2025/26 PFM

# CAPACITY BUILDING REPORT

OAG


national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

A NATION THAT WORKS FOR ALL

2030 NDP

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## Tables

## LIST OF ABBREVIATIONS

| Abbreviation | Full Description |
|---|---|
| **AFS** | Annual Financial Statements |
| **AGSA** | Auditor-General of South Africa |
| **AI** | Artificial Intelligence |
| **AMD** | Accounting Manuals for Departments |
| **AS&R** | Accounting Support and Reporting |
| **ASB** | Accounting Standards Board |
| **BAS** | Basic Accounting System |
| **BCM** | Buffalo City Municipality |
| **BTO** | Budget and Treasury Office |
| **CA** | Chartered Accountant |
| **CAA** | Chartered Accountants Academy |
| **CFFM** | Competency Framework for Financial Management |
| **CFO** | Chief Financial Officer |
| **CoGTA** | Department of Cooperative Governance and Traditional Affairs |
| **CRO** | Chief Risk Officer |
| **DPCI** | Directorate for Priority Crime Investigation |
| **DoRA** | Division of Revenue Act |
| **DPME** | Department of Planning, Monitoring and Evaluation |
| **DPSA** | Department of Public Service and Administration |
| **FMG** | Financial Management Grant |
| **FMS** | Financial Management Systems |
| **GMC** | Governance Monitoring and Compliance |
| **GRAP** | Generally Recognised Accounting Practice |
| **IA** | Internal Audit |
| **IAR** | Immovable Assets Register |
| **IIA** | Institute of Internal Auditors |
| **IGRAP** | Interpretations of Generally Recognised Accounting Practice |
| **INEP** | Integrated Electrification Programme |
| **IoDSA** | Institute of Directors South Africa |
| **IRMSA** | Institute of Risk Management South Africa |
| **LOGIS** | Logistics Information System |
| **MCS** | Modified Cash Standard |
| **MFMA** | Municipal Finance Management Act, 2003 |
| **MFMIP** | Municipal Finance Management Internship Programme |
| **MPAC** | Municipal Public Accounts Committee |
| **MRMC** | Municipal Regulations on Minimum Competency Levels |
| **mSCOA** | Municipal Standard Chart of Accounts |
| **NDM** | Non-Delegated Municipality |
| **NDMs** | Non-Delegated Municipalities |
| **NMBM** | Nelson Mandela Bay Municipality |
| **NPA** | National Prosecuting Authority |
| **NSG** | National School of Government |
| **NT** | National Treasury |
| **NWPT** | North-West Provincial Treasury |
| **OAG** | Office of the Accountant-General |
| **PAG** | Provincial Accountant-General |
| **PERSAL** | Personnel and Salary System |
| **PFM** | Public Financial Management |
| **PRF** | Provincial Revenue Fund |
| **PSACF** | Public Sector Audit Committee Forum |
| **PT** | Provincial Treasury |
| **QAR** | Quality Assurance Review |
| **QCTO** | Quality Council for Trades and Occupations |
| **SAICA** | South African Institute of Chartered Accountants |
| **SAPS** | South African Police Service |

| Abbreviation | Full Description |
|---|---|
| **SARS** | South African Revenue Service |

| Abbreviation | Full Description |
|---|---|
| **SCM** | Supply Chain Management |
| **SCOA** | Standard Chart of Accounts |
| **SDF** | Skills Development Facilitator |
| **SDF&I** | Skills Development Facilitators and Internship Forum |
| **SOE** | State-Owned Entity |
| **TCTA** | Trans-Caledon Tunnel Authority |
| **TSS** | Technical Support Services |
| **UIFWE** | Unauthorised, Irregular, Fruitless and Wasteful Expenditure |
| **VAT** | Value Added Tax |

# GLOSSARY OF ACCOUNTING STANDARDS AND KEY LEGISLATIVE REFERENCES

Generally Recognised Accounting Practice (GRAP) Standards

| Standard | Definition / Description |
|---|---|
| **GRAP 1: Presentation of Financial Statements** | Provides the overall structure and minimum content requirements for financial statements, including disclosures and presentation principles. |
| **GRAP 3: Accounting Policies, Estimates and Errors** | Provides guidance on selecting accounting policies, and how to account for changes in estimates and prior period errors. |
| **GRAP 11: Accounting Policies, Changes in Accounting Estimates and Errors** | Prescribes the criteria for selecting and applying accounting policies; accounting for changes in accounting policies; accounting for changes in accounting estimates; and correcting prior period errors. |
| **GRAP 17: Property, Plant and Equipment (PPE)** | Defines how to recognise, measure, and depreciate tangible assets such as buildings, infrastructure, and equipment. |
| **GRAP 19: Provisions, Contingent Liabilities and Contingent Assets** | Provides guidance on recognising obligations and uncertain liabilities arising from past events. |
| **GRAP 23: Revenue from Non-Exchange Transactions** | Governs accounting for revenue such as taxes, transfers and grants where no direct value is exchanged. |
| **GRAP 24: Presentation of Budget Information** | Requires comparison between budgeted and actual financial information in financial statements. |
| **GRAP 31: Intangible Assets** | Covers recognition and measurement of non-physical assets such as software and licences. |
| **GRAP 104: Financial Instruments** | Provides guidance on the classification, recognition, measurement, impairment, and disclosure of financial instruments such as receivables, payables, loans, and investments. |
| **GRAP 108: Statutory Receivables** | Prescribe the accounting requirements for the recognition, measurement, presentation, and disclosure of statutory receivables in the financial statements. |
| **GRAP 109: Accounting by Principals and Agents** | Prescribes the principles that entities should apply to determine whether they are acting as a principal or an agent in an arrangement, and how they should account for the related transactions, assets, liabilities, revenue, and expenses. |

Modified Cash Standard (MCS)

| Framework | Definition / Description |
|---|---|
| **Modified Cash Standard (MCS)** | The accounting framework applied by national and provincial departments, combining cash-based accounting with selected accrual elements such as payables, receivables, and provisions. |
| **MCS Asset Management Guidance** | Provides requirements for managing, recording, and reporting assets including immovable assets and asset registers. |
| **MCS Financial Instruments Guidance** | Provides guidance aligned to GRAP principles for managing receivables, payables, and financial risk disclosures. |
| **Accounting Manuals for Departments (AMD)** | Detailed manuals supporting implementation of MCS requirements, including asset management and financial reporting processes. |

Public Finance Management Act (PFMA)

| Section | Definition / Description |
|---|---|
| **PFMA (Act No. 1 of 1999)** | Legislative framework governing financial management in national and provincial government institutions. |
| **PFMA Section 38** | Outlines the responsibilities of Accounting Officers to ensure effective financial management, internal controls, and compliance with legislation. |
| **PFMA Section 40** | Requires the preparation and submission of annual financial statements and financial reports. |
| **PFMA Section 45** | Defines the responsibilities of officials to comply with financial management practices and prevent irregular, fruitless, and wasteful expenditure. |
| **Section** | **Definition / Description** |
| **PFMA Section 76** | Empowers National Treasury to issue regulations, instructions, and frameworks governing financial management. |
| **Treasury Regulations (TR)** | Detailed rules issued under PFMA to guide financial management, reporting, and compliance. |
| **PFMA Instruction No. 4 of 2022/23** | Provides a detailed framework for the identification, assessment, determination, and reporting of irregular, fruitless, and wasteful expenditure. |

Municipal Finance Management Act (MFMA)

| Section / Framework | Definition / Description |
|---|---|
| **MFMA (Act No. 56 of 2003)** | Legislative framework governing financial management in municipalities and municipal entities, aimed at ensuring transparency, accountability, and sound financial governance. |
| **MFMA Section 62** | Assigns responsibility to municipal managers for managing financial affairs, ensuring effective systems, internal controls, and compliance. |
| **MFMA Section 63** | Requires municipalities to maintain effective systems of asset management, including safeguarding and proper record-keeping of assets. |
| **MFMA Section 64** | Governs revenue management, including billing, debt collection, and safeguarding of revenue streams. |
| **MFMA Section 65** | Outlines expenditure management responsibilities, including payment controls and prevention of unauthorised spending. |
| **MFMA Section 95** | Requires municipalities to establish customer care and revenue management systems. |
| **MFMA Section 126** | Requires municipalities to prepare Annual Financial Statements in accordance with prescribed standards (GRAP). |
| **MFMA Section 165** | Requires the establishment of internal audit units within municipalities. |
| **MFMA Section 166** | Provides for the establishment and functioning of Audit Committees. |
| **MFMA Compliance Frameworks** | Includes regulations and guidelines (e.g. MFMA Circulars, MFMIP, MRMC) supporting implementation, reporting and oversight. |

Cross-Cutting Compliance Concepts

| Term | Definition / Description |
|---|---|
| **Irregular Expenditure** | Expenditure incurred in contravention of applicable legislation, including procurement requirements under PFMA or MFMA. |
| **Fruitless and Wasteful Expenditure** | Expenditure that could have been avoided had reasonable care been exercised and yields no benefit. |
| **Condonation** | The formal process of approving or regularising irregular expenditure after assessment. |
| **Disclosure Requirements** | Requirements for transparent reporting of financial information in Annual Financial Statements, including irregular expenditure. |

# EXECUTIVE SUMMARY

The Annual Capacity Building Report presents the capacity-building initiatives implemented by the Office of the Accountant-General (OAG) during the 2025/26 financial year. The report reflects OAG's continued role in strengthening public financial management (PFM) capability across national, provincial and local government through training, advisory support, help-desk services, forums, workshops, technical guidance, professionalisation initiatives and system-support interventions.

During the reporting period, capacity-building interventions addressed persistent capability constraints affecting public institutions. These included challenges relating to the preparation of Annual Financial Statements (AFS), application of reporting frameworks, asset management, system utilisation, transaction classification, internal controls, audit readiness, consequence management, governance processes and the effective use of transversal financial management systems (FMS).

OAG's interventions were delivered through multiple mechanisms, including formal training programmes, technical advisory services, help-desk support, working groups, forums, awareness sessions, refresher engagements and targeted institutional support. This combination of structured learning and responsive technical support enabled OAG to address both immediate operational challenges and longer-term institutional capability gaps.

The report also reflects the scale of capacity-building activity during the year. For example, financial management system-related training included 505 Basic Accounting System (BAS) participants, 203 Logistics Information System (LOGIS) participants and 845 Personnel and Salary System (PERSAL) participants, contributing to strengthened system usage and accurate reporting. OAG also supported municipal consequence management processes, including capacity-building on addressing Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) and implementing consequence management, with approximately 200 participants targeted or reached.

In financial reporting and asset management, OAG continued to support institutions through asset management forums, Modified Cash Standard (MCS) awareness and refresher sessions, AFS automation engagements and technical discussions on reporting requirements. These interventions contributed to improved awareness of reporting reforms, strengthened understanding of asset-related reporting issues and enhanced preparation for the audit process.

While the immediate output of these initiatives can be measured through trained participants, queries resolved, forums convened and guidance issued, the broader impact of capacity building will continue to materialise over time. Sustainable improvement in PFM depends on continued investment in technical skills, professional competence, institutional systems, effective governance and consistent application of financial management prescripts.

# CHAPTER 1: BUILDING PROFESSIONAL PUBLIC FINANCE CAPABILITY

## 1. INTRODUCTION

The effectiveness of PFM is dependent on the availability of skilled, competent, and ethical professionals capable of applying legislative, regulatory, and governance frameworks consistently across government institutions. While systems, policies, and oversight mechanisms provide the foundation for sound financial management, their effectiveness is ultimately determined by the capability of the officials responsible for their implementation.

Across the public sector, institutions continue to face challenges relating to uneven competency levels, succession planning, retention of specialised skills, and the increasing complexity of the public finance environment. These challenges are often reflected in audit outcomes, financial reporting weaknesses, governance failures, and inconsistent implementation of legislative requirements.

Recognising these challenges, the OAG continues to advance a long-term professionalisation agenda aimed at strengthening the capability, competence, and sustainability of the public finance workforce. During the 2025/26 financial year, this agenda was supported through a range of initiatives focused on professional development, competency frameworks, qualification reform, leadership development, and talent pipeline creation.

Collectively, these interventions contribute to building a capable state by strengthening professional standards, supporting structured learning pathways, and developing the next generation of public finance practitioners and leaders.

Professionalisation by Numbers: Building a Strong Public Finance Capability Pipeline

| Talent Development | Systems & Reform |
|---|---|
| **32 Trainees \| 9 Signed Off**<br>Demonstrates continued investment in developing future public finance professionals | **3 Qualification Reforms**<br>Strengthening alignment of qualifications with evolving public sector needs |
| **Partnerships & Reach** | **Sustained Impact** |
| **Strategic Partnerships \| National Reach**<br>Expanding collaboration and ensuring nationwide reach of professionalisation efforts | **100+ CA Graduates Since 2008**<br>Reflecting long-term contribution to strengthening financial leadership across government |

## 1.1. Professionalisation Is a Strategic Enabler

Professionalisation remains a central pillar of National Treasury's broader PFM reform agenda. It seeks to establish a workforce that possesses the technical knowledge, practical skills, ethical grounding, and professional judgement necessary to effectively manage public resources and fulfil governance responsibilities.

The professionalisation agenda recognises that sustainable improvements in PFM cannot be achieved through isolated training interventions alone. Instead, they require a coordinated system of competency frameworks, structured qualifications, leadership development programmes, workplace learning opportunities, and professional support mechanisms that collectively strengthen institutional capability over time.

The OAG's professionalisation efforts focused on three interrelated objectives:

- Strengthening the pipeline of future public finance professionals;
- Creating structured learning and career development pathways for financial management practitioners; and
- Supporting leadership development and competency enhancement across finance functions.

These objectives were pursued through a combination of flagship programmes, qualification reform initiatives, competency framework implementation, and strategic partnerships with professional bodies and learning institutions.

## 1.2. Strengthening The Public Finance Talent Pipeline

A sustainable PFM system requires a continuous pipeline of skilled professionals capable of assuming increasingly complex technical and leadership responsibilities. To address long-standing shortages within specialised finance functions, OAG continues to invest in structured talent development initiatives that support both professional qualification and practical workplace experience.

### 1.2.1. Chartered Accountants Academy

The Chartered Accountants Academy (CAA) remains a cornerstone of OAG's professionalisation strategy. As a South African Institute of Chartered Accountants (SAICA) accredited training office, the Academy provides a structured pathway for developing Chartered Accountants with both strong technical accounting expertise and a deep understanding of the public-sector legislative, governance, and accountability environment.

The Academy supported a cohort of 32 trainee accountants comprising first-year, second-year and third-year trainees. Nine trainees successfully completed the programme during the reporting period after meeting all competency requirements prescribed by SAICA.

The Academy combines workplace learning, professional examinations, mentorship, coaching, and rotational placements across National Treasury and selected public institutions. This integrated approach ensures that trainees develop both technical competence and practical experience within the public sector environment.

Since its inception in 2008, the Academy has produced more than 100 Chartered Accountants, many of whom continue to occupy critical finance, governance, and leadership positions across government institutions.

By developing professionals with specialised public-sector expertise, the Academy contributes to succession planning, institutional resilience, and the long-term strengthening of financial management capability within government.

#### 1.2.2. Inaugural Trainee Day

The Academy hosted its inaugural Trainee Day, reinforcing National Treasury's commitment to developing future finance professionals and strengthening the public-sector talent pipeline.

The event provided trainees with opportunities to engage with senior leaders, learn from experienced practitioners, and gain insight into professional career pathways within the public sector. The initiative also reinforced the importance of ethical leadership, accountability, continuous learning, and professional excellence in PFM.

### 1.3. Creating Structured Professional Pathways

While professional pipeline initiatives focus on attracting and developing future talent, sustainable professionalisation also requires clear competency standards and structured career pathways for existing practitioners.

#### 1.3.1. Competency Framework for Financial Management

The Competency Framework for Financial Management (CFFM), which is currently progressing through the formal approval process, is intended to establish a common benchmark for the knowledge, skills, and behavioural competencies required across public financial management functions. Ongoing engagements with the Department of Public Service and Administration (DPSA) will help inform and guide the finalisation of the National Treasury's approval processes. The CFFM supports a more structured and consistent approach to workforce planning, competency assessment, professional development, and succession planning across the three spheres of government.

The CFFM aims to inform the design and prioritisation of several capacity-building initiatives by helping identify critical competency gaps within finance, governance, and assurance functions. It is anticipated that it will contribute to greater alignment between capacity-building interventions and the practical requirements of financial management roles. By promoting a shared understanding of competency expectations, the CFFM supports broader professionalisation objectives and contributes to the development of a more capable and consistent public finance workforce.

Once approved, the CFFM is expected to further strengthen standardisation of competency requirements and provide an authoritative basis for professionalisation across the public finance environment.

#### 1.3.2. Qualification Reform within the Municipal Finance Environment

A significant milestone during the reporting period was the progression of reforms to municipal finance qualifications.

The qualification review process resulted in the development of a revised occupational qualification framework designed to align municipal finance qualifications with the requirements of the Quality Council for Trades and Occupations (QCTO). The reforms support the transition from legacy qualifications towards qualifications that are more responsive to contemporary workplace requirements and occupational needs.

The revised framework is expected to strengthen professionalisation within municipal finance functions by providing clearer learning pathways, improving occupational relevance, and supporting more effective competency development.

Once approved and implemented, the revised qualifications will contribute to stronger succession planning, improved professional standards, and enhanced capability within municipal financial management environments.

## 1.4. Strengthening Financial Leadership

The effectiveness of PFM is heavily influenced by the quality of leadership within finance functions. Strong financial leadership contributes to improved governance, better decision-making, enhanced accountability, and stronger organisational performance.

Recognising the importance of leadership capability, OAG continued to advance initiatives aimed at strengthening strategic financial leadership across government.

### 1.4.1. Chief Financial Officer Short Learning Programme

The OAG progressed the development of the Chief Financial Officer (CFO) Short Learning Programme as part of its broader professionalisation agenda. Developed in partnership with the National School of Government (NSG) and informed by findings from competency assessments conducted across government, the programme seeks to strengthen leadership capability among CFOs, senior finance managers, finance directors, and other officials with strategic financial responsibilities.

The programme focuses on key competency areas including:

- Strategic financial leadership;
- Governance oversight and accountability;
- Ethical decision-making and professional judgement;
- Risk-informed management; and
- Compliance with PFM frameworks.

The programme represents an important investment in strengthening the leadership capability required to navigate increasingly complex governance, accountability, and financial management environments.

## 1.5. Strategic Partnerships Supporting Professionalisation

Professionalisation is strengthened through collaboration with institutions that share responsibility for developing public-sector capability.

During the reporting period, OAG continued to work closely with strategic partners including SAICA, the Institute of Internal Auditors (IIA), the Institute of Directors South Africa (IoDSA), the Institute of Risk Management South Africa (IRMSA), the NSG, Provincial Treasuries, professional bodies, and other stakeholders involved in capacity development and professionalisation.

These partnerships support the alignment of professional standards, learning pathways, and competency requirements across the public sector while enhancing access to specialised expertise and learning opportunities.

Collaborative initiatives also contribute to a more coordinated and sustainable approach to professional development, reducing fragmentation and strengthening the overall effectiveness of capacity-building interventions.

## 1.6. Emerging Outcomes

The professionalisation initiatives implemented during the 2025/26 financial year have contributed to strengthening the foundations of a more capable, professional, and sustainable public finance workforce.

Key achievements during the reporting period include:

- Continued expansion of the public-sector finance talent pipeline through the Chartered Accountants Academy;
- Progression of qualification reforms aimed at strengthening professional pathways within municipal finance;
- Development of leadership-focused learning pathways for CFOs and senior finance managers;
- Continued development and utilisation of the CFFM as a foundation for competency development; and
- Strengthened collaboration with professional bodies and learning institutions to support long-term capability development.

While the full benefits of professionalisation initiatives will materialise over the medium to long term, the progress achieved during the reporting period represents an important step towards building a professional, ethical, and capable public finance profession that is able to support improved governance, accountability, and service delivery across government.

The continued development of professional capability remains essential to achieving sustainable improvements in PFM outcomes and strengthening the state's ability to manage public resources effectively.

# CHAPTER 2: STRENGTHENING FINANCIAL REPORTING, ASSET MANAGEMENT AND AUDIT READINESS

## 2. INTRODUCTION

Reliable financial information is fundamental to effective governance, accountability, oversight, and decision-making. Financial reports provide the basis upon which Parliament, legislatures, executive authorities, oversight institutions, and the public assess the stewardship of public resources. Consequently, the quality of financial reporting remains a key determinant of public sector accountability and institutional credibility.

Although improvements have been achieved in several areas, audit outcomes continue to identify weaknesses relating to the application of accounting frameworks, preparation of AFS, supporting working papers, disclosure requirements, asset management, and the interpretation of complex accounting standards. These weaknesses often result in material audit findings, reporting errors, and increased audit adjustments.

To address these challenges, the OAG implemented a range of interventions aimed at strengthening financial reporting capability, supporting asset management practices, enhancing audit readiness, and promoting the consistent application of accounting and reporting frameworks across government institutions.

These interventions combined formal training, technical advisory support, communities of practice, reform implementation support, digital learning platforms, workshops and institution-specific engagements. Collectively, they contributed to improving technical competency, strengthening financial reporting processes, and supporting greater consistency in the application of PFM requirements.

Financial Reporting and Audit Readiness Dashboard

| Indicator | Reach |
|---|---:|
| Financial Reporting Training Participants | 1,507 |
| Accounting & Reporting Queries Resolved | 255 |
| CFO Forum Participants | 833 |
| GRAP Hub Registered Users | 837 |
| MCS Hub Registered Users | 749 |
| MCS Awareness & Refresher Participants | 1,710 |
| Asset Management Forum Participants | 557 |

## 2.1. Strengthening Financial Reporting Capability and Supporting Reporting Reforms

A key focus of OAG's capacity-building interventions was strengthening the capability of accounting and reporting practitioners responsible for preparing, reviewing, and assuring financial information across government institutions while supporting the implementation of evolving financial reporting frameworks.

Support was directed towards areas frequently associated with audit findings and implementation challenges, including the application of accounting standards, preparation of AFS, financial instruments, asset management, audit readiness, and compliance with prescribed reporting frameworks.

A total of 1,507 officials participated in accounting and reporting-related learning interventions. These interventions combined formal training programmes, technical workshops, and practitioner engagements designed to improve technical competency and promote consistent interpretation of accounting requirements.

Particular emphasis was placed on strengthening understanding of GRAP requirements, GRAP 104 (Revised) Financial Instruments, asset management developments, and emerging accounting matters affecting financial reporting across government.

In addition to technical training, OAG supported the implementation of reporting reforms through a series of awareness sessions, refresher engagements, technical working groups, and professional forums focused on the MCS and related reporting developments.

These engagements reached over 3,000 practitioners across government and the broader accounting profession and provided guidance on MCS updates, GRAP alignment initiatives, AFS automation developments, and emerging reporting requirements.

Collectively, these interventions strengthened technical capability, supported implementation of reporting reforms, and promoted greater consistency in the application of accounting and reporting frameworks across government.

## 2.2. Strengthening Asset Management Capability

Asset management continues to represent a significant area of financial reporting complexity and audit risk across government. Accurate asset information is critical for reliable financial reporting, effective stewardship of public resources, and informed decision-making.

OAG supported asset management capability through technical guidance, forums, working groups and stakeholder engagements. These interventions reached 557 practitioners during the reporting period and focused on strengthening asset management practices and improving the quality of asset-related information reported in financial statements.

Key areas of focus included asset management developments, immovable asset management, vesting matters, reporting requirements, and the integration of asset information into broader financial reporting processes.

Engagements provided practitioners with opportunities to discuss implementation challenges, share experiences, and receive guidance on emerging developments affecting asset management and reporting practices.

The continued focus on asset management reflects its importance in strengthening financial reporting quality and reducing risks associated with asset recognition, valuation, disclosure, and reporting.

## 2.3. Technical Advisory Support

The Office of the Accountant-General (OAG) Query Portal is a dedicated platform established to provide stakeholders with a streamlined and efficient channel for submitting, tracking, and resolving technical queries related to public financial management. The portal serves as a central point of access for guidance and advisory support on accounting, financial reporting, governance, internal controls, and related matters.

Technical advisory support continued to play an important role in strengthening financial reporting capability across government.

A total of 255 accounting and reporting queries were formally recorded and resolved. These queries were predominantly related to the interpretation of accounting standards, financial reporting requirements, asset management, financial instruments, reconciliation challenges, disclosure requirements, and reporting framework implementation.

The recurring nature of these queries provided valuable insight into common implementation challenges experienced by institutions. Beyond resolving individual issues, analysis of query trends informed the development of targeted training interventions, guidance material, technical forums, and awareness initiatives aimed at addressing recurring areas of concern.

In this regard, technical advisory support fulfilled both an immediate problem-resolution function and a broader capacity-building role by helping identify systemic challenges affecting financial reporting quality across government.

The insights generated through technical advisory engagements continue to strengthen OAG's ability to provide responsive and targeted support aligned to the evolving needs of financial management practitioners.

## 2.4. Supporting Audit Readiness

Improving audit readiness remained a central component of OAG's financial reporting support strategy.

Targeted interventions focused on strengthening the quality of financial information submitted for audit by supporting institutions in areas such as AFS preparation, working paper quality, disclosure requirements, and audit improvement planning.

These interventions sought to address common causes of audit findings and reporting errors by promoting stronger preparation processes and encouraging proactive identification of reporting risks before audit submission.

Technical working groups and specialist engagements, supported by the resolution of 255 accounting and reporting queries during the reporting period, further provided opportunities for institutions to discuss emerging accounting and audit matters, share experiences, and obtain guidance on complex reporting issues.

Through these initiatives, OAG continued to support institutions in strengthening financial reporting controls, improving documentation practices, and enhancing overall preparedness for the annual audit process.

## 2.5. MFMA Consistency Workshop

The Annual Financial Statements (AFS) Consistency Workshop, initiated by the Western Cape Provincial Treasury's Local Government Accounting Unit in 2020, has evolved into a prominent national initiative. Now led in partnership with the Office of the Accountant-General at the National Treasury, the second workshop brought together key stakeholders, including SARS, the AGSA, the ASB, and SAICA to address systemic challenges in municipal financial reporting, combining technical guidance with a citizen-centric governance approach. Held on 16–17 July 2025 and expanded to include all provinces, the workshop attracted more than 550 participants, including municipal CFOs, auditors, and national oversight bodies. Its

mission was clear: to ensure that South Africa's municipalities produce consistent, credible, and transparent AFS that build public trust and enable effective service

delivery.

Keynote speaker Johnstone Makhubu, SARS Deputy Commissioner, outlined the revenue authority's digital and AI-driven transformation towards a "SMART MODERN SARS." Central to this vision is the principle that "Tax Just Happens," where compliance becomes seamless, automated, and data-driven. He emphasised the critical role of local and provincial governments in closing compliance gaps, including addressing the R8.6 billion in outstanding municipal tax debt and tackling the risks of overstated or fictitious VAT refund claims. The Municipal VAT

Improvement Initiative, which aims to audit all 257 municipalities within three years, will be supported by cross-functional teams, targeted training, and advanced data

analytics.

The Integrated Electrification Programme (INEP) grants were another focus area, with discussions centred on the frequent misalignment between the legal form and transactional substance that can lead to accounting errors. Delegates were reminded that unlicensed municipalities building assets for Eskom act as contractors under GRAP 11, not agents under GRAP 109, because they bear procurement risks and engage directly with third parties.

Updates to the 2024/25 mSCOA specimen were shared, including changes to VAT presentation, new segment reporting requirements, and enhanced construction revenue disclosures. The workshop also emphasised the importance of distinguishing between contractual receivables (GRAP 104) and statutory receivables (GRAP 108), each requiring different impairment methodologies. Municipalities were encouraged to develop Expected Credit Loss models grounded in historic payment patterns and debtor risk profiles to improve accuracy in reporting.

The Auditor-General's 2023/24 findings revealed that 31% of municipalities required material adjustments to their AFS, most often due to leadership vacancies, poor record-keeping, and over-reliance on consultants. The workshop reinforced that achieving quality AFS requires more than simple compliance it demands alignment between contracts, accounting treatments, and operational realities.

Continued collaboration between national, provincial, and local government will be vital to building a future where planning, budgeting, and reporting operate seamlessly to serve citizens and strengthen democracy. Special thanks are extended to the dedicated officials from the Western Cape Provincial Treasury, the National Treasury, and SAICA for their leadership in organising the workshop. We look forward to building on this momentum at the next event.

Key Takeaways:

- Consistent, accurate AFS are critical for public trust and service delivery.
- Misalignment between legal form and transaction substance can cause reporting errors.
- Material AFS adjustments remain common due to leadership gaps and weak records.
- Collaboration between all spheres of government is key to sustained improvement.

## 2.6. Communities of Practice and Knowledge Sharing

Recognising that sustainable capability development requires continuous learning and engagement, OAG continued to facilitate communities of practice and practitioner forums focused on accounting and reporting matters.

A total of 833 officials participated in CFO forums and related practitioner engagements, providing opportunities for peer learning, knowledge sharing, and discussion on developments affecting the public finance environment.

Discussion topics included GRAP implementation, MCS developments, audit findings, financial reporting reforms, asset management challenges, and emerging accounting issues.

These forums enabled practitioners to share experiences, discuss common implementation challenges, and receive guidance on complex technical matters, thereby strengthening consistency in the application of accounting and reporting frameworks.

By facilitating collaboration across institutions, these communities of practice contribute to building a shared understanding of financial management requirements and strengthening collective problem-solving across government.

## 2.7. Expanding Access Through Digital Learning Platforms

Digital learning platforms continued to play an increasingly important role in supporting financial reporting capability across government. The objective of the Digital Learning Platforms, is to provide a centralized, accessible, and sustainable learning environment that supports the continuous professional development of public sector officials.

The *GRAP Hub* recorded 837 registered users during the reporting period, while the *MCS Hub* recorded 749 registered users. These platforms provide practitioners with continuous access to technical guidance, learning resources, frequently asked questions, templates, recordings, and updates relating to accounting and reporting requirements.

The increasing utilisation of these platforms reflects growing demand for accessible, on-demand learning resources that support continuous professional development and facilitate broader access to technical support.

Digital platforms have become an important component of OAG's capacity-building ecosystem by extending the reach of technical guidance beyond traditional classroom-based interventions and promoting greater consistency in the interpretation and application of accounting and reporting requirements.

## 2.8. Emerging Outcomes

The interventions implemented during the reporting period contributed to strengthening financial reporting capability and improving access to technical accounting support across government institutions.

Key outcomes included:

- Expanded access to accounting and reporting training;
- Increased availability of technical advisory support;
- Enhanced audit readiness support for institutions;
- Enhanced support for asset management practices and reporting requirements;
- Greater utilisation of digital learning resources;
- Improved access to communities of practice; and
- Strengthened support for the implementation of accounting standards and reporting frameworks.

While improvements in audit outcomes typically materialise over multiple reporting cycles, the interventions undertaken during the reporting period strengthened the foundations necessary for more reliable financial reporting, improved audit readiness, and enhanced financial accountability across government.

# CHAPTER 3: STRENGTHENING COMPLIANCE, GOVERNANCE AND ACCOUNTABILITY

## 3. INTRODUCTION

Compliance with PFM legislation is fundamental to effective governance, accountability, transparency, and the responsible stewardship of public resources. The Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) establish the legislative framework within which institutions must manage public finances, maintain effective governance arrangements, and account for the use of public resources.

Despite continued efforts to strengthen compliance and governance practices, audit outcomes and oversight processes continue to identify recurring weaknesses relating to legislative compliance, consequence management, governance oversight, irregular expenditure management, and the application of financial management prescripts.

To address these challenges, the OAG implemented a range of interventions aimed at strengthening compliance capability, improving governance practices, supporting effective oversight structures, and promoting consistent interpretation and application of legislative and regulatory requirements across government.

These support interventions included the issuance of instructions, circulars and directives, as well as technical workshops, advisory support, stakeholder engagements and targeted implementation support. Collectively, they contributed to strengthening compliance awareness, enhancing governance capability, and supporting improved accountability across national, provincial, and local government institutions.

Compliance, Governance and Accountability Dashboard

| Indicator | Reach |
|---|---:|
| PFMA Compliance Participants | 863 |
| MFMA Compliance Participants | 1,410 |
| Governance Monitoring and Compliance Queries | 126 |
| MRMC Queries | 55 |
| MFMIP Queries | 240 |
| Specialised Audit and Investigation Training Participants | 94 |
| Queries received from suppliers on non-payment or late payment of suppliers' invoices | 402 |
| **National Treasury Instructions issued for the 2025/26 financial year** | **Link** |
| Instruction 1 of 2025/26: Month end closure procedures | National Treasury |
| Instruction 2 of 2025/26: Revised Ministerial Price Thresholds for Official Vehicles | National Treasury |

| Indicator | Reach |
|---|---|
| Instruction 3 of 2025/26: Retention of surpluses | National Treasury |
| **Circulars** | **Link** |
| Circular 2 of 2025/26: Implementation of the new standards chart of accounts (SCOA V6) and BAS database | National Treasury |
| Circular 2A of 2025/26: Post implementation Update BAS V6 | National Treasury |
| Circular 2B of 2025/26: Post implementation Update BAS V6 | National Treasury |
| Circular 3 of 2025/26: Submission of April 2025 In-Year Monitoring reports | National Treasury |
| **Publication of Standard Interest Rate on Debt Owing to the State** | **Link** |
| Issue date: 1 January 2025 | National Treasury |
| Issue date: 1 March 2025 | National Treasury |
| Issue date: 1 July 2025 | National Treasury |
| Issue date: 1 September 2025 | National Treasury |
| **Publication of Compliance Report on payment of supplier's invoices** | **Link** |
| Quarter 1 of 2025 report | National Treasury |
| Quarter 2 of 2025 report | National Treasury |
| Quarter 3 of 2025 report | National Treasury |

## 3.1. Strengthening Compliance Capability

A major focus of OAG's governance support initiatives was strengthening institutional capability to implement and comply with PFM legislation and related regulatory frameworks. Compliance support was delivered across both the PFMA and MFMA environments, reflecting the importance of legislative compliance across all spheres of government.

A total of 863 officials participated in PFMA-related compliance workshops and implementation support initiatives. These engagements focused on strengthening understanding of PFMA requirements, governance obligations, Treasury Regulations, Treasury Instructions, irregular expenditure management, cost containment measures, and reporting requirements.

Workshops were informed by recurring compliance challenges identified through audit findings, technical advisory engagements, and institutional support requests. Particular emphasis was placed on practical application of legislative requirements and strengthening institutional capability to address compliance risks.

Within the local government environment, MFMA-related compliance interventions reached 1,410 participants through workshops focused on the Municipal Regulations on Minimum Competency Levels (MRMC), implementation of the Municipal Finance Management Internship Programme (MFMIP), Division of Revenue Act (DoRA) reporting requirements, UIFWE processes, consequence management, and governance oversight responsibilities.

The total of 402 queries on non-payment of suppliers' invoices were received from suppliers for intervention and resolution during the period under review, with a rand value of R318 million. Most of these queries (44%) related to provincial institutions, 40% to national institutions, and 16% to municipalities. Through the intervention of the OAG, 66 queries to the rand value of R18 million were resolved, and payments were made to suppliers during the 2025/26 financial year.

These interventions sought to strengthen understanding of legislative and regulatory requirements while supporting more consistent implementation of governance and accountability frameworks within municipalities.

Collectively, compliance-focused interventions reached 2,273 participants and demonstrated continued institutional demand for practical guidance and implementation support in areas frequently associated with governance challenges, compliance risks, and audit findings.

## 3.2. Strengthening Governance and Accountability

Strong governance depends not only on awareness of legislative requirements but also on the ability of institutions to apply these requirements consistently and effectively within their governance, oversight, and accountability structures.

To support this objective, OAG continued to provide technical guidance and advisory support on the interpretation and application of governance-related legislative and regulatory requirements. This support assisted institutions in addressing complex compliance matters, strengthening oversight arrangements, and improving accountability practices.

A total of 126 technical queries were addressed during the reporting period, largely relating to the interpretation and application of legislative and regulatory prescripts, including PFMA requirements, compliance and reporting frameworks, governance guidance, Treasury Regulations, Treasury Instructions, cost containment measures, UIFWE, and retention of surpluses.

Within the municipal environment, MRMC and MFMIP related support accounted for 295 technical queries focusing on specific compliance and oversight matters. These queries primarily related to implementation of the Municipal Regulations on Minimum Competency Levels, governance responsibilities, reporting obligations, and application of MFMA requirements.

The nature of these engagements highlights the continued demand for authoritative guidance in areas frequently associated with governance challenges, audit findings, and compliance risks. In many instances, institutions sought clarification on matters requiring interpretation of legislation, application of regulatory frameworks, and implementation of accountability mechanisms.

Beyond resolving individual matters, recurring themes emerging from technical queries provided valuable insight into systemic governance and compliance challenges experienced across institutions. These insights informed workshop content, awareness initiatives, technical guidance, and targeted capacity-building interventions aimed at strengthening governance practices and promoting more consistent application of legislative requirements.

During the period under review, the OAG developed, published and disseminated MFMA Circular No 133. During the previous audits, the appointment of Telkom through section 110(2) of the MFMA was raised by AGSA. It was discovered that municipalities were still appointing Telkom through section 110 of the MFMA despite the fact that Telkom is no longer regarded as an organ of state as defined in section 239 of the Constitution. Therefore, the circular guides and capacitates municipalities and municipal entities on the status of Telkom for the purpose of the application of section 110 of the MFMA.

The OAG also issued MFMA Circular 68, which is the Circular providing an extensive framework for municipalities to process UIFWE in terms of section 32 of the MFMA. This represented an enhancement of the previous version issued in 2021. The enhancements focused on guiding municipalities on how to process historical UIFWE, application of the Prescription Act to UIFWE in terms of section 32 of the MFMA, supporting tools and templates to assist the Municipal Public Accounts Committees and municipal administrations when processing UIFWE in terms of section 32 of the MFMA.

Through these engagements, OAG contributed to strengthening governance capability, improving compliance awareness, and supporting more effective accountability arrangements across government.

## 3.3. Strengthening Enforcement and Consequence Management

Effective governance and compliance frameworks require credible accountability mechanisms capable of identifying, investigating, and addressing instances of financial misconduct. To support this objective, targeted capacity-building interventions were implemented to strengthen investigative and prosecutorial capability relating to public procurement irregularities and financial misconduct.

A total of 94 officials from the Directorate for Priority Crime Investigation (DPCI) and the National Prosecuting Authority (NPA) participated in specialised training programmes delivered across multiple provinces. The training focused on public procurement frameworks, the application of PFMA and MFMA procurement prescripts, legislative requirements governing public procurement, financial misconduct, procurement-related fraud schemes, and practical case studies drawn from investigative environments.

These interventions were designed to address practical challenges encountered by investigators and prosecutors when dealing with procurement-related matters in both national and local government contexts. By strengthening understanding of the legislative and regulatory environment governing public procurement, these interventions contributed to improved investigative capability, strengthened enforcement mechanisms, and enhanced consequence management relating to financial misconduct and procurement irregularities.

These initiatives support broader government efforts aimed at improving accountability, promoting ethical conduct, and strengthening public confidence in FMS and governance processes.

## 3.4. Strengthening Assurance and Risk Management

Effective governance relies on robust assurance mechanisms that provide independent oversight, identify emerging risks, and support continuous improvement in organisational performance.

Internal audit, risk management, and audit committees play a critical role in strengthening accountability, promoting good governance, and providing assurance regarding the effectiveness of internal controls.

OAG continued to support institutions through technical guidance and framework development aimed at strengthening internal audit, audit committees and risk management across government.

Support focused on areas including:

- Audit Committee Framework (New);
- Continuous Internal Auditing Framework (New);
- Combined Assurance Framework (New);
- Internal Audit Framework (Updated);
- Public Sector Risk Management Framework (Updated); and
- Local Government Risk Management Framework (Updated).

## 3.5. Emerging Outcomes

The interventions implemented under this programme contributed to strengthening compliance capability, enhancing governance practices, improving accountability mechanisms, and supporting more effective assurance and oversight arrangements across government institutions.

Key outcomes included:

- Improved understanding and application of PFMA and MFMA requirements;
- Enhanced compliance capability across national, provincial, and local government institutions;
- Increased awareness and implementation of UIFWE and consequence management processes;
- Improved access to authoritative technical guidance on legislative and regulatory requirements;
- Strengthened governance oversight arrangements and accountability mechanisms;
- Enhanced investigative and prosecutorial capability relating to public procurement irregularities and financial misconduct;
- Strengthened internal audit, audit committee, and risk management practices;
- Improved understanding of governance, assurance, and oversight responsibilities; and
- Greater consistency in the interpretation and application of PFM prescripts.

Collectively, these interventions contributed to stronger governance arrangements, improved compliance practices, enhanced accountability, and more effective stewardship of public resources across government.

While improvements in governance maturity often emerge over time, the interventions undertaken continue to strengthen the foundations necessary for sustainable improvements in accountability, oversight, and institutional performance.

# CHAPTER 4: ADVANCING DIGITAL ENABLEMENT AND FINANCIAL MANAGEMENT SYSTEMS

## 4. INTRODUCTION

Digital technologies and FMS are fundamental enablers of modern PFM. They support the processing of financial and human resource transactions, facilitate compliance with legislative and reporting requirements, strengthen financial controls, and provide decision-makers with timely and reliable information.

As government institutions continue to operate in increasingly complex and technology-enabled environments, the effective utilisation of FMS remains essential for maintaining data integrity, supporting accurate reporting, strengthening internal controls, and enabling effective stewardship of public resources.

To support these objectives, the OAG continued to provide FMS training, technical advisory support, digital enablement initiatives, and reporting alignment guidance aimed at strengthening system utilisation, improving data quality, and supporting consistent application of financial management processes across government.

Particular emphasis was placed on strengthening user capability across government's transversal FMS, supporting the implementation of SCOA Version 6, enhancing reporting alignment, and providing responsive technical support to institutions operating within the BAS, LOGIS, PERSAL, and Vulindlela environments.

Collectively, these interventions contributed to improved system utilisation, enhanced reporting capability, strengthened data integrity, and more effective financial management across government institutions.

Digital Enablement, Reporting Alignment and Assurance Dashboard

| Indicator | Value |
|---|---:|
| Financial Management Systems Training Participants | 1,553 |
| System Support Incidents | 1,778 |
| SCOA Helpdesk Queries | 1,310 |
| Safetyweb Training Participants | 565 |

### 4.1. Strengthening Digital Financial Management Capability

A key focus of OAG's digital enablement initiatives was strengthening the capability of officials responsible for operating and managing government's transversal FMS.

FMS training focused on BAS, LOGIS, and PERSAL and sought to strengthen user capability to execute transactions correctly, apply system controls consistently, and produce reliable management and statutory reports.

Training targeted both system controllers and end users responsible for capturing, authorising and managing day-to-day processing activities. Particular emphasis was placed on reducing processing errors, strengthening audit trails, improving data quality and supporting accurate financial reporting. A total of 1,553 officials participated in FMS-related training interventions, including 505 BAS participants, 203 LOGIS participants and 845 PERSAL participants, contributing to improved system utilisation and more reliable financial information across government.

Training covered a range of technical and operational topics, including transaction processing, system controls, reporting functionality, reconciliations, budget management, procurement processes, personnel administration, salary administration and train-the-trainer programmes. These interventions contributed to improved system utilisation, strengthened user competency, and enhanced the ability of institutions to operate FMS effectively and consistently.

## 4.2. Supporting Digital Enablement, SCOA Implementation and Reporting Alignment

In addition to formal systems training, OAG provided a range of digital enablement interventions aimed at supporting system adoption, strengthening reporting alignment, and improving the utilisation of financial management tools across government.

A significant focus area involved support for the re-implementation of SCOA Version 6 on BAS. Change management activities included User Group Meeting presentations, implementation checklists, technical guidance, and targeted awareness communications designed to support institutions in adapting to revised chart structures and configuration changes.

The introduction of revised SCOA classifications and associated system amendments generated increased demand for technical guidance relating to transaction classification, reporting alignment, configuration requirements, and the application of revised chart structures. Support provided through the SCOA Helpdesk assisted institutions in resolving implementation challenges and promoted greater consistency in the classification and reporting of financial transactions.

Digital enablement initiatives also included support for Safetyweb, which assists institutions in strengthening payment verification processes and enhancing control environments. A total of 565 officials participated in Safetyweb-related training and awareness initiatives aimed at improving understanding of system functionality, strengthening user capability, and supporting the effective utilisation of preventative controls.

Collectively, these interventions contributed to improved reporting consistency, strengthened system utilisation, and enhanced alignment between financial management processes and reporting requirements.

## 4.3. Technical Systems Support

Technical system support services continued to play a critical role in supporting the effective utilisation of transversal FMS across government.

System-related queries were predominantly operational and process-focused, accounting for approximately 97 per cent of support requests. Common areas of support included user access and profile requests, transaction processing challenges, reconciliation support, month-end processes, report extraction and interpretation, and data integrity matters across BAS, LOGIS, PERSAL, and Vulindlela.

A total of 1,778 system support incidents relating to transaction processing and month-end support were addressed during the financial year.

Queries were resolved through first-line troubleshooting where possible, with approximately four per cent escalated to specialist support teams for technical investigation, configuration changes, or advanced problem resolution.

Additional support demand emerged following the reimplementation of SCOA Version 6 and associated chart amendments, particularly relating to transaction classification, revised configurations, and reporting alignment within BAS.

This support contributed to business continuity, reduced operational disruptions, strengthened user confidence, and improved utilisation of FMS across institutions.

## 4.4. Emerging Outcomes

The interventions implemented under this programme contributed to strengthening digital capability, improving utilisation of FMS, supporting reporting alignment, and enhancing the quality and reliability of financial information across government institutions.

Key outcomes included:

- Strengthened BAS, LOGIS, and PERSAL user capability;
- Improved utilisation of transversal FMS;
- Enhanced support for SCOA implementation and reporting alignment;
- Improved data quality and transaction processing accuracy;
- Increased access to responsive technical support and advisory services;
- Strengthened payment verification and preventative control processes through Safetyweb;
- Improved consistency in the application of financial management system controls;
- Enhanced reporting capability through strengthened system utilisation and user support; and
- Reduced operational risks through timely technical support and system guidance.

Collectively, these interventions supported more effective utilisation of digital FMS, improved reporting alignment, and strengthened the digital foundations that underpin PFM across government.

As government continues to modernise PFM practices, digital enablement, technical support, and continuous system improvement will remain critical enablers of transparency, accountability, and effective stewardship of public resources.

# CONCLUSION

The 2025/26 financial year continued to demonstrate the importance of sustained investment in PFM capability as a foundation for effective governance, accountability, and service delivery.

Through a combination of professionalisation initiatives, technical training, advisory support, governance interventions, and digital enablement activities, the OAG continued to support institutions across national, provincial, and local government in strengthening financial management practices and addressing emerging implementation challenges.

The interventions described in this report reflect a holistic approach to capacity building. While individual activities focused on specific areas such as financial reporting, governance, compliance, FMS, and professional development, they collectively contributed to a broader objective: strengthening the capability of institutions and officials responsible for managing public resources.

The reporting period also highlighted the increasing complexity of the PFM environment. Evolving accounting standards, changing reporting requirements, digital transformation initiatives, governance reforms, and heightened expectations regarding accountability continue to place new demands on public finance practitioners. These developments reinforce the need for ongoing learning, responsive technical support, and continuous professional development.

The OAG remains committed to supporting these priorities through a balanced programme of capability development, technical guidance, professionalisation, governance support, and digital enablement. Particular emphasis will continue to be placed on strengthening financial reporting quality, enhancing governance and accountability, supporting the effective utilisation of FMS, and developing the next generation of public finance professionals.

While improvements in institutional capability and PFM outcomes often emerge over multiple reporting cycles, the progress achieved during the 2025/26 financial year has strengthened the foundations necessary for sustainable improvement. By continuing to invest in people, systems, governance, and professional capability, government will be better positioned to promote transparency, accountability, and the effective stewardship of public resources for the benefit of all South Africans.

# ANNEXURES

## Annexure A: Training Programme Initiatives

Table 5.1: Summary of Training Programme Initiatives

| Training Programme | Purpose & Need Addressed | Training Date(s) | Key Topic Areas Covered | Participants Trained | Outcome |
|---|---|---|---|---|---|
| **GRAP training for NDMs, entities, PT officials, delegated municipalities & CAA trainees** | Improve implementation of accounting standards and financial management practices | 19 Jun 2025 | GRAP 13, 4;<br>GRAP 2, 3, 13, 18, 22; landfill guidelines | ±652 | Improved understanding of accounting standards |
| **GRAP training for eThekwini Metro and entities** | Strengthen GRAP compliance | 30–31 Oct 2025 | GRAP 2, 9, 13, 31, 103, 104, 110 | ±50 | Improved application of GRAP standards |
| **NWPT CFO Forum (GRAP 104)** | Address revised accounting requirements | 12 Dec 2025 | GRAP 104 | – | Improved knowledge of revised GRAP 104 |
| **NMBM AFS preparation training** | Improve AFS planning and working paper quality | 20 Feb 2026 | AFS preparation plans; working papers | 4 | Improved audit readiness |
| **NMBM audit improvement training** | Address material audit findings | 9–10 Mar 2026 | Audit improvement planning | ±70 | Improved response to audit findings |
| **Limpopo PT GRAP 104 training** | Strengthen provincial accounting consistency | 23 Mar 2026 | GRAP 104 | ±135 | Improved application of GRAP 104 |
| **Safetyweb training (Series 1)** | Improve payment system compliance | 13–19 Nov 2025 | Payments, verification, TT, DoRA | 240 | Improved system compliance |
| **Safetyweb training (Series 2)** | Improve system utilisation and reporting | 24–26 Feb 2026 | Safetyweb functionality and reporting | 325 | Strengthened system usage |
| **PRF Template training** | Improve PFMA section 40 reporting compliance | 10 Mar 2026 | PRF financial statements; conditional grants | 31 | Improved accuracy of PRF reporting |

| Training Programme | Purpose & Need Addressed | Training Date(s) | Key Topic Areas Covered | Participants Trained | Outcome |
|---|---|---|---|---|---|
| **PFMA & MFMA Training – Law Enforcement Agencies (SAS)** | Build investigative and prosecutorial capability for public procurement irregularities | 22 Apr 2025 (Limpopo); 30 May 2025; 14–15 Aug 2025 (Western Cape); 10–11 Sep 2025 (Free State) | Public procurement legislation; PFMA & MFMA applicability; procurement fraud schemes; financial misconduct; case study analysis | ±94 | Strengthened enforcement, investigation, and prosecution capability |
| **Addressing UIFWE and implementation of Consequence Management** | Strengthening compliance with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings and improving the effectiveness of consequence management for UIFWE. | Ongoing | Section 32 and Chapter 15 of the MFMA read with the Municipal Regulations. | ±200 | To improve the municipal processes in addressing UIFWE and implementing consequence management. |
| **Basic Accounting System (BAS)** | Train BAS System Controllers and End Users | 12–16 May 2025; 7–11 Jul 2025; 6–10 Oct 2025; 9–13 Feb 2026 | BAS principles; journals; budgets; debts; bank reconciliation; payments; reporting; PERSAL exceptions; receipts; system control | 505 | Strengthened system usage and accurate reporting |
| **LOGIS** | Train users on LOGIS procurement and logistics transactions | 20–23 May 2025; 14–25 Jul 2025; 11 Aug–27 Nov 2025; 16–26 Feb 2026 | LOGIS literacy; payments; system control; asset miscellaneous; train-the-trainer | 203 | Strengthened system usage and accurate reporting |
| **PERSAL** | Train users on personnel and salary transactions | 7–11 Apr 2025; 7–15 Jul 2025; 13–17 Oct 2025; 2–6 Feb 2026 | Controllers; establishment admin; labour relations; leave; personnel admin; tax calculation; train-the-trainer | 845 | Strengthened system usage and accurate reporting |
| **TOTAL** | | | | ±3,354 | |

***Note:*** *The total excludes the NWPT CFO Forum where participant numbers were not specified.*

## Annexure B: Help Desk and Technical Queries

Table 6.1: Summary of Help Desk and Technical Queries

| Query theme | Category type | Number of Queries | Satisfaction rating |
|---|---|---|---|
| **Accounting and Reporting** | Technical / Advisory | 255 | High |
| **SCOA** | Technical / Advisory | 1,310 | High |
| **MRMC Administrative related queries** | MRMC | 48 | Addressed |
| **MRMC Prescript related queries** | MRMC | 7 | Addressed |
| **MFMIP Administrative related queries** | MFMIP | 226 | Addressed |
| **MFMIP Prescript related queries** | MFMIP | 14 | Addressed |
| **Governance complaints (e.g. alleged irregular appointments)** | Governance / Other | 1 | Referred to CoGTA |
| **PFMA compliance and reporting framework (GMC)** | Technical / Advisory | 21 | High |
| **PFMA disclosure requirements (GMC)** | Disclosure | 14 | High |
| **Irregular expenditure (GMC)** | Technical / Advisory | 19 | High |
| **Condonation of irregular expenditure (GMC)** | Technical / Advisory | 8 | High |
| **Fruitless and wasteful expenditure (GMC)** | Technical / Advisory | 7 | High |
| **Unauthorised expenditure (GMC)** | Technical / Advisory | 3 | High |
| **PFMA and related prescripts (GMC)** | Technical / Advisory | 23 | High |
| **Treasury Regulations and Instructions (GMC)** | Technical / Advisory | 11 | High |
| **Gifts, donations, and sponsorships (GMC)** | Technical / Advisory | 4 | High |
| **Cost containment measures (GMC)** | Technical / Advisory | 9 | High |
| **Retention of surpluses (GMC)** | Technical / Advisory | 7 | High |
| **Audit committee composition, terms of office and remuneration** | Governance / Advisory | 9 | 80–100% |
| **Internal audit conformance, charters, and quality assurance reviews** | Assurance / Advisory | 4 | 80–100% |
| **Risk management policies, committees, learning support and AI-related guidance** | Risk Management / Advisory | 7 | 100% |
| **Transversal System Transaction processing / Month End Support** | System Incident | 1,778 | High |
| **TOTAL** | | 3,785 | |

## Annexure C: Workshops Conducted

Table 7.1: Workshops Conducted

| Theme of Workshop | Purpose & Need Being Addressed | Dates | Key Topics Covered | Participants |
|---|---|---|---|---|
| **Refresher Training on MFMIP and MRMC Compliance Reporting Templates** | Improve compliance reporting rates and strengthen understanding of MRMC requirements and MFMIP guidelines | Oct 2025 – Mar 2026 (all provinces) | MRMC Regulations, MFMIP Guidelines, DoRA reporting requirements | 1,048 officials |
| **The consequence management and accountability framework workshop (Buffalo City Metropolitan)** | To identify and address the key governance and accountability challenges that undermine effective financial management and oversight within municipalities. strengthening public participation, improving the implementation of MPAC recommendations, and ensuring consistent and fair consequence management. | 15 May 2025 | | 193 Municipal officials and councillors, MPAC members and Chairperson. |
| **MPAC toolkit and on circulars that applicable to the work of MPAC (SALGA Western Cape Association of MPACs)** | Awareness of the MFMA Circular 68 and the MPAC toolkit and guide.<br>Updates to MFMA Circular 68 | 05 June 2025 | | 29 officials and MPAC Chairpersons from within the Western Cape Provincial Treasury. |
| **To raise awareness on the implementation and application of section 67 of the MFMA read with MFMA Circular 131 of the MFMA. (NMBMM)** | The principles and application of section 67 of the MFMA | 03 November 2025 | | 23 Officials |
| **The review of the reports which were submitted to MPAC to investigate the recoverability of UIFWE (BCM)** | The discussions focused on the submission of the information and the role of the National Treasury during the audit process in the event where there is a dispute on the interpretation of the MFMA and its regulations. | 08 August 2025 | | 36 Officials |
| **The AFS Consistency session (SAICA)** | To engage the attendees on the proposed revisions to MFMA Circular 68. | 17 July 2025 | | Municipal officials attended virtually. |
| **To capacitate the MPAC Chairpersons. (Free State Province session)** | The process on the proposed revisions to MFMA Circular 68, the process for addressing councillor overpayments, the process for the implementation of consequence management for the failure to prevent UIFWE. | 17 September 2025 | | 27 Officials |
| **UIFWE Virtual Session (City of Ekurhuleni Metro Municipality)** | The workshop focused on strengthening municipal governance structures responsible | 18 February 2026 | | 17 Attendees |

| Theme of Workshop | Purpose & Need Being Addressed | Dates | Key Topics Covered | Participants |
|---|---|---|---|---|
| | for preventing, processing, recovering and sanctioning Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE). | | | |
| **UIFWE Workshop (Polokwane Municipality)** | The primary objective of the session was to reinforce legal compliance, improve UIFWE prevention and reduction, strengthen governance, oversight and consequence management within municipalities. | 23 February 2026 | | 37 Officials |
| **PFMA Training (CAAs & Interns)** | To build foundational PFMA knowledge for new CAAs and interns | 07 May 2025 | PFMA principles, roles & responsibilities, compliance requirements | 34 officials |
| **Loss and Control Committee Workshop (CCMA)** | To capacitate the Loss Control Function in understanding responsibilities in relation to PFMA Compliance and Reporting Framework | 17 June 2025 | Role and responsibility of Loss Control Function; assessment, determination, monitoring and reporting of irregular, fruitless and wasteful expenditure | 41 officials |
| **PFMA Training – SOE Self-Assessment (DPME)** | To enhance understanding on Irregular and Fruitless Expenditure | 09 July 2025 | Methods to reduce and manage irregular and fruitless expenditure | 163 officials |
| **PFMA Training – FM & S Knowledge Sharing (DPME)** | To share knowledge on Irregular and Fruitless Expenditure | 09 July 2025 | Methods to reduce and manage irregular and fruitless expenditure | 16 officials |
| **PFMA Bill Workshop** | Workshop on the Public Finance Amendment Bill | 02 September 2025 | Amended sections of the PFMA and proposed amendments | 42 officials |
| **PFMA Training (NT Induction)** | To capacitate newly appointed officials on PFMA requirements | 08 September 2025 | PFMA basics, governance, financial controls | 16 officials |
| **PFMA Bill (Budget Group)** | Presenting PFMA Amendment Bill | 09–10 September 2025 | Amended sections and proposed amendments | 12 officials |
| **PFMA Bill (Zondo Commission Task Team)** | Presenting PFMA Amendment Bill | 09 September 2025 | Amended sections and proposed amendments | 49 officials |
| **PFMA Bill (Asset & Liability Management, Legal & Legislative Unit)** | Presentation on Section 7 PFMA Amendment Bill | 10 September 2025 | Section 7 and investment framework | 10 officials |
| **PFMA Bill (Zondo Commission Steering Committee)** | Presenting PFMA Amendment Bill | 15 September 2025 | Amended sections and proposed amendments | 70 officials |

| Theme of Workshop | Purpose & Need Being Addressed | Dates | Key Topics Covered | Participants |
|---|---|---|---|---|
| **PFMA Training (Department of Employment and Labour)** | Address challenges from NT Instruction No. 4 of 2022/23 | 16 September 2025 | Irregular expenditure, disclosure, AFS reporting, 30-day processes | 59 officials |
| **PFMA Bill (Auditor-General Leadership)** | Presenting PFMA Amendment Bill | 23 September 2025 | Amended sections and proposed amendments | 39 officials |
| **PFMA Bill (IGR)** | Presenting PFMA Amendment Bill | 29 September 2025 | Amended sections and proposed amendments | 10 officials |
| **PFMA Bill (NT Policy Group – DDGs)** | Presenting PFMA Bill | 06 October 2025 | Amended sections and proposed amendments | 14 officials |
| **PFMA Refresher Training (TCTA)** | Reinforce PFMA knowledge and address compliance gaps | 07 October 2025 | Irregular, fruitless and wasteful expenditure management; Instruction Note 4 | 33 officials |
| **PFMA Training (Commission for Gender Equality)** | Improve understanding of PFMA compliance for management | 27 November 2025 | Management of irregular, fruitless and wasteful expenditure | 25 officials |
| **PFMA Bill (GSCID)** | Presenting PFMA Amendment Bill | 01 December 2025 | Amended sections and proposed amendments | 100 officials |
| **Alignment and Coherence Workshop (Audit Committees)** | Strengthen alignment on Audit Committee Framework | 09–10 December 2025 | Audit committee governance framework | Provincial Accountant Generals & Audit Committee Units |
| **PFMA Training (Department of Transport)** | Improve understanding of irregular expenditure processes | 15 January 2026 | Irregular expenditure condonation and removal processes | 32 officials |
| **PFMA Bill (FOSAD)** | Presenting PFMA Amendment Bill to DGs | 09 February 2026 | Amended sections and proposed amendments | 30 officials |
| **PFMA Workshop (CGE Management)** | Targeted PFMA training for management | 11 February 2026 | Governance, oversight, accountability | 33 officials |
| **Loss Control Function Committee Training (NHLS)** | Ensure compliance with PFMA and Instruction No. 4 | 19 February 2026 | Assessment, determination, investigation, disclosure of expenditure | 35 officials |
| **Risk Management Awareness Workshop** | Strengthen risk management roles and accountability | 23 February 2026 | Risk management roles and responsibilities | Executive and line management |
| **LOGIS User Workshop** | Share system updates and support users | 06 March 2026 | System updates, collaboration, issue resolution | LOGIS user base |
| **Total** | | | | **2,273** |

***Note:*** *The total excludes workshops where participant numbers were not quantified.*

## Annexure D: Forums and Stakeholder Engagements

Table 8.1: Forums Facilitated

| Forum Name | Purpose | Date(s) | Key Topics | Stakeholder | Participants |
|---|---|---|---|---|---|
| **Non-Delegated Municipalities CFO Forum** | Share information and provide updates | 09 Dec 2025 | MFMA compliance; accounting standards; IGR reforms; digital transformation; debt relief | Municipal CFOs and support units | ±130 |
| **National Departments CFO Forum** | Updates on accounting standards and legislation | 15 Aug 2025 | AFS automation; National Asset Management Forum; SCM matters | CFOs; PAGs | 168 |
| **National Public Entities CFO Forum** | Updates for public entities | 05 Dec 2025 | ASB updates; audit outcomes; retention of surpluses; remuneration; SARS matters | Public entity CFOs | 310 |
| **National Departments CFO Forum** | Updates on accounting standards | 11 Mar 2026 | MCS refresher; PFMA compliance; audit outcomes | CFOs; PAGs | 225 |
| **Capacity Building Working Group** | Coordinate PFM capacity building | 15 Oct 2025 | Terms of Reference | Provincial Accounting Groups; NT | 10 |
| **PSACF Advisory Working Group** | Relaunch and strategic alignment | 30 Oct 2025 | Audit Committee Framework | Oversight departments | 25 attendees |
| **PSACF Consultative Working Group** | Relaunch and professional alignment | 02 Dec 2025 | Audit Committee Framework | Professional bodies | 11 attendees |
| **PSACF Members Forum** | Engagement with audit committee members | 27 Jan 2026 | Audit committee roles | Serving members | 269 attendees |
| **Knowledge Sharing – Geopolitical & Associated Risks** | Emerging national and global risks | 29 Sep 2025 | National Risk Register | CROs | CROs |
| **Knowledge Sharing – Technology, AI & Cyber Risk** | Technology-driven and systemic risks | 25 Mar 2026 | AI and cyber risk | CROs | CROs |
| **National Asset Management Forum** | Exchange asset management practices and updates | 08 May 2025 | MCS & AMD updates, LOGIS, SCOA, AFS automation | National Departments, NT, PAGs, OAG | 85 |

| Forum Name | Purpose | Date(s) | Key Topics | Stakeholder | Participants |
|---|---|---|---|---|---|
| **National Asset Management Forum** | Same as above | 14 Aug 2025 | As above | Same | 154 (114 virtual + ~40 in person) |
| **National Asset Management Forum** | Same as above | 13 Nov 2025 | As above | Same | 105 |
| **National Asset Management Forum** | Same as above | 12–13 Feb 2026 | As above | Same | 52 |
| **Provincial Asset Management Forum** | Address transversal provincial asset issues | 12 Sep 2025 | MCS updates, audit findings, IAR feedback | NT; Provincial Treasuries | 32 |
| **Provincial Asset Management Forum** | Same as above | 04 Dec 2025 | As above | Same | 53 |
| **IAR & Vesting Task Team** | Address vesting and accounting implications | 22–24 Oct 2025 | Vesting guidelines; Expropriation Act; MCS updates | DPWI; NT; PTs; Custodian Departments | 62 |
| **IAR & Vesting Task Team** | One-on-one provincial sessions | 13 Mar 2026 (FS & NC) | Vesting and asset register issues | Provincial custodians | 14 |
| **MCS Awareness Session** | AMD updates and AFS automation | 09 Sep 2025 | AMD updates; AFS automation | National & Provincial Departments; PAGs | 612 |
| **MCS Awareness Session** | Same as above | 11 Sep 2025 | As above | Same | 145 |
| **MCS Refresher Session** | MCS application for 2026/27 | 18 Feb 2026 | GRAP alignment; MCS updates | National & Provincial Departments; PAGs | 325 |
| **MCS Refresher Session** | Same as above | 19 Feb 2026 | As above | Same | 628 |
| **AFS Working Group Meeting** | Accounting and audit technical discussions | 25 Mar 2026 | AFS guidance; AGSA issues; emerging topics | PAGs; OAG | 22 |

| Forum Name | Purpose | Date(s) | Key Topics | Stakeholder | Participants |
|---|---|---|---|---|---|
| **SAICA TechTalk Webinar** | Awareness of MCS 2026/27 updates | 26 Mar 2026 | GRAP alignment; MCS updates | SAICA members | 1,085 |
| **TOTAL** | | | | | 4,522 |

***Note****: The total (±4,522 participants) excludes entries with non-numeric attendance (e.g. Invitees, role-based attendees, per-session ranges, "62+", or country counts). Figures marked ± indicate approximate numbers; the total should therefore be treated as approximate.*

2025/26 PFM

# CAPACITY BUILDING REPORT

OAG

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