13: Understanding and Application of the Principles of Financial Auditing

Figure 4.13 illustrates that although learners have been exposed to principles of financial auditing, they have difficulty in applying the principles in the workplace. The reasons are two-fold. *Firstly*, all of the above principles require the utilisation of

specialised tools. Application is difficult, as line managers do not possess the correct tools or use the correct tools to calculate budgets or perform costing exercises. This lack of skills invariably affects the learners who cannot be taught adequately. This was noted by the Auditor-General, who reported that training was not adequate to enable the effective use of systems and in other cases there were inadequate user training (Auditor-General Report, 2009: 200 & 219). *Secondly*, the applications of these techniques are often applied by more experienced auditors, and learners are too inexperienced to engage on audits at this level.

The average value for exposure to the principles is 3.7, while the application mean is 2.8. For the latter, it means that there are slightly more people who agreed with the options of little or no understanding, than there were with those that agreed.

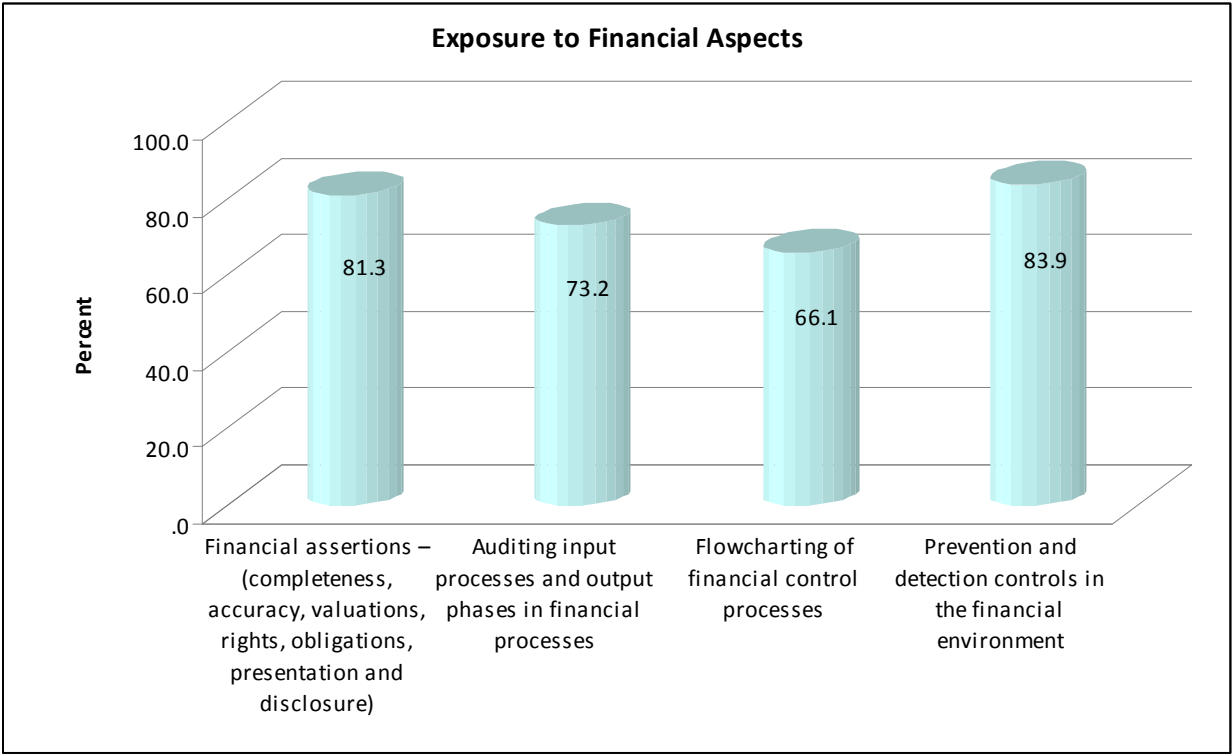


Figure 4.14: Exposure to Financial Aspects

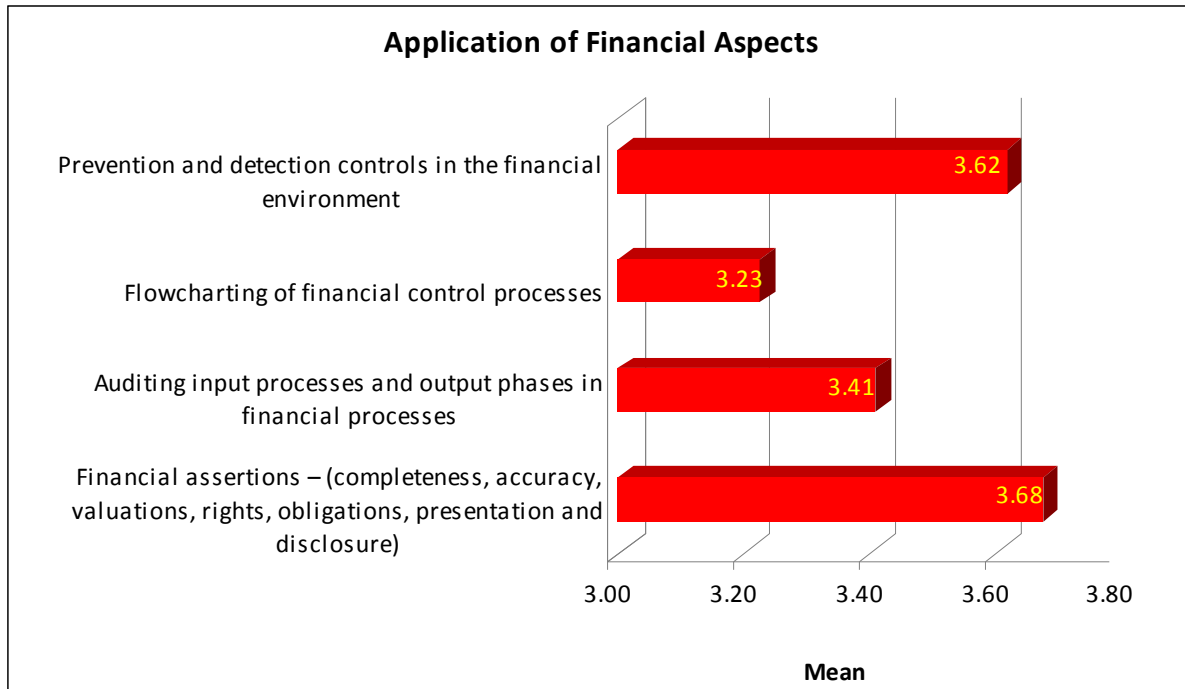


Figure 4.15: Application of Financial Aspects

Figure 4.14 indicates that an average of 76% of learners were exposed to Financial Aspects within the organisation, while Figure 4.15 indicates an average score of 3.5 for the entire category, meaning that there were as many learners who were uncertain as there were those who had an average understanding. The values closer to 3 implied that there were as many learners with little or no application, as there were those that had awareness. The first and last factors were most prominent, while flowcharting of financial control processes was ranked the lowest. Flow charting is critical in assisting a learner in understanding the process flow, risks and controls in an organisation. The root cause for this low figure is the lack of proper flow charting software in use in the public sector.

This lack of financial acumen is of enormous concern in the public sector presently and is echoed in the Auditor-General's report, which states that of the thirty-four national departments audited, only seven received outright unqualified reports (Auditor-General Report, 2009: 8). At local government level, the signs are just as bleak. Only six municipalities received clean audit reports in 2008, while at present, no less than three provincial capitals are functioning under central administration. This serves as a caveat

of the strain under which local governments in the country are functioning as the pressures of inadequate financial and skills resources mount (Service., 2010: 35).

In a joint effort to address these issues, the IIA and the National Treasury Department embarked on a country-wide road-show in February 2010 holding workshops with municipalities in the various regions. The aim was to develop an attitude of change due to the changing economic landscape and to encourage internal auditors to change from compliance based to risk-based auditing in order to embrace these changes. As an example, only five out of one thousand four hundred indicated that they have used costing techniques in auditing previously.

#### 4.5.6 NON-FINANCIAL ASPECTS

94% of the learners indicated that they had gained an understanding of the principles of management.

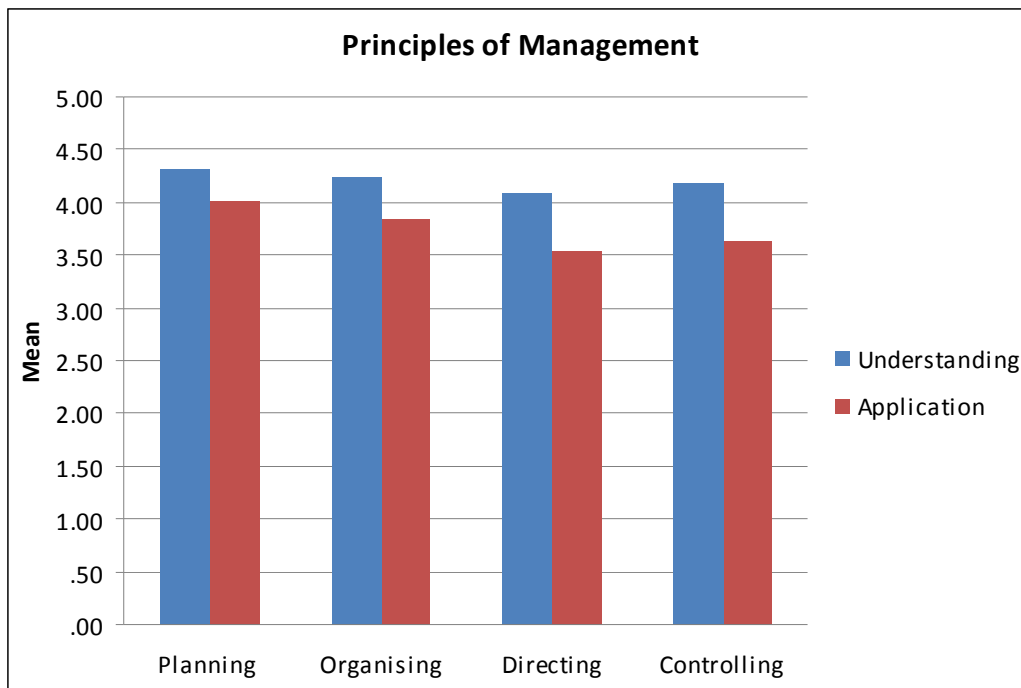


Figure 4.16: Principles of management

Figure 4.16 illustrates that there is a gap between the understanding and application of the principles to the audit assignment. While this gap is not very large, it does illustrate

that learners do have difficulty in applying their acquired skills. According to the presenters of this module, who are subject matter experts (SME), this gap makes sense. Given that they ought to understand management principles to make an assessment of root cause for deviations, they are, however, not managers themselves. It must also be noted that internal audit is a staff function, not a line function, and therefore does not involve the role of the managers in the organisation.

Learners' responses to exposure to the following variables are given below:

<b>Exposure to strategic issues facing management</b>	<b>Percent</b>
Basic Conditions of Employment Act	81.3
Safety, Health and Environmental Reviews	75.0
Strategic issues facing management	50.0

Table 4.12: Learners Exposure to Non-Financial Aspects

It is evident from Table 4.12 regarding exposure to strategic issues facing management, that learners are not included in the strategic aspects of the organisation. This is an indictment on the organisation as the learners will be handicapped in contributing to the holistic vision and mission of the organisation.

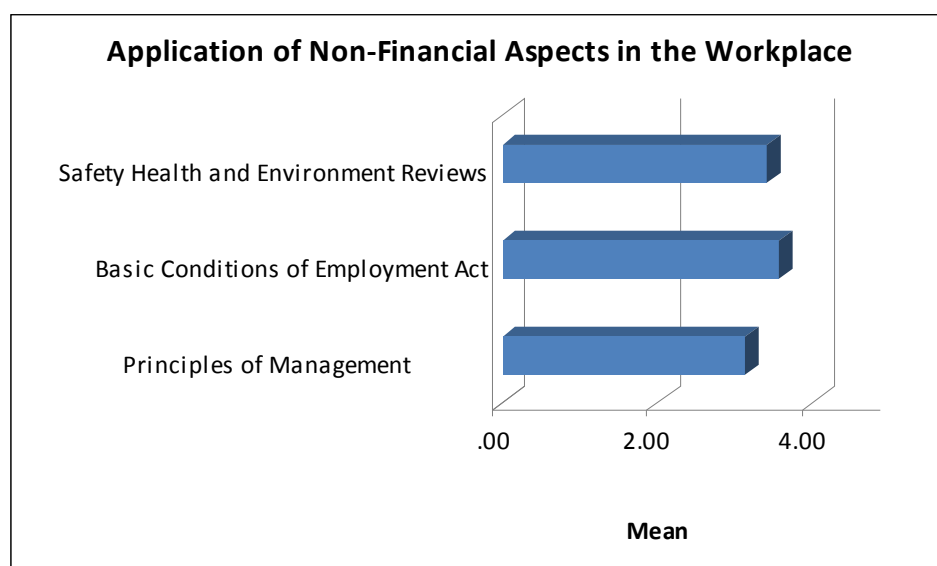


Figure 4.17: Application of Non-Financial Aspects in the Workplace



Figure 4.17 illustrates an average score of 3.4 for the factors under review. This indicates that there were approximately as many learners who showed little or no application, as there were those who did. Part of the reason is that the above areas are very specialised and generally reserved for senior internal auditors, and learners may not have had the opportunity to audit in the Safety Health and Environment or Human Resource areas. This does, however, indicate a need for such specialised areas to be cascaded to junior internal auditors for entry level experiential exposure.

**4.5.7 TOOLS AND TECHNIQUES**

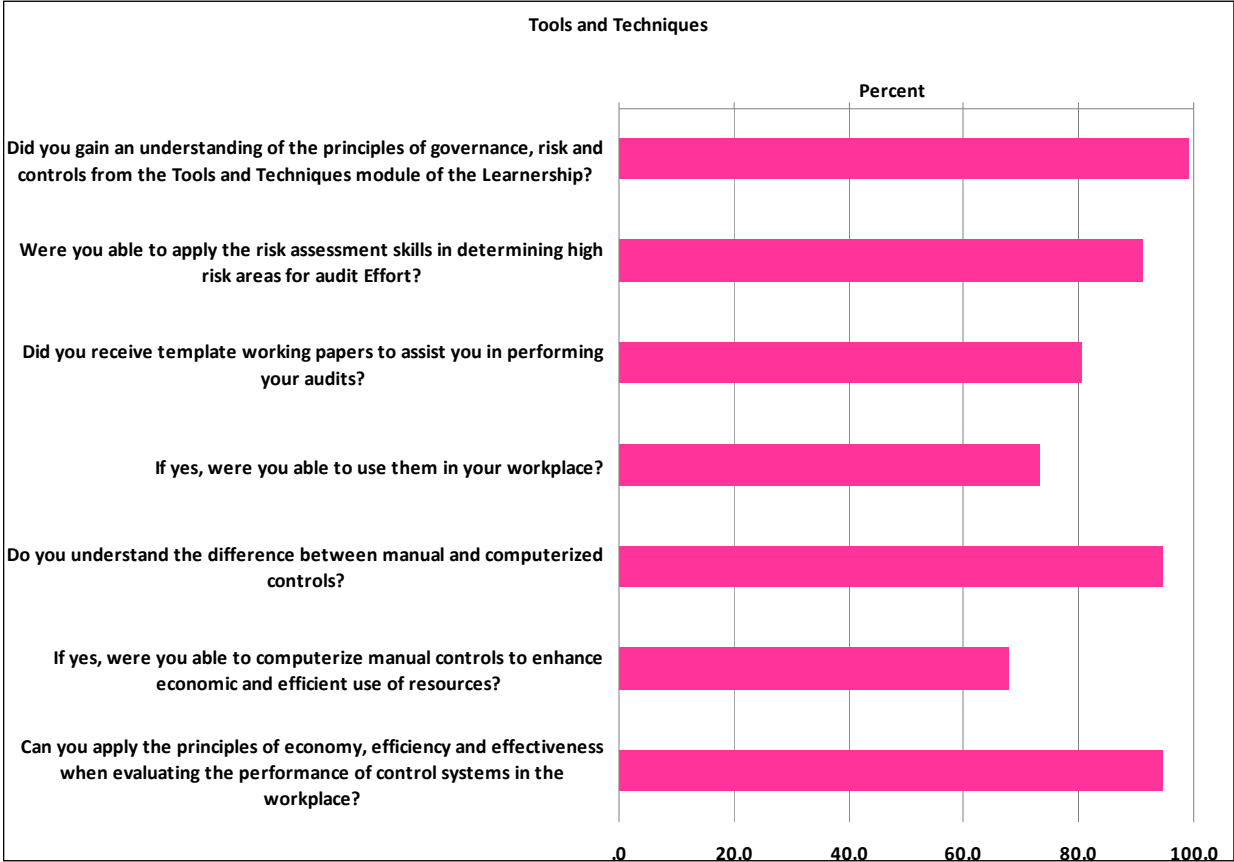


Figure 4.18: Tools and Techniques

There was an overall agreement percentage level of 86% for this category in the research study. The gap between the theory and the application is 27%, which is appreciable.

The factor that is responsible for having a negative impact on the percentage scores deals with the computerisation of manual controls. The two low ratings are a fitting reflection to what is happening in practice. *Firstly*, computerisation of manual controls is a challenge in the public sector due to the lack of funding to procure software systems, and *secondly*, the lack of computer skills by line management to identify their automated systems needs, and the subsequent budgeting and successful implementation of such. Computerised controls are also more effective in identifying fraud and corruption. Manual controls are easier to manipulate, and difficult to audit. Paper trails often disappear, as stated in the annual report of the Auditor General (Auditor-General Report, 2009: 34).

To this end, a joint venture between the South African Local Government Association (Salga), Development Bank of Southern Africa (DBSA) and Microsoft South Africa has been entered into to develop and place information technology graduates in government departments. The cornerstones of this programme will be the creation of efficient systems, the provision of more skilled personnel, the promotion of good governance and the driving of effective communication in government (Coetzer, 2010: 12).

Under the question “Where there other areas in the learnership not specifically identified that you were able to implement from the learnership?” the following responses are cited in Table 4.13.

Confidence in explaining IA as a whole
Understood the link between IDP, development of service delivery and budget implementation of IA
Supply chain management and procurement of goods/services
Surveys of staff and management regarding knowledge of their policies

Table 4.13: Unidentified Areas in the Learnership that were Implemented

These comments were noted by the researcher and earmarked for further research.

#### 4.5.8 MANAGEMENT SUPPORT

60% of the learners indicated that there was a mentorship programme in place. The University of KwaZulu-Natal's Leadership Centre defines mentorship as

*“a dynamic non-competitive nurturing relationship in which a mentee is guided, advised and sponsored. Mentorship is a process which encompasses the personal and professional development of a mentee”* (in Babb & Meyer, 2005: 155).

Mentoring is a fundamental element of the learnership. Employer organisations must appoint a mentor for the learner as part of their contractual obligation and some organisations appoint a mentor for the sake of the learnership, while others do so as part of their organisational strategy. The Ministry of Public Service and Administration has published a mentorship document on its website to encourage public service organisations to implement such a programme, thus emphasising the need for mentorships within organisations (DPSA online: 2009, <http://www.dpsa.gov.za/lnac2009.asp>).

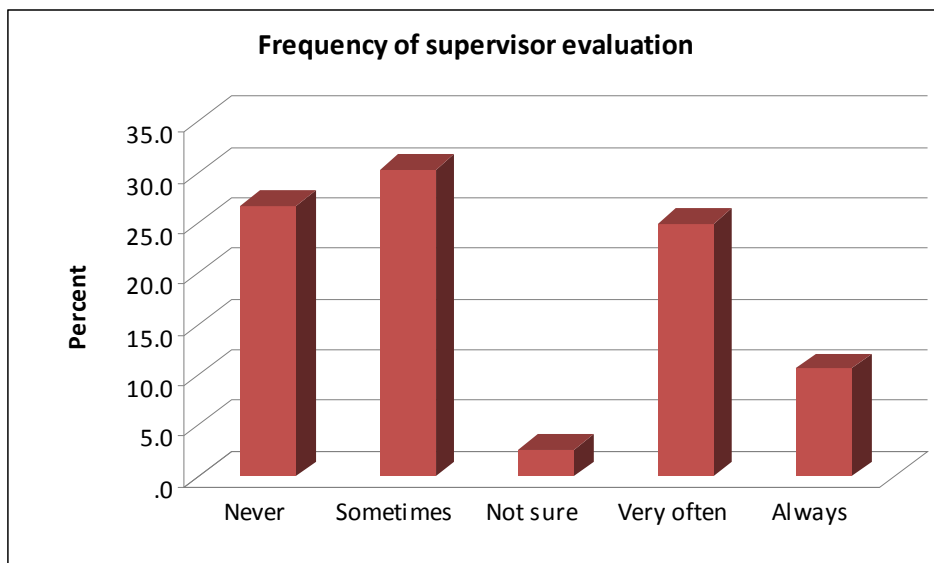


Figure 4.19: Frequency of supervisor evaluation

According to Figure 4.19 (question 4.2 of the questionnaire), learners indicated that more often than not, their work is not evaluated by their supervisors, while their response to question 4.3 of the questionnaire, which asked 'Does your manager treat your learnership seriously?' 87% of the learners indicated that their managers treated the learnership seriously and 10% indicated otherwise. There seems to be a direct disconnect between managers and their supervisors regarding direct interest in the learnership and this is a major cause for concern. Supervisors have the bulk of the frontline interaction with their subordinates and are the immediate senior personnel responsible for ensuring that appropriate and constructive training is taking place in the workplace (Vito, 2007: 33).

The lack of interest will have a negative impact on the quality of the learner's progress. Busyness was the main reason given by supervisors to the researcher in response to not receiving the questionnaires timeously. This could indeed translate into a reason for them not paying proper attention to their learners. There are two possible additional reasons. The first is an increased tendency to adopt the 'siloed' approach by senior personnel in government. This selfish tendency to keep knowledge and skills to themselves, to remain aloof and impart only the basics, together with prevalent 'turf wars' and a lack of alignment of policy will impact the attraction, development and retention of skills (Babb & Meyer, 2005: 7). The second could be the lack of clear information and instruction given to the supervisors during the planning stage and perhaps a failure to include them during the induction phase.

The encouraging manager statistic indicates support in line with both a political and managerial will to ensure that these efforts are formalised and operationalised within their departments; however, it also point towards a lack of awareness on their part regarding the behaviour and activities of their supervisors towards the learnership specifically and skills development in general. This finding is an important factor for due consideration as it relates to one of the key questions in *Chapter One*.

#### 4.5.9 PERFORMANCE MANAGEMENT

Performance management systems are beneficial to the organisation as it communicates the strategic vision, recognises valued performers, identify improvement areas, ensures consistency, and distinguish between employees performance (Vito, 2007: 34). According to Figure 4.20, 85% of the learners stated that a performance management policy is in place and 70% indicated that research regarding the level of performance in learnerships served to identify training gaps. This is encouraging as it reflects the integrity of the learnership and its use as a performance management tool in adding value by enhancing the performance portfolios of individual staff and ultimately being of overall benefit to the organisation. It also indicates that the learnership is high on the agenda of training and development in these departments.

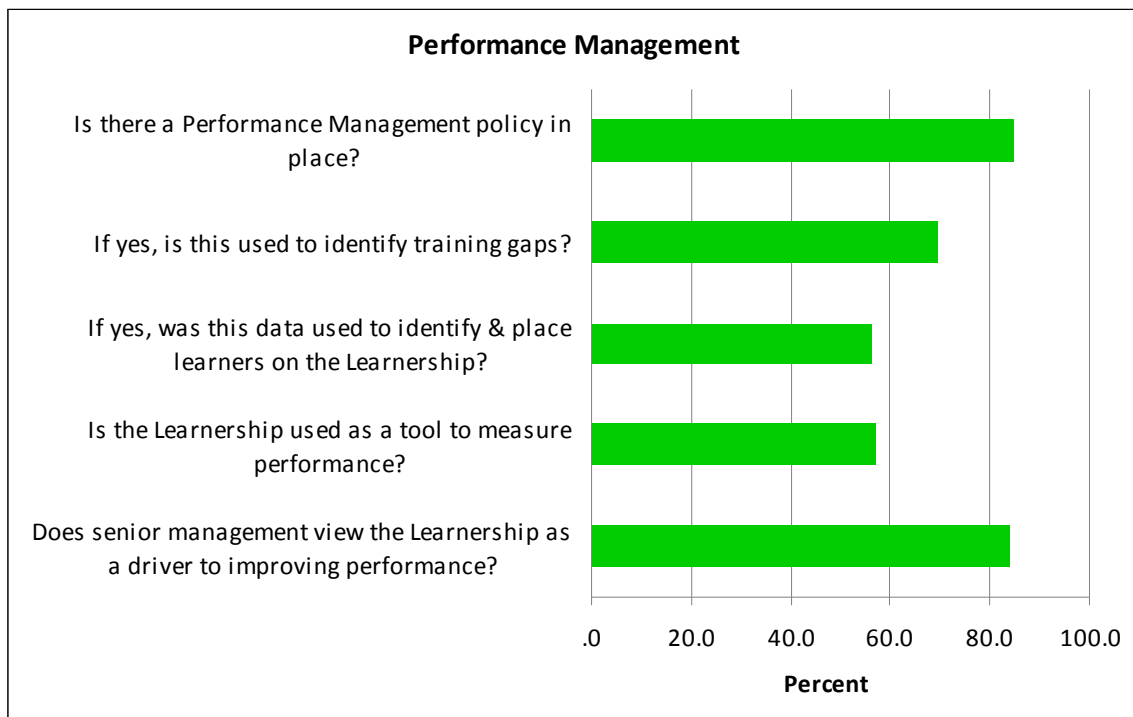


Figure 4.20: Performance management

#### 4.5.10 TALENT MANAGEMENT

Pillay, Subban & Qwabe (2008: 313) argue that staffing is the new speed limit to growth and that talent management has become a cornerstone of human resources development. They suggest that the traditional channels of education and training are no longer providing skills in sufficient numbers nor are they necessarily aligned to organisational needs. Organisations must participate in the development of relevant skills if they are to survive. Because of its holistic, inclusive and on-the-job conceptualisation, learnerships provide an adequate platform from which to gauge, nurture, measure and retain talent within the organisation. The issue of talent management is a focus for the Institute of Internal Auditors to consider.

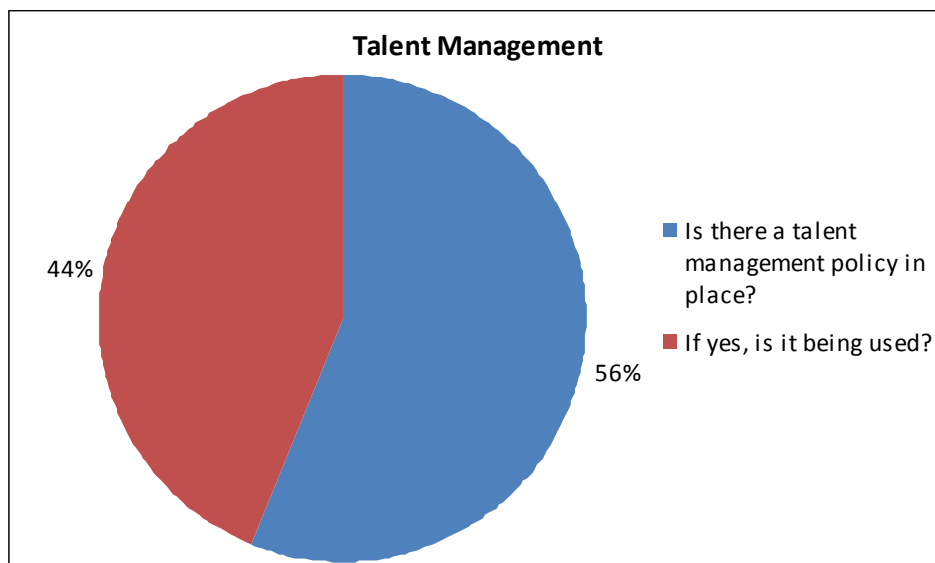


Figure 4.21: Talent management

In terms of Figure 4.21 above, 56% indicated that a talent management policy was in place, while 44% indicated that it was being used. The learnership database indicates approximately 20% of learners move from their organisation to other organisations during the two year programme. The researcher included this section on talent management in the study to seek explanation for the high mobility of internal auditors within the profession and especially in the public sector; and as justification for further research.

## 4.6 MANAGERS

The following data and subsequent findings were extracted from the responses given by the managers.

### 4.6.1 GENERAL

The following expectations were given by managers when enrolling learners on the learnership:

Expectations	Percent
Improvement on auditing skills and have a broader view	45.5
Provide more information on their working papers	13.6
To lead projects, if necessary	4.5
Improve their understanding of IA standards, their applications and offer standardisation	31.8
To increase output and formal qualification	9.1
To work on their own with less supervision	9.1
Bridge the gap between theory and practical	31.8
Improve communication skills between peers and their clients	9.1
Conduct themselves in a professional manner and display a willingness to learn	4.5

Table 4.14: Managers enrolment expectations

The three highest percentage values in Table 4.14 denote that managers have placed emphasis on real-life, practical application. They apparently place emphasis on the learners developing skills that would make them productive auditors. These expectations also suggests that management anticipates that the learnership will support the organisation's vision, impact the workforce culture, behaviour and staff competencies, which in turn will promote the successful execution of the organisations business strategy.

More than three quarter (77%) of the managers indicated that a training needs analysis had been done before the learner had been enrolled. This suggests that the organisation is not only placing learners on the programme to enhance skills for national consumption but also as a result of specific organisational needs. This also corroborates the results of question 1.3 of the learners' questionnaire on the topic of the skills development category. Only 22% of the enrolments were unemployed learners.

#### 4.6.2 PERFORMANCE MANAGEMENT

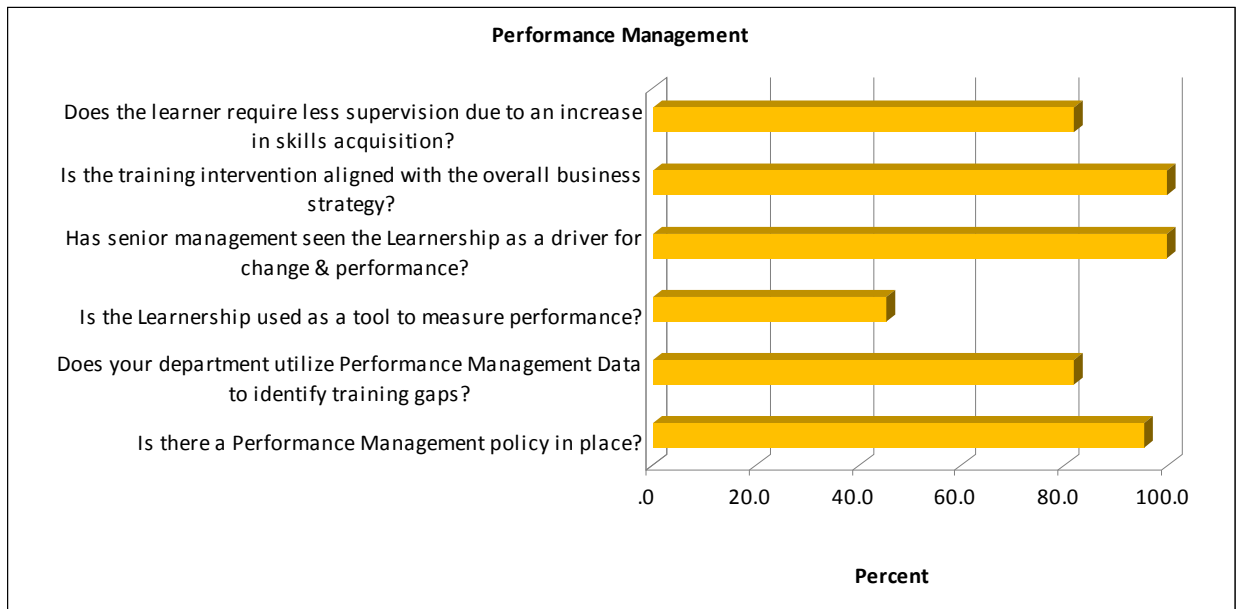


Figure 4.22: Performance management

In Figure 4.22, the scores indicate an overall positive view by managers that the learnership is seen as a tool that informs and enhances performance management, by impacting areas such as supervision, change management and the overall business strategy. Of note, is that 86% of managers believe that there has been an improvement in the learners' performance. This is a significant finding and together with the overall average, justifies the use of the learnership in public sector organisations. The necessity for a learnership in internal auditing is given increased impetus through this finding. Furthermore, the finding also corroborates the results of question 4.4 of the learners' questionnaire regarding performance management.



With regard to the low score for the learnership being used as a tool to measure performance, it must be noted that the learnership is a work readiness programme with structured measurable competencies, and the reason for it not being viewed as a tool to measure performance is due to a lack of awareness, an overarching strategy and the alignment of policies and systems in respect of skills development (Babb & Meyer, 2005: 6).

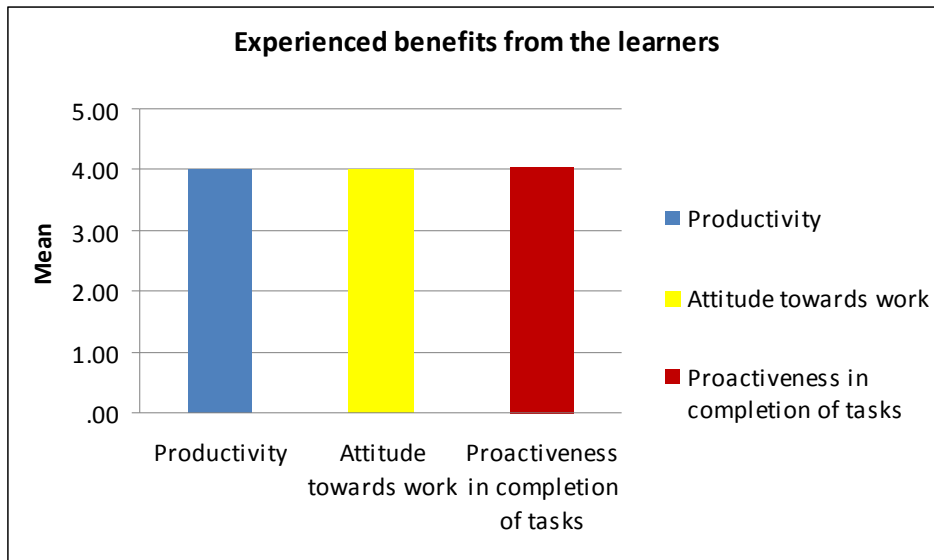


Figure 4.23: Experienced benefits from the learners

There is complete agreement amongst the managers that they did derive benefits from the learners in the three categories in Figure 4.23. Once more, this is a significant finding and indicates that the learnership is beneficial, adds value to, and is an important skills development intervention in the organisation.

The following three tables are responses by managers who were asked about the kind of problems they experienced in terms of the learner, the learnership programme and the Institute. Table 4.15 concerns the learners and most of the percentages are low. The researcher has noted this for the implementation phase of the learnership; however, the fairly high score on the lack of commitment is a cause for concern. It must be noted that unlike the private sector, where the individual in most cases is given the option of joining the programme, in the public sector learners are forced to join as part

of the skills development initiative. This could be part of the reason. Another is that there appears to be a direct correlation between this finding and the lack of supervisor interest as seen in Figure 4.17. It further reinforces the belief that managers are not aware of this correlation. The researcher has subsequently noted this finding for future communication and research if necessary.

## Learners

<b>Problems managers experienced with the learners</b>	<b>Percent</b>
Communication	4.5
Lack of commitment from the learners	36.4
Signing of learnership contracts by learners	4.5
Alignment of the theoretical training and the current work environment	4.5
Afraid to implement new skills acquired during learnership	9.1
Assignments not being handed in timeously	4.5
Not attending lectures due to illness	4.5
They do not continue the programmed when changing departments	4.5
Get comfortable when doing their work and acquire the tools to perform their work	4.5
Learners displayed lack of knowledge on accounting and budgetary processes	4.5
Some resigned before the learnership	4.5

Table 4.15: Problems managers experienced with the learners

## Learnership

Problems managers experienced with the learnership programme	Percent
None	9.1
Alignment of what the learners are being taught in their day to day experience	13.6
New programme - unsure what is expected	9.1
Assignment submitted timeously but not received timeously from institution	4.5
Minimum interaction between supervisor and manager of candidates and programmes	4.5
Time-frame for marking assignment	4.5
Unsuitable venue	4.5

Table 4.16: Problems managers experienced with the learnership programme

Table 4.16 reflects problems experienced by managers in relation to the learnership programme. The highest score of over 13% relates to the alignment of what the learners are being taught pertaining to their day-to-day experience. The higher score here for the same issue compared to the former table suggests that the deficiency lies with the development of the programme material, poor planning in terms of enhancing awareness prior to programme commencement, implementation and evaluation. This also suggests the lack of a mechanism to evaluate whether the learner is able to effectively convert learned theory into practice, and will also be noted for correction and future research.

## Institute

Problems managers experienced with the Institute	Percent
None	9.1
Lack of support to the supervisors and assessment	13.6
Does not provide the learners with well-experienced presenters	9.1
Lack of funds	4.5
Lack of skills retention	4.5
Lack of rotation from the unit	4.5
Gap between the final assessment and the learner receiving the certificate	4.5

Table 4.17: Problems managers experienced with the Institute

According to Table 4.17, the two noteworthy findings are a lack of support to the supervisors and for assessment, and a lack of well experienced presenters. In relation to the former, support is fundamental for the correct and successful implementation of the programme and it is noted that learnership assessment is not part of an internal audit supervisor's training path and therefore needs special intervention.

Insofar as the latter is concerned, the quality of learning provision is clearly central to the success of any learnership programme (Babb & Meyer, 2005: 21). To this end, the Institute has specific policy and criteria for the procurement and appointment of its presenters. The only explanation could be that new or first time presenters may be the reason for this finding.

### 4.6.3 Support

Support systems that aid the implementation of learnership programmes include the provision of personnel, equipment and information systems to track learner progress, reporting, finance and so on. Table 4.18 indicates that there is generally excellent support for the programme from senior management.

Do you have systems in place to support the Learnership training?	90.9
Do you struggle to get “buy-in” from senior management?	4.5

Table 4.18: Managers access to systems to support the learnership

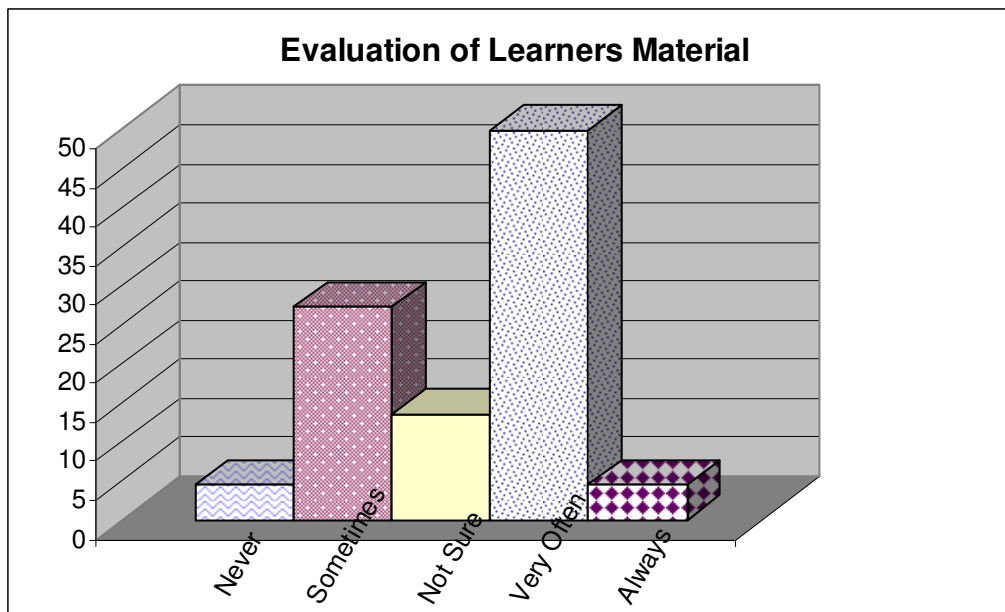


Figure 4.24: Evaluation of the Learners Material

Figure 4.24 reflects that almost 55% of managers indicated that they evaluate the learnership material in terms of the learners’ progress at regular intervals. Only one manager expressed the opinion that senior managers were always busy.

Less than 5% of managers struggled to get buy-in. This is encouraging and it also indicates government’s strategy to take the lead in skills development by ensuring that it provides an enabling environment for learnership implementation in the public sector.

More than 90% of the managers believe that there was an adequate link between the theory and the practical component. This implies that managers have taken the time to evaluate and compare the content between the theory and practical components of the learnership. This is an important finding for the Institute of Internal Auditors to take note of in assessment of learnerships.

#### 4.6.4 UNDERSTANDING AND APPLICABILITY

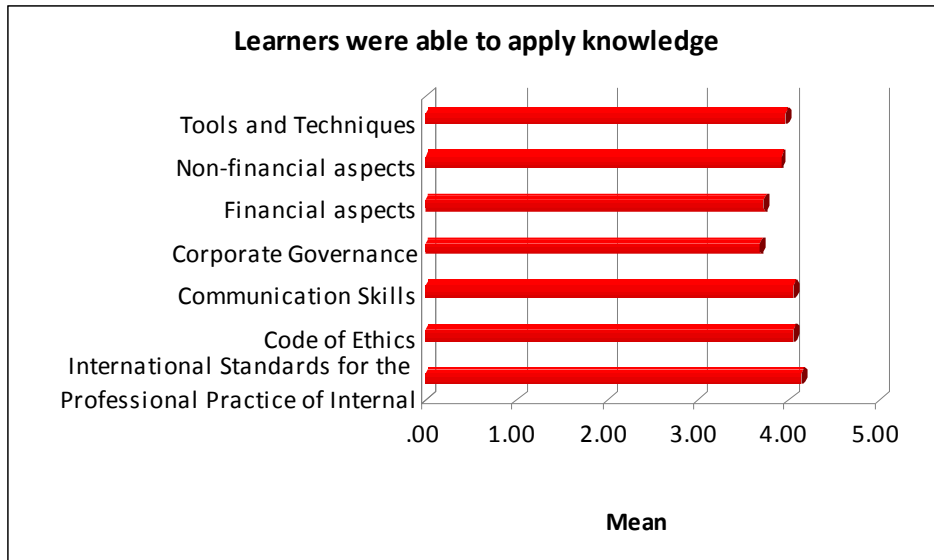


Figure 4.25: Learners were able to apply knowledge

The average score for the statements that made up this category was 4.1. This shows agreement with the statements and indeed suggests that management has recognised the growth of the learners while in the learnership programme. These aspects are considered as most significant, amongst others, in public sector management.

The lowest scoring statements were those regarding corporate governance and financial aspects. Again, this finding correlates with the learners' responses found in Figures 4.11 and 4.15 respectively.

#### 4.6.5 MISCELLANEOUS

	Percent
Are the Employment Equity Act targets being addressed through the Learnerships?	50.0
If yes, was this data used to identify and place learners on the Learnership?	45.5
Does your department utilise a Talent Management system	22.7

Table 4.19: Miscellaneous

The Employment Equity Act (Act 55 of 1998) was promulgated to as a Constitutional mandate and a national imperative to address historical disadvantages and unfair discrimination that existed in the workplace prior to South Africa’s democratisation. Its purpose is to promote equal opportunity and fair treatment and to ensure equitable representation in the employment arena. According to Table 4.19, half of the managers believed that the Employment Equity Act was being addressed. Of these, 46% used the data to identify and place learners on the learnership.

#### 4.7 HYPOTHESIS TESTS

Chi-square tests were performed on the variables as in Table 4.20 below.

Learners were able to apply knowledge: International Standards for the Professional Practice of Internal Auditing (column)
Learners were able to apply knowledge: Code of Ethics (column)
Learners were able to apply knowledge: Communication Skills (column)
Learners were able to apply knowledge: Corporate Governance (column)
Learners were able to apply knowledge: Financial aspects (column)
Learners were able to apply knowledge: Non-financial aspects (column)
Learners were able to apply knowledge: Tools and Techniques (column)
Did you gain an understanding of the principles of governance, risk and controls? (row)
Were you able to apply the risk assessment skills in determining high risk areas for audit Effort? (row)
Did you receive template working papers to assist you in performing your audits? (row)
If yes, were you able to use them in your workplace? (row)
Do you understand the difference between manual and computerised controls? (row)

If yes, were you able to computerise manual controls to enhance economic and efficient use of resources? (row)
Can you apply the principles of economy, efficiency and effectiveness when evaluating the performance of control systems in the workplace? (row)

Table 4.20: Chi-square tests

The only pair of variables (column vs. row) that indicated a significant relationship was that between:

Learners were able to apply knowledge: Code of Ethics *and* Were you able to apply the risk assessment skills in determining high risk areas for audit Effort? (p value = 0.005).

All the other relationships had p-values greater than 0.05, indicating that there was no significant relationship between the variables.

#### **4.8 CONCLUSION**

The first part of this chapter provided a detailed discussion on the theoretical aspects of the research methodology used in the study, followed by an in-depth discussion and presentation of the results. Several tools were used to highlight key findings and resultant gaps and it is evident that a strong perception exists between the learner's application of knowledge and the experience gained in the workplace. This relationship is one of the most integral aspects of the research and the following key findings are highlighted below.

Regarding the questions on the Code of Ethics, 58% of the learners identified practices or procedures that went against the code of conduct in the organisation. More than 90% of the learners indicated that their communication skills had improved. Approximately 80% of the learners indicated that prior to attending the programme, only 3% had their recommendations accepted while this had grown to 33% post-attendance. This emphasises the need for internal auditors to articulate their findings accurately, concisely and convincingly, while making a difference in addressing practical challenges and improving their vocational skills.



Regarding Corporate Governance, of concern was that there are as many respondents who are uncertain as there are with average application. Although learners have been exposed to the Principles of Financial Auditing, they have difficulty in applying the principles in the workplace. A further point of concern was that there were as many learners who were uncertain as there were those who had an average understanding. The statistical values implied that there were as many learners with little or no application, as there were those that had awareness.

To compare and corroborate findings, managers were also consulted and the following key findings are highlighted below:

- Under performance management, there was an overall positive view by managers that the learnership is seen as a tool that informs and enhances performance management, by impacting areas such as supervision, change management and the overall business strategy. Of note is that 86% of managers believed that there has been an improvement in the learners' performance. This is a significant finding and together with the overall average, justifies the use of the learnership in public sector organisations.
- They were also asked if they believed that their learners were able to apply knowledge gained from the learnership in terms of the IPPF, Code of Ethics, Communication Skills, Corporate Governance, Financial and Non-Financial Aspects and Tools and Techniques. There was complete agreement that they did derive benefits from the learners. Once more, this is a significant finding and indicates that the learnership is beneficial, adds value to, and is an important skills development intervention in the organisation.

A detailed discussion of key recommendations that culminated out of the findings will be discussed in the final chapter.

## CHAPTER FIVE

### Conclusion and Recommendations

#### 5.1 INTRODUCTION

The findings in this research have highlighted key concerns and corroborated key expectations by both the learners and managers, and have illustrated its value-add proposition.

This report highlights, *inter alia*, that learnerships certainly benefit the learners and indeed other stakeholders such as the organisation and the provider. It is considered a key skills development driver for the economy. However, on the basis of the discussions outlined in the preceding chapters, it is important that a synergized effort consisting of co-operation, collaboration and co-ordination of the various role-players is made. Only through these genuine efforts, will learnerships be effectively applied and the concomitant benefits realised in their entirety.

An important part of building business skills is the understanding of effects of learning and development on the organisation, and communicating these effects. Organisational leaders expect accountability, not only for training and development budgets, but also for the results from learning initiatives. The key for public sector audit managers and executives is to understand how learnerships can make an impression on the measurables that matter most to the organisation; measurables such as service delivery satisfaction, productivity, efficiency and effectiveness (Salopek ASTD 2008).

## **5.2 NOTES FOR FUTURE RESEARCH**

Further research would contribute to an understanding of several questions or issues implicated in the research. These would include, but are not limited to:

- An In-depth investigation into factors impeding the learnership process;
- Assessing the organisational climate and culture towards learnerships;
- Learnerships as communities of practice;
- In terms of the SDA, to ascertain how many section 18.2 category learners eventually find full-time employment in internal audit. This would be a litmus test to ascertain the benefit of learnerships for the unemployed;
- To understand the link between the Industrial Development Programme, development of service delivery and budget implementation of internal audit;
- The role of internal audit pertaining to supply chain management and the procurement of goods and services;
- A survey of staff and management's level of knowledge regarding their policies;
- Specific mechanisms to evaluate whether the learner is able to effectively convert learned theory into practice in learnerships;
- The question of whether learnerships increase mobility within the profession;
- Mechanisms to improve awareness of learnerships amongst management stakeholders, and
- An investigation into talent management strategies to contain or prevent mobility within the profession.

## **5.3 RECOMMENDATIONS**

The following recommendations arising out of this research warrant serious consideration for the IAT learnership to be the benchmark for internal audit skills upliftment.

### **5.3.1 More usage of the International Professional Practice Framework (IPPF)**

Management should take an active role in using the IPPF more regularly to identify areas where processes and operations can be improved upon within the organisation.

### **5.3.2 Greater supervisory commitment**

Integral to the success of this learnership is the role of the supervisory support personnel such as the mentors, training supervisors, and evaluators. It has been established through this research that these personnel are not paying appropriate attention to each learner as required legislatively and notwithstanding the considerable financial outlay for the programme. The introduction of a monitoring and feedback mechanism is recommended. This ought to be conducted by the Chief Audit Executive or his or her delegated personnel over four phases, which is, every six months of the twenty-four month duration. This will indicate that senior management is taking an active role in addressing this serious issue. Direct management appraisal and/or intervention will also increase motivation among learners. This could be a contractual obligation for the workplace provider organisation.

### **5.3.3 More emphasis on the corruption theme**

Due to the findings in response to the questions on the Code of Ethics and the prevalent trend of corruption in the country, it is recommended that the learnership places more emphasis on the subject. This could be in the form of extra discussion time on the topic, submission of in-depth assignments relating to the learners workplace and involving management in perusing their assignments/case studies.

This view is also supported by the Auditor-General of South Africa, Mr Terence Nombembe, who is advocating for an increased role for internal

auditors in fighting corruption all over the world. He is currently also advocating for the adoption of international auditing standards for the public sector (Business Day, November 2010).

#### **5.3.4 More emphasis and inclusion of root cause analysis**

An internal auditor's ability to identify inadequate, inefficient and ineffective controls is a critical aspect of root cause analysis, the inclusion of which, as part of the outcomes in the Communication module, is recommended. It is further recommended that the Communication Skills module be extended from two to three days to also accommodate increased attention to listening skills (Practice Advisory 2120-2 IPPF Standards).

#### **5.3.5 Inclusion of junior auditors for senior related audits**

The findings revealed that senior auditors were responsible for conducting governance and financial audits. It is recommended that learners be given the opportunity to conduct these audits in conjunction with senior auditors as this exposure will enhance their growth and development.

#### **5.3.6 Inclusion of learners in strategic aspects**

It is strongly recommended that learners are given the opportunity to be included in the strategic aspects of the organisation, for example, by being included with the senior internal auditors when conducting a strategic risk assessment or when compiling the internal audit coverage plan based on the strategic risks: this forms an important part of the internal audit value proposition and allows the learners to understand the 'bigger picture'.

#### **5.3.7 Accountability to the Auditor-General**

At present, internal auditors in the public sector report to their audit committees within their organisation. From comments made by learners in this research and incidents reported in the media, it is becoming commonplace for key findings and subsequent recommendations,

especially regarding corruption, to be overlooked or ignored. Political interference also has a part to play in this; therefore, it is recommended that all public sector internal auditors report directly to the Auditor-General. Instructions will come from the Auditor-General and this will allow for internal auditors to conduct internal audits free of political interference and from the concomitant fear of any form of reprisal.

### **5.3.8 Alignment of learning material**

It is finally recommended that the workplace organisation liaises with the Institute in ensuring that the learning material is aligned to their systems, processes and procedures. This will ensure that there are no gaps left within the learning process, the learner is able to identify the process and procedures he or she is exposed to via the organisations operational strategy and is consequently is not prejudiced during the assessment process.

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**ETHICAL CLEARANCE DOCUMENTATION**



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10 OCTOBER 2008

MR. LC CHETTY (200100124)  
PUBLIC ADMINISTRATION

Dear Mr. Chetty

**ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0616/08M**

I wish to confirm that ethical clearance has been approved for the following project:

*“A study on the Applicability of the Internal Audit Technician Learnership in the Public Sector”*

**PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years**

Yours faithfully

*Ximba*

.....  
**MS. PHUMELELE XIMBA**

cc. Supervisor (Mrs. M Subban)  
cc. Mrs. C Haddon

## SCHOOL OF PUBLIC ADMINISTRATION & DEVELOPMENT MANAGEMENT

29 August, 2008

Dear Respondent,

**Re: RESEARCH PROJECT FOR POSTGRADUATE STUDIES (MASTERS  
IN PUBLIC ADMINISTRATION) – LAWRENCE CHETTY  
TOPIC: A STUDY ON THE APPLICABILITY OF THE INTERNAL AUDIT  
TECHNICIAN LEARNERSHIP IN THE PUBLIC SECTOR**

I am a postgraduate student registered for a masters degree in Public Administration in the School of Public Management at the University of KwaZulu-Natal. You are invited to participate in a research project entitled: **A Study on the Applicability of the Internal Audit Technician Learnership in the Public Sector.**

The objectives of this study are to:

- Understanding the concept, context and operation of internal audit Learnerships,
- Determine, interpret and explain the legislative framework and strategies governing Learnerships,
- Determine the extent to which learners are afforded the ability to apply their knowledge gained from the different modules and competencies reflected in the log book,
- Ascertain what impediments exist within the learning process, and
- Review the research findings, furnish conclusions and make recommendations

Through your participation I intend understanding the link between the training intervention and the learners' ability to apply knowledge gained from the internal audit Learnership. The results of the survey are intended to contribute to the enhancement of the Learnership.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of UKZN.

The survey should take you approximately thirty (30) minutes to complete. Kindly complete the attached consent to validate your participation and response in this survey. Thank you for your time and effort, and I look forward to your valued contribution.

If you have any questions or concerns about completing the questionnaire or about being part of this study, you may contact me at (011) 4501040 or 073 199 5419 or my supervisor at (031) 260 7763. This project has been approved by the Ethics Clearance Committee at The University of KwaZulu-Natal.

Sincerely,



Lawrence C Chetty  
Student Number: 200100124  
Cell: 073 199 5419  
Tel: (011) 450 1040  
E-mail: [lawrence@iiasa.org.za](mailto:lawrence@iiasa.org.za)



Mrs. M. Subban  
(Supervisor)  
(031) 260 7763

**UNIVERSITY OF KWAZULU-NATAL**

**Masters Degree in Public Administration Research Unit**

**Researcher: Mr LC Chetty (073 1995 419)**

**Supervisor: Mrs M Subban (031) 260 7763**

**Research Office: Ms P Ximba (031) 260 3587**

**CONSENT**

I ..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.  
I understand that I am at liberty to withdraw from the project at any time, should I so desire.

**SIGNATURE OF PARTICIPANT**

**DATE**

\_\_\_\_\_

**CONSENT**

I have read and understand the above information. I understand that participation is voluntary and that I may withdraw at any stage of the interview.

Participant's name \_\_\_\_\_

Participant's signature \_\_\_\_\_

Date\_\_\_\_\_



# The Institute of Internal Auditors South Africa

Registration No: 85/03686/08 - Association Incorporated under Section 21

P O Box 2290, BEDFORDVIEW, 2008 • Chenshia House, Bedfordview Office Park, 3 Riley Road, BEDFORDVIEW, 2008  
TEL: (011) 450 1040 • FAX: (011) 450 1070 • E-MAIL: [customerservices@iiasa.org.za](mailto:customerservices@iiasa.org.za) • <http://www.iiasa.org.za>

31 July 2008


The Dean  
Faculty of Management Studies  
Westville Campus  
University of Kwa-Zulu Natal  
Private Bag X54001  
Durban  
4000

Dear Sir/Madam

**Re: Masters in Public Administration (MPA): Lawrence Chetty. Student No. 200100124**

I have pleasure in advising that we have granted Lawrence Chetty permission to access the Internal Audit Technician Learnership data base for the purposes of information and research for the Masters in Public Administration. We will assist in whatever other logistical manner to facilitate this research.

**Yours sincerely,**

  
V E du Preez  
Chief Executive Officer

**cc. Mrs M Subban  
School of Public Administration  
Faculty of Management Studies  
University of Kwa-Zulu Natal**



## QUESTIONNAIRE FOR THE LEARNER

**Organisation:** \_\_\_\_\_

**Learnership Group:** \_\_\_\_\_

**Province where learnership is held:** \_\_\_\_\_

*Please indicate your choice by placing a cross (X) wherever an option box is provided.*

### **LEARNER BIOGRAPHICAL DATA**

#### 1.1 Race

African	Coloured	Indian	White

#### 1.2 Gender

Male	Female

#### 1.3 Skills Development Category

Previously employed when enrolling for the IAT Learnership	
Previously unemployed when enrolling for the IAT Learnership	

#### 1.4 Highest Qualification (Please place one cross only)

	Category	X
A	Std 9 and below	
B	Matric	
C	Certificated Course	
D	Undergraduate Qualification e.g., National Diploma or Degree	
E	Post Graduate Qualifications e.g., Honours or Masters Degree	

1.4.1 If you placed a cross in category 'D' or 'E', please specify the qualification.

\_\_\_\_\_

1.4.2 At which tertiary institution did you obtain category 'D' or 'E' qualification?

\_\_\_\_\_

#### 1.5 Age Group

Category	X
18 – 30 Years	
31 – 40 Years	
41 – 50 Years	
51 – 60 Years	
Over 60 Years	

1.6 Predominant language spoken outside of the workplace

English	Afrikaans	Zulu	Xhosa	Sotho	Other

**2. WORK STATUS**

2.1 How much of internal audit experience do you have? Please indicate with a cross

0 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	5 – 10 years	10 years or more

2.2 What is your current position within your present organisation? Please indicate with a cross

Operational	
Supervisor	
Middle Management	
Senior Management	
Other	

**3. APPLICATION**

3.1 International Standards for the Professional Practice of Internal Auditing

3.1.1 One of the purposes of the Standards is to **‘Foster improved organisational processes and operations’**.

Were you able to identify any areas in the organisation, with regards to processes and operations, which could be improved upon?

Yes  No

3.1.2 If yes, were you able to apply knowledge gained specifically from the learnership?

Yes  No

3.1.3 If no, please explain why. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

3.2 Code of Ethics

3.2.1 As an internal auditor, could you evaluate the effectiveness of the ethical process in your organisation by benchmarking against the Committee of Sponsoring Organizations framework (COSO)?

Yes  No

3.2.2 Did you identify any practices or procedures that are contrary to the Code of Conduct as suggested by COSO in the organisation?

Yes  No

3.2.3 If yes, were you able to apply knowledge gained specifically from the Learnership to rectify the situation?

Yes  No

3.2.4 If no, please explain why. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

3.2.5 Do you understand the following principles relating to ethical behaviour?

Principles	Yes	No
Conflict of interest		
Political activities		
Kickbacks and acceptance of gifts and donations		
Improper payments		
Inappropriate use of resources		
Use of due professional care		
Objective of the fraud preventive plan		

3.3 Communication Skills

3.3.1 Did your communication skills improve after this module in the Learnership?

Yes  No

3.3.2 If yes, please explain how \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3.3.3 If no, please explain why \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3.3.4 Did your report writing skills improve after this module?

Yes  No

3.3.5 Did any of the following aspects of the report writing module assist you in improving your ability?

Aspects	Yes	No
Defining audit scope and objectives		
Providing assurance by giving substantiated opinions		
Developing findings and recommendations		
Defining root causes for findings		
Utilising risk assessment techniques in assessing the materiality of findings		

3.3.6 Were you able to improve the percentage of recommendations accepted by management through improved report writing?

Yes  No

3.3.7

Percentage of accepted recommendations	%
Prior to attending the IAT Learnership	
After attending the IAT Learnership	

### 3.4 Corporate Governance in the Public Sector

3.4.1 Did you gain an understanding of the principles of corporate governance as defined in the **International Standards for the Professional Practice of Internal Auditing**?

Yes  No

3.4.2 Rate your understanding of the principles of the governance process in relation to the audit universe in your organisation.

Principles	No understanding	Little understanding	Not sure	Average understanding	Above average understanding
Strategic and operational planning					
Budgeting techniques					
Human resource planning					
Performance management systems					
Management information systems					
Key measurable objectives and indicators					
Continuous monitoring					

3.4.3 Rate how you are able to apply the principles of the governance process to the audit universe in your organisation.

Principles	No application	Little application	Not sure	Average application	Above average application
Strategic and operational planning					
Budgeting techniques					
Human resource planning					
Performance management systems					
Management information systems					
Key measurable objectives and indicators					
Continuous monitoring					

3.4.4 Where you exposed to the following in the workplace?

	Yes	No
King Code on Corporate Governance		
COSO Control Framework		
COSO Enterprise Risk Management Framework		
Public Financial Management Act		

3.4.5 Rate how you were able to apply the knowledge gained from the Learnership in the workplace.

Application	No application	Little application	Not sure	Average application	Above average application
King Code on Corporate Governance					
COSO Control Framework					
COSO Enterprise Risk Management Framework					
Public Financial Management Act					

### 3.5 Financial Aspects

3.5.1 Did you gain an understanding of the principles of financial auditing as required by the **International Standards for the Professional Practice of Internal Auditing**?

Yes  No

3.5.2 Rate your understanding of the principles of financial auditing in relation to the audit universe in your organisation.

Principles	No understanding	Little understanding	Not sure	Average understanding	Above average understanding
Budgeting					
Standard costing					
Capital budgeting and net present value analysis					
Cost volume profit analysis					
Financial techniques					
Cost of capital					
Auditing balance sheet items					
Auditing income statement expenses					

3.5.3 Rate how you were able to apply the principles of financial auditing to the audit universe in your organisation.

Principles	No application	Little application	Not sure	Average application	Above average application
Budgeting					
Standard costing					
Capital budgeting and net present value analysis					
Cost volume profit analysis					
Financial techniques					
Cost of capital					
Auditing balance sheet items					
Auditing income statement expenses					

3.5.4 Were you exposed to the following?

	Yes	No
Financial assertions – (completeness, accuracy, valuations, rights, obligations, presentation and disclosure)		
Auditing input processes and output phases in financial processes		
Flowcharting of financial control processes		
Prevention and detection controls in the financial environment		

3.5.5 Rate how you were able to apply the following knowledge gained from the Learnership in the workplace.

	No application	Little application	Not sure	Average application	Above average application
Financial assertions – (completeness, accuracy, valuations, rights, obligations, presentation and disclosure)					
Auditing input processes and output phases in financial processes					
Flowcharting of financial control processes					
Prevention and detection controls in the financial environment					

### 3.6 Non-Financial Aspects

3.6.1 Did you gain an understanding of the principles of management?

Yes  No

3.6.2 Rate your understanding of the following principles of management in relation to the audit assignment.

Principles	No understanding	Little understanding	Not sure	Average understanding	Above average understanding
Planning					
Organising					
Directing					
Controlling					

3.6.3 Rate how you were able to apply the following principles of management to the audit assignment.

Principles	No application	Little application	Not sure	Average application	Above average application
Planning					
Organising					
Directing					
Controlling					

3.6.4 Where you exposed to the following in the workplace?

	Yes	No
Basic Conditions of Employment Act		
Safety, Health and Environmental Reviews		
Strategic issues facing management		

3.6.4 Rate how you were able to apply the knowledge gained about the following in the workplace.

Application	No application	Little application	Not sure	Average application	Above average application
Principles of Management					
Basic Conditions of Employment Act					
Safety Health and Environment Reviews					

3.7 Tools and Techniques

3.7.1 Did you gain an understanding of the principles of governance, risk and controls from the Tools and Techniques module of the Learnership?

Yes  No

3.7.2 Were you able to apply the risk assessment skills in determining high risk areas for audit Effort?

Yes  No

3.7.3 Did you receive template working papers to assist you in performing your audits?

Yes  No

3.7.4 If yes, were you able to use them in your workplace?

Yes  No

3.7.5 Do you understand the difference between manual and computerized controls?

Yes  No

3.7.6 If yes, were you able to computerize manual controls to enhance economic and efficient use of resources?

Yes  No

3.7.7 Can you apply the principles of economy, efficiency and effectiveness when evaluating the performance of control systems in the workplace?

Yes  No

3.8 Other Areas

3.8.1 Were there other areas in the Learnership not specifically identified that you were able to implement from the Learnership?

Yes  No

If yes, please elaborate

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**4. MANAGEMENT SUPPORT**

4.1 Is there a mentorship programme in place?

Yes  No

4.2 How often does your supervisor peruse/evaluate your training material, Training Log Book & assessment result schedule?

Never	Sometimes	Not Sure	Very Often	Always

4.3 Does your manager treat your Learnership seriously?

Yes  No

4.3.1 If no, please explain why \_\_\_\_\_

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4.4 Performance Management

4.4.1 Is there a Performance Management policy in place?

Yes  No

4.4.2 If yes, is this used to identify training gaps?

Yes  No

4.4.3 If yes, was this data used to identify & place learners on the Learnership?

Yes  No

4.4.4 Is the Learnership used as a tool to measure performance?

Yes  No

4.4.5 Does senior management view the Learnership as a driver to improving performance?

Yes  No

4.4.6 If no, please explain why \_\_\_\_\_

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4.5 Talent Management

4.5.1 Is there a talent management policy in place?

Yes  No

4.5.2 If yes, is it being used?

Yes  No

4.6 Proactiveness

4.6.2 Is your department proactive to change with regards to training?

Yes  No

4.6.3 Would you say your organisation is a "Learning Organisation"?

Yes  No

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**End of the Questionnaire**

Thank you for taking the time to complete the questionnaire.



**QUESTIONNAIRE FOR THE CHIEF AUDIT EXECUTIVE OR INTERNAL AUDIT MANAGER**

**Department/Organisation:** \_\_\_\_\_ **Province:** \_\_\_\_\_

**Learnership Group:** \_\_\_\_\_

**Position:** \_\_\_\_\_

*Please indicate your choice by placing a cross (x) wherever there is an option box.*

**1. Biographical Data**

1.1 Race of respondent

African	Coloured	Indian	White

1.2 Gender of respondent

Male	Female

**2. General**

2.1 What were your expectations when enrolling your learners on the Learnership?

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2.2 Was a training needs analysis conducted before enrolling the learner?

Yes  No

**3. Performance Management**

3.1 Is there a Performance Management policy in place?

Yes  No

3.2 Does your department utilize Performance Management Data to identify training gaps?

Yes  No

3.3 Please rate any improvement you have observed with your learner/s since they enrolled on the Learnership.

No improvement	Slight improvement	Not sure	Improvement	More improvement

3.4 Is the Learnership used as a tool to measure performance?

Yes  No  Unsure

3.5 Has senior management seen the Learnership as a driver for change & performance?

Yes  No  Unsure

3.6 Is the training intervention aligned with the overall business strategy?

Yes  No  Unsure

3.7 Does the learner require less supervision due to an increase in skills acquisition?

Yes  No

3.8 You experienced benefits from your learner/s in terms of the following?

**3.8.1 Productivity**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**3.8.2 Attitude towards Work**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**3.8.3 Proactiveness in completion of tasks**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

3.9 In relation to the Learnership, what kind of problems did you experience with:

**3.9.1 The Learner**

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**3.9.2 The Learnership**

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**3.9.3 The Institute**

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**4. Support**

4.1 Do you have systems in place to support the Learnership training?

Yes  No

4.2 How often do you peruse/evaluate the learners training material, Training Log Book & performance assessment schedule?

Never	Sometimes	Not sure	Very Often	Always

4.3 Do you struggle to get “buy-in” from senior management?

Yes  No

4.3.1 If yes, please explain why

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4.4 Do you think that there was a link between the theoretical aspects of the module and the required competencies as reflected in the training log book?

Yes  No

## 5. Applicability and Understanding

5.1 Your learners were able to apply knowledge gained from the Learnership in terms of the following:

### 5.1.1 International Standards for the Professional Practice of Internal Auditing

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

### 5.1.2 Code of Ethics

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

### 5.1.3 Communication Skills

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

### 5.1.4 Corporate Governance

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

### 5.1.5 Financial Aspects

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

### 5.1.6 Non-Financial Aspects

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

### 5.1.7 Tools and Techniques

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

## 6. Miscellaneous

6.1 Are the Employment Equity Act targets being addressed through the Learnerships?

Yes  No  Unsure

6.1.1 If yes, was this data used to identify and place learners on the Learnership?

Yes  No

6.2 Does your department utilize a Talent Management system?

Yes  No

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## End of the Questionnaire

Thank you for taking the time to complete the questionnaire.

**INTERVIEW SCHEDULE FOR THE CHIEF AUDIT EXECUTIVE OR INTERNAL AUDIT MANAGER**

**Department/Organisation:** \_\_\_\_\_ **Province:** \_\_\_\_\_

**Learnership Group:** \_\_\_\_\_

**Position:** \_\_\_\_\_

*Please indicate your choice by placing a cross (x) wherever there is an option box.*

**1. Biographical Data**

1.1 Race of respondent

African	Coloured	Indian	White

1.2 Gender of respondent

Male	Female

**2. General**

2.1 What were your expectations when enrolling your learners on the Learnership?

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2.2 Was a training needs analysis conducted before enrolling the learner?

Yes  No

**3. Performance Management**

3.1 Is there a Performance Management policy in place?

Yes  No

3.2 Does your department utilize Performance Management Data to identify training gaps?

Yes  No

3.3 Please rate any improvement you have observed with your learner/s since they enrolled on the Learnership.

No improvement	Slight improvement	Not sure	Improvement	More improvement

3.4 Is the Learnership used as a tool to measure performance?

Yes  No  Unsure

3.5 Has senior management seen the Learnership as a driver for change & performance?

Yes  No  Unsure

3.6 Is the training intervention aligned with the overall business strategy?

Yes  No  Unsure

3.7 Does the learner require less supervision due to an increase in skills acquisition?

Yes  No

3.8 You experienced benefits from your learner/s in terms of the following?

**3.8.1 Productivity**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**3.8.2 Attitude towards Work**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**3.8.3 Proactiveness in completion of tasks**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

3.9 In relation to the Learnership, what kind of problems did you experience with:

3.9.1 The Learner

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3.9.2 The Learnership

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3.9.3 The Institute

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**4. Support**

4.1 Do you have systems in place to support the Learnership training?

Yes  No

4.2 How often do you peruse/evaluate the learners training material, Training Log Book & performance assessment schedule?

Never	Sometimes	Not sure	Very Often	Always

4.3 Do you struggle to get “buy-in” from senior management?

Yes  No

4.3.1 If yes, please explain why

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4.4 Do you think that there was a link between the theoretical aspects of the module and the required competencies as reflected in the training log book?

Yes  No

**5. Applicability and Understanding**

5.1 Your learners were able to apply knowledge gained from the Learnership in terms of the following:

**5.1.1 International Standards for the Professional Practice of Internal Auditing**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**5.1.2 Code of Ethics**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**5.1.3 Communication Skills**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**5.1.4 Corporate Governance**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**5.1.5 Financial Aspects**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**5.1.6 Non-Financial Aspects**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**5.1.7 Tools and Techniques**

Mostly Disagree	Disagree	Not sure	Agree	Mostly Agree

**6. Miscellaneous**

6.1 Are the Employment Equity Act targets being addressed through the Learnerships?

Yes  No  Unsure

6.1.1 If yes, was this data used to identify and place learners on the Learnership?

Yes  No

6.2 Does your department utilize a Talent Management system?

Yes  No

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**End of the Questionnaire**

Thank you for taking the time to complete the questionnaire.

**LANGUAGE PRACTITIONER CERTIFICATE**

**TO WHOM IT MAY CONCERN**

29 November 2010

This dissertation, entitled *A study on the Applicability of the Internal Audit Technician Learnership in the Public Sector*, has been edited to ensure technically accurate and contextually appropriate use of language.

Sincerely

A handwritten signature in blue ink, appearing to read 'CM Israel', with a long horizontal stroke underneath.

**CM ISRAEL**  
**BA Hons (UDW) MA (UND) MA (US) PhD (UNH)**  
**Language Editor**



## **IIA SA DOCUMENTATION**



labour  
Department:  
Labour  
REPUBLIC OF SOUTH AFRICA

# Learnership Agreement

This Agreement is entered into between

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***(The Organisation)***

represented by

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***(The Training Manager/Owner/HR Manager/SDF)***

and

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***(The Learner)***

for

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***(Learnership Title)***  
***(Refer to page 6)***

Note:

1. Please post the original Learnership Agreement as faxed copies will not be accepted.
2. Each page of the Agreement must be initialed by all parties (Learner, Employer and Provider).

## Process for Registering Learners on Learnership Agreements<sup>1</sup> for registered Learnerships

1. Learnership Agreement for each learner – signed by the employer and learner. If the agreement is being signed for the practical component, then the employer and the training provider are the same organisation. The employer and the learner must initial each page. The original agreement must be sent to Fasset via post or hand delivered to:

**PO Box 6801, Cresta, 2118 or**

**Hand delivered to: Cnr Beyers Naude Dr and Judges Avenue, Eva Office  
Park, 2<sup>nd</sup> Floor Block A, Blackheath, Randburg.**

2. Signed copy of employment contract for each learner.
3. Proof of learner registration with professional body e.g CIMA, SAIPA etc (student number)
4. Proof of employer accreditation status with professional body (copy of letter/certificate)
5. Proof that levy payments to SARS are up-to-date.
6. Proof of Approval of Workplace Skills Plan (If applicable)
7. Proof of Tax clearance/exemption letter/Fasset **E** number or certificate from SARS if not paying levy
8. Learner ID copy
9. ***A proof of Recognition of Prior Learning (RPL) from the professional body is required should Fasset receive a learnership agreement 6 months after the learner has commenced the learnership with the employer.***

**Kindly note that the learnership agreement will not be registered if the above process is not followed.**

Fasset will provide the employer with proof that the learner is registered by means of an official confirmation letter that will include the following details:

- Seta Name and Code
- Addressed to the Employer Organisation with Levy Number
- DoL Learnership Title
- DoL Learnership Code
- Full Names of Learner
- Learner ID Number
- Learnership Agreement Classification 18 (1) employed OR 18 (2) unemployed
- Date of Commencement of Learnership
- Date of Completion of Learnership

<sup>1</sup> Please Note: For SAICA Trainee Accountants, this process will be handled by SAICA directly

## Part A

# Terms and Conditions of Agreement

### 1. Declaration of the parties

We understand that this Agreement is legally binding. We understand that it is an offence in terms of the Skills Development Act 97 of 1998 ('the Act') to provide false or **misleading** information in this Agreement. We agree to the following rights and duties:

### 2. Rights of learners, employers and registered training providers

#### 2.1 Learner

*The learner has the right to:*

- 2.1.1 be educated and trained in terms of this Agreement;
- 2.1.2 have access to the required resources to receive training in terms of the learnership;
- 2.1.3 have his or her performance in training assessed and have access to the assessment results;
- 2.1.4 receive a certificate upon successful completion of the learning;
- 2.1.5 raise grievances in writing with the SETA concerning any shortcomings in the training.

#### 2.2 Employer

*The employer has the right to require the learner to:*

- 2.2.1 perform duties in terms of this Agreement; and
- comply with the rules and regulations concerning the employer's business concern.

#### 2.3 Training Provider

- 2.3.1 The registered training provider has the right of access to the learner's books, learning material and workplace, if required.

### 3. Duties of learners, employers and registered training providers

#### 3.1 Learner

*The learner must:*

- 3.1.1 work for the employer as part of the learning process;
- 3.1.2 be available for and participate in all learning and work experience required by the learnership;
- 3.1.3 comply with workplace policies and procedures;
- 3.1.4 complete any timesheets or any written assessment tools supplied by the employer to record relevant workplace experience; and
- 3.1.5 attend all study periods and theoretical learning sessions with the training provider and undertake all learning conscientiously.

#### 3.2 Employer

*The employer must:*

- 3.2.1 comply with its duties in terms of the Act and all applicable legislation including:
  - Basic Conditions of Employment Act 75 of 1997;
  - Labour Relations Act 66 of 1995;
  - Employment Equity Act 55 of 1998;
  - Occupational Health and Safety Act 85 of 1993 (or Mine Health and Safety Act 27 of 1996);
  - Compensation for Occupational Injuries and Diseases Act 130 of 1993;
  - Unemployment Insurance Act 30 of 1996.
- 3.2.2 provide the learner with appropriate training in the work environment to achieve the relevant outcomes required by the learnership;
- 3.2.3 provide appropriate facilities to train the learner in accordance with the workplace component of learning;
- 3.2.4 provide the learner with adequate supervision at work;
- 3.2.4 release the learner during normal working hours to attend off-the-job education and training required by the learnership;
- 3.2.5 pay the learner the agreed learning allowance both while the learner is working for the employer and while the learner is attending approved off-the-job training;
- 3.2.7 conduct on-the-job assessment, or cause it to be conducted;
- 3.2.8 keep up to date records of learning and periodically discuss progress with the learner;
- 3.2.9 if the learner was not in the employment of the employer at the time of concluding this Agreement, advise the learner of:
  - (a) the terms and conditions of his or her employment, including the learning allowance; and
  - (b) workplace policies and procedures.
- 3.2.9 apply the same disciplinary, grievance and dispute resolution procedures to the learner as to other employees.

#### 3.3 Training provider

*The training provider must:*

- 3.3.1 provide education and training in terms of the learnership;
- 3.3.2 provide the learner support as required by the learnership;
- 3.3.3 record, monitor and retain details of training provided to the learner in terms of the learnership;
- 3.3.4 conduct off-the-job assessment in terms of the learnership, or cause it to be conducted; and
- 3.3.5 provide reports to the employer on the learner's performance.

## 4. Termination of this Agreement

*This Learnership Agreement terminates:*

- 4.1 on the termination date stipulated in Part B of this Agreement; or
- 4.2 on an earlier date if:
  - 4.2.1 the learner successfully completes the learnership;
  - 4.2.2 the learner is fairly dismissed by the employer for a reason related to the learner's conduct or capacity as an employee;
  - 4.2.3 the employer and learner agree to terminate the Agreement; or
  - 4.2.4 the Seta approves a written application to terminate the Agreement by the learner or, if good cause is shown, by the employer.

## 5. Disputes

If there is a dispute concerning any of the following matters, it may be referred to the Commission for Conciliation, Mediation and Arbitration (CCMA):

- 5.1 the interpretation or application of any provision of this Agreement, the learner's contract of employment or a sectoral determination made in terms of section 18(3) of the Act;
- 5.2 Chapter 4 of the Act;
- 5.3 the termination of this Agreement or the learner's contract of employment.

## Part B

### Details of the Learnership and the Parties to this Agreement

Please note the following:

- If the learner is not already in the employ of the employer, the learner and employer must conclude a contract of employment.
- If the learner is under 21 years then the learner's parent or guardian must be a party to this Agreement and must complete section 3. The parent or guardian ceases to be a party to this Agreement once the learner turns 21.
- If a group of employers are party to this Agreement, one of the employers must perform the function of a lead employer. The lead employer must complete section 4 and details of the other employers must be attached on a separate sheet.
- If the employer and the accredited training provider are the same entity, the employer must complete sections 4 and 5.
- If a group of accredited training providers are party to this Agreement, one of the providers must perform the function of lead training provider. The lead training provider must complete section 5 and details of the other accredited training providers must be attached on a separate sheet.

## 1. Learnership details

Please indicate relevant Learnership (X):

X	No	Title	NQF Level	Learnership Code	NLRD No	Professional Body
	1	Chartered Certified Accountant	7	01/Q010005/00/780/7	20398	ACCA
	2	Certificate: Certified Accounting Technician	5	01/Q010013/00/390/5	20397	
	3	Post-graduate professional qualification: Professional Accountant in Business	7	01/Q010007/00/480/7	20392	SAIPA
	4	Post-graduate Diploma: Professional Accountant in Practice	7	01/Q010008/00/480/7	20391	
	5	Professional Qualification: Chartered Management Accountant	7	01/Q010012/00/930/7	20400	CIMA
	6	National Diploma : Management Accounting	6	01/Q010017/00/240/6	24406	
	7	National Certificate: Business Accounting	5	01/Q010016/00/120/5	24418	
	8	Certificate: Registered Accounting Clerk	3	01/Q010014/00/120/3	20362	ICB
	9	Certificate: Registered Bookkeeper	4	01/Q010015/00/120/4	20363	
	10	National Certificate: Small Business Financial Management	4	01/Q010023/24/120/4	48736	
	11	Certificate: Office Administration	5	01/Q010021/00/120/5	23618	
	12	National Diploma: Technical Financial Accounting	5	01/Q010022/28/251/5	36213	
	13	Certificate: Accounting Technician	5	01/Q010018/00/241/5	20402	Fasset
	14	National Certificate: Public Sector Accounting	4	01/Q010019/00/120/4	20352	
	15	Diploma : Public Sector Accounting	5	01/Q010020/00/240/5	20353	
	16	FET Certificate Debt Recovery	5	01/Q010024/26/149/5	49021	
	17	Certificate: General Internal Auditing	7	01/Q010025/00/120/7	20359	IIA

Learnership start date: \_\_\_\_\_

Learnership completion date: \_\_\_\_\_

**2. Learner details**

2.1a	Surname:												
2.1b	First names:												
2.2	Identity number:												
2.3	Date of birth:	D	D	M	M	Y	Y	Y	Y				
2.4a	Are you a South African citizen?	Yes		No									
2.4b	If No, specify citizenship and attach documents indicating your status, ie: permanent residence, study permit, etc):												
2.5	Gender:	Male		Female									
2.6	Race:	Black: African		Black: Indian		Black: Coloured		White		Other (specify):			
2.7a	Do you have a disability, as contemplated by the Employment Equity Act 55 of 1998? <sup>2</sup>					Yes		No					
2.7b	If Yes, please specify:												
2.8	Home address:												
	Postal code:												
2.9	Postal address (if different to above):												
	Postal code:												
2.10	E-mail address:												
2.11	Home telephone number:		(            )										
2.12	Cellphone number:												
2.13	Preferred method of communication:			E-mail			Telephone			Post			
2.14	Home language:												
2.15	Highest qualification (Eg Grade 12, BComm):												
2.16a	Have you previously undertaken a learnership?					Yes		No					
2.16b	If Yes, specify Learnership title and code:					Learner no:							

<sup>2</sup> The Employment Equity Act defines a disability as a long-term or recurring physical or mental impairment which substantially limits prospects of entry into, or advancement in, employment.



2.17a	Were you employed by your employer before concluding this Learnership Agreement?	Yes	No	
2.17b	If you were unemployed before concluding this Agreement, state for how long:			
2.17c	If you are employed, when did you start work with your employer?			

### 3. Parent or Guardian details

(To be completed if learner is a minor – ie an unmarried person under 21 years)

3.1a	Surname:												
3.1b	First names:												
3.2	Identity number:												
3.3	Date of birth:	D	D	M	M	Y	Y	Y	Y				
3.4	Home address:												
	Postal code:												
3.5	Postal address (if different to above):												
	Postal code:												
3.6	Home telephone number:	( )											
3.7	Work telephone number:	( )											
3.8	Mobile number												
3.9	E-mail address:												

**4. Employer details**

4.1	Legal name of employer:			
4.2	Trading name (if different to above):			
4.3a	Company/Entity registration number:			
4.3b	Company/Entity registration date:			
4.4	Are you acting as Lead Employer?	Yes	No	
4.5	Business address:			
	Postal code:			
4.6	Postal address (if different to above):			
	Postal code:			
4.7a	Contact person name:			
4.7b	Contact person surname:			
4.8	Telephone number:	(       )		
4.9	Fax number:	(       )		
4.10	E-mail address:			
4.11	Registration numbers and codes:			
	SIC	Skills Development Levy (SDL)	Seta	SAQA
			01	Not applicable

## 5. Training Provider details

5.1	Legal name of training provider:			
5.2	Trading name (if different to above):			
5.4	Are you acting as Lead Training Provider?	Yes	No	
5.5	Business address:			
	Postal code:			
5.6	Postal address (if different to above):			
	Postal code:			
5.7a	Contact person name:			
5.7b	Contact person surname:			
5.8	Telephone number:	(       )		
5.9	Fax number:	(       )		
5.10	E-mail address:			
5.11	Registration numbers and codes:			
	SIC	Skills Development Levy (SDL)	Seta	SAQA
			01	Not applicable

## 6. Terms and conditions of employment

- 6.1 Are the learner's terms of employment determined by a document of general application (for example, sectoral determination, bargaining council agreement, collective agreement.)

Yes
No

If Yes, please specify: \_\_\_\_\_

- 6.2 Attach a copy of a document reflecting the learner's conditions of employment (Eg, contract of employment, written particulars of employment.)

\_\_\_\_\_  
Signature  
(Learner)

\_\_\_\_\_  
Signature  
(Parent/Guardian if learner is a minor)

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature  
(Witness 1)

\_\_\_\_\_  
Signature  
(Witness 2)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature  
(Employer or Lead Employer)

\_\_\_\_\_  
Signature  
(Provider or Lead Provider)

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature  
(Witness 1)

\_\_\_\_\_  
Signature  
(Witness 2)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# Fasset Notification of Terms and Conditions of Learnership Agreement

This Learnership Agreement will be registered based on the following terms and conditions:

- Alteration to the terms and conditions of the agreement are to be registered with Fasset;
- Termination of the agreement must be approved by Fasset; and
- Substitution must be approved by Fasset.

I (learner) \_\_\_\_\_

and

I (employer) \_\_\_\_\_

acknowledge that I have read/understand and accept that the Learnership Agreement  
will be registered based on the above terms and conditions.

\_\_\_\_\_  
Signature  
(Learner)

\_\_\_\_\_  
Signature  
(Employer)

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date

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### For Seta Use Only

#### Recommendation for registration and approval

\_\_\_\_\_  
Signature  
(Learnership Advisor)

\_\_\_\_\_  
Date:



## **Project plan – Internal Auditing Technician learnership proposed program 2009/11.**

### **ORGANISATION: North West Provincial Government**

#### **Background**

The IAT Learnership was developed by the IIA SA during 2002 and registered through Bankseta with the Department of Labour in August of that year. It was launched to a pilot group of 21 banking sector employees in January 2003. Subsequently the North West Provincial Government Dept of Finance (division Internal audit) have successfully managed the workplace training of one IAT program and a second group is in the process of completing its program (June 2009). While the course content is totally generic, necessary adaptations are made to suit sector or business specific requirements. Such adaptations have been made for provincial government.

A special request regarding the format of this proposed program has been made by the Internal audit department – that although the IAT program is over 24 months, that the eight training modules be condensed into a one year period. This has been motivated by the need to provide the interns taken into this program with the necessary internal audit practices before some of them exit their internships. The onus to complete the practical training requirements, and therefore the qualification will reside with them as individuals and subsequent employers where applicable. The ability to change the format to enable this illustrates the flexibility of the IAT program.

#### **Official data**

Dept of Labour registration: 22/08/2002

DoL Learnership number: 02 Q0200 1100 1206

Notional credits: 240

Qualification (designation) awarded upon successful completion: Internal Audit  
Technician

NQF rating: NQF level 6

SAQA reference: 20358

#### **IAT Learnership program**

The program consists of the **Workplace practical training**, which is specified in a Training Logbook issued by the IIA SA. The content of this is generic, but in consultation with the employer, sector specific issues can be added and non-relevant topics deleted. Changes are conditional on approval by IIA SA.

The second element of the **program** is the **eight Training modules**. These will be offered as requested at regular intervals in the first 12 months of the program commencing in the new financial year (1 April) and being completed by 31 March 2010. The TM's are of 2 or 3 days duration.

The following dates are being proposed:

- TM 1 – June 02 to 04
- TM 2 – July 13 to 15
- TM 3 – Aug 17 to 18
- TM 4 – September 09 to 11
- TM 5 – October 12 to 14

The last three TM's will be scheduled to be completed before 31 May 2010.

The **total cost of the program** is made up of three elements:

- the training modules,
- the IIA SA membership costs (if not already a member), and
- any cost involved in the provision of the venue/catering for the presentation of the training modules (dealt with in detail that follows).

**The 8 training modules** are: Introduction to IA (3 days); Tools and Techniques for IA (3); Communication Skills (2); Financial Aspects 1 (3); Non-financial aspects of IA (3); Financial aspects 2 (2); Information technology in IA (2); and Fraud risk (3). The present cost per person for these modules is **R 13 600 plus VAT** (for all eight modules). The cost is dependent on there being a **minimum of 20** candidates enrolled in the group – for lesser numbers the cost escalates. This includes the provision of TM notes, training logbook, an induction session at the first TM, a closing session at the final TM, and the cost of the final assessment conducted by IIA SA.

**Additional cost factors** are IIA membership that is to remain valid for the duration of the program and at the time of the final workplace assessment; the provision of a suitable venue for the presentation of the TM's, and the provision of accommodation for the Presenter of the TM's and their return travelling costs Gauteng/Mafikeng. The latter will be either a return air ticket or road travel at the applicable SARS rate.

IIA SA arranges the appointment of presenters for the Training Modules (TM) by means of an annual standard tender process, conducted in October/November each year. It is a stipulation that those appointed are accomplished presenters who have wide practical experience in internal auditing. It is important to note that testing of the transference of knowledge is an integral part of these modules. Testing may be done by conventional question/answer style, use of case studies, group work, assignments, and participative interaction within the group.

Refer also to the Operational Agreement between IIA SA and the participating employers which details responsibilities – referred to later in greater detail.

#### **Cost factors and treatment**

The IIA SA offers two means of payment – in full up front or being invoiced after the presentation of each TM – the latter to assist participating employers in spreading cash outflow and budgeting. Where required, the onus is on the participating organisation to generate an order or make arrangements internally to ensure prompt attention to, and payment of, the invoices tendered.

**The cost of IIA SA membership** as a factor, will only apply to candidates who are not already registered as members. The current costs are entrance fee R 445, and membership R 1 034. Fees for the 2009-10 year will be finalised by the Institute AGM on 1 April. The reduced sliding scale for larger number registrations in an organisation applies to the latter fee. New members will only be processed to become effective from 1 June. It is suggested that for budgeting purposes that these amounts be escalated by 10% for 2009/10 to be on the safe side – as these rates have been unchanged for the last two years. Also provide for the renewal of membership in 2010/11.

### **Mentors and Assessors**

It is a requirement of the program that **workplace mentors** must be appointed to guide and advise the learners and that regular assessment of progress in workplace training should be assessed by **qualified assessors**. IIA SA will offer assistance in this regard by facilitating and possibly funding such interventions, and by making available instruction material or a workshop in basic mentoring skills. Dates of these will be advised.

### **Recommended guideline for process in the workplace**

- make contact with and obtain information from IIA SA
- liaise with relevant SETA (formalities to be complied with, possible grant assistance, reporting, quality assurance, etc) – LGSETA have been very supportive in this regard, previously
- identification and/or recruitment of candidates
- completion and submission of the Learnership agreement
- signing of Operational Agreement with IIA SA
- familiarisation of course content by mentors and assessors
- adaptation of training logbook content, if necessary
- induction of learners
- recording of any RPL (prior relevant work experience) in the training logbook
- regular assessment of progress in the workplace training and meetings of the mentor with learners

### **Operational Agreement**

All participating employers will be required to sign an Operational Agreement with IIA SA. This agreement will deal with the responsibilities of both parties and will include such issues as provision of training, assessments, payment procedures, cancellation conditions.

I trust that the above provides you with sufficient information relating to format, conditions and cost. It would be wise to find out whether you as an employer qualify for any grants that may be offered by the SETA to which your organisation is affiliated or to which the Skills Development levy is paid.

If the content and cost of the training modules is measured against the cost and content of the IIA SA CPD courses (on which the training modules were originally based), you are getting content which is tailor-made for the IAT level at a fraction of the normal cost. In addition to that there is the benefit of a structured and standardised workplace training program that carries the approval of the professional body tasked with ensuring the maintenance of internal auditing standards and ethics.

**Please address any further enquiries to Bill Shellard (Education and Training Manager, IIA SA) [bill@iiasa.org.za](mailto:bill@iiasa.org.za) or Lawrence Chetty (Deputy E&T Manager) [lawrence@iiasa.org.za](mailto:lawrence@iiasa.org.za) Telephone: 011-450-1040**



## **Internal Audit Training program – Modules & Outcomes**

### **Training modules – supplementary to the Workplace Structured training**

#### **Training Module 1. Introduction – building the foundations**

**Duration:** 3 days

**Content:**

- ❖ Why are we here?
- ❖ What is internal audit?
- ❖ The roles and responsibilities of internal audit.
- ❖ Audit standards, the role of the IIA, and corporate governance
- ❖ Relevant legislation\* Public Finance and Management Act; The Banks Act; Code of Banking Practice; Income Tax Act; Companies Act; Financial Advisory and Intermediary Services Act; Promotion of Access to Information Act; Preferential Procurement Policy Act; Labour Relations Act; Employment Equity Act; Electronics Communication Act; Prevention of Organised Crime Act; Protected Disclosures Act; Financial Intelligence Centre Bill; King II report; Basle Accord; Generally Accepted Accounting Practice (GAAP and GRAP); JSE Listing requirements.
- ❖ Compliance, codes of good practice, sector agreements, Statutory Returns, AC statements.

**Outcomes:**

Demonstrate an understanding of the dynamics of the organisation and the role of internal audit

- 1.1 Understanding of how the internal audit department operates and how it services management
- 1.2 Demonstrate an awareness of the role played by IIA, and of the existence of and purpose of audit standards
- 1.3 Demonstrate an awareness of the application of corporate governance in the organisation, and the various acts of legislation.

#### **Training Module 2. Tools & Techniques for the internal auditor**

**Duration:** 3 days

**Content:**

- ❖ Planning and preliminary survey
  - Establishing audit objectives
  - Work programme development
  - Understanding the customer
  - Time management
- ❖ Overall concepts of risk and control strategies
- ❖ Adequacy, efficiency
  - System descriptions
  - Flow charting
  - Benchmarking

**(Training module 2 cont)**

- ❖ Effectiveness
  - Audit programmes
  - Sampling
  - Evaluating results of testing and generating findings
- ❖ Audit evidence
- ❖ Working papers
- ❖ Audit report procedures
- ❖ Follow-up
- ❖ What did we learn?

**Outcomes:**

Demonstrate an understanding of the basics of internal auditing as it relates to planning, benchmarking, control systems, working papers, tools & techniques and reporting procedures

- 2.1 Be able to compile an effective plan for an audit
- 2.2 Display an understanding of the concept of risk and control strategies
- 2.3 Display an understanding of the systems in use
- 2.4 Display an awareness of the internal audit process from planning through to conducting, to reporting, to follow-up

**Training Module 3 Oral communication, interviewing and report writing**

**Duration:** 3 days

**Content:**

- ❖ Skills that position auditors as friends not foes
- ❖ Relationship management
- ❖ The value of good attitude
- ❖ The two purposes of internal reports
- ❖ Seven audit report communication criteria
- ❖ Follow up
- ❖ A useful system to report writing
- ❖ The three step approach to writing a complete, concise and clear report
- ❖ The five attributes of a complete internal audit finding
- ❖ The total report: complete format

**Outcomes:**

- 3.1 Demonstrate competence to communicate verbally the need for risk and control initiatives
- 3.2 Demonstrate an awareness of the benefits of developing good relationships with both peers and superiors
- 3.3 Demonstrate an awareness of the key elements of report writing
- 3.4 Display an awareness of sound interviewing techniques, and assist where required

## **Training Module 4   Financial aspects (1)**

**Duration:** 3 days

**Content:**

- ❖ The accounting cycle – processing receipts, payments, debtors and creditors
- ❖ Inventory – procurement, recording, payrolls
- ❖ Basic assets and liabilities

**Outcomes:**

Demonstrate an awareness of key risk areas in the financial areas.

- 4.1 Display an understanding of processing of receipts, payments, and the treatment of debtors and creditors
- 4.2 Display an understanding of the systems in place relating to inventory as it affects procurement and recording
- 4.3 Display an understanding of the payroll procedures
- 4.4 Display an awareness of the recording and control of basic assets and liabilities.

## **Training Module 5   Non-financial aspects**

**Duration:** 3 days

**Content:**

- ❖ Management principles
- ❖ Human resources and relevant legislation
- ❖ Health and safety
- ❖ Environmental matters

**Outcomes:**

Demonstrate an awareness of the key risk areas in non-financial areas.

- 5.1 Demonstrate an awareness of the key risk areas in the areas of human resources, health and safety, environment, performance auditing, and any other non-financial business specific areas.

## **Training Module 6   Financial aspects (2)**

**Duration:** 2 days

**Content:**

- ❖ Budgets and management accounting
- ❖ Assets, investments and liabilities [specific to banking]
- ❖ Finance and funding

**Outcomes:**

- 6.1 Demonstrate an awareness of the principles of developing budgets, the monitoring and control thereof
- 6.2 Demonstrate an awareness of the principles relating to investments, the risk relating thereto, and control strategies that may be implemented
- 6.3 Demonstrate an awareness of the principles relating to finance and funding, and what controls can be introduced to manage the risks.

## **Training Module 7   Information technology and internal auditing**

**Duration:** 2 days

**Content:**

- ❖ The role of IT in an audit assignment
- ❖ Overview of a general controls review
- ❖ The role of IT management in an organisation
- ❖ IT structures in an organisation
- ❖ Using general audit frameworks to assist when auditing the IT environment
- ❖ Developing application reviews
- ❖ Using computer aided auditing Tools and Techniques [CAATT's] to assist in audits
- ❖ Computer fraud

**Outcomes:**

Demonstrate competence to use IT applications employed, and display an understanding of tools and techniques that can be used to assist with auditing.

- 7.1 Demonstrate an understanding of the structures and management of IT in the organisation
- 7.2 Demonstrate an awareness of the role of IT in an audit assignment as a tool to promote efficiency.

## **Training Module 8   Fraud risk**

**Duration:** 3 days

**Content:**

- ❖ Statistical overview
- ❖ Corruption
- ❖ Asset misappropriation
- ❖ Organised crime syndicate, schemes and scams
- ❖ Cheque fraud
- ❖ Financial statements
- ❖ Reducing risk – awareness, detection, policies, prevention, indicators, values and ethics.

**Outcomes:**

Demonstrate an awareness of fraud and corruption risk areas in the business environment.

- 8.1 Demonstrate an awareness of the values and ethical codes of the business
- 8.2 Demonstrate an awareness of the policies in place, indicators that may be observed, in the detection, reduction and prevention of fraudulent and corrupt actions.

(Reviewed 27 Oct. 10)



# Workplace Training Logbook Internal Audit Technician

Name: \_\_\_\_\_

Please read the information inside this logbook



**The Institute of  
Internal Auditors  
South Africa**

***Progress Through Sharing***



PROGRAM DETAILS	
Program name:	
Start date:	
LEARNER DETAILS	
Full name:	
Identity number:	
Learnership student number:	
IIA membership number:	
Signature of learner:	
WORKPLACE TRAINING PROVIDER DETAILS	
Name of company:	
Employment period:	
Physical address of company:	
Learnership contact person:	
IA department tel. no.	
WORKPLACE TRAINING PROVIDER DETAILS	
Name of company:	
Employment period:	
Physical address of company:	
Learnership contact person:	
IA department tel. no.	
WORKPLACE TRAINING PROVIDER DETAILS	
Name of company:	
Employment period:	
Physical address of company:	
Learnership contact person:	
IA department tel. no.	





**FINAL ASSESSMENT**

Date of final assessment:	
Venue:	
Full name of assessor:	
Assessor registration number:	
Final assessment result:	
Learner brought evidence to the assessment:	Yes <input type="checkbox"/> No <input type="checkbox"/>
Appeals process explained & copy handed to learner:	Yes <input type="checkbox"/> No <input type="checkbox"/>
Post assessment comments by learner:	
Signature of learner:	
Post assessment comments by assessor:	
Signature of assessor:	

**RE-ASSESSMENT**

Date of re-assessment:	
Venue:	
Re-assessment result:	
Learner brought evidence to the assessment:	Yes <input type="checkbox"/> No <input type="checkbox"/>
Appeals process explained & copy handed to learner:	Yes <input type="checkbox"/> No <input type="checkbox"/>
Post assessment comments by learner:	
Signature of learner:	
Post assessment comments by assessor:	
Signature of assessor:	

**EXTERNAL MODERATION**

Full name of moderator:	
Registration number:	
Comments:	
Signature of moderator:	

# GUIDELINES TO THE WORKPLACE TRAINING LOGBOOK FOR THE EMPLOYER AND THE TRAINEE (LEARNER)

## A. GENERAL COMMENTS

1. The Workplace Training Logbook specifies the detailed structured training that a trainee/learner/employee must be exposed to, and show competence in, in order to satisfy the practical training requirements for the relevant IIA designations. An IIA designation is conferred on the basis of being in possession of the required academic underpinning knowledge and being able to display the required practical competencies.
2. Details of the various designation requirements are available from the IIA office.
3. While a minimum time period is stipulated for completion of structured training, it is important to note that it is **competency based**.
4. In order to satisfy the practical training requirements, competency must be achieved in **80%** of the total logbook content.
5. **Recognition of prior experience/learning (RPL)**. Through previous experience, a trainee/learner may have already gained some of the exposure required. Competency will be assessed against the provision of a **portfolio of evidence and oral questioning**.
6. RPL gained at a previous employer must be supported by an authentic, detailed description of work done, in order that it be recognised.
7. While registered to complete the Logbook specifications, progress evaluations should be done regularly – at least once a year.  
**Formative evaluation** (during the program) may be performed by an **internally appointed evaluator**.  
**Summative assessments** (at the conclusion of the program) must be performed by an assessor who has been **appointed by the IIA**.
8. The content of the Workplace Training Logbook provides for the addition of industry specific tasks/functions. It is also policy to revise the logbook as frequently as required by developments in the industry or the internal auditing profession.
9. **The Learnership route to the Internal Audit Technician designation**. Learners must have achieved **satisfactory assessments in each of the eight** knowledge modules, and have been **assessed** as competent in **at least 80%** of the **Logbook content**, to meet the requirements.

## B. GUIDELINES FOR THE EMPLOYER

- 1 Participation in this process of skills development is evidence of a commitment to training.
- 2 This process will usually include:
  - accreditation by a professional body
  - developing a mentoring system for the learner/trainee
  - providing opportunities for existing and prospective employees
  - providing academic and practical training support for the learner/trainee
  - meeting the quality assurance standards that are set
  - providing the learner/trainee with the exposure and rotation of duties required
  - participating in the objective evaluation of the practical training
- 3 Advantages of the Logbook system:  
*ON TARGET*
  - The Logbook assists in keeping the training program on target. It clearly outlines the training requirements and thus streamlines the functioning of the training program.*JOB DESCRIPTION*
  - It presents itself as a detailed and precise job description that could also be used for the induction of new trainees/employees.
  - It would assist with the facilitation of any staff changes eg rotation, staff on leave.*COMPETENCY*
  - Based on the principle of competency will ensure that the focus of the training is correct, that is, that the trainees can perform the work and add value to the work environment.
  - Competencies are assessed, evaluated and recorded in the logbook.*STRUCTURED FORMAT*
  - Due to the structured format, the logbook itself serves as an on-the-spot and up-to-date progress report for the trainee and supervisor/mentor.
  - It therefore assists with the rotation schedule of the trainee/learner and ensures overall exposure to functions.
- 4 Filling in the Logbook. Once competency has been achieved in a particular line item, it must be marked with a “√”, signed and dated by the evaluator. Summative assessments will be done in the same manner by the IIA appointed assessor.

## C. GUIDELINES FOR THE TRAINEE/LEARNER

- 1 Involvement as a trainee/learner in this program means that you accept a responsibility for your own training. As much as your employer has undertaken to provide the training, you have an obligation to ensure training as prescribed is given.
- 2 A trainee/learner must register as a member with the IIA SA. You will receive the standard membership benefits.
- 3 All trainees are subject to the IIA Code of Conduct, Ethics and Standards.
- 4 It is vital that you are aware of how the Logbook and Learnership system operates. Read through "General comments" and "Guidelines for the Employer" carefully.
- 5 Formative evaluation will usually involve only persons from the employer organisations, unless an outside independent evaluator is requested.
- 6 Final (summative) assessment
  - Completion of the Logbook requires a final assessment.
  - This will involve an IIA assessor who may also wish to confer with your supervisor/mentor
  - Arrange all this well in advance.
  - A portfolio of evidence or work examples should be available, as the assessment will relate to that and in-depth questions.
  - Upon satisfying the 80% practical training requirement, both supervisor and IIA assessors will ratify and sign-off the relevant sections in the Logbook.
- 7 **Dispute process.** Difficulties that may arise in the program are to be addressed in the first instance to your mentor. Matters which cannot be resolved at that level are to be referred to the IIA. Any dispute unresolved at that level will be referred to the relevant Seta/labour authority, whichever applicable, for final solution.

# STRUCTURED TRAINING PROGRAM (STP)

TASKS	✓	INTERNAL EVALUATOR	DATE	✓	IIA ASSESSOR	DATE
<b>1. UNDERSTANDING THE BUSINESS ORGANISATION</b>						
1.1 The Structure - describe the departments, regional offices and briefly what their roles are.						
1.2 Vision and mission of the organisation • display an awareness						
1.3 Wider business environment - describe where we fit in						
1.4 The role of the IA unit (shop) - display an awareness of ethics that are applied, standards that are adhered to						
1.5 Corporate Governance - display an understanding of what the organisation subscribes to • describe functioning of the Audit committee • describe the reporting lines for IA						
<b>Outcome: Understand the overall business, key structures and processes and how the IA unit fits into the organisation</b>						

TASKS	✓	INTERNAL EVALUATOR	DATE	✓	IIA ASSESSOR	DATE
<b>2. THE INTERNAL AUDIT UNIT</b>						
2.1 Definition of Internal Auditing						
2.2 The IA Charter - display an awareness						
2.3 Risks - identification of main risk areas. • risk management: describe the steps to take						
2.4 Control Systems • the use of flow charts • benchmarking						
2.5 Planning an audit • preliminary contact: describe the preparatory process • working papers: what WP should include • sampling: describe different methods of						
<b>Outcome: Have an understanding of the basics of Internal Auditing as it relates to this business in the identification of risks, the management of those risks, the introduction of controls, the benchmarking, planning and executing of the audit reporting and follow-up</b>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>3. INTERNAL AUDIT IN THE WORKING ENVIRONMENT</b>						
3.1 Structures of the organisation - describe the interface with: <ul style="list-style-type: none"> <li>Structures</li> <li>Audit Committee</li> <li>Board</li> <li>CEO</li> <li>Chairman</li> </ul>						
3.2 Risk Assessment - display an understanding of the process to identify risks in the organisation, and then prioritise them. <ul style="list-style-type: none"> <li>describe the principle issues in the management of the identified risks</li> </ul>						
3.3 Control systems - display an awareness of different control frameworks that could be put in place <ul style="list-style-type: none"> <li>awareness of COSO, COCO</li> </ul>						
3.4 Ethics - display an awareness of the code of ethics that the organisation subscribes to						
3.5 Standards - display an awareness of the standards prescribed by the IIA						
<b>Outcome: Be aware of the interface of Internal Audit with the various aspects of management, as well as the ethics and standards required of the Internal Audit profession</b>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>4. COMMUNICATION - VERBAL &amp; WRITTEN</b>						
4.1 Memo's letters and reports – display competence						
4.2 Interviewing <ul style="list-style-type: none"> <li>presence as an observer</li> <li>participation under guidance</li> </ul>						
4.3 Presentations - to small groups <ul style="list-style-type: none"> <li>demonstrate competence to use visual aids including PowerPoint</li> </ul>						
<b>Outcome: Develop competency in written skills and presentations and have a good grounding in interviewing and negotiating skills</b>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>5. FINANCIAL ASPECTS</b>						
5.1 Receipts, payments, debtors and creditors <ul style="list-style-type: none"> <li>display knowledge of principles of operation</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
5.2 Inventory: procurement, recording, safekeeping <ul style="list-style-type: none"> <li>display knowledge of procedures</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
5.3 Finance, investments and funding <ul style="list-style-type: none"> <li>display awareness of procedures</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
5.4 Payroll <ul style="list-style-type: none"> <li>display knowledge of principles of operation</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
5.5 Assets: purchase, recording, safekeeping <ul style="list-style-type: none"> <li>display knowledge of procedures</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
5.6 Liabilities: recording, verification <ul style="list-style-type: none"> <li>display knowledge of procedures</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
5.7 Budgets and management accounting: preparation, forecasting, variances, reporting <ul style="list-style-type: none"> <li>display awareness of principles of operation</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
<b>Outcome: Display an awareness of business risk in financial areas, and where appropriate, have knowledge of the processes and ability to identify key risk areas and describe the controls in place</b>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>6. NON-FINANCIAL ASPECTS</b>						
6.1 Human resources: legislation that impacts on the organisation (Labour Relations Act, Basic Conditions of Employment, Employment Equity; Skills Development Act, etc) <ul style="list-style-type: none"> <li>display a basic understanding</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
6.2 Internal HR/employment policies: recruitment and promotion; benefits and training, grievances and disciplinary procedures <ul style="list-style-type: none"> <li>display knowledge of procedures</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
6.3 Health and safety: internal policies, organisational requirements, legislation <ul style="list-style-type: none"> <li>display an understanding of the requirements</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
6.4 Environmental matters: legal or other requirements <ul style="list-style-type: none"> <li>display understanding of the requirements</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
6.5 Management <ul style="list-style-type: none"> <li>demonstrate a knowledge of the structures</li> <li>identify key risk areas</li> <li>describe control measures</li> </ul>						
<b>Outcome: Display an awareness of business risk in non-financial areas, and where appropriate, have knowledge of the processes and ability to identify key risk areas and describe the controls in place</b>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>7. INFORMATION TECHNOLOGY IN INTERNAL AUDITING</b>						
7.1 IT in the audit assignment <ul style="list-style-type: none"> <li>demonstrate competency in a software package used in the organisation</li> </ul>						
7.2 Security issues <ul style="list-style-type: none"> <li>identify risk areas</li> <li>describe control measures</li> </ul>						
7.3 General controls relating to IT applications <ul style="list-style-type: none"> <li>demonstrate a knowledge of these controls</li> <li>detail examples</li> </ul>						
7.4 IT structures in the organisation <ul style="list-style-type: none"> <li>demonstrate an awareness</li> </ul>						
7.5 Management of IT <ul style="list-style-type: none"> <li>display an awareness</li> </ul>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>7. INFORMATION TECHNOLOGY IN INTERNAL AUDITING (continued)</b>						
7.6 The use of audit frameworks <ul style="list-style-type: none"> <li>demonstrate a knowledge of CAATT's to assist</li> <li>demonstrate competency in at least one CAATT</li> <li>application reviews</li> </ul>						
<b>Outcome: Display competent usage of IT in internal audit applications</b>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>8. CORPORATE GOVERNANCE</b>						
8.1 King III - demonstrate an awareness of the important recommendations of the report as it affects: <ul style="list-style-type: none"> <li>The Board</li> <li>Directors</li> <li>CEO</li> <li>Chairman</li> <li>Board of Committees</li> </ul>						
<b>Outcome: Display an awareness of the key elements of King III Report</b>						

TASKS	√	INTERNAL EVALUATOR	DATE	√	IIA ASSESSOR	DATE
<b>9. FRAUD IN THE WORKPLACE</b>						
9.1 Corruption in it's various forms <ul style="list-style-type: none"> <li>demonstrate knowledge</li> </ul>						
9.2 Misappropriation of assets <ul style="list-style-type: none"> <li>demonstrate knowledge of instances, and</li> <li>identify risk areas</li> <li>describe control measures</li> </ul>						
9.3 Acts of fraud committed by cheque misuse, computer and in financial statements <ul style="list-style-type: none"> <li>demonstrate awareness</li> </ul>						
9.4 Reducing fraud risk <ul style="list-style-type: none"> <li>demonstrate a knowledge of detection policies and preventative measures, and the inculcation of employee values, and a code of business ethics</li> </ul>						
<b>Outcome: Display an awareness of the fraud and corruption areas in the business environment</b>						



# EMPLOYER'S AUTHENTICATION

1. An employer's authentication sheet should be completed by each employer that the trainee/learner has worked for.
2. The logbook should be updated by the supervisor and, where necessary in consultation with an IIA Assessor, before the trainee/learner leaves the employer.

## EMPLOYER'S AUTHENTICATION

The Institute may confirm the information presented in the logbook with the employer(s) concerned.

I certify that (applicant's name) \_\_\_\_\_

Has obtained the experience as indicated in the logbook during the period  
\_\_\_\_\_ to \_\_\_\_\_

Name: \_\_\_\_\_

Position held: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name and address of organisation:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Official Stamp*

*If required, additional copies of the Employers Authentication are obtainable from the IIA SA office for insertion in the logbook.*

# STRUCTURED TRAINING PROGRAM FOR THE INTERNAL AUDIT TECHNICIAN

## TERMINOLOGY

The labels “**awareness**” and “**understanding**” are used to denote different types of substantive understanding.

**Awareness** refers to a type of substantive understanding that might be labelled **technical, theoretical or academic** – where the principles connecting items of knowledge are understood, as well as the generalised significance and broad applicability.

**Understanding** refers to a type or substantive understanding that might be labelled **practical** – where sufficient experience has been gained from a range of situations to be able to discriminate between them in terms of significance and usage, in analysis, planning and action.

Accordingly, in the STP for the IAT, the emphasis would be on awareness of the principles connecting the items of knowledge, their general significance and broad application. In the GIA structured training program the emphasis would be on the gathering of sufficient experiences.

As progression is made along the path from technician to expert, so the relative importance of knowledge and experience changes. When a person has no experience, knowledge looms large in importance. When a person has extensive experience, knowledge becomes less important – it becomes subsumed in experience as a resource. Experts possess knowledge, but it is embedded indelibly in their wealth of experience and manifested only in their performances.

## TASK SUMMARY OF THE INTERNAL AUDIT TECHNICIAN PROGRAM

1. Demonstrate an understanding of the dynamics of the organisation and the role of internal audit
2. Demonstrate an understanding of the basics of internal auditing as it relates to planning, benchmarking, control systems, working papers, sampling tools and techniques
3. Demonstrate an awareness of the interface of internal audit with management, the objectives and strategies of risk assessment and management
4. Assist with the implementation of control systems.
5. Demonstrate competence to communicate verbally the need for risk and control initiatives; and demonstrate an awareness of the key elements of report writing
6. Demonstrate an awareness of key risk areas in the business environment in both financial and non-financial areas.
7. Demonstrate competence to use the IT applications employed, as well as computer aided auditing tools & techniques (CAATT's), to assist in auditing
8. Demonstrate an awareness of the key elements of the King III Report and the organisation's system of corporate governance
9. Demonstrate an awareness of fraud and corruption risk areas in the business environment
10. Demonstrate an understanding of the IIA standards and ethics





*"Live life as if you were to die tomorrow.  
Learn as if you were to live forever"*

Mahatma Gandhi



**The Institute of  
Internal Auditors  
South Africa**

***Progress Through Sharing***

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