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**SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)**

In accordance with Regulation 24(c) of the National Standards Bodies Regulations of 28 March 1998, the Standards Generating Body (SGB) for

HET Accountancy and Financial Management

Registered by Organizing Field 03, Business, Commerce and Management, publishes the following Qualification for public comment.

This notice contains the titles, fields, sub-fields, NQF levels, credits, and purpose of the Qualification. The Qualification can be accessed via the SAQA web site at www.saqqa.org.za. Copies may also be obtained from the Directorate for Standards Setting and Development at the SAQA offices, **Hatfield Forum West, 1067 Arcadia Street, Hatfield, Pretoria.**

Comment on the Qualification and should reach SAQA at the address ***below and no later than 13 November 2006.*** All correspondence should be marked **Standards Setting and Development – SGB for HET Accountancy and Financial Management** and addressed to

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DIRECTOR: STANDARDS SETTING AND DEVELOPMENT



SOUTH AFRICAN QUALIFICATIONS AUTHORITY

QUALIFICATION:

National Diploma: Public Sector Financial Management

SAQA QUAL ID	QUALIFICATION TITLE		
57826	National Diploma: Public Sector Financial Management		
SGB NAME	ORGANISING FIELD ID	PROVIDER NAME	
SGB HET Accountancy and Financial Management	3		
QUAL TYPE	ORGANISING FIELD DESCRIPTION	SUBFIELD	
National Diploma	Business, Commerce and Management Studies	Finance, Economics and Accounting	
ABET BAND	MINIMUM CREDITS	NQF LEVEL	QUALIFICATION CLASS
Undefined	240	Level 7	Regular-ELOAC

PURPOSE AND RATIONALE OF THE QUALIFICATION

Purpose:

The purpose of the Qualification is to provide the:

- > Learners with the knowledge, understanding, skills and application techniques that they need to be successful in their work as qualified financial managers in the public sector.
- > Employer with lifelong learners who are confident and independent, literate, numerate, multi-skilled, compassionate, with a respect for the environment and the ability to participate in their work as critical and active employees.
- > Public sector with professionally qualified, skilled managers and leaders, able to lead the sector towards improved financial management.

The qualifying learner is able to demonstrate an understanding and application of:

- > Financial and performance reporting functions.
- > Accounting and decision making functions.
- > Strategic management and leadership functions.
- > Information technology resources.

Rationale:

This qualification meets the needs of the public sector by providing public sector financial management knowledge and skills to a sector whose poor financial management has for years been highlighted by various role players in the public financial sector, including the Minister of Finance, the Chairperson of SCOPA and the Auditor General.

The quality of financial statements, lack of understanding of basic internal controls, ineffective internal audit departments and the limited knowledge of accounting and financial principles are only some of the matters, which contribute to poor financial management practices.

This Qualification aims to address financial management skills gaps that will allow the qualifying learner to prioritise and maximise the effective use of State resources, to focus on outputs in relation to community needs, to shift from cash accounting to accrual accounting and to apply management principles and be held accountable.

RECOGNIZE PREVIOUS LEARNING?

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LEARNING ASSUMED TO BE IN PLACE

Learners accessing this qualification should be in possession of the Certificate in Public Sector Financial Management, NQF Level 6.

Access to qualification

The learner should be in possession of Certificate in Public Sector Financial Management 6 or an equivalent qualification.

QUALIFICATION RULES

The qualification consist of fundamental, core and elective outcomes:

The fundamental outcomes are compulsory and include:

- > Financial and Performance Reporting.
- > Information Technology.

The core outcomes include:

- > Accounting and Decision Making.
- > Strategic Management and Leadership.

The elective outcomes consist include:

- > Audit.
- > Financial Management.
- > Public Finance.

To complete the qualification the learner must choose one of the elective outcomes as an area of specialisation.

EXIT LEVEL OUTCOMES**Fundamental outcomes**

> Financial and performance reporting:

1. Analyse financial statements for a department within conceptual framework.
2. Prepare aggregated financial statements for the public sector within the conceptual framework.
3. Report financial & performance information.

> Information technology

4. Explain and describe the management of information technology (IT) resources.
5. Describe the strategic role of information technology in the organisation.
6. Identify and explain information technology control requirements.

Core outcomes

> Accounting for decision-making

7. Prepare, analyse and monitor a departmental budget.
8. Utilise management accounting techniques for decision-making
9. Apply a range of investment appraisal techniques to given scenarios

> Strategic management and leadership outcomes:

10. Describe the objectives and nature of strategic management and strategic decision making.
11. Explain and apply the principles of strategic analysis and diagnosis.
12. Analyse and explain the rationale and apply techniques to generate, evaluate, and select strategic options.
13. Describe the process of managing strategic change and create plans addressing the organisational and environmental implications.
14. Lead organisations and manage achievement of organisational aims.

Electives outcomes

> Audit

15. Identify and describe the stages in managing and performing an audit through to the reporting of findings.
16. Describe the appropriate use of different techniques for audit environments.
17. Explain and apply the principles of Value-For-Money and compliance auditing.
18. Explain and apply the principles of a forensic audit.
19. Explain the role of information technology and systems in auditing both as a tool for auditing and as an audit environment.

> Financial management

20. Apply supply chain management and inventory management principles in an entity, taking into account the public sector specific requirements.
21. Identify the benefits and costs of applying performance measures and discuss their application in attaining an organisation's goals.
22. Lead and direct a value for money finance function, which promotes effective financial management policies and practices for an organisation.
23. Describe the techniques and instruments of treasury and financial risk management available to public service organisations, and of the statutory, regulatory and best practice requirements surrounding their use.

> Public finance

25. Describe the factors that influence public policy-making.

ASSOCIATED ASSESSMENT CRITERIA

Fundamental outcomes

> Financial and performance reporting

1.

- > Financial statements are analysed and interpreted to assess in the context of strategic decision making.
Range statement: Financial statements include, but are not limited to, those of national, provincial, and local government, and public entities.
- > The implications of the analysis of financial statements for the public service body are understood and explained.
- > Feasible funding sources are identified and appraised.

2.

- > The need for consolidated financial statement across the spheres of government is critically analysed, understood and explained.
- > Consolidated financial statements for the South African public sector as a whole are understood and explained.
- > The differences in consolidated financial statements from country to country are critically assessed and explained.

3.

- > Required reporting requirements are applied.
Range statement: Required includes, but is not limited to, required by statute, good governance practices (King II) and GAAP & GRAP and IFAC statements.
- > Consistency between the MTEF budget, the financial statements, and other information provided in the annual report is ensured.
- > The regulatory framework for performance measurement in the public services is identified and discussed.
Range statement: Framework includes, but is not limited to, the bodies involved and their roles.
- > The specific mechanisms used to measure performance in public sector entities are identified, explained and evaluate.
Range statement: Measures include, but are not limited to, performance indicators; performance targets; value for money studies; performance improvement plans; and public service agreements.
- > Principles of non-financial and value-added-reporting, taking into account risks that may need to be highlighted to users of financial statements are understood and applied.
- > The appropriateness of sustainability reporting in the public sector, as well as to a public entity, is evaluate and applied.
- > An annual report applicable to a department, constitutional institution, or public entity is prepared.
- > The way in which financial and non-financial information is prepared is done in such a way that it promotes transparency and accountability

> Information technology

4.

- > The process to create, amend and maintain an IT entity is understood and explained.
- > IT resources needed to maintain entity efficiencies are understood and explained.
- > Principles of asset management are applied to IT facilities.
- > The management of system change and problem resolution is understood and described.
- > IT is applied in performance monitoring.
- > Financial control over IT resources is understood and applied.

5.

- > The relationship between IT strategy and business strategy is understood and described.
- > Current and future IT requirements are understood and assessed.
- > IT strategic planning is aligned to business strategy.
- > IT is applied in the ongoing governance and outcome monitoring process.

6.

- > The control frameworks in information technology are understood and described.
- > Control objectives are understood and described.
- > Levels of control are identified.
- > The roles and responsibilities of key parties are identified.
- > Control activities are described.
- > The elements of control in the information processing system are understood and described.
- > The process of monitoring of control compliance is understood and described.

Core outcomes

> Accounting for decision-making

7.

- > Capital and operating budgets for a public sector entity are prepared in accordance with the Strategic Plan and relevant prescripts.
- > Budgets are used to control revenue and expenditure and advise management on the implications of any budget variances.
- > Budgets are used to forecast and control the entity's cash flow.
- > Progress against the budget is reported on in accordance with Treasury requirements.
- > Management is advised on the use of virement.

8.

- > The role of accounting and the management accountant in the decision making process is understood and discussed.
- > The arguments regarding the relevance of management accounting techniques to the public sector environment are understood and discussed.
- > The ability to use relevant cost principles to make short-term decisions is understood and demonstrated.
Range statement: Principles include, but are not limited to, identification of relevant and non-relevant costs; make or buy scenarios; use of spare capacity; use of scarce resources involving single and multiple constraints; and evaluation of special orders.
- > Cost statements are prepared for decision making.
- > Techniques to improve efficiency and effectiveness of activities and processes are described and applied.
Range statement: Techniques include, but are not limited to, cost reduction versus cost control; and life cycle costing.
- > The role of accounting in techniques promoting business excellence and value management, are understood and discussed.
Range statement: Techniques include, but are not limited to, functional analysis; shareholder/stakeholder value analysis; total quality management.
- > The benefits and disadvantages of outsourcing are outlined and explained.

9.

- > A range of investment appraisal techniques are selected and applied taking into consideration the effects of mutual exclusivity of projects, inflation, taxation, capital rationing, leasing versus borrowing finance decisions.
Range statement: Techniques include, but are not limited to, payback, accounting rate of return, net present value, internal rate of return, discounted payback.
- > The results of an investment appraisal are interpreted taking non-financial factors into consideration.
Range statement: Non-financial factors include, but are not limited to, weighted benefit criteria, cost benefit

analysis, and cost effectiveness studies.

10: Account for and assess the risk to the entity of differing courses of action.

> The risks and uncertainty attached to proposed courses of action are understood and quantified.

Range statement: Risk include, but are not limited to, probabilities and probability distribution; expected values; standard deviations; simulation; sensitivity analysis.

> The risks and uncertainty associated with present and proposed courses of action using various models are understood and analysed.

Range statement: Models include, but are not limited to, decision trees; maximin, maximax, minimax, and regret criterion.

> Strategic management and leadership outcomes

11.

> The meaning and purpose of strategic management and strategic decision making is understood and explained.

> Theoretical models of strategic management and strategic decision making in the organizational context are describe and demonstrated.

Range statement: Models include, but are not limited to, theoretical models (planned, emergent, cultural etc.); and levels of strategy (corporate, business, operational).

> The impact of the strategic decision making process on the behaviour of an organisation and its environment, is understood and described.

Range statement: Impact includes, but is not limited to, internal motivational perspective; wider stakeholder perspective; and competitor reaction.

12.

> The principles of analysis are understood and explained.

Range statement: Analysis includes, but is not limited to, environmental analysis; market analysis; organisational analysis; organisational capability.

> An environmental analysis related to a public sector entity is performed.

Range statement: Analysis includes, but is not limited to, environmental complexity/dynamism; PEST, and scenario planning.

> Appropriate tools to analyse the public sector are selected and applied.

Range statement: Tools include, but are not limited to, market theory; customer/consumer analysis; segmentation, and Porter's 5-forces.

> Appropriate tools to analyse a public sector entity are selected and used.

Range statement: Tools include, but are not limited to, mission statements; objectives at corporate/business/etc.; cultural analysis, stakeholder analysis; ethical stance and governance structures.

> Appropriate tools to analyse public sector capability are selected and used.

Range statement: Tools include, but are not limited to, organisational capability, competence; portfolio analysis, supplier management; resource audit, value chain analysis.

> Aspects of strategic analysis, and diagnose of key strategic factors are understood and synthesise.

13.

> The rationale for generating strategic options, appraisal criteria, evaluating and selecting strategic options are understood and explained.

> Techniques for generating strategic options are described and evaluated.

Range statement: Techniques include, but are not limited to, strategic issues approach; competitive strategy approach; creativity/brainstorming; strategy clock; and ansoff matrix.

> Suitable criteria for evaluating and selecting strategic options are determined and applied.

Range statement: Criteria include, but are not limited to, suitability, feasibility, and acceptability; short-listing, benefit criteria, stakeholder reaction, scenarios, cost benefit analysis.

14.

> An organisation is assisted in evaluating a business case for change and to develop and implement change plans effectively.

> Processes to manage and champion change and improvement in an organization are described and demonstrated.

Range statement: Processes include, but are not limited to, change tactics/management; behaviour/cultural aspects; organisational structure; performance monitoring, review, and action.

> Appropriate plans, at corporate, business, and operational level, for implementing strategy, taking account of both organisational and environmental factors are described, devised and appraised.

Range statement: Plans include, but are not limited to, business plans/action plans/resource allocation; stakeholders/competitors; communication/promotion

15.

- > Effective leadership across an entity to foster a positive and creative culture is provided.
- > Teams are led and people managed to develop sound strategies.
- > Staff are motivated and empowered to deliver corporate objectives.

Electives outcomes

> Audit

16.

- > Explain the scope of audit management, including: Control of staff and budgets to meet audit objectives; Comparing and contrasting internal and external audit management. (in terms ISAS).
- > Evaluate the ways in which management of clients is conducted, including: Identification of potential clients and their requirements; Matching client needs to the audit objectives through service level agreements, for example, Impact of audit independence on client relationships.
- > Describe the management process for an individual audit, including: Allocation of responsibilities for audits; Assess audit risk.
- > Manage progress and productivity of audit fieldwork.
- > Describe audit closure procedures.
- > Explain the process of reporting on audit findings, including: Reporting procedures; Compiling and presenting audit reports.

17. Describe the appropriate use of different techniques for audit environments

- > Appropriate audit techniques are explained and employed.
- Range statement: Techniques include, but are not limited to, planning techniques such as preliminary surveys, and analytical review; system documentation; control identification and assessment, and internal control evaluation techniques; contrasting judgmental and statistical sampling; evaluation of test results.
- > Financial systems audit processes are understood and explained and use is made of systems based audit techniques.
- Range statement: Techniques include, but are not limited to, the principles behind the audit of published and internal financial statements and accounts; audit of financial controls within management and operational systems and how key financial systems are audited.
- > The role of the auditor in auditing operational systems is understood and clarified with regard to contracted out services and capital and revenue contracts.

18. Explain and apply the principles of Value-For-Money and compliance auditing.

- > The different approaches to Value for Money auditing are explained and appraised.
- > The responsibilities of audit and management for Value for Money understood and distinguished.
- > The techniques used in Value for Money auditing are understood, explained and appraised.

19.

- > The principle of a forensic audit and the regulatory framework sanctioning such audits is/are understood and explained.
- > The role of the auditor and management in regard to impropriety, illegality, fraud and other irregularities is understood and explained.
- > The stages and specialist skills required to undertake a forensic audit are understood, defined and explained.
- > The legal issues which arise within a forensic audit are identified, understood and explained.

20.

- > The impact of I.T. on auditing is understood and explained.
- Range statement: Impacts include, but are not limited to, audit risks within an I.T environment; improvements to systems and service delivery made possible by I.T. key controls necessary for opportunities to be taken, whilst avoiding risks; guidance available on I.T security.
- > The methods by which computer systems can be audited are understood, explained, and evaluated.
- Range statement: Methods include, but are not limited to, role of specialist computer auditors; reviews of the strategies and overall arrangements for I.T; role auditors can play in systems development; audit role in evaluating the financial management of I.T, particularly the acquisition of I.T facilities and facilities management; audit of application and change controls, file controls and environmental controls; disaster recovery and business continuity arrangements.
- > The uses made of I.T. within audit work are understood and explained.
- Range statement: Uses include, but are not limited to, specialist software for audit planning, administration and fieldwork; potential offered by I.T for improving audit efficiency, effectiveness and professionalism.

> Financial management

21.

- > The system of supply chain management and inventory management in an entity is understood and explained and evaluated.
- > Contracts with suppliers or customers for specific products or services are negotiated.
- > The processes for specifying and securing tendering and outsourcing arrangements, long term service agreements, consortia purchasing arrangements and shared service agreements are understood and explained.
- > Contracts are administered and monitored to ensure effective performance.
- > Contractors and managing consultants are managed through effective communication processes.
- > Contract difficulties and disputes are investigated and resolved through negotiation and various dispute resolution processes.

22.

- > A performance management and measurement system within a public sector entity is designed and implemented.
- > Appropriate financial and non-financial performance measures to give a balanced perspective of an entity's achievements are developed and implemented.
- > Systems to monitor and report performance relative to stated goals are developed and implemented.
- > The actual performance achieved by an entity in relation to target performance and measures set are analysed.
- > Performance information is used to improve effectiveness.

23. Lead and direct a value for money finance function, which promotes effective financial management policies and practices for an organisation

- > Strategies are developed and implemented that encourage good management and decision-making across an organisation.
 - > Policies and procedures are designed and updated in light of legislative, regulatory or organisational changes, to ensure efficient and effective financial administration and control.
- Range statement: Policies and procedures include, but are not limited to, financial instructions, standing orders, credit control procedures, tax and debt collection policies.
- > The adherence to financial operating policies is ensured.

24.

- > The value and risks to public service organisations of the use of treasury management instruments and techniques are understood and explained.
- > The various statutory and regulatory frameworks within which treasury management is undertaken in the public services is understood and explained.
- > The role of insurance in the effective identification, management and reduction of risk in public service organisations is understood and explained.

> Public finance

25.

- > The impact of macroeconomic principles on and relationship to public policy making is understood and explained.
 - > General socio-economic concepts and factors and their impact on and relationship to public policy making is understood and explained.
- Range statement: Concepts include, but are not limited to, sustainability.
- > External influences that affect and impact on national policy making are understood and explained.
- Range statement: Influences include, but are not limited to, internationalisation, supra-national bodies (such as the African Union), and globalisation.
- > The dynamic nature of the boundaries and relationships between the public, private and not-for-profit sectors are described understood, explained and evaluated.
 - > The role of the accounting professional in the public policy making process as an actor who influences strategic decision-making is critically evaluated.

Integrated assessment

Because assessment practices must be open, transparent, fair, valid, and reliable and ensure that no learner is disadvantaged in any way whatsoever, an integrated assessment approach is incorporated into the Qualification.

Learning, teaching and assessment are inextricably linked. Whenever possible, the assessment of knowledge, skills, attitudes and values shown in the unit standards should be integrated.

A variety of methods must be used in assessment and tools and activities must be appropriate to the context in which the learner is working. Where it is not possible to assess the learner in the workplace or on-

the-job, simulations, case studies, role-plays and other similar techniques should be used to provide a context appropriate to the assessment.

The term 'Integrated Assessment' implies that theoretical and practical components should be assessed together. During integrated assessments the assessor should make use of formative and summative assessment methods and assess combinations of practical, applied, foundational and reflective competencies.

Assessors and moderators should make use of a range of formative and summative assessment methods. Assessors should assess and give credit for the evidence of learning that has already been acquired through formal, informal and non-formal learning and work experience.

INTERNATIONAL COMPARABILITY

Introduction

This Qualification was compared with qualifications in public sector financial management in the United Kingdom. This qualification is also aligned to global IFAC standards. It shows a substantial degree of similarity to qualifications in the United Kingdom, specifically CIPFA (Chartered Institute for Public Finance and Accounting) as well as ACCA, the Association for Accounting Technicians (AAT) Qualification and the Certified Accounting Technician (CAT) Qualification from the Association of Chartered Certified Accountants (ACCA). The concept of a single Qualification with the potential to be used across a range of public finance sectors or departments is common in the foreign qualifications mentioned.

This Qualification was also compared with qualifications in public sector financial management at the postgraduate level in the following countries:

- > India.
- > Other Common Wealth Countries.
- > Kenya.
- > Namibia.

All Postgraduate Diploma courses consist of work which is postgraduate in character. The general objectives of diploma courses include:

- > Instruction for students wishing to change disciplines.
- > The upgrading of knowledge within a discipline.
- > Preparation for entry to a Master's course.

India

The Indian Institute of Finance provides a Post-Graduate Diploma in Business Finance. The first three semesters provide the basics of the finance function along with other functional areas of management. Advanced inputs of Finance are provided in fourth and fifth semester including public sector financial management. In last semester the students get an opportunity to apply the knowledge gained in their sector. Reference:

United Kingdom

The centre for Financial & Management Studies at the University of London provides a Postgraduate Diploma in Public Financial Management. The diploma contains four courses, three core and one elective chosen from the following list:

- > Public Financial Management: Planning & Performance - core.
- > Public Financial Management: Revenue - core.
- > Financial Reporting and Audit - core.
- > Project Appraisal and Impact Analysis - elective.
- > Privatisation and Public-Private Partnerships - elective.
- > Decentralisation & Local Governance - elective.

(Reference: <http://www.cefims.ac.uk/cgi-bin/programmes.cgi?func=programme&id=28>).

In this respect the qualification does not attempt to cover as much ground as does the South African Qualification, but does cover the various areas in greater depth.

Australia

Similar Courses in Australia are structured in a more generic manner with and public sector finance being elective courses. An example would be the Postgraduate Diploma in Finance (PGDF) of the Finance Department of the University of Melbourne.

Reference: <http://www.finance.unimelb.edu.au/degreesandprograms/pgdf.html>.

While this qualification compared in many respects with its Australian counterpart it again lacked the flexibility that would allow different learners to customise the diploma for their own special needs.

Conclusions

This course compared to international qualifications of a similar level and comparable content in the following respects:

- > With regard to general and generic principles applicable to financial studies (also found in commercial courses) and the general differences that public and non-profit entities show in relation to commercial entities, which inform all qualifications of this nature this qualification was comparable to international content and outcome areas.
- > With regard to major areas of public finance management studies it was found that each country examined had public sector finance and administration structure informed by its own unique constitutional and regulatory framework. In this regard it was not possible to compare standards internationally without recourse to legal comparative studies which do not appear to exist in this area.
- > Most international qualifications at this level provide generic components that form part of the core diploma and electives for public sector finance.
- > The rationale for this qualification however speaks to the lack of specialised knowledge in public finance management in South African as a result of a rapidly transforming public service and its financial management functions.

ARTICULATION OPTIONS

Completion of the Diploma will allow learners to further their learning both horizontally and vertically. The Professional training offered in this Qualification should allow learner's entrance to other professional Qualifications in the fields of Accounting, Financial Management and Financial Accounting. Most of the Specific Outcomes in this Qualification are common to most accounting Qualifications.

Horizontal Articulation:

- > The Professional training offered in this Qualification should allow learner's entrance to other professional Qualifications in the fields of Accounting, Financial Management and Financial Accounting at NQF Level 7.
- > The Qualification will also provide a solid grounding for further development of the learner into specialist and management areas within the public sector.

MODERATION OPTIONS

Moderation ensures that learners who are being assessed are assessed in a consistent, accurate and well-designed manner, using assessment tools and techniques that are reliable and valid. The moderators are responsible for the moderation of all assessments including those done as part of RPL.

Moderation will ensure that:

- > The assessment covers, the specific outcomes contained in the Qualification.
- > The assessments are fair, valid, reliable and practicable.
- > If needed, assessments are redesigned.
- > An appeals procedure for dissatisfied learners is put in place.
- > The performance of assessors is assessed.

Anyone assessing a learner or moderating the assessment of a learner against this Qualification must be registered as an assessor with a relevant Education, Training, Quality, Assurance (ETQA) Body or with an ETQA that has a Memorandum of Understanding with the relevant ETQA.

Any institution offering learning that will enable the achievement of this Qualification must be accredited as a provider with the relevant ETQA or with an ETQA that has a Memorandum of Understanding with the relevant ETQA.

Moderation of assessment will be overseen by the relevant ETQA or by an ETQA that has a Memorandum of Understanding with the relevant ETQA, according to the ETQA's policies and guidelines for assessment

and moderation.

Moderation must include both internal and external moderation of assessments at exit points of the Qualification, unless ETQA policies specify otherwise. Moderation should also encompass achievement of the competence described both in individual Unit Standards as well as in the exit level outcomes described in the Qualification.

CRITERIA FOR THE REGISTRATION OF ASSESSORS

Assessors should:

- > Be registered as assessors with the relevant ETQA.
- > Hold a Qualification in Accounting, Public Sector Accounting or Financial Management at NQF Level 7 or above.

NOTES

This is a new qualification. The NQF Level 7 and 8 qualifications were de-registered.

UNIT STANDARDS

(Note: A blank space after this line means that the qualification is not based on Unit Standards.)
