



FROM COMPLIANCE TO CAPABILITY: HOW ETHICAL LEADERSHIP ENABLES ENDURING PFMA OUTCOMES

THABISO NDEBELE | NTIYISO CONSULTING GROUP

PFMA WORKSHOP | 25-26 FEBRUARY 2026

NTIYIS
CONSULTING GROUP

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

| THE ENGINEERING OF ETHICS

In engineering, ethical failure collapses bridges. In public finance, ethical failure collapses institutions. Collapse is slower – but just as destructive. Service delivery erodes, revenue weakens, safety nets fail.



- In engineering, structural shortcuts = immediate physical collapse.
- In public finance, the collapse is slower – deteriorating:
 - Service delivery
 - Unpaid bulk accounts
 - Revenue leakage
 - Compromised indigent programmes

The PFMA is not just legislation; it is a structural design.

Just as a physical structure relies on a solid foundation, the successful implementation of the Public Finance Management Act (PFMA) requires the bedrock of ethical leadership and robust institutional capacity.

| ETHICS EMBEDDED IN LAW

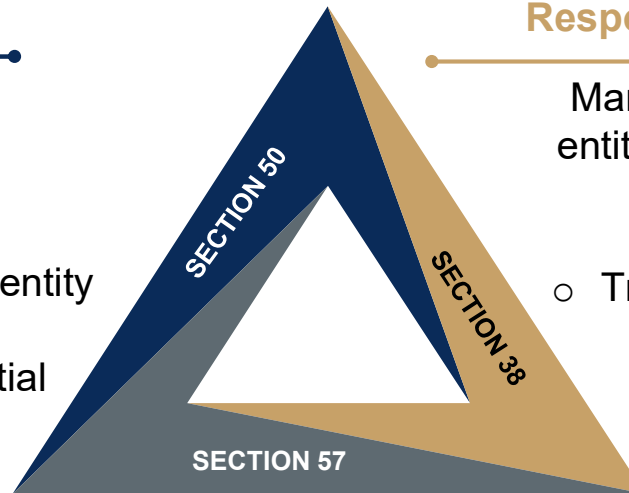


Fiduciary Duties

Requirement to act with:

- Fidelity
- Honesty
- Integrity
- In the best interests of the public entity

Prohibits use of position or confidential information for personal gain



Responsibilities: Accounting Officer



Mandate to ensure the department, trading entity, or constitutional institution maintains:

- Effective
- Efficient
- Transparent systems of financial and risk management
- Internal control



Responsibilities: Accounting Officer

PFMA does not just sit at the top.

Every official is to ensure the system of financial management & internal control is carried out within their area of responsibility

| DEFINING ETHICAL LEADERSHIP IN GOVERNMENT & ENTITIES



Beyond Compliance

Ethical leadership is moving beyond a “tick-box” compliance mindset.

It is the active demonstration of normative appropriate conduct through personal actions & interpersonal relationships



Setting The Culture

Ethical government leaders set the organisational culture.

If the Accounting Authority rationalises small infractions = cascades down into systemic institutional rot.

Consequence Management

A true ethical leader does not model good behaviour, they dare to enforce consequences when ethics are breached – regardless of political or personal affiliations

ENHANCING ETHICAL LEADERSHIP AND INSTITUTIONAL CAPACITY

Closing Operational Vulnerabilities

Institutional capacity is often drained by systemic leaks

Importance of implementing targeted fraud and corruption strategies

More so, implementing these strategies in high-risk, high-volume operational areas like credit control & citizen-facing call centres

Systems Over Personalities

Strong institutional capacity means building systems that are resilient to individual ethical failures

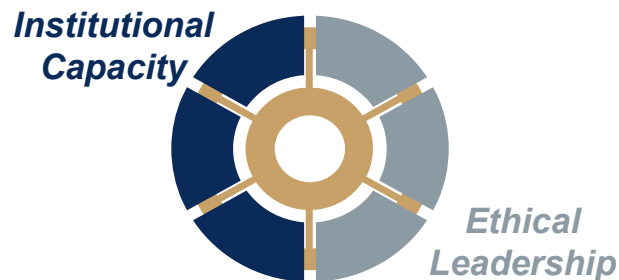
If a process relies entirely on one person's integrity than automated checks & balances. The institution lacks capacity

Continuous Revenue Protection

Ethical leadership is directly tied to revenue generation and protection

Ethical oversight ensures that billing is accurate and that collections are fair

Ethical leadership also ensures that funds are actively directed toward their intended developmental goals



| BENCHMARKING

MIDVAAL MUNICIPALITY (GP)

Achieved 11th consecutive clean audit in 2023/24 financial year – a rare feat in the local government landscape where only 16% of municipalities achieved a clean audit



Ethical Leadership:

Midvaal exemplifies the “Tone at the Top” – has entrenched a culture of performance and strict consequence management

CITY OF CAPE TOWN (WC)

Remains a standout metro municipality, maintain clean audit status while managing a massive, highly complex budget



Ethical Leadership:

Success is rooted in highly institutionalised internal controls and a zero-tolerance approach to supply chain deviations.

Secures necessary liquidity to fund critical municipal safety nets (ensuring that programmes designed to support indigent citizens are fully funded).



| BENCHMARKING

DEVELOPMENT BANK OF SA

According to AGSA's 2022/23 report, the only major Sch 2 SOE to achieve a clean



Ethical Leadership:

Demonstrates Section 50 of PFMA in action

Proven that SOE can balance heavy, long-term developmental mandate with pristine commercial viability

Achieve through strong board independence, strict adherence to fiduciary duties

BRAND SOUTH AFRICA

Sustained a clean audit outcome in 2024/23 FY



Ethical Leadership:

AGSA commenced BrandSA for “sound financial and performance management discipline.”

Actively use internal audits for quarterly reviews – shows ethical leadership requires continuous, proactive risk management



| BUILDING INSTITUTIONAL CAPACITY

Engineering Systems Over Human Vulnerability (Structural Integrity)

Ethical leadership isn't about hiring honest people; it is about building an environment where it is structurally difficult to be dishonest.

- **Automated Checks and Balances**
- **Segregation of Duties**



Revenue Protection as an Ethical Imperative

The PFMA heavily emphasises expenditure management, but ethical leadership must equally focus on the revenue side of the ledger. Uncollected or mismanaged revenue is effectively a stolen service delivery.

- **Institutionalizing Credit Control**
- **Data Integrity as a Foundation**

Safeguarding the Safety Net: The Indigent Register

A true test of a municipality's ethical leadership and institutional capacity is how effectively it manages its pro-poor policies.

- **Protecting the Vulnerable**
- **Eradicating Fraudulent Inclusion**



Moving from Reactive Audits to Proactive Architecture

Institutional capacity means shifting the organizational mindset from surviving the annual Auditor-General review to maintaining continuous compliance.

- **Embedding a Fraud and Corruption Strategy**
- **Closing Operational Loopholes**

| CALL TO ACTION



The Public Financial Management Act is **not a punitive compliance instrument**

- The Public Financial Management Act is:
- The **governance blueprint** that **safeguards fiscal credibility, strengthens institutional resilience.**
 - A blueprint that **enables sustainable national development.**

As the government, what kind of “infrastructure” are you building within your respective departments? I challenge you to be structural engineers of a transparent, capable, and ethical public sector