CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

MZANSI FLOW

CIGFARO -MPUMALANGA
PRE AUDIT WEBINAR

ABOUT OUR COMPANY

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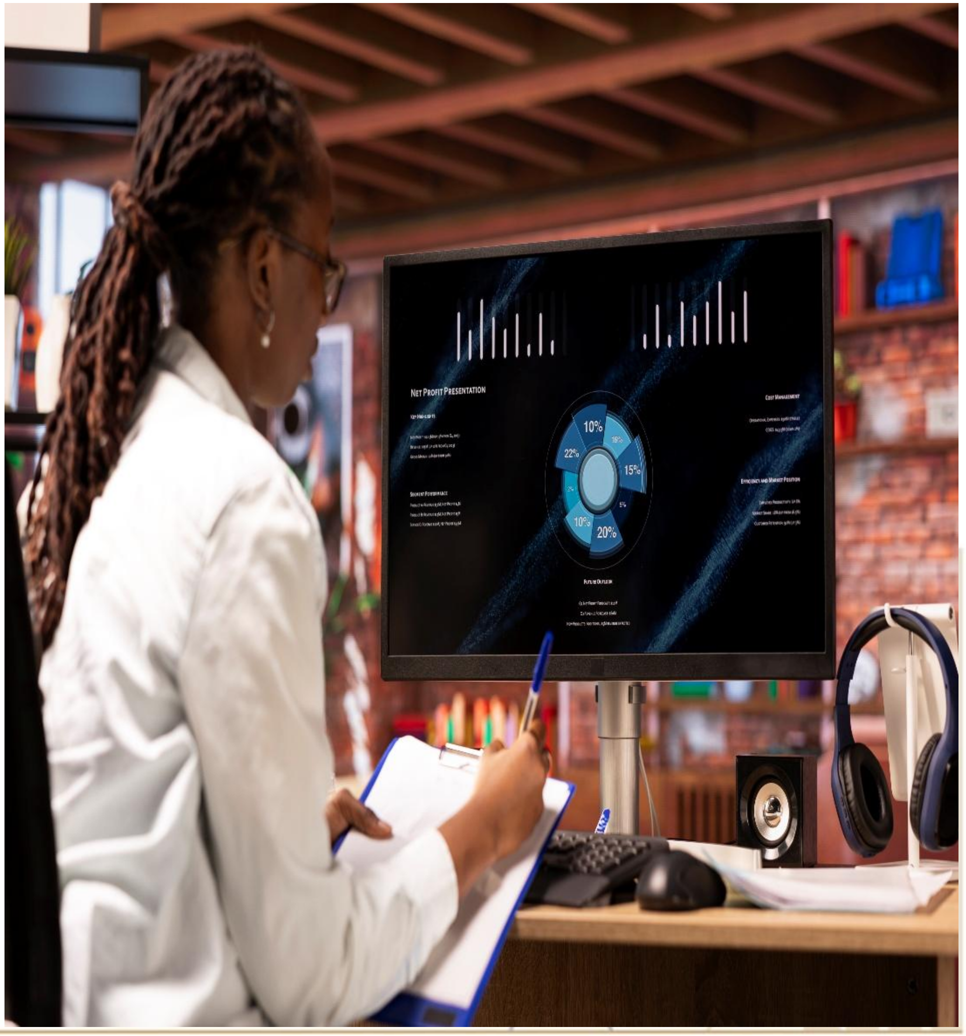
For the past 20 years, the team at Mzansi Flow has been helping organizations navigate the ever-changing world of technology. While we’ve grown to work across three continents, our heart remains in South Africa.

Where Strategy Meets Execution

We don't believe in "off-the-shelf" solutions because we’ve never met an "off-the-shelf" business. At our core, we specialize in Accounting, IT, Performance Management.



OUR SERVICES

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INFORMATION SYSTEMS

Bespoke System Design
VoIP & Cloud Services
Hardware & Networking
Secure Asset Hosting

ACCOUNTING

Audit and Assurance
Advisory/Consulting Services
Forensic Accounting
Financial Reporting
Management Accounting

PERFORMANCE MANAGEMENT SYSTEMS

Annual Report
Annual Performance Report
IDP
Strategic Objective
KPA's KPI's Alignment
SDBIP
Risk Management

WE PROVIDE

SOLUTIONS TO

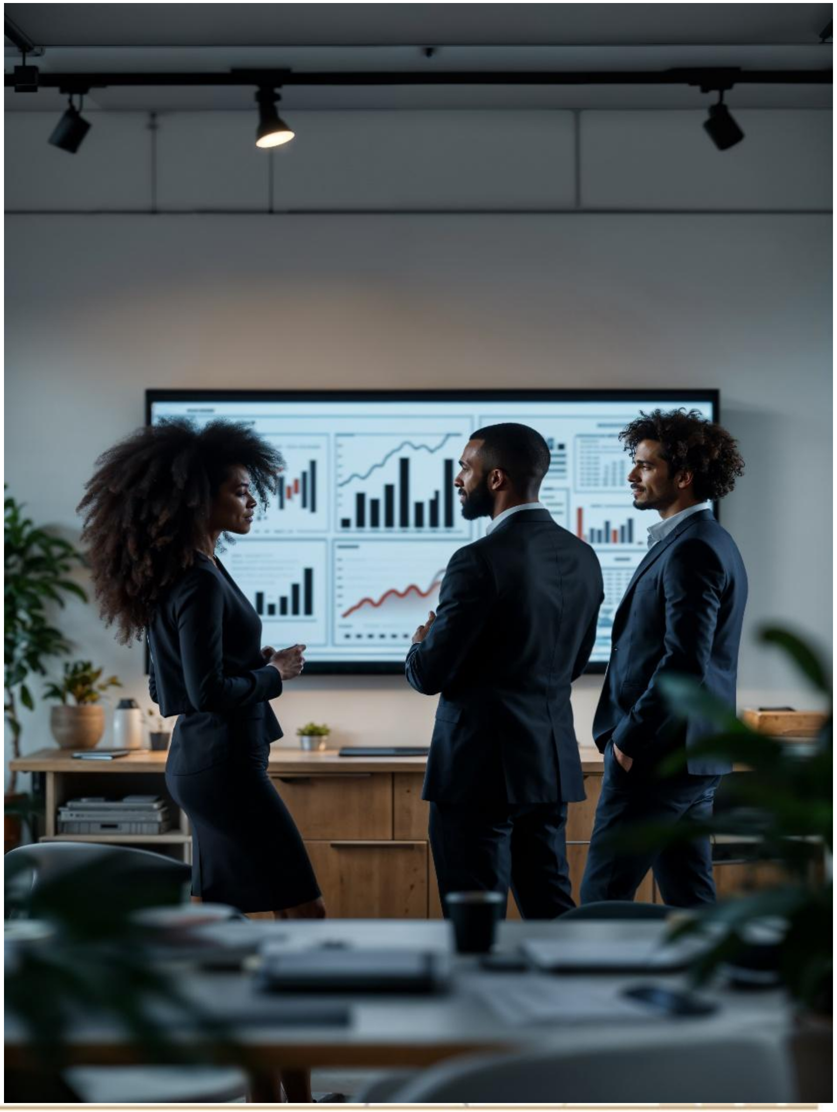
14 000	99.6%	100%
14 000Clients on 3 Continents	99.6% Uptime from our servers based in South Africa, The Middle-East & North America	100% Client Satisfaction

1.AG’S AOPO & REQUIREMENTS & KEY FOCUS AREAS

•·Annual Performance Reports- Municipalities must submit reports that are useful, reliable, and aligned to their Integrated Development Plans (IDPs) and Service Delivery & Budget Implementation Plans (SDBIPs).

•Performance Management Systems- Municipalities are required to establish and maintain effective systems to monitor service delivery. Performance agreements of senior managers must be linked to measurable objectives.

•Oversight & Accountability- Mayors, councils, and municipal public accounts committees must use budgets and SDBIPs as monitoring tools, not just compliance documents. Internal audit units and audit committees must provide assurance over performance information



1.2 KEY FOCUS AREAS

Key Focus Area	Actions
Usefulness of Information	· Objectives and indicators must be aligned to IDPs and SDBIPs. · Targets must follow the SMART principle (specific, measurable, achievable, relevant, time-bound).
Reliability of Information	· Reported achievements must be accurate, supported by evidence, and free from material misstatements. · Systems and processes for collecting and reporting data are tested for integrity.
Compliance with Legislation	· Establishment and functioning of performance management systems. · Publication of SDBIPs and performance agreements within required timeline
Oversight Effectiveness	· Assessment of whether mayors, councils, and committees enforce accountability. · Evaluation of internal audit and audit committees’ role in strengthening performance reporting.

2. Audit Readiness - Practical Approaches

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Early alignment
Map all performance indicators directly to the IDP and SDBIP at the start of the financial year.
Ensure targets are SMART (specific, measurable, achievable, relevant, time-bound).

Evidence Management
Establish a central repository for supporting documentation (attendance registers, invoices, project completion certificates, etc.)
Link each reported achievement to verifiable evidence before submission.

Internal Controls
Implement quarterly reviews of performance information to detect gaps early
Use internal audit units to validate reported achievements against evidence.

Capacity Building
Train staff on performance reporting requirements and evidence collection.
Reduce reliance on consultants by strengthening in-house skills.

Technology & Systems Use automated performance management systems to track indicators and store evidence.
Ensure IT systems support data integrity and audit trails.

Oversight & Accountability Mayors and councils should actively monitor SDBIP implementation, not just approve it. Municipal public accounts committees must review performance reports with evidence attached.

Audit Preparation
· Conduct a pre-audit “mock review” to check usefulness, reliability, and compliance.
· Correct misstatements before submission to the Auditor-General.

3. COMMON PERFORMANCE REPORTING FINDINGS & CORRECTIVE MEASURES

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Common Findings	Root Causes	Corrective Measures
•Unreliable performance reports •Weak oversight structures •Institutional capacity gaps	•Lack of skills and capacity •Weak internal controls •Poor alignment of IDPs/SDBIPs •Culture of non-accountability	· Strengthen Alignment: Smart indicators linked to IDP’s & SDBIP’s · Evidence Management: Central repository, verifiable documentation · Oversight Enhancement: Active Councils, strong audit committees · Capacity Building: Fill vacancies, training of staff · Technology leverage: Automated systems, audit trails, data integrity

4.-STRENGTHENING PORTFOLIO OF EVIDENCE

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Common weaknesses in P.O.E's	Root Causes
•Evidence scattered across departments with no central repository. •Missing or incomplete supporting documents for reported achievements. •Poor linkage between reported indicators and actual evidence. •Weak audit trails and data integrity issues.	•Lack of standardized evidence management processes. •Limited staff capacity and training on documentation requirements. •Over-reliance on consultants without institutional knowledge transfer. •Weak IT systems for storing and tracking evidence

Corrective Measures

1.Establish a Central Evidence Repository
•Create a secure, centralized digital system for storing all supporting documents.
•Ensure version control and audit trails for every uploaded file.
2. Standardize Evidence Requirements
•Develop clear templates/checklists for what counts as valid evidence (e.g., attendance registers, invoices, project completion certificates).
•Link each indicator in the SDBIP/IDP to specific evidence types.
3. Strengthen Internal Controls
•Conduct quarterly evidence reviews before reporting.
•Internal audit units should validate evidence against reported achievements.
4. Build Staff Capacity
•Train officials on evidence collection, documentation, and audit readiness.
5. Oversight & Accountability
•Require mayors, councils, and municipal public accounts committees to review evidence alongside performance reports.
•Enforce consequences for missing or unreliable evidence.
6.Leverage Technology
Implement automated performance management systems with built-in evidence upload features

5. BEST PRACTICES TO ACHIEVE CREDIBLE AUDIT PERFORMANCE REPORTING OUTCOMES

Preventative Controls

- Treating performance management as a continuous process instead of an annual compliance exercise
- Internal checking protocols which flag reporting issues before year-end

Standardised POE's

- Enforcing strict internal rules where an indicator can only be updated as 'acheived' once a credible and verified P.O.E is uploaded

Active audit & risk committee

- Top-performing internal audit departments set aside specific quarterly cycles to assess the reliability and precision of non-financial performance indicators.
- The speed at which top directors and the municipal manager respond to internal audit findings is a defining best practice. Instead of disregarding the recommendations, management takes swift action when internal audit flags an indicator as ambiguous or lacking data.

KPI Alignment- SDBIP to Individual Performance

Lessons demonstrate that when Key Performance Indicators (KPIs) are inadequately specified, reporting suffers. Reputable local governments verify that the measurements in their Service Delivery and Budget Implementation Plans (SDBIPs) are precise, quantifiable, and realistically mapped.

Individual Section 56/57 Manager performance agreements are closely related to performance targets. This guarantees that managers will be subject to immediate repercussions for administrative errors or negligent reporting.

Implementation of Local Government Frameworks

Embracing uniform reporting structures—such as the provincial Mpumalanga Municipal Performance Management Framework—ensures consistency across all municipal reporting modules

Bridging Budgeting with Delivery: A key lesson from the AGSA is that some municipalities spend 100% of their budgets while only achieving 20% to 30% of their physical service targets. Credible municipalities use automated performance dashboards to continually contrast actual cash spend directly against physical project milestones in real time

6.BENEFITS OF AUTOMATING PMS

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Guaranteed Audit readiness: · Secure Audit Trails: The system logs every entry, change, and approval, creating an unalterable trail required by the AGSA · Mandatory PoE Uploads: Users cannot mark a Service Delivery and Budget Implementation Plan (SDBIP) target as "achieved" without uploading a verifiable Portfolio of Evidence · Strict MFMA Alignment: Automated reports dynamically align with Section 71 (in-year) and Section 72 (mid-year) reporting timelines mandated by the Municipal Finance Management Act	**Real-Time SDBIP & Financial Integration** •Data-Backed Insights: Executive leadership can view actual service delivery progress via live dashboards instead of waiting for quarterly reviews •mSCOA Synchronisation: The system links non-financial performance metrics directly with the Municipal Standard Chart of Accounts (mSCOA) segments •Budget vs. Delivery Tracking: It automatically flags instances where a project budget is 100% spent but physical infrastructure progress sits at only 20%
Institutionalise accountability & consequence management · Cascading KPIs: Strategic institutional targets from the Integrated Development Plan (IDP) cascade automatically down to individual Section 56/57 performance agreements · Automated Escalation Alerts: The system triggers automatic email notifications to managers and directors when compliance deadlines or target updates are overdue	**Reduction in Administrative Difficulties** •Elimination of Human Error: Automated systems remove manual formula errors and data fragmentation caused by managing hundreds of disconnected spreadsheets. •One-Click Consolidated Reporting: Compilation of quarterly, mid-year, and annual municipal performance reports is reduced from weeks of manual aggregation to minutes.

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- Manual reporting processes inherently compromise data integrity through human error, delayed tracking, and visibility gaps that directly impact audit outcomes.
- Moving to AI-driven automation transforms performance management from a retrospective look at past mistakes into a proactive tool for real-time compliance.
- Credible performance information requires absolute, seamless alignment between local institutional scorecards, municipal budgets, and overarching national objectives.
- Embracing technological innovation in governance removes the administrative reporting burden, allowing public sector leaders to focus on actual service delivery and community upliftment.

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Thank You!

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