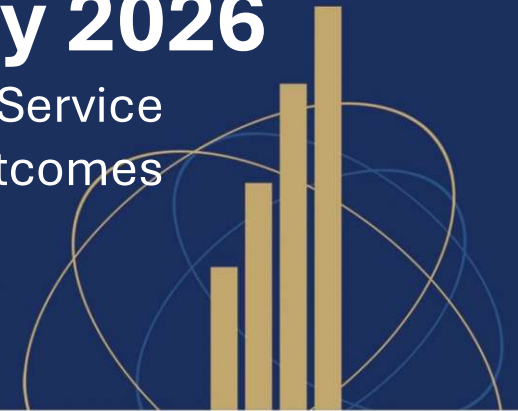




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Linking PFMA Excellence to Service
Delivery Outcomes



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SAQA Recognised Professional Body

1. Introduction

- ⇒ The long-title of the Public Finance Management Act – states the purpose of the Act as “ *to regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith*”
- ⇒ As observed from the long-title of the Act – there is no reference to Service Delivery.
- ⇒ The Act provides the financial framework, operational controls and accountability mechanisms to maximize the delivery of services. *It prescribes the effective and efficient utilisation of government resources to deliver public service.*

2. Service delivery and the PFMA

Successful service delivery outcomes as a by-product of PFMA excellence.

What are the factors:

1. **Linking the budget to policy outcomes** – allocation of financial resources to policy objectives.
2. **MTEF Framework** - Long-term planning ensures the sustainability of service delivery programs over a three-year period rather than being subject to short-term fluctuations (*this creates policy certainty*).
3. **Accountability and responsibility** – *Clear accountability chain (defining the Politico-Administrative interface)*
4. **Risk Management** – the Act in itself is an internal control instrument, prescribes an aggressive internal control regime.
5. **Management of public funds** – Efficiently, Economically and effectively.



3. Service delivery risks



In the 2023/24 FY the **Auditor-General** published an online article on Service Delivery risks.

The four core service delivery risks identified are listed as:

1	Weaknesses in infrastructure management	<ul style="list-style-type: none"> → Project delays → Poor-quality workmanship → Increased costs (including additional costs that were not approved)
2	Inadequate procurement and contract management	<ul style="list-style-type: none"> → Uncompetitive and unfair procurement processes → Inadequate management of suppliers and contracts → Increased opportunities for fraud
3	Poor financial management	<ul style="list-style-type: none"> → Unfunded budgets and unauthorised expenditure → Weaknesses in revenue management → Weaknesses in grant management → Poor quality of spending
4	Widespread lack of consequences	<ul style="list-style-type: none"> → Consequence Management and Accountability Framework not implemented → Councils, mayors and accounting officers not consistently setting an ethical leadership tone to ensure accountability for transgressions → Policies and procedures to monitor, measure and evaluate staff performance not in place

The 5th Wave

By Rich Tennant

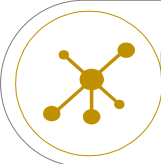

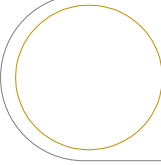
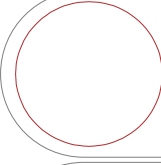
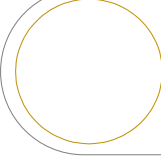


"We run a very ethical company here. Anything unethical is outsourced."

4. Best practice as a Contrast

- ⇒ **Tone at the Top & Ethical Culture:** Strong leadership consistently prioritises accountability and integrity, essential to avoiding material irregularities – **Department of Basic Education (DBE)** – 5 clean audits in consecutive!!!
- ⇒ **Proactive Risk Management:** Top performers adopt a proactive stance to identify, monitor, and mitigate risks, turning audit findings into improved control processes – **City of Tshwane** as a key example of being pro-active.
- ⇒ **Integrated Performance & Financial Reporting:** Linking strategic plans and budgets to performance indicators, so as to measure value for money rather than just spending compliance.
- ⇒ **Strong Internal Controls & SCM:** Robust Supply Chain Management (SCM) systems and internal control frameworks are crucial.
- ⇒ **Skills Retention & Development:** High-performing institutions prioritise recruiting and retaining qualified personnel – **Western Cape Provincial Treasury**.
- ⇒ **Leveraging Technology:** Effective entities utilise technology to improve efficiency, such as automating financial management, using data analytics to detect irregularities, and maintaining accurate, live asset registers – **SARS utilisation of Crypto Asset Compliance, Influencer and Gig Economy targeting, Third party Data Harvesting and Automation and Pre-population**.

5. CoT – Service Delivery outcomes

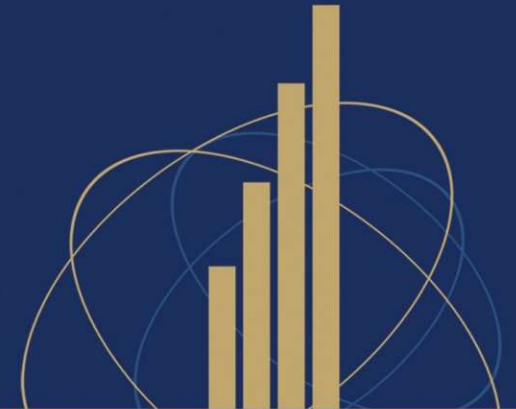
	Objective		PFMA application
 Infrastructure & Maintenance	Road repair in Olievenhoutbosch & Lyttelton Manor; 1,459 streetlights repaired	←	Contract Management – Implemented preventing Project delays
 Energy & Electricity	Refurbishment of the Soshanguve IA Substation and repairs at the Zwartkop Substation	←	Proactive Risk Management and Project Management principles adopted
 Water & Sanitation	Ongoing upgrades at the Rooiwal Wastewater Treatment plant	←	Aligned to the MTEF, factoring budget constrains
 Financial Stability	Total debt from top 500 accounts reduced from R5.3 billion (April 2024) to R4.4 billion (August 2024).	←	Strong and effective internal controls
 Performance metrics	For the 2024/25 Q4, the city achieved 63.15% of its targets, with 36.85% not achieved	←	Strategic plans linked to performance indicators

6. Conclusion

- ⇒ The best performing institutions have **embedded** PFMA principles in their *Governance, Project Management* and *Accountability* practices.
- ⇒ **Compliance** and **Outcome** are not competing objectives but complementary – the focus is to view compliance as a tool– compliance serves as a framework for effective management of projects (value-adding) and ensuring good governance.
- ⇒ **Service delivery** is *an end goal* of a properly managed, transparent, and accountable public financial system – this is the critical value of the PFMA as it provides this system or regulatory framework.



Thank You!



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