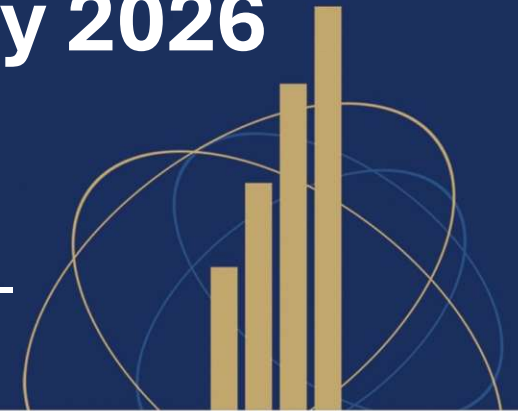




**25 February 2026**

Trust, transparency and accountability:  
assessing South Africa's public financial  
management system through the eyes of non-  
state actors



[www.cigfaro.co.za](http://www.cigfaro.co.za)

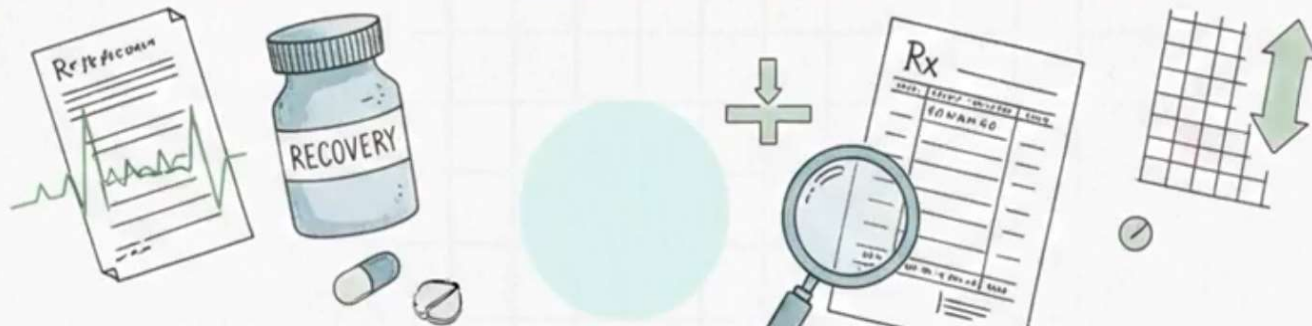
**Dr. Sindi Mokgopa**  
Tshwane University of Technology

SAQA Recognised Professional Body

## The Annual Check-Up



# PFMA WORKSHOP





# 1 Financial Health- Check

Role of Auditor-General



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## Executive Summary: The Diagnostic Snapshot

**“Audit outcomes are both an outcome and a diagnostic tool: they identify where governance must be strengthened to protect service delivery.”**

### The Vitals (Status)

**Mixed results.** Pockets of excellence exist, but stagnation persists in Local Government.

**“Clean Audits” remain the exception, not the norm.**

### The Pathology (Drivers)

Recurrent failures in **Internal Controls, Supply Chain Management (SCM), and Asset Management.**

IT gaps and **skills shortages** compound the issue.

### The Prescription (Action)

Move from **compliance to value.**

Immediate SCM clean-ups (0-6 months) followed by long-term institutional capacity building and consequence management.

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## A Two-Decade Gap Between Legislation and Execution

### ● PFMA Enacted

Goal: Operational efficiency

2003

### ● MFMA Enacted

Goal: Local accountability

While the legislative framework is robust, the practice reveals persistent structural problems. Improvements are localized; systemic weaknesses undermine the intent of the acts.

Current Reality  
2023-24

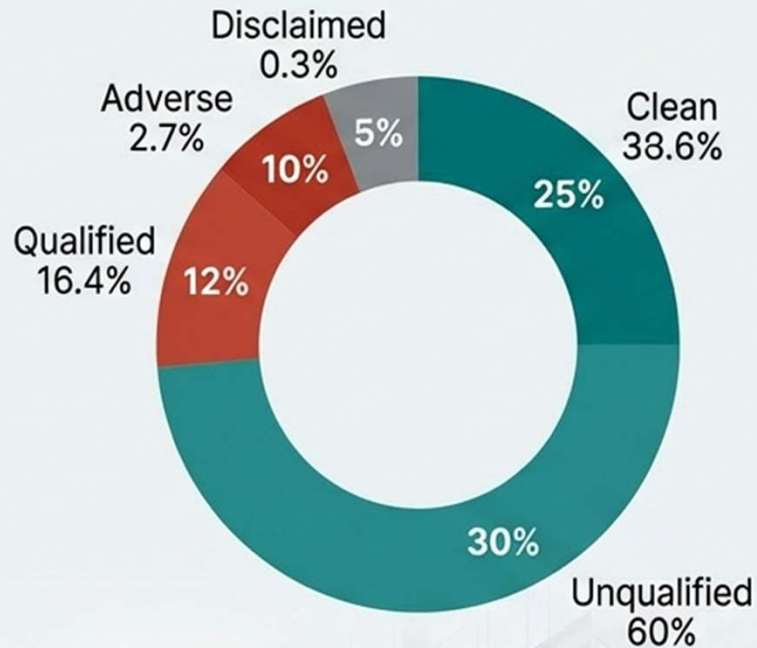
### Methodology

Data drawn from AGSA Consolidated Reports (PFMA & MFMA 2023-24), Peer-reviewed SCM studies (2018-2025), and National Treasury Guidance.

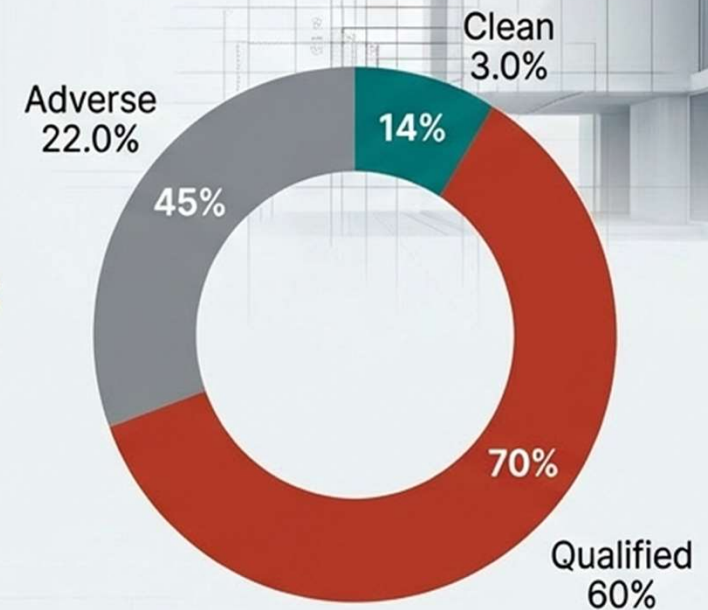
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## The Scan: 2023–24 Audit Outcomes

### National/Provincial (PFMA)



### Local Government (MFMA)


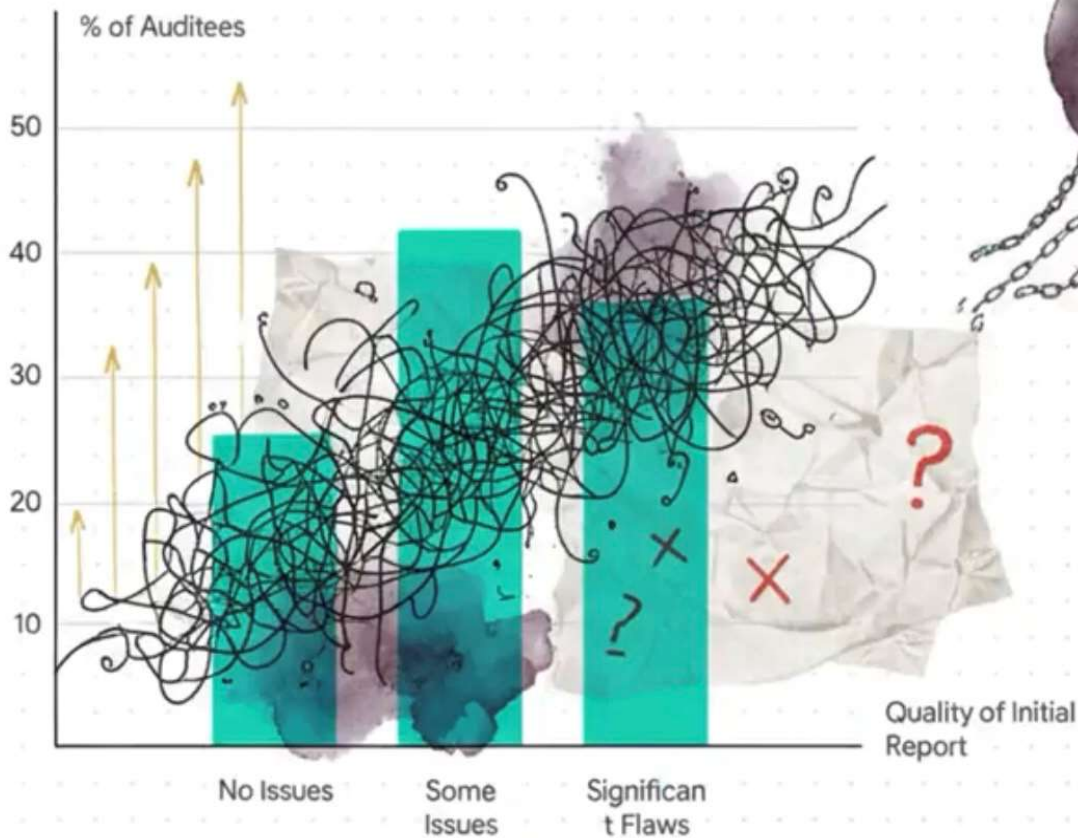


Stagnation in  
local government  
improvements  
since 2020–21.


**Concentration of poor outcomes persists in specific municipalities.**

**Note:** A significant number of auditees rely on audit adjustments to correct poor-quality initial financial statements.

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A significant portion of auditees submit poor-quality reports *before* audit adjustments.



BAD DATA

## The Pathology: Five Systemic Weaknesses



### Weak Internal Controls

Incomplete reconciliations;  
absence of segregation of  
duties.



### SCM Failures

Non-compliance with  
procurement regulations; poor  
contract management.



### Asset Management

Incomplete registers; poor  
valuation practices; weak  
custody controls.



### Reporting Quality

Submission of unreliable  
performance reports; financial  
statements requiring major  
corrections.



### IT & Capacity Gaps

Weak access controls; lack of  
IFMS integration; shortage of  
skilled SCM/Finance  
professionals.

These five clusters  
represent the recurring  
'symptoms' identified  
across all major audit  
reports.

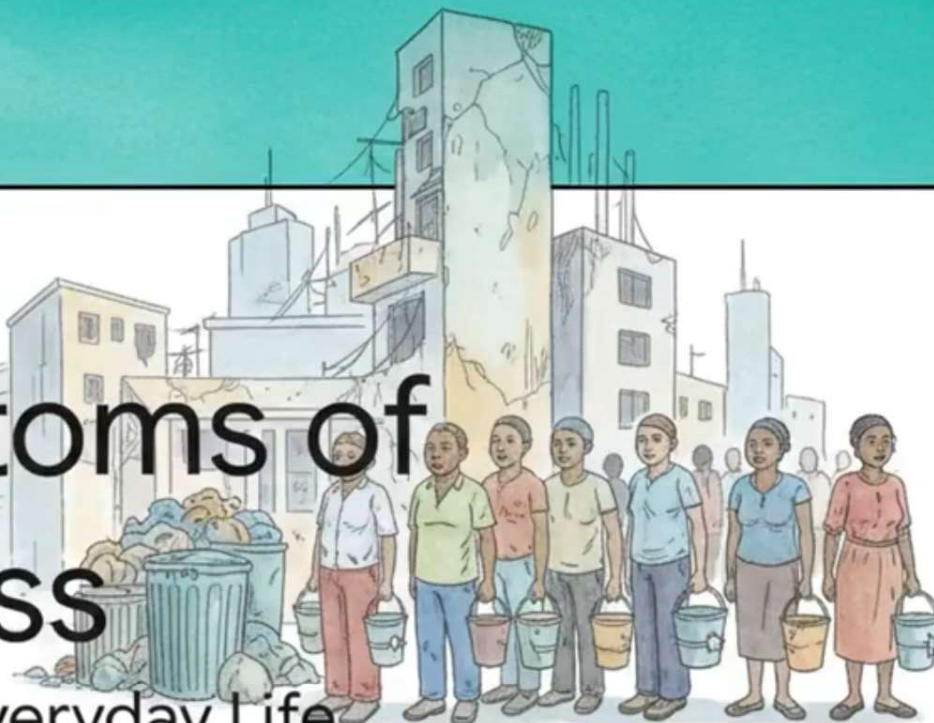
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# 2

## Symptoms of Distress

Impact on Everyday Life



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“Weak financial management **directly translates** into poorer service delivery and public frustration.

## The Bleeding Point: Supply Chain Management (SCM)



**Poor contract management leads to repeated re-procurements and lost value for money.**

**Note:** Based on AGSA sector analyses and case studies across metros.



## Diagnosing Core Problems

5 Recurrent Weaknesses

## The Ghost in the Machine: Data Integrity & Asset Management

### The Submitted Reality (Pre-Audit)



High volume of poor-quality financial statements and unreliable performance reports.

### The Adjusted Reality (Post-Audit)



Clean opinions are often achieved only after significant auditor intervention, masking the lack of daily competence.

### Asset Registers

If the register is wrong, the budget is wrong.  
Incomplete or inaccurate registers distort capital planning.

## The Domino Effect: From Ledger to Frontline



**PFM failures are not abstract accounting issues; they destabilize essential service providers and constrain continuity.**

## The Cost of Inefficiency: Diverted Resources & Stalled Projects

### Direct Fiscal Effects



Rising irregular spend reduces the effective budget for health, education, and sanitation. Money spent on "waste" is money taken from "service".

### Project Paralysis



Weak SCM leads to halted infrastructure projects.

### The Reprocurement Tax

The higher unit costs and longer timelines caused by having to restart failed procurement processes.

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## 5 Critical Illnesses

### 1. Weak Controls

Basic day-to-day financial checks and balances are often missing.

### 3. Asset Mismanagement

Inaccurate and incomplete records of public property and equipment.

### 5. Systemic Gaps

Weak IT security, skills shortages, and a lack of accountability.

### 4. Poor Reporting

Financial statements often require major corrections after submission.

## The Long-Term Erosion: Trust & Sustainability

### Trust Erosion

Poor outcomes fuel public frustration and volatility.



### Intervention Trap

Triggers Section 139 interventions. Frequent interventions without capacity building destabilize administration.



### Fiscal Risk

Cumulative failings undermine creditworthiness, increase contingent liabilities (bailouts), and compound arrears.



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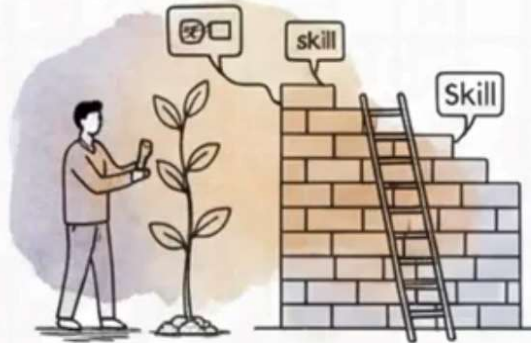
# 4

## A Plan for Recovery

AGSA's Prescription

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## A Prescription for Health



Now (0-12Mo)

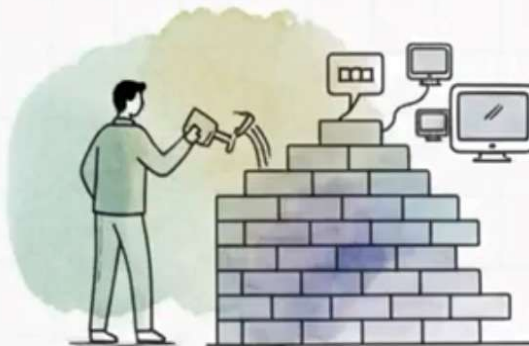
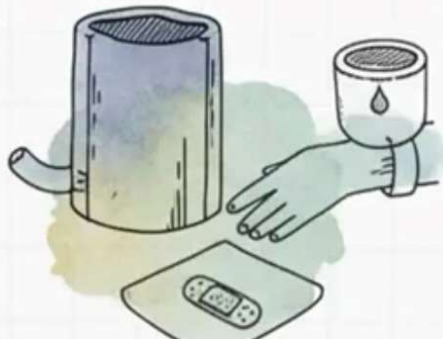
Next (1-3Yr)

Future(3+Y)

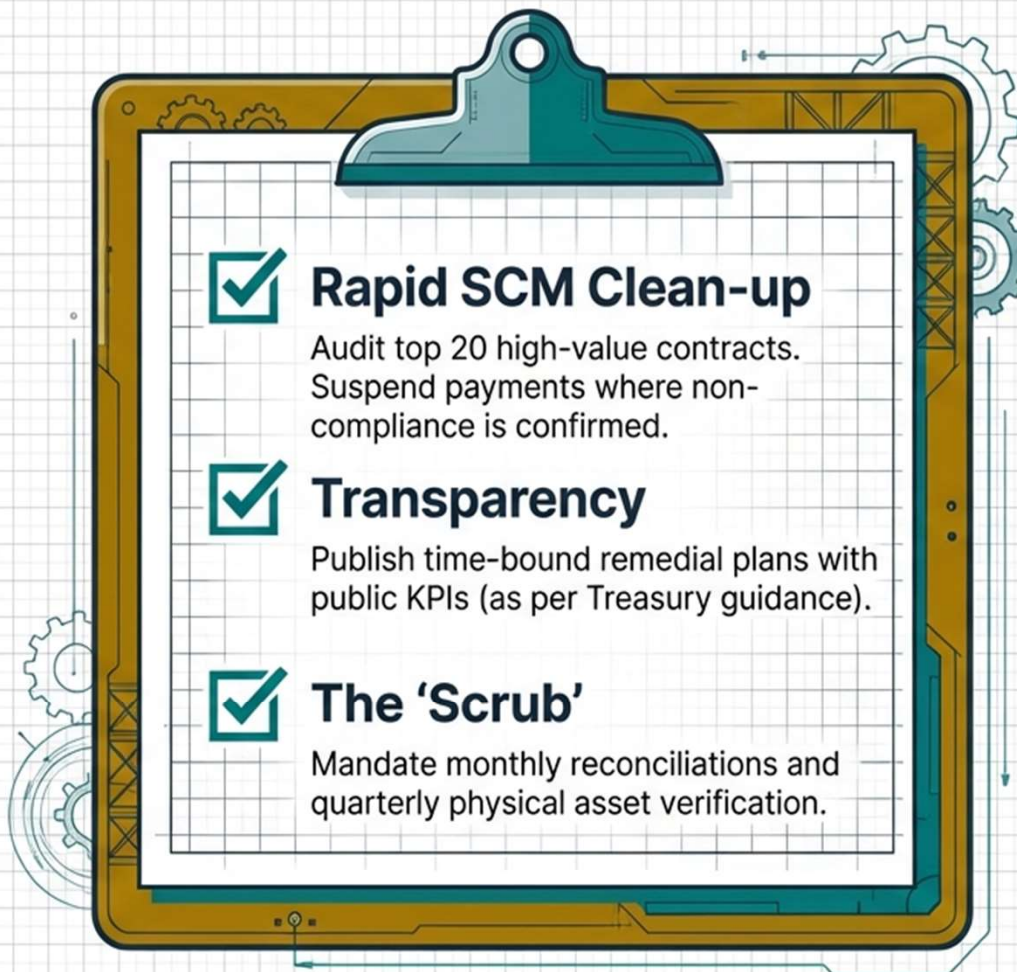
Immediate fixes and rapid clean-ups to stabilize the system.

Building capacity through training, retention, and IT improvements.

Institutional reforms to ensure accountability and peer-to-peer learning.



## Phase 1: Immediate Triage (0–6 Months)

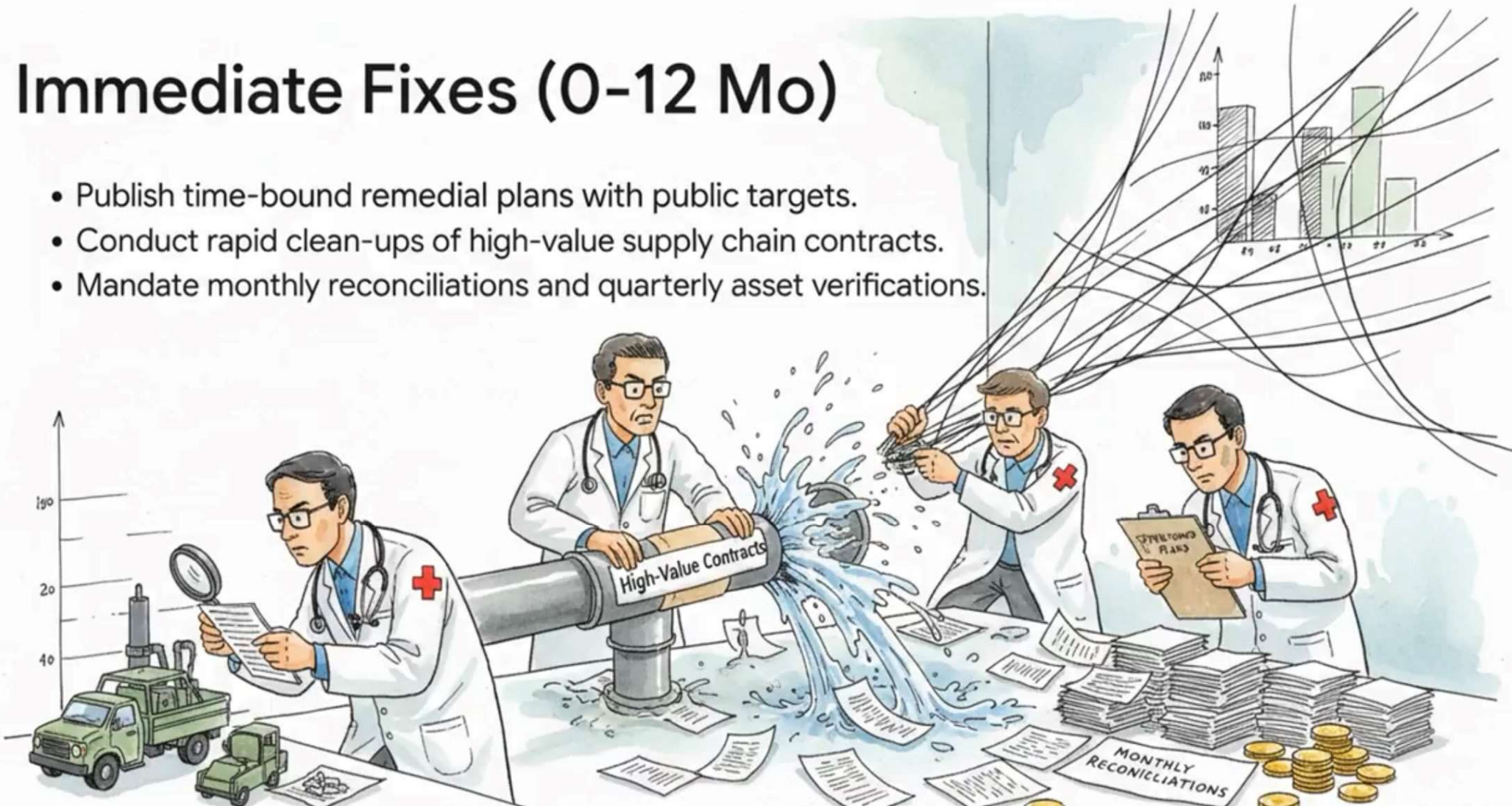


**GOAL: Stop irregular expenditure growth and establish a baseline of truth.**

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## Immediate Fixes (0-12 Mo)

- Publish time-bound remedial plans with public targets.
- Conduct rapid clean-ups of high-value supply chain contracts.
- Mandate monthly reconciliations and quarterly asset verifications.



## Phase 2: Stabilization (12–36 Months)



### 1. Skills Injection

Invest in Finance & SCM training. Utilize secondments from high-performing municipalities to mentor weaker ones.



### 2. IT Hardening

Strengthen access controls and accelerate IFMS integration.



### 3. Retention

Align budgets to retain scarce professionals in key technical roles.

**GOAL: Move from “audit adjustment” survival to ‘daily competence.’**

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## Phase 3: Long-Term Institutional Health (36+ Months)



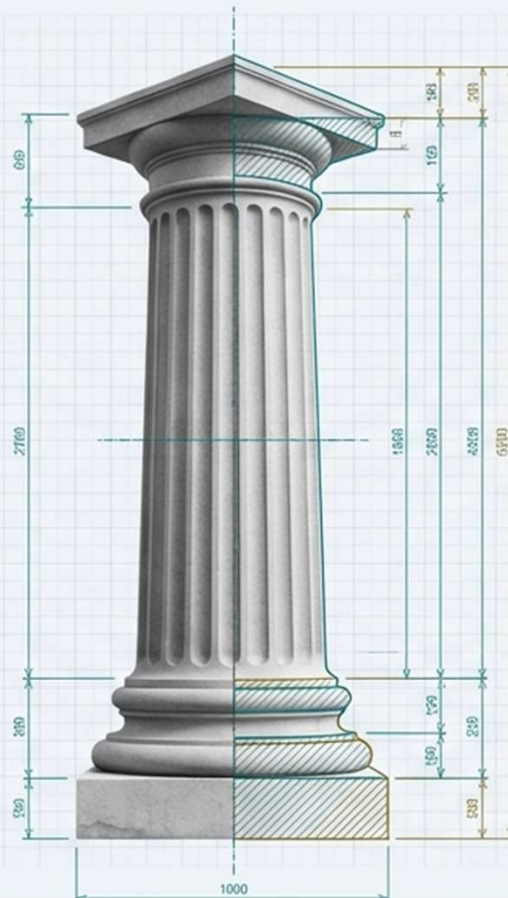
### Consequence Management

Institutionalize accountability.  
Balance punishment for non-delivery  
with support for improvement.



### Peer Networks

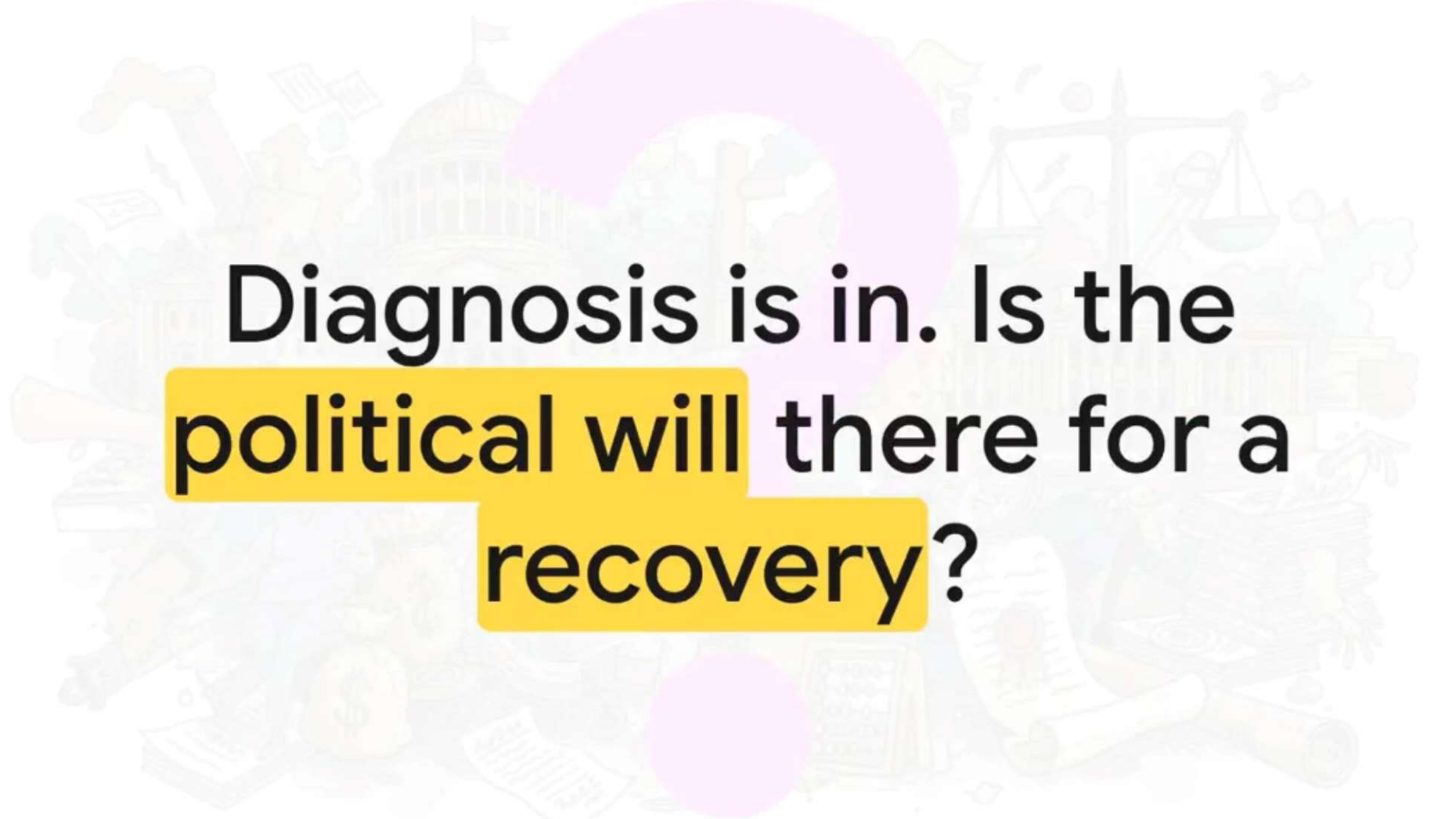
Formalize peer-to-peer exchanges  
and "Good Practice" sharing  
networks.



### Tone at the Top

Clarify the  
Political/Administrative  
interface to protect SCM  
from interference.

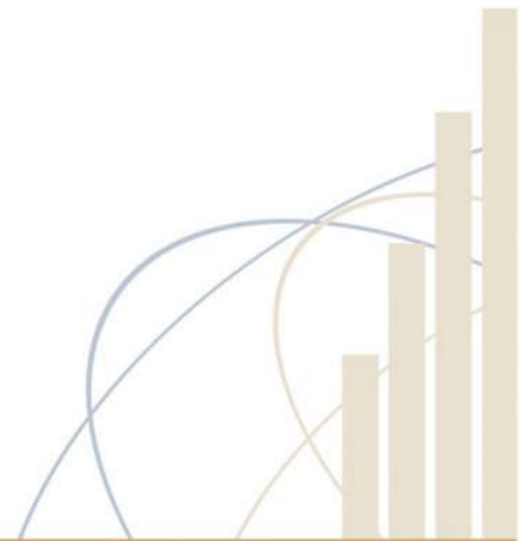
**GOAL:**  
Sustainable  
governance  
that survives  
leadership  
changes.



Diagnosis is in. Is the  
**political will** there for a  
**recovery?**

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- Trust is the most undervalued asset in public administration.

Transparency is how trust is built. It means:

- Clear reporting.
  - Honest disclosure.
- 
- When transparency is weak, suspicion grows.  
When transparency is strong, legitimacy grows.
  - In public financial management, transparency is not optional it is foundational.”

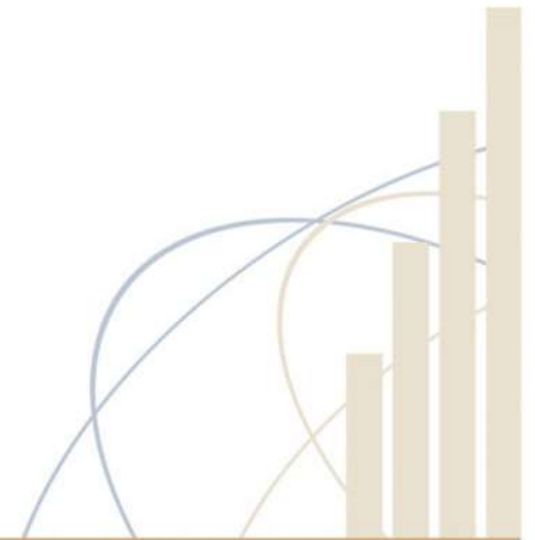
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## **Accountability Means:**

- Taking responsibility for decisions
- Acting on audit findings
- Applying consequences where necessary
- Ensuring corrective action is measurable

## **Why It Matters:**

- Protects public resources
- Strengthens institutional credibility
- Improves service delivery outcomes



Audit findings aren't just a record of failure; they are an evidence-based roadmap for improvement.



# Thank You!



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