


# MODERNISING FINANCIAL MANAGEMENT FOR GREATER IMPACT

*From Financial Administration to Public Value Leadership*

7 October 2026

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

# The public finance context has changed

*Five shifts are redefining what public finance leaders are expected to do.*

| | |
|---|---|
| **Tighter budgets** | Fiscal constraints and real budget cuts are now the norm, not the exception. |
| **Rising demand for services** | Communities expect more, delivered faster, with the same or less money. |
| **Sharper public scrutiny** | Every rand spent is watched more closely by citizens, media and oversight bodies. |
| **Faster technological change** | Digital tools are reshaping how government work is carried out. |
| **Higher transparency expectations** | People expect visibility into how money is spent and what it achieves. |

**WHAT THIS MEANS** Finance leaders must evolve from administrators into strategic advisors.

# Presentation overview

*This presentation is structured in three parts: what the law requires, what our audits reveal, and what must be done next.*

01

PART 1

## What the law requires

The PFMA explained simply: the duties of accounting officers, and the role of internal audit as an early warning system.

STARTS ON SLIDE 6

02

PART 2

## What our audits reveal

The findings of the 2024-25 audits on outcomes, financial management, warning signs, consequences and technology.

STARTS ON SLIDE 9

03

PART 3

## What must be done

Five priority actions, the role of modern systems, and the resulting benefit to citizens.

STARTS ON SLIDE 19

**GUIDING PRINCIPLE** Modern systems are only worthwhile if citizens are better served. This principle underpins everything that follows.

# Advocating for an effective government culture

CIGFARO
Chartered Institute of Government Finance, Audit & Risk Officers

## MISSION

The Auditor-General of South Africa has a constitutional mandate and, as the supreme audit institution of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

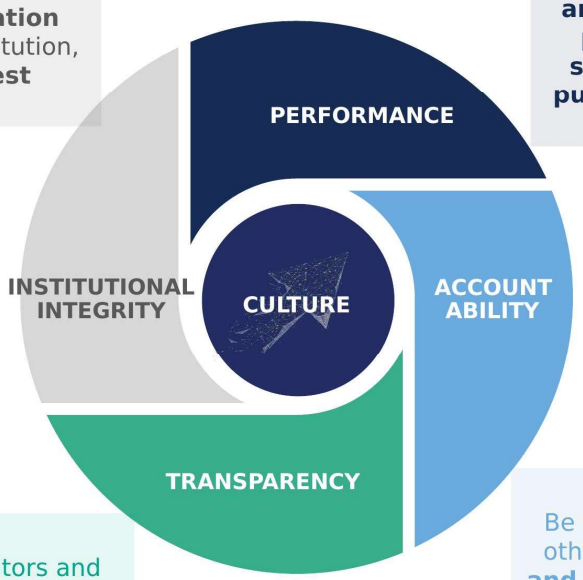
## VISION

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability

AUDITOR-GENERAL SOUTH AFRICA

Implement and maintain **institutionalised controls** to ensure leadership and officials **behave ethically, comply with legislation and act in best interest** of institution, **avoiding conflicts of interest**

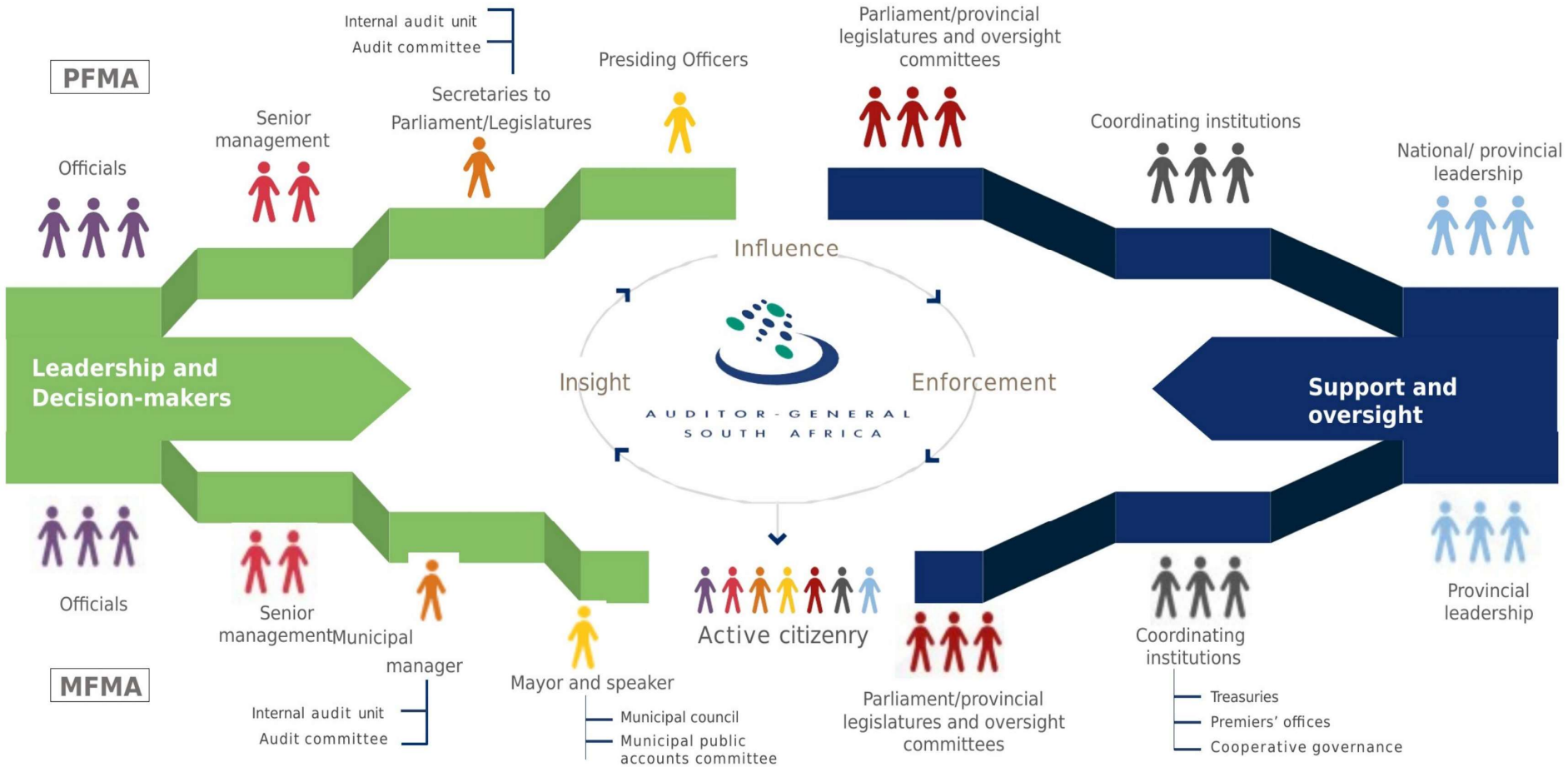
Demonstrate commitment to improving lived realities of South Africans by **delivering on legislated mandate and strategic objectives aligned to people's needs**, being **financially sustainable**, and **avoiding harm to public and public sector institutions**




Provide public, oversight, auditors and other stakeholders with **timely, relevant and reliable information on institution's finances, performance, use of resources and compliance with legislation**

Be responsive to public, oversight and other stakeholders through **reporting and providing answers on mandated responsibilities fulfilled, actions taken and decisions made**; ensure **swift consequences** for transgressions and poor performance

# All have a role to play in the accountability ecosystem



# The law in plain words: public money is held in trust

*The rules are clear. Every rand must be planned, protected, spent fairly and accounted for.*

### THE CONSTITUTION SETS THE STANDARD

Public buying must be fair, equitable, transparent, competitive and cost-effective (section 217).

### THE PFMA SETS THE DUTIES

It tells departments and public entities how to manage money, and who answers when things go wrong.

### OTHER RULES ADD THE DETAIL

Treasury Regulations, the Division of Revenue Act and procurement rules spell out how, step by step.

## THE MONEY CYCLE THE LAW EXPECTS

| PLAN | BUDGET | SPEND | REPORT | ANSWER |
|---|---|---|---|---|
| Set clear goals and targets | Match the money to the plan | Follow the rules and secure value | Monthly, quarterly and yearly | Explain results, fix what fails |

**THE LAW IS NOT THE PROBLEM** Our audits show mandates are clear. What falls short is how leaders and officials apply them.

*Sources: Constitution section 217; Public Finance Management Act; AGSA consolidated general report 2024-25.*

# Accounting officers carry the responsibility, personally

*You can delegate the work. You cannot delegate the accountability.*

**Build controls**

Systems for money, risk and control that work in practice.

**Protect assets**

Look after what the state owns and owes.

**Control the budget**

Spend what was planned, on what was planned.

**Buy fairly**

Fair, open, competitive, good value for money.

**Delegate wisely**

Hand over tasks in writing, but you stay accountable.

**Report on time**

Monthly and quarterly reports, honest annual statements.

**Act on wrongdoing**

Investigate, discipline, and recover losses.

**Lead by example**

Demonstrate integrity through your own conduct.

**SECTION 81: WHEN DUTIES ARE NOT MET**

Willfully or negligently breaking the rules, or allowing irregular or wasteful spending, is financial misconduct. Suspension or dismissal can follow.

**SECTION 86: A CRIMINAL OFFENCE**

Willful or grossly negligent failure on core duties can be prosecuted as a criminal offence, with a fine or imprisonment.

**IN PRACTICE** Leaders should not wait for reports to arrive. They should raise difficult questions and follow up until issues are resolved.

*Sources: Public Finance Management Act, sections 38, 44, 45, 81 and 86; Treasury Regulations.*

# Internal audit is your early-warning system

*It only works if leaders ask for it, make room for it, and protect it.*

| | | | | | |
|---|---|---|---|---|---|
| **92%** | of audit committees were effective where statements were good | **91%** | of internal audit units were effective where statements were good | **62** | auditees had reviews that were not effective; 16 more had no audit committee or unit at all |

### ASK FOR

- A plan aimed at your biggest risks, not routine checks
- Written reports, so findings are on record
- The audit committee's view before financial statements are finalised

### MAKE ROOM FOR

- Enough skilled people and budget
- A direct line to you and the audit committee
- Fast, visible answers to what they find

### PROTECT

- Their independence from pressure by officials
- Their purpose is to prevent issues, not address them only after an audit
- Consequences when advice is ignored

**LOOKING AHEAD** Internal audit should be equipped with data skills and involved in reviewing reports before they are submitted.

*Sources: AGSA consolidated general report 2024-25; Treasury Regulations; PFMA section 38.*

# Accountability remains a national challenge

CIGFARO
Chartered Institute of Government Finance, Audit & Risk Officers

| | |
|---|---|
| **Weak control environments** | Basic checks and processes are not embedded or followed consistently. |
| **Slow response to audit findings** | Issues raised stay open far longer than they should. |
| **Persistent material irregularities** | The same type of rule-breaking shows up year after year. |
| **Weak consequence management** | Wrongdoing is identified, but rarely followed through to action. |
| **Performance reporting weaknesses** | What gets reported is often not useful or reliable. |

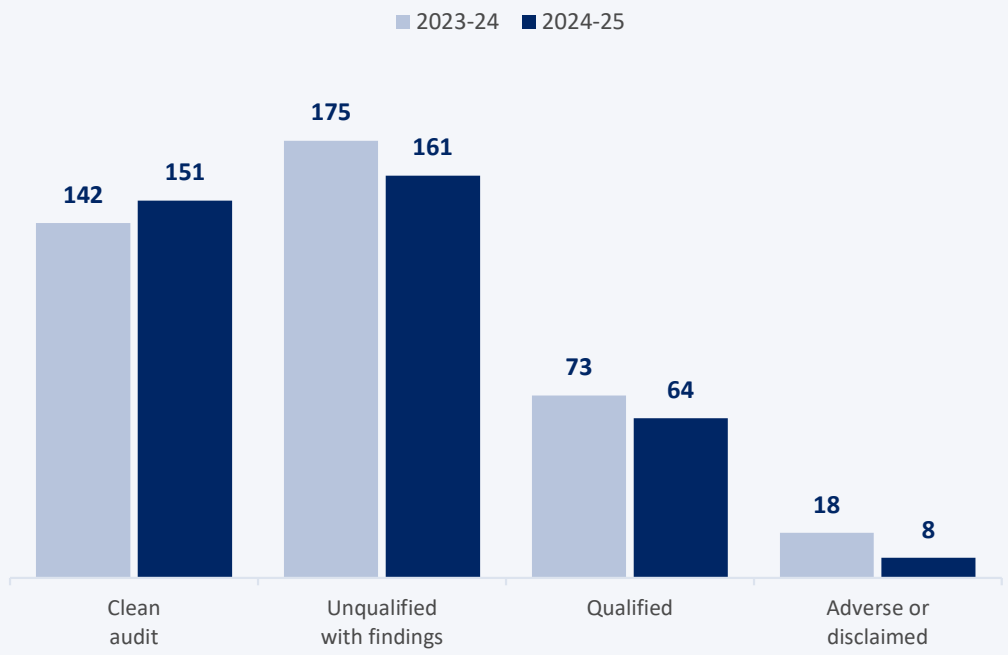
**REFLECTION** A good audit outcome matters. A positive impact on citizens matters more.

TN1

# Clean audits are still the exception

*2024-25 audit outcomes: 417 national and provincial auditees managing R2.21 trillion.*

**AUDIT OUTCOMES (NUMBER OF AUDITEES)**




## 12%

of the R2.21 trillion budget sits with the 151 auditees that earned clean audits

## R523bn

budget managed by the 45 auditees whose outcomes got worse; 22 are high-impact

## 113

auditees stuck at "unqualified with findings" two years running; 57 for five years or more

**WHY THIS MATTERS** "Unqualified with findings" is often celebrated. It usually means the basics are still not in place.

*Source: AGSA consolidated general report on national and provincial audit outcomes, 2024-25. 33 audits were still outstanding at the cut-off date.*

TN1 Foundational stage of service delivery

Tholakele Ndlazulwana (BUL), 2026-10-05T11:32:59.744

# Linking budgets to outcomes

*Most institutions can explain what was spent. Far fewer can explain what changed because of it.*

**MOST INSTITUTIONS CAN EXPLAIN**

- **What was spent**

**FEW CAN CONFIDENTLY EXPLAIN**

- **Where it was spent**
- **How it was spent**
- **What changed because it was spent**

**THE PUBLIC VALUE CHAIN**




*Most tracking stops at the first step. The conversation about real change rarely happens.*

**THE MISSING CONVERSATION** Knowing what was spent is not the same as knowing what it achieved for citizens.

# Where the rand leaks: six numbers to remember

CIGFARO
Chartered Institute of Government Finance, Audit & Risk Officers

*What our 2024-25 audits found in national and provincial government.*

## R42.58bn

**Spent outside the rules**

Irregular expenditure at 252 auditees (60%). The real figure is likely higher.

## R51.25bn

**Bills not yet paid at year-end**

Accruals at departments, paid from next year's budget.

## R44.23bn

**More spent than allocated**

67 departments (45%) ended the year in deficit.

## R1.42bn

**Wasted for no benefit**

Fruitless and wasteful expenditure. 84% at high-impact auditees.

## R0.48bn

**Interest for paying late**

44 auditees paid suppliers late, 73 days on average.

## R116bn

**Legal claims against the state**

Unsettled claims, with health alone at R58.28bn.

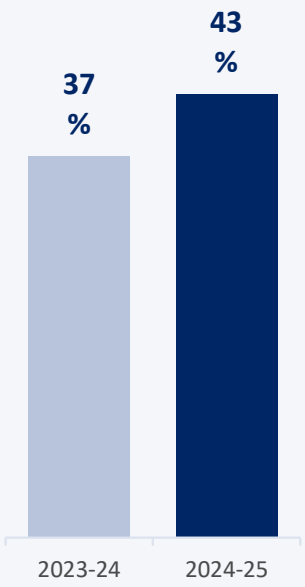
**WHY THIS MATTERS** Each rand lost is a clinic without stock, a classroom not built, or a supplier still waiting.

*Source: AGSA consolidated general report on national and provincial audit outcomes, 2024-25. Legal claims: estimated value of unsettled claims in 2024-25.*

# No consequences, no change

*When individuals are not held accountable, the same problems recur year after year.*

**AUDITEES NOT FOLLOWING CONSEQUENCE RULES (%)**




**38%** of high-impact auditees fail this test

**30%** of the 57 auditees with fraud allegations investigated none

**105** of 124 material irregularities stayed unresolved for over a year

**ACTION DELIVERS RESULTS**

**R2.37bn** recovered, prevented, or being recovered (R1.38bn in the past year)

**38 irregularities resolved. What changed for people:**

- An underused health facility at Chris Hani Baragwanath is now in use
- A stalled dam project is moving again
- Overdue provident fund contributions are being paid over
- Passenger trains are better used

**WHY THIS MATTERS** Our reports point to the same root causes: leaders who do not act, too little capability, weak oversight.

*Source: AGSA consolidated general report on national and provincial audit outcomes, 2024-25. Consequence management: legislation on investigations and discipline.*

# Moving beyond compliance

*Financial management is evolving from a back-office function into a strategic one.*

**TRADITIONAL MODEL**

- Budget administration
- Transaction processing
- Financial reporting
- Audit preparation

**MODERN MODEL**

- **Strategic planning support**
- **Performance intelligence**
- **Resource optimisation**
- **Decision support**
- **Impact measurement**

**THE TRANSFORMATION PATHWAY**

**Compliance** → **Insight** → **Foresight** → **Impact**

**WHY THIS MATTERS** The destination is impact. Compliance is the floor, not the ceiling.

# Digital transformation: the promise and the gaps

*Technology is central to modern public finance, but only once the basics behind it work.*

## THE PROMISE

- **Better data for better decisions**
- **Faster, easier services for citizens**
- **More transparency, less room to hide**

## WHAT WE FOUND

**52%** of 44 auditees had findings on 41 ICT projects worth R12.1bn

**64%** of 70 auditees had notable cybersecurity weaknesses

- **Late, over budget or not delivering.** Projects missed timelines, budgets, or results.
- **Bought but not used.** Some systems were paid for and never put to work.
- **Systems that do not talk.** In health, patient systems cannot share information.
- **Attacks that stop reporting.** Cyber incidents at SABS and KZN Nature Conservation blocked statements.

**WHY THIS MATTERS** Buying technology is not the same as modernising. Fix the process, secure it, then automate.

*Source: AGSA consolidated general report on national and provincial audit outcomes, 2024-25. ICT: 72 projects at 44 auditees; cybersecurity: 70 auditees assessed.*

# Strengthening governance through technology

*Prevention is better than detection.*

### Continuous auditing

Checking controls all year round, not only at year-end.

### Automated compliance monitoring

Rules built into the system, so breaches are flagged as they happen.

### Dashboard reporting

Real-time visibility for leaders, not reports that arrive too late.

### SCM analytics and risk intelligence

Identifying unusual procurement patterns before payments are made.

**MOVE FROM**
**Finding problems afterwards**

→

**TO**
**Preventing problems beforehand**

# Five pillars of modern financial management

*A strategic framework for greater public value through modern practice.*

| Digital Enablement | Data-Driven Decisions | Integrated Governance | Capability Development | Public Value Creation |
|---|---|---|---|---|
| Connected systems replace paper and spreadsheets. | Information turned into insight, not just numbers. | Controls and oversight that work as one system. | Skilled people who can use the tools well. | Every rand traced to a benefit citizens can feel. |
| PILLAR 1 | PILLAR 2 | PILLAR 3 | PILLAR 4 | PILLAR 5 |

**WHY THIS MATTERS** Together these pillars turn financial management from a back-office function into a driver of public value.

# Modernising: simplifying good practice

*Well-chosen tools can embed each of these actions into daily operations.*

| TODAY'S PROBLEM | WHAT MODERN SYSTEMS CAN DO | CITIZENS GAIN |
|---|---|---|
| **Late payments and interest** | Automatic invoice tracking, alert before the 30-day deadline | **Small businesses paid on time** |
| **Breaches found at year-end** | Built-in checks that flag irregular spending before payment | **Money stays for services** |
| **Paper and spreadsheet registers** | Live registers of assets, contracts and claims | **Reliable numbers, every decision** |
| **Projects that drift for years** | Shared dashboards showing milestones and delays | **Clinics, schools, roads finished** |
| **Findings not followed up** | Digital tracking of action plans, owners and due dates | **Advice acted on, findings fall** |

**KEY PRINCIPLE** The process must be sound before it is automated. Systems must be secure, with accountability remaining with people.

# The public finance function of 2030

*Characteristics of the future state we are building towards.*

### DIGITAL AND INTEGRATED

Modernised infrastructure built on connected digital systems.

### DATA-DRIVEN AND PREDICTIVE

Using information to anticipate needs and make informed decisions.

### TRANSPARENT

Promoting openness and clear visibility across all processes.

### CITIZEN-CENTRED

Designing services focused primarily on the needs of the public.

# What must be done: five priority actions

CIGFARO
Chartered Institute of Government Finance, Audit & Risk Officers

*Practical and within our control. The law already requires all of it.*

| | | | |
|---|---|---|---|
| 1 | **Lead from the front** | Treat "unqualified with findings" as a warning, not a win. | Accounting officers |
| 2 | **Fix the basics first** | Keep proper records, reconcile monthly, fill critical finance posts. | CFOs and finance teams |
| 3 | **Use your early-warning system** | Give internal audit the skills and access it needs, and act on it. | Internal audit and audit committees |
| 4 | **Act when things go wrong** | Investigate, discipline, recover the money, be open about it. | Leaders and oversight bodies |
| 5 | **Finish what you start** | Pay suppliers on time, budget for known risks, see projects through. | Programme and project leaders |

**WHY THIS MATTERS** These five moves are the foundation. Modern systems make them easier, but cannot replace them.

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

# Every Rand. Every Decision.
# Greater Impact.

*Modernising financial management is not about doing financial management better.*
*It is about using financial management to make government more effective.*





# Thank You!

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

www.cigfaro.co.za

SAQA Recognised Professional Body