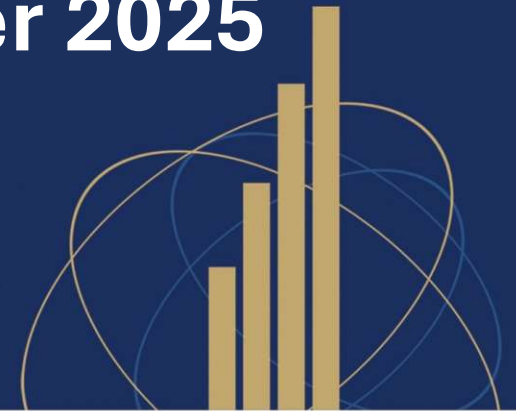




06 October 2025

Essential policies for excellence in South African public sector finance



How does policy interact with existing legislations, regulations, structures and operations?



The Constitution

- South Africa is a constitutional democracy
- System of government where power is held by the people, who elect representatives to make decisions, but this power is limited by a written constitution



Section 2 of the Constitution

"This Constitution is the supreme law of the Republic; law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled"



Intergovernmental
relations

Co-operative governance



Chapter 10 of the Constitution



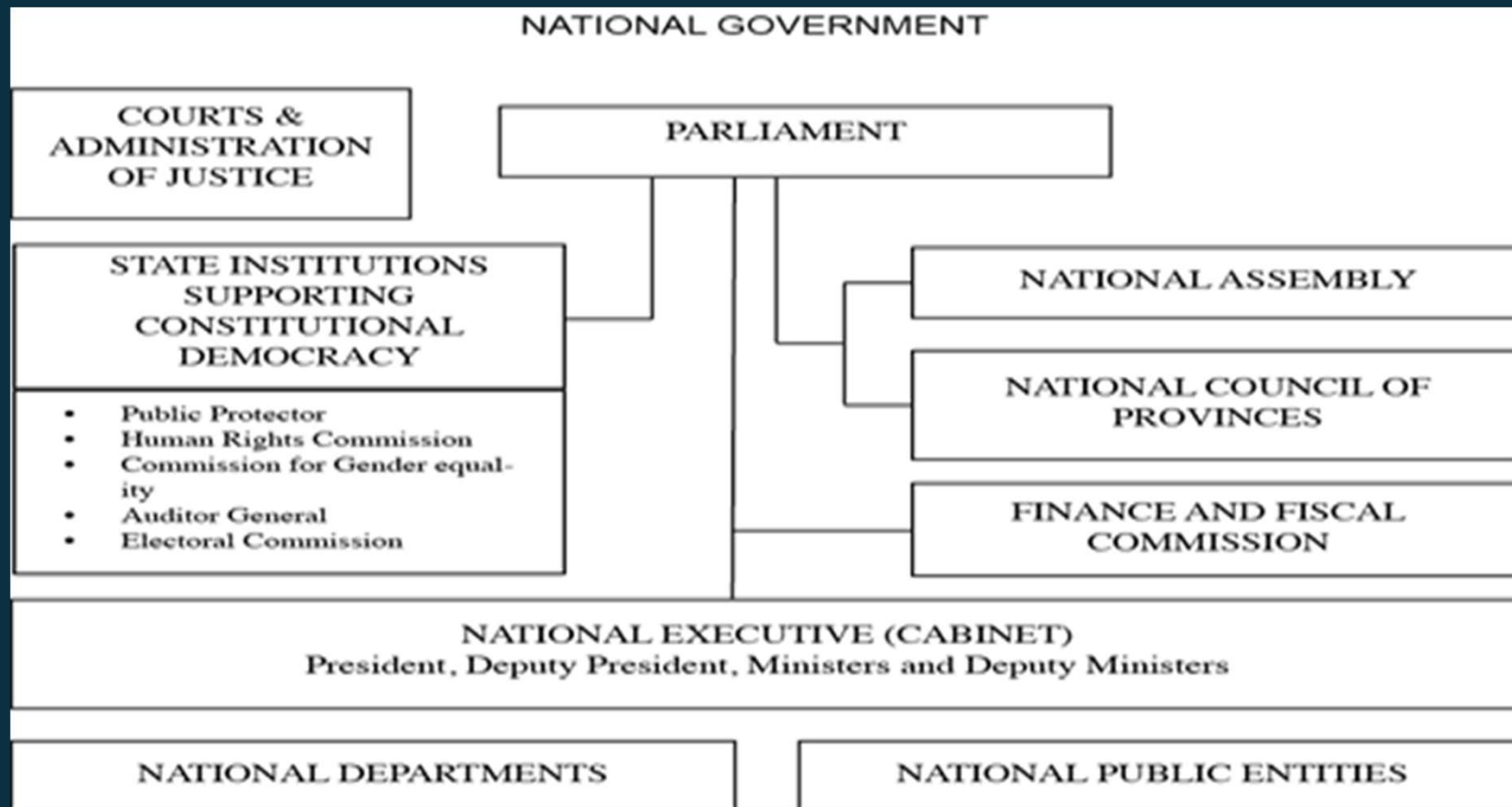
Basic values and principles of public administration



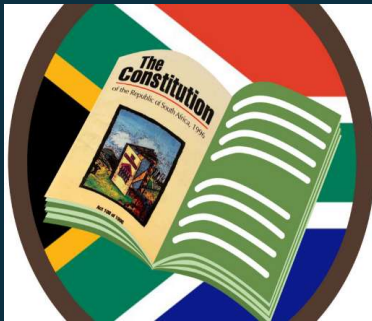
Efficiency, effectiveness, and transparency.



State Structures



Contextualisation: policy in relation to finances



The Constitution is the supreme law and gives rise to public finance regulations that answers **why** it exists

The PFMA\MFMA prescribes **what** must be done to ensure sound public finance management

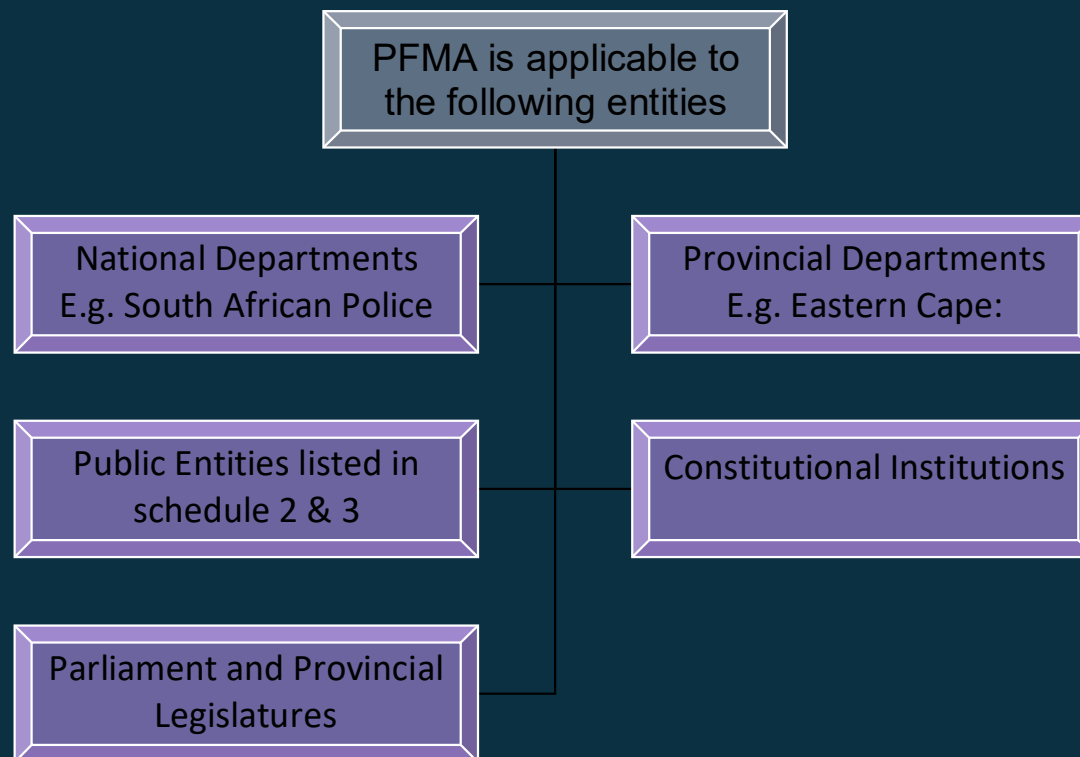
National and Provincial Treasury issue regulations and directives as to **how** the act must be instituted

Who: Executive authority, Accounting Officer and Chief Financial Officer are the role players that are accountable as per the Acts

Citizens are the stakeholders and owners of the resources and the beneficiaries of the services



Public Finance Management Act



PFMA Policy Provisions

Strategic Planning and Budgeting: Mandates the development of strategic plans, annual performance plans, and budgets that align with government policy priorities, with a focus on achieving outcomes.

Financial Management & Reporting: Emphasizes the effective, efficient, and transparent use of resources and requires regular financial reporting to ensure accountability.

Performance Management: Promotes a results-oriented approach, where financial resources are linked to the achievement of predetermined outputs and outcomes to ensure value for money.

Internal Controls and Risk Management: Requires the establishment of appropriate internal control and risk management systems to safeguard public assets and manage financial risks.

Accounting: Facilitates the transition from a cash-based system to an accrual-based accounting system to improve financial management and reporting.



PFMA Policy Provisions



Division of Revenue: The PFMA and the annual Division of Revenue Act regulate the equitable division of revenue raised nationally among the three spheres of government.



Direct charges against the National Revenue Fund: The PFMA stipulates how money can be withdrawn from the National Revenue Fund, either through an appropriation act or as a direct charge provided for in the Constitution.



Budget oversight by Parliament: The PFMA works with other legislation, such as the Money Bills Amendment Procedure and Related Matters Act, to enable Parliament to exercise oversight over the budget.



Roles & Responsibilities



MFMA Policy Provisions

Budget Transparency and Reporting: Publishing monthly and quarterly budget statements, half-yearly performance assessments, annual financial statements, and annual reports to for informed decision-making and oversight.

Budget Regulations: Prescribing format and content of annual and adjustment budgets to ensure transparency, facilitate comparison, and align budgets with policy priorities.

Management for Results: Management for results by establishing clear responsibilities for achieving agreed outputs and ensuring that resources are used effectively and efficiently.

Standardised Reporting and Accounting: Sets out requirements for the structure and content of municipal annual reports and financial statements to promote uniformity and comparability.

Budget Steering Committees: Mandates the establishment of budget steering committees to support the budgeting process and ensure responsible fiscal management.



MFMA Policy Provisions



Standardized reporting (MFMA Regulations): The Municipal Budget and Reporting Regulations prescribe the format and content of municipal budgets, adjustment budgets, and in-year reports. This standardization improves comparability and transparency.



Cash management (MFMA and Municipal Policies): Sound cash management is a critical function for municipalities. This involves collecting revenue efficiently, making timely payments, and ensuring the municipality avoids unnecessary prepayment for goods and services.



Service delivery and Public-Private Partnerships (PPPs): The MFMA and related guidelines regulate how municipalities enter into PPPs to provide municipal services, ensuring financial commitments are managed responsibly.



Credit control and debt collection: Municipalities must have policies and systems to manage debtors and collect outstanding revenue, which is crucial for financial sustainability.



MFMA Municipal Budget and Reporting Regulations

Tariff Policy;

Rates Policy;

Credit Control and Debt
Collection Policy;

Any indigent Policy

Policy or policies that relate to
the long-term financial plan,
Cash Management and
Investment, Borrowing, Funding
and Reserves;

The SCM policy

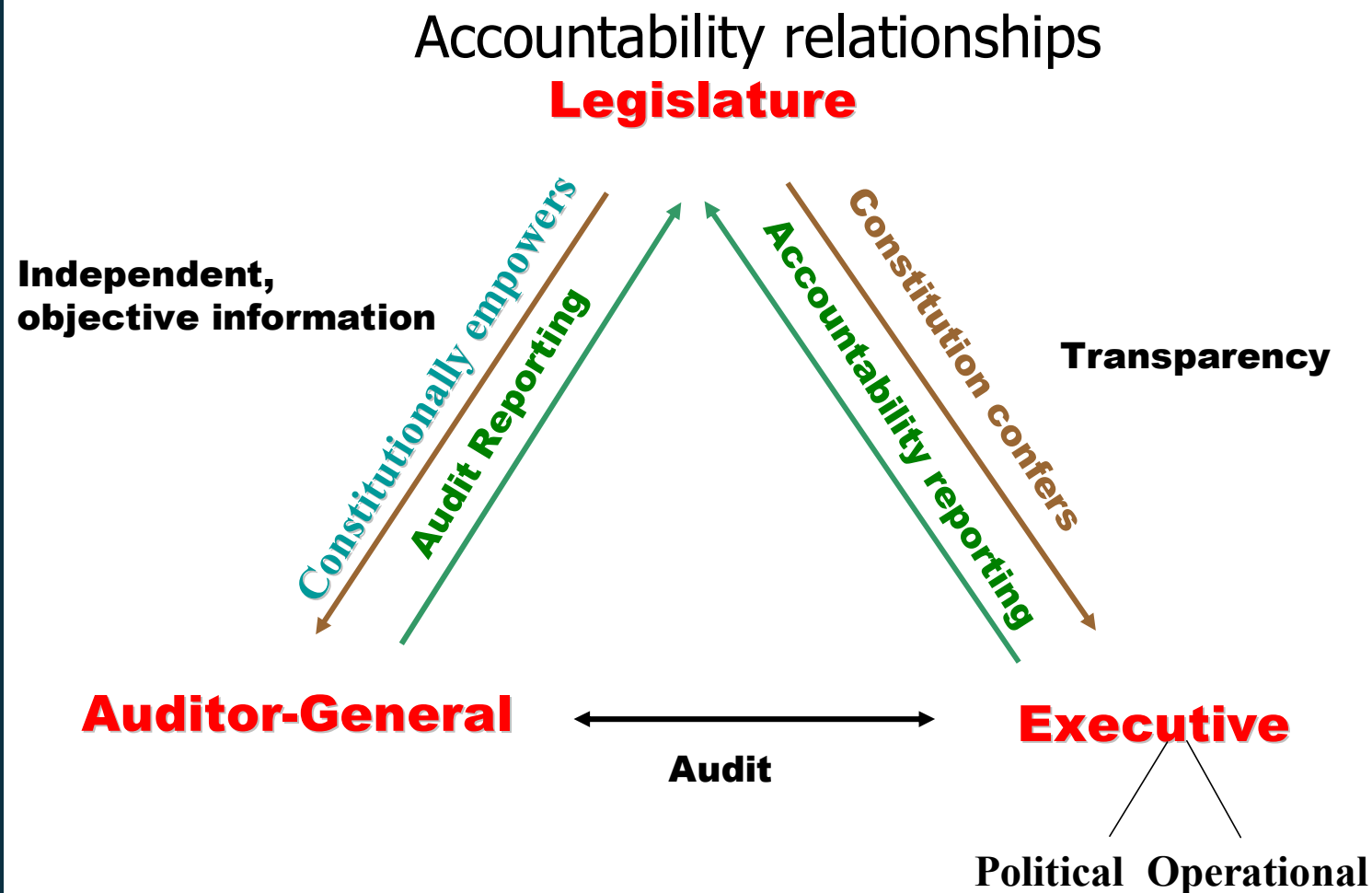
Policies dealing with
infrastructure investment and
asset management, including
disposal of assets;

Policies addressing the planning
and approval of infrastructure
investment and capital projects
and any related
developer/development
contributions;

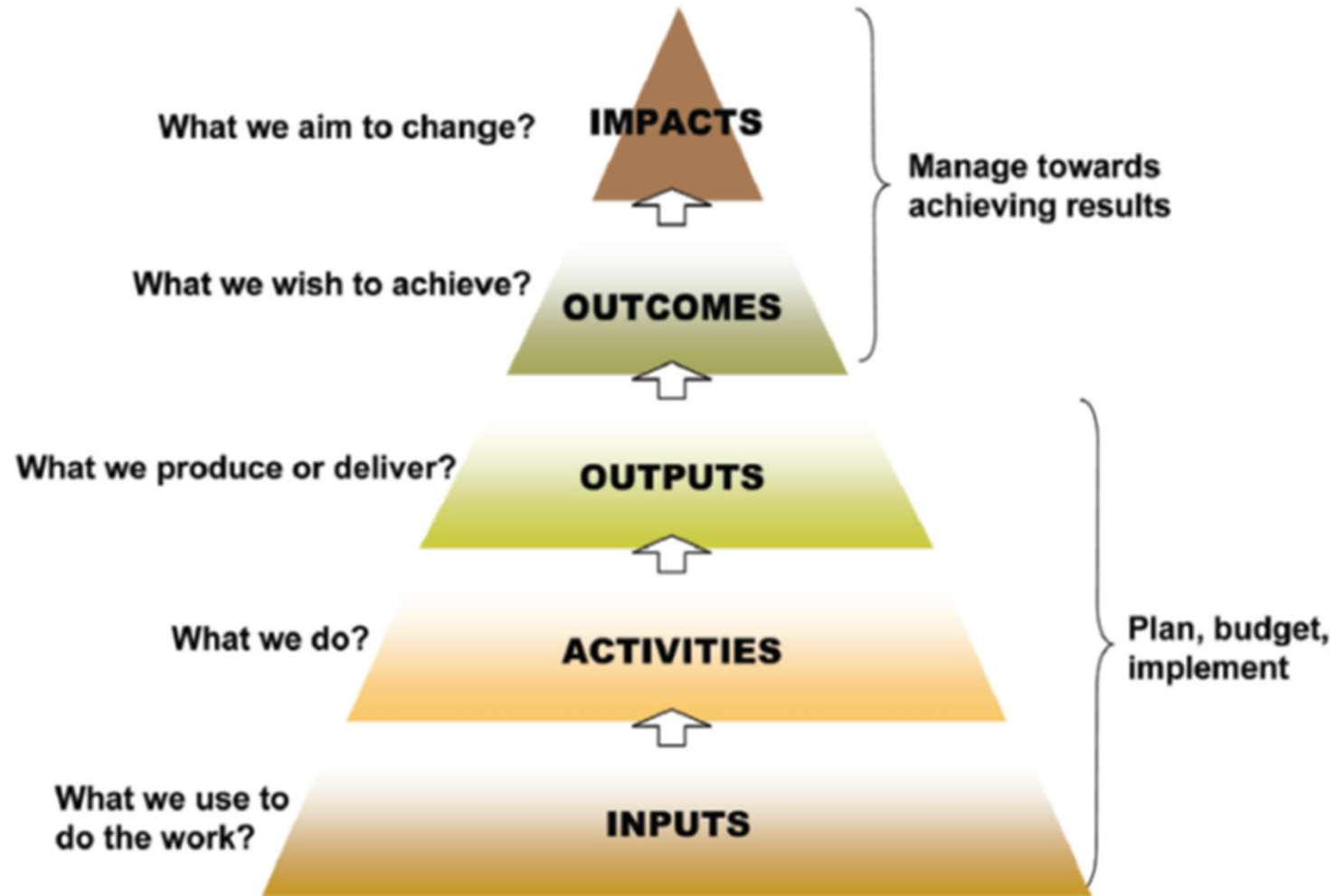
Policies addressing the
relationship with municipal
entities, the related service
delivery agreement, etc;

Any other budget related or
financial management policies.

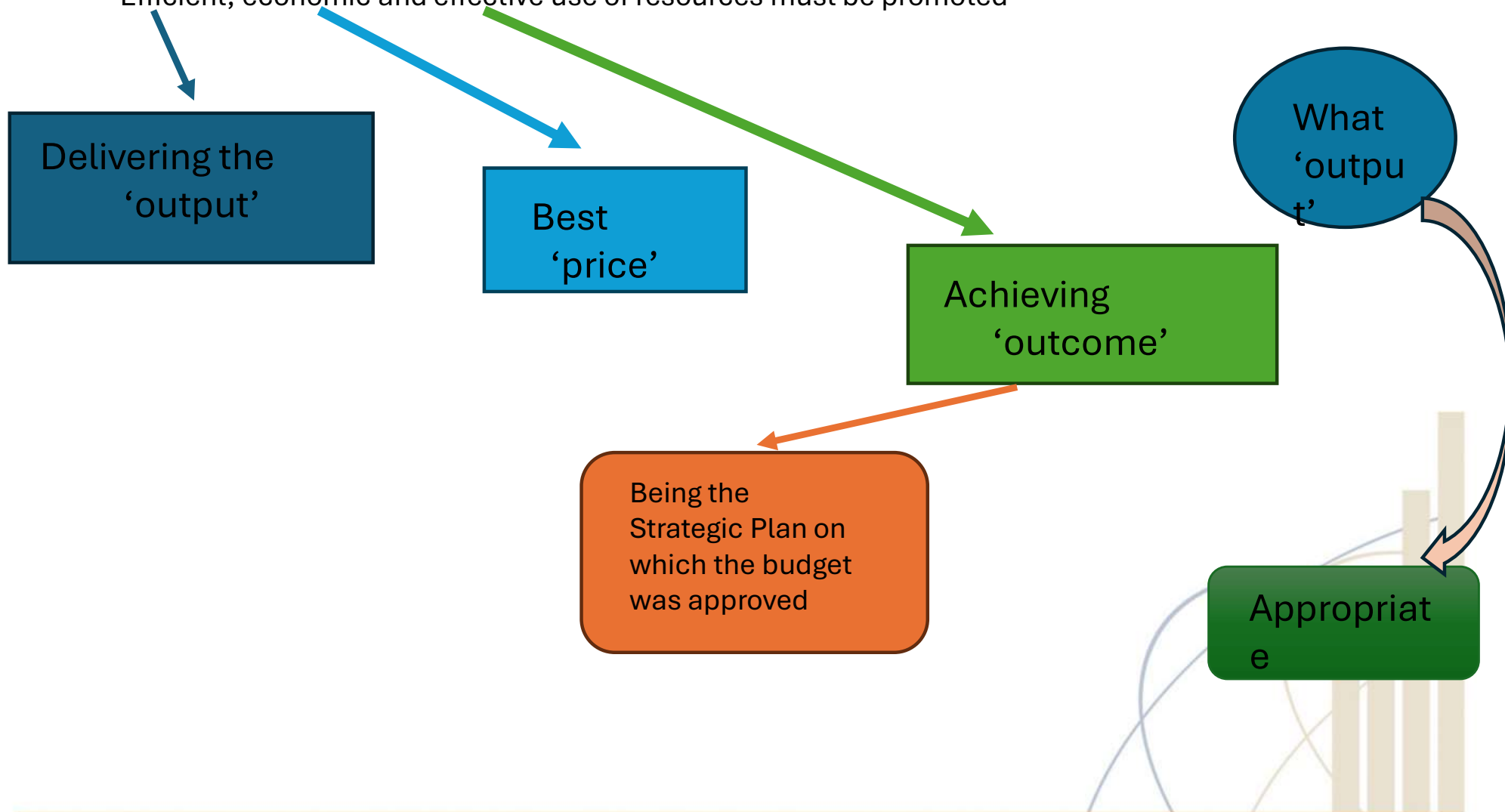




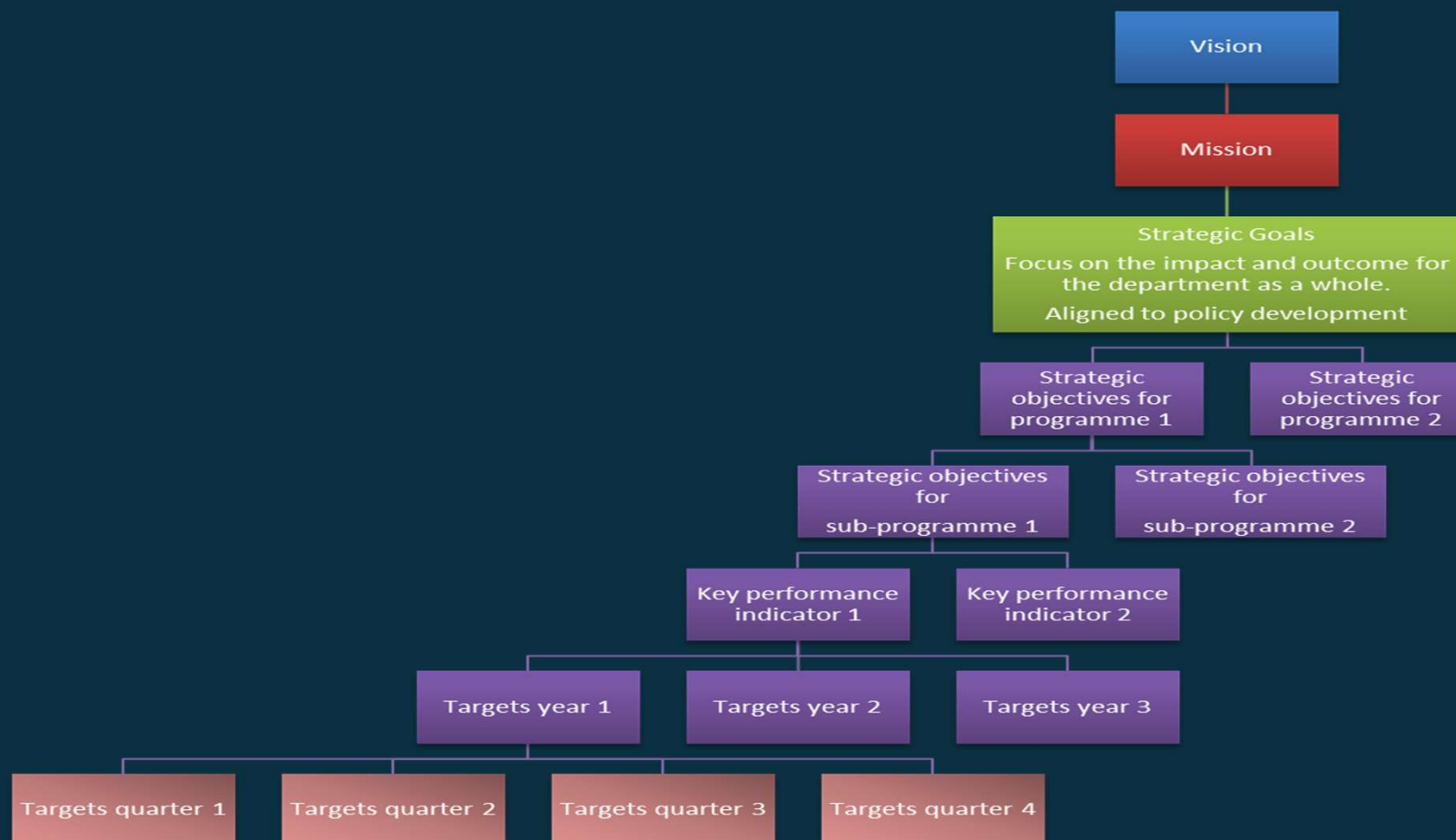
Performance Information



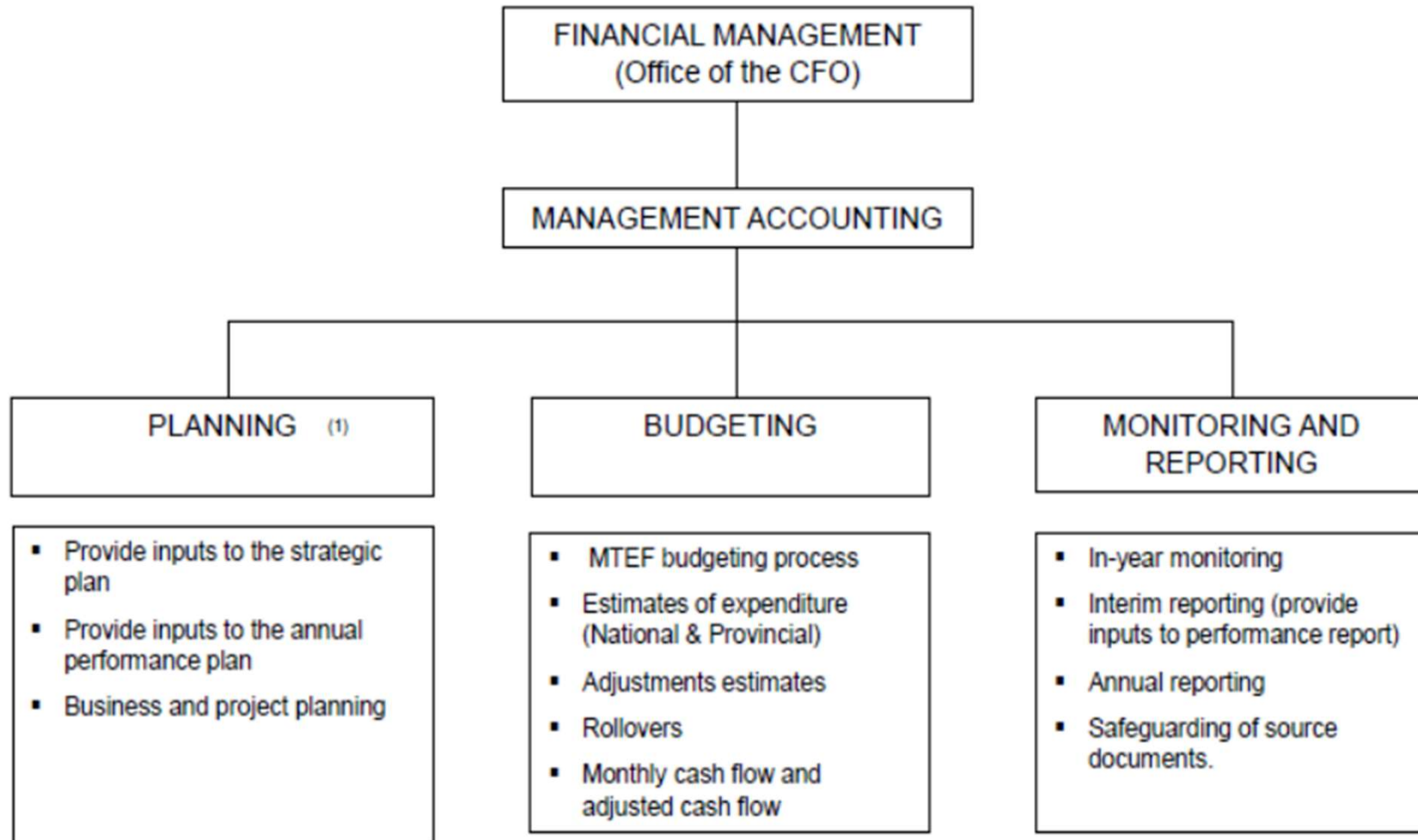
Efficient, economic and effective use of resources must be promoted



Performance Information



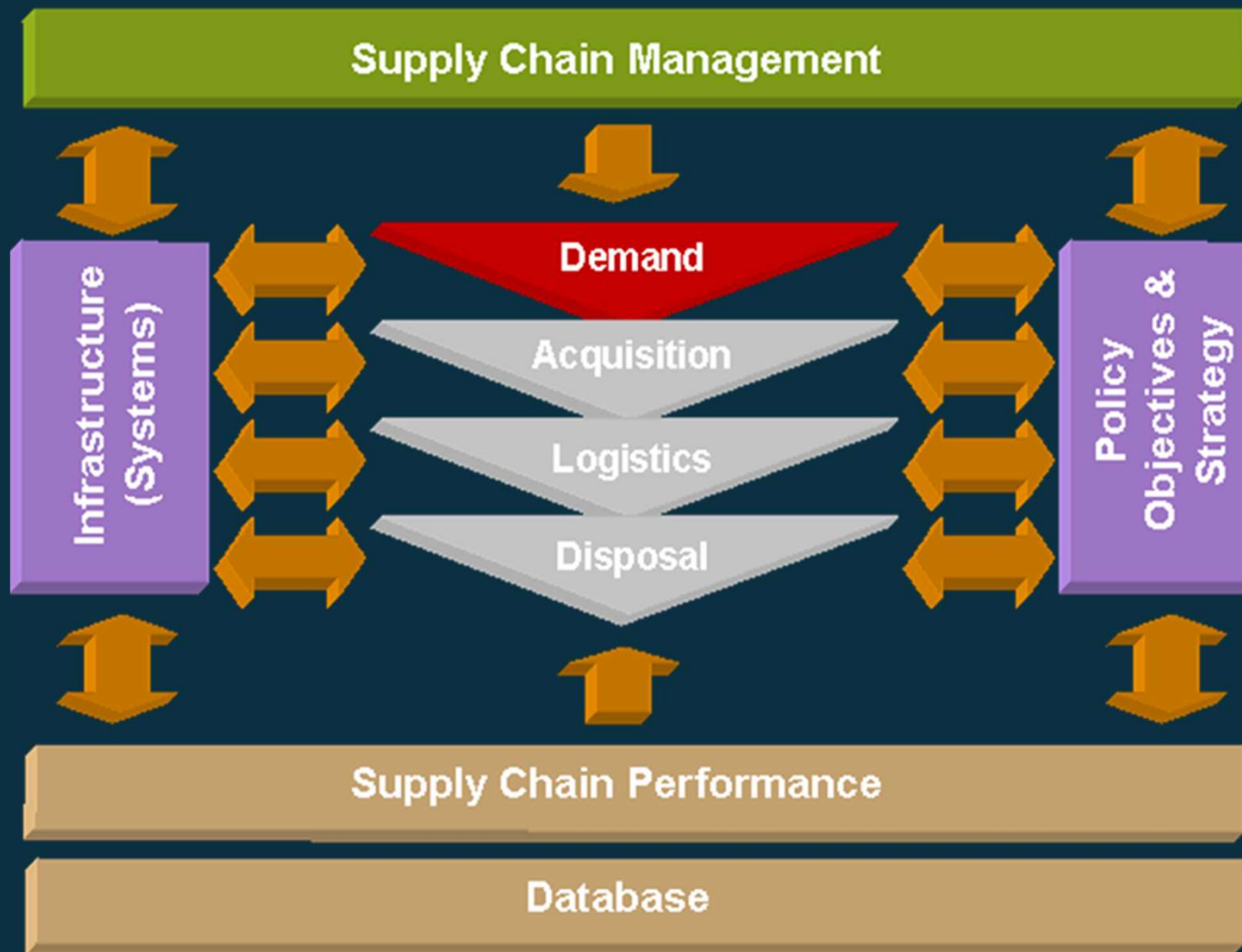
Finance Structure Overview



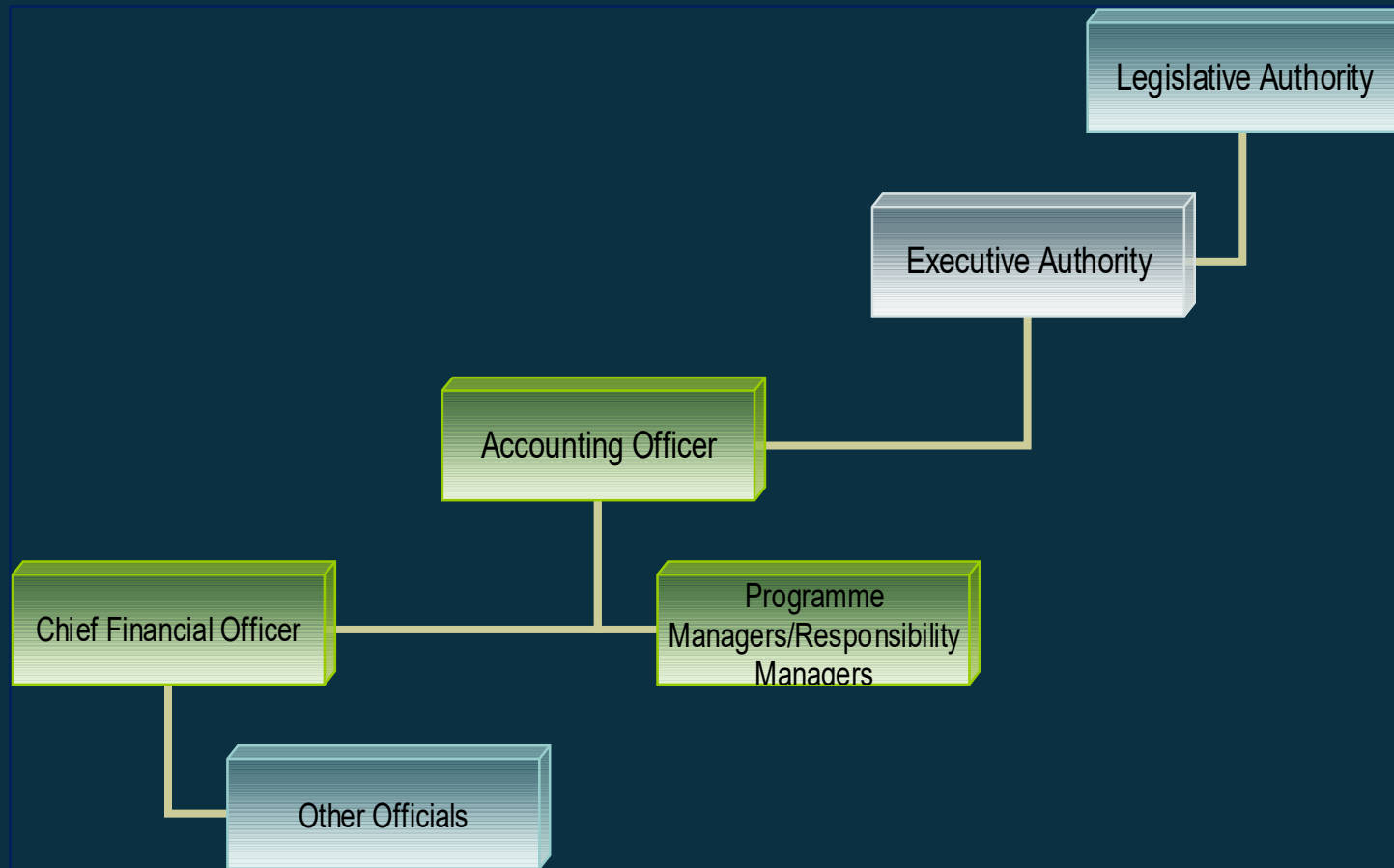
SCM Structure



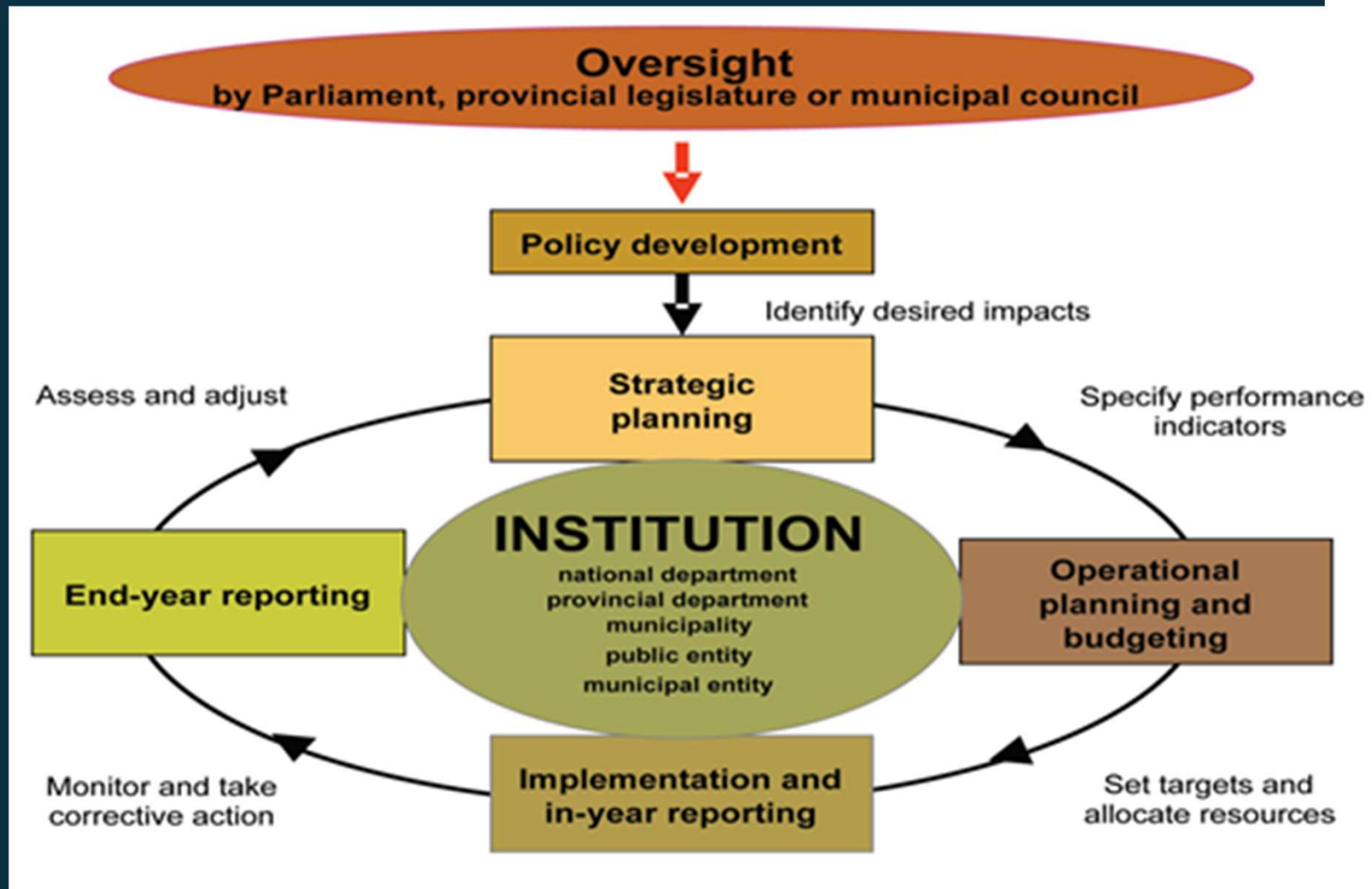
Overview Of Supply Chain Management



Role Players and Accountability:



Cycle of Operations of a Department



Practices to achieve excellence



Strong ethical leadership: A culture of integrity and accountability, driven by ethical leadership, is the foundation of excellent financial management.



Qualified personnel: Accounting officers must be able to attract and retain qualified financial managers and supply chain practitioners to ensure a high standard of financial management.



Effective oversight & foresight: Legislative bodies and internal audit committees must perform rigorous oversight functions, including scrutinizing annual reports and performance against predetermined objectives.



Integrated planning (DDM) and performance management: Excellent financial management requires seamless integration between strategic planning, budgeting, and performance monitoring to ensure that spending effectively delivers on government goals.



Continuous improvement: A commitment to evaluating performance and using data to inform future planning is essential for ongoing improvement.

Persistent Policy Questions

- Is outsourcing always the best strategy?
- How to minimize irregular & wasteful expenditure?
- How to implement consistent consequence management?
- Why is there poor policy execution?
- How to build strong policy accountability?
- How to reduce consultants dependency?
- How to drastically increase revenue collection?
- How to reduce unfunded mandates?



Implementation Challenges

- Poor access to evidence
- Lack of capacity and skill
- Lack of resources
- Inadequate time
- Organizational culture
- Change management

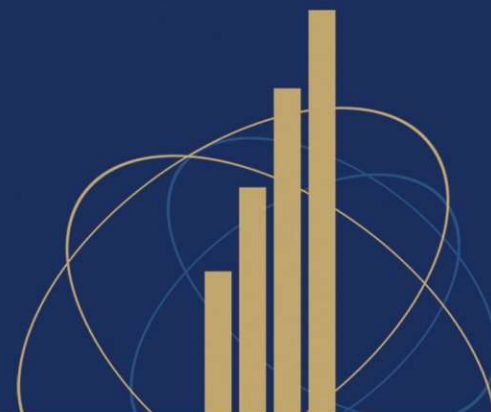


"Don't tell me what you value. Show me your budget, and I'll tell you what you value."





Thank You!



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Government Finance, Audit & Risk Officers

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SAQA Recognised Professional Body