

# PUBLIC FINANCE MANAGEMENT

## STRENGTHENING ETHICAL & COMPLIANT DATA COLLECTION GOVERNANCE

PRESENTED BY:  
Kgothatso Matlala

*Division: IGR*

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# OUTLINE

1. Introduction and Legal Framework
2. Data Collection Journey
3. Governance Foundations
4. Technology and Risk Management
5. Capacity and Decision Making

# INTRODUCTION & LEGAL FRAMEWORK

# BACKGROUND & CONSTITUTIONAL FOUNDATION



## **Constitutional Basis**

Section 216 of the Constitution mandates transparency and expenditure control across all government spheres.

## **Data Governance Requirements**

Departments and municipalities must implement strong data governance adhering to uniform treasury norms and standards.

## **Ethical Data Handling**

Ethical data use ensures budgeting and reporting meet quality, credibility, and accessibility standards legally.

# WHY DATA GOVERNANCE MATTERS



## **Supporting Credible Reporting**

Effective data governance ensures credible reporting and compliance with PFMA and MFMA regulations in the public sector.

## **Foundation for Planning and Budgeting**

High-quality data supports evidence-based planning, reliable budgeting, and monitoring of service delivery outcomes.

## **Consequences of Poor Data Quality**

Poor data quality causes weak decision-making, audit issues, and breaches in compliance, undermining governance.

# LEGAL REQUIREMENTS FOR TRANSPARENCY



## **Uniform Accounting Practices**

Section 216 mandates uniform accounting practices and standard expenditure classifications across government entities.

## **Constitutional Data Integrity**

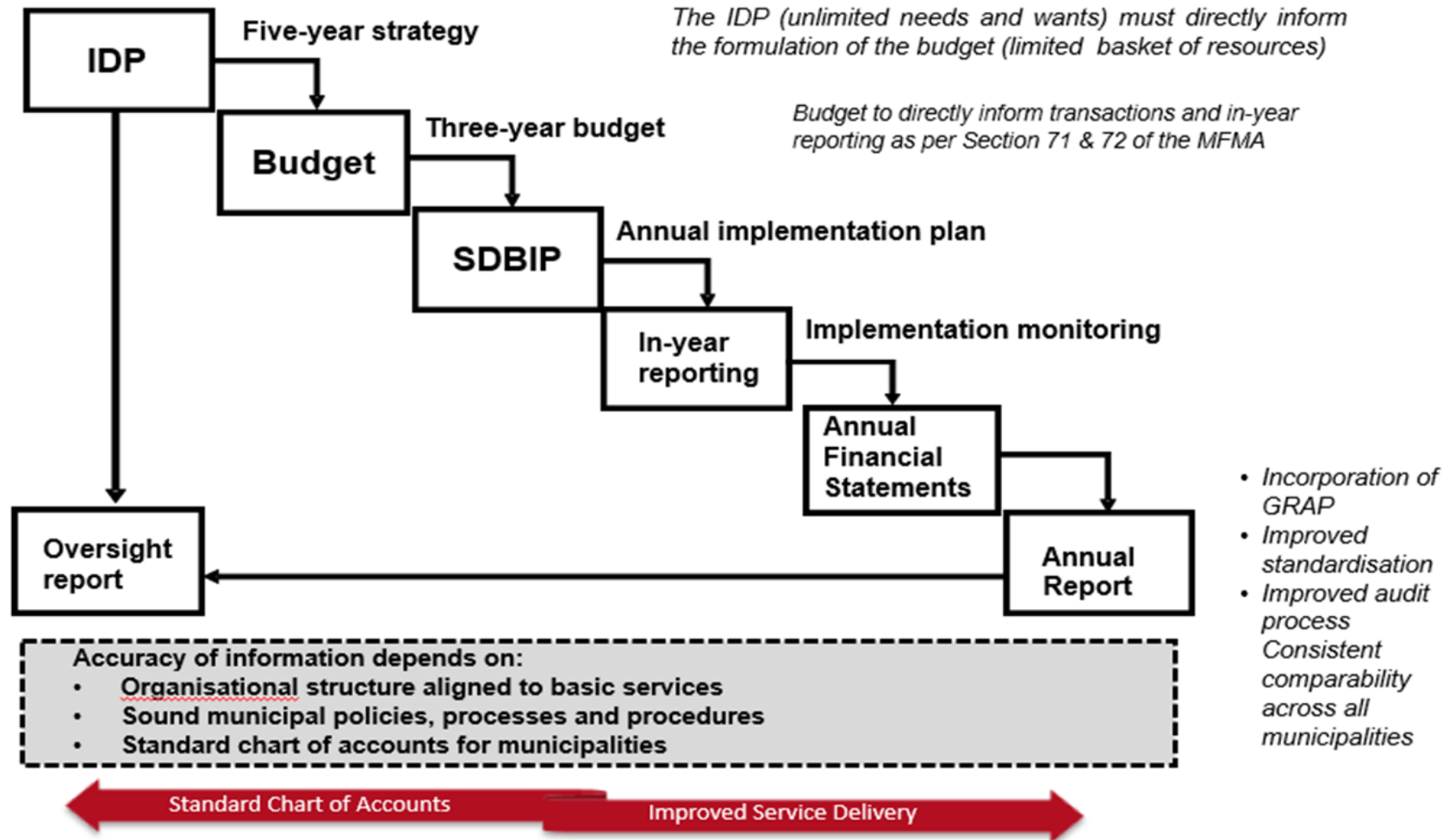
Data integrity is a constitutional obligation ensuring accurate and trustworthy financial information in government.

## **Enforcement – MFMA and DoRA**

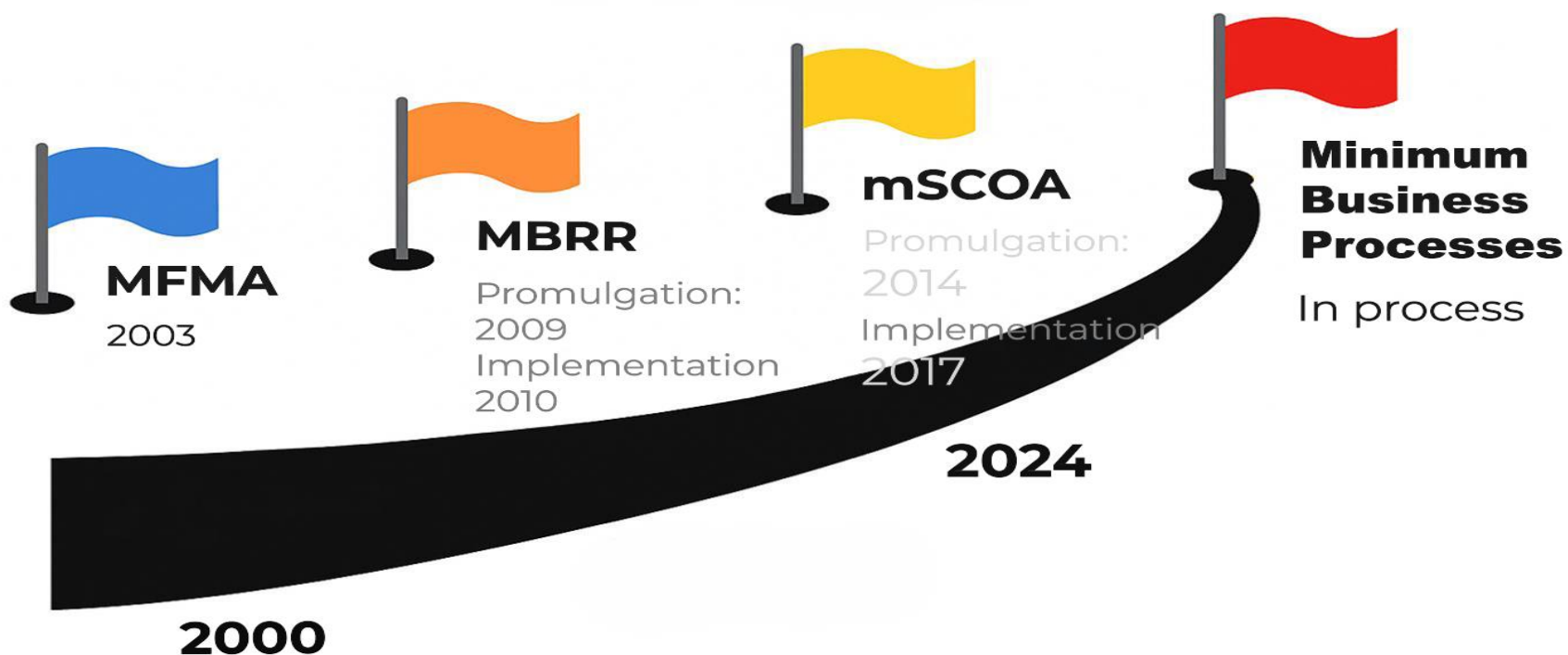
The MFMA enforces responsible financial management, accurate reporting, and timely information provision.

# DATA COLLECTION JOURNEY

# LOCAL GOVERNMENT ACCOUNTABILITY CYCLE



# KEY MILESTONE IN THE LG JOURNEY



# THE NEED FOR A CENTRAL LGDRS

- **Enhances Transparency & Oversight**

A central reporting system strengthens in-year management of municipal budgets, supports credible financial reporting, and enables timely oversight and accountability.

- **Supports Better Policy & Early Warning**

Reliable LG performance data improves national and provincial funding decisions and provides an early-warning mechanism to detect financial risks before they escalate.

- **Reduces Duplication & Meets Stakeholder Demand**

A single source of LG data eliminates repeated requests to municipalities and meets the information needs of key institutions (e.g., SARB, Stats SA, DWS, NERSA, CoGTA, AGSA, academia).

- **Widely Used & Strengthens Performance Monitoring**

The Local Government Database and Reporting System (LGDRS/GoMuni) already has 1,000+ registered users, supporting management tools that improve municipal performance.

# GOVERNANCE FOUNDATIONS

# ETHICAL LEADERSHIP

## **Foundation of Integrity**

Ethical leadership establishes a culture of integrity crucial for trustworthy data handling.

## **Promoting Transparency**

Leaders influence behaviours that encourage transparency, impartiality, and accountability in organisations.

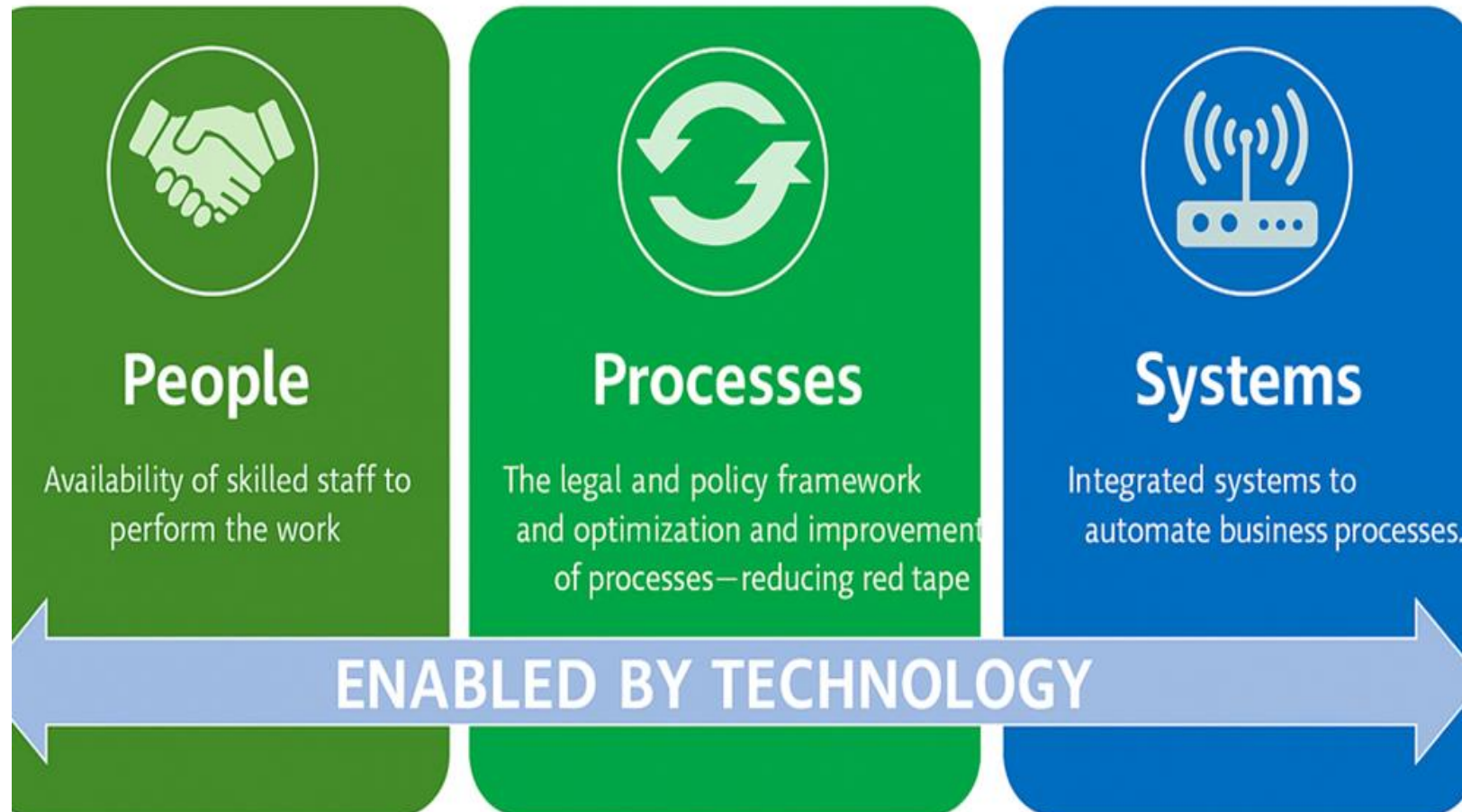
## **Upholding Professional Standards**

Prioritizing data quality motivates staff to follow protocols and avoid manipulation.

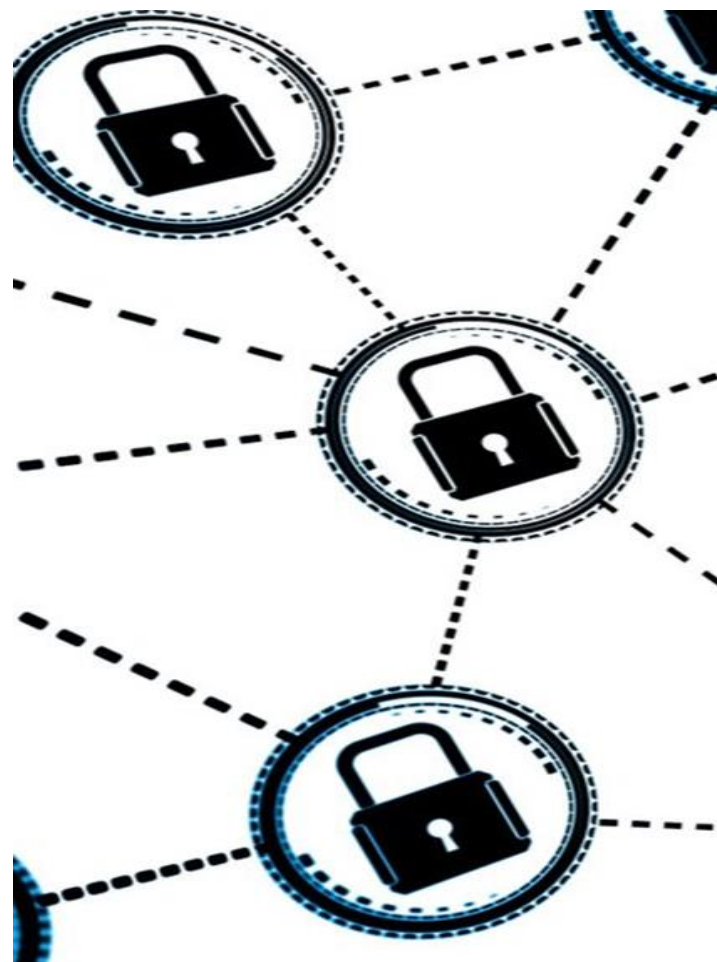
## **Supporting Compliance**

Ethical leadership reinforces constitutional values and ensures compliance with regulatory objectives like MFMA.

# STRENGTH AT THE CORE OF GOOD GOVERNANCE



# STRENGTHENING ETHICAL AND COMPLIANT DATA-COLLECTION GOVERNANCE



## Segregation of Duties

Good governance rests on capable **people** operating within clearly defined roles. Separating responsibilities in the data-collection process prevents conflicts of interest, reduces opportunities for manipulation, and ensures that ethical behaviour is embedded in day-to-day work. This role clarity strengthens accountability and supports compliance across the data value chain.

## Validation and Reconciliation

Strong **processes** are essential for trustworthy data. Regular validation and reconciliation checks ensure that information captured is accurate, complete, and consistent. By detecting discrepancies early, organisations reinforce process integrity and uphold the principles of ethical, transparent, and reliable data management.

## System Access Management

Effective **systems** governance ensures that the technology enabling data collection is secure and well-controlled. Managing system permissions protects sensitive information, prevents unauthorised changes, and ensures that data is handled in line with legal and policy requirements. This strengthens the overall control environment and safeguards data integrity.

## Supporting Audit and Oversight

Good governance requires that **people, processes, and systems** work together to create a transparent and auditable environment. Strong internal controls support oversight, ensure that data-collection practices are compliant with regulatory and ethical standards, and contribute to improved audit outcomes by demonstrating reliability and accountability.

# KEY DATA CHALLENGES

## **Fragmented Systems**

Public sector institutions struggle with fragmented systems causing inefficiencies and data silos.

## **Manual Processes**

Reliance on manual processes increases errors and slows down data handling and reporting.

## **Inconsistent Data Submissions**

Inconsistent submissions undermine reporting accuracy and transparency obligations.

## **Need for Process Strengthening**

Improving systems and strengthening processes ensure data consistency and better audit outcomes.

## **Cost of Reporting**

Reporting is becoming increasingly expensive as organisations rely on multiple tools, duplicated submissions, and manual spreadsheets. These fragmented processes raise administrative costs, divert staff and resources away from core service delivery, and strain already limited departmental budgets.

# KEY DATA CHALLENGES (2)

## **Reporting Fatigue**

Frequent, repetitive, and overlapping reporting cycles create significant strain on staff responsible for data collection and consolidation. Reporting fatigue reduces data quality, increases the likelihood of errors, and leads to delayed submissions. Over time, this contributes to declining engagement and weakens the reliability of organisational performance information.

## **Outdated infrastructure that does not support digitisation**

Legacy systems, insufficient network capacity, and obsolete hardware make it difficult to adopt modern digital reporting platforms. Outdated infrastructure limits automation, restricts integration between systems, and results in slower data processing. This undermines the move toward real-time reporting, increases dependency on manual workarounds, and hinders progress toward a fully digitised data environment.

# REPORTING REFORMS AND STANDARDISATION



## **Improved Financial Consistency**

Reforms like *m*SCOA, MBRR, and GRAP enhance consistency and comparability of financial information across government entities.

## **Standardised Data Classification**

Standardising data classification, storage, and reporting operationalises treasury norms and reduces discrepancies.

## **Strengthened Governance and Service**

These reforms strengthen governance frameworks and improve service delivery effectiveness in municipalities.

## **Government Strategy on Digitisation**

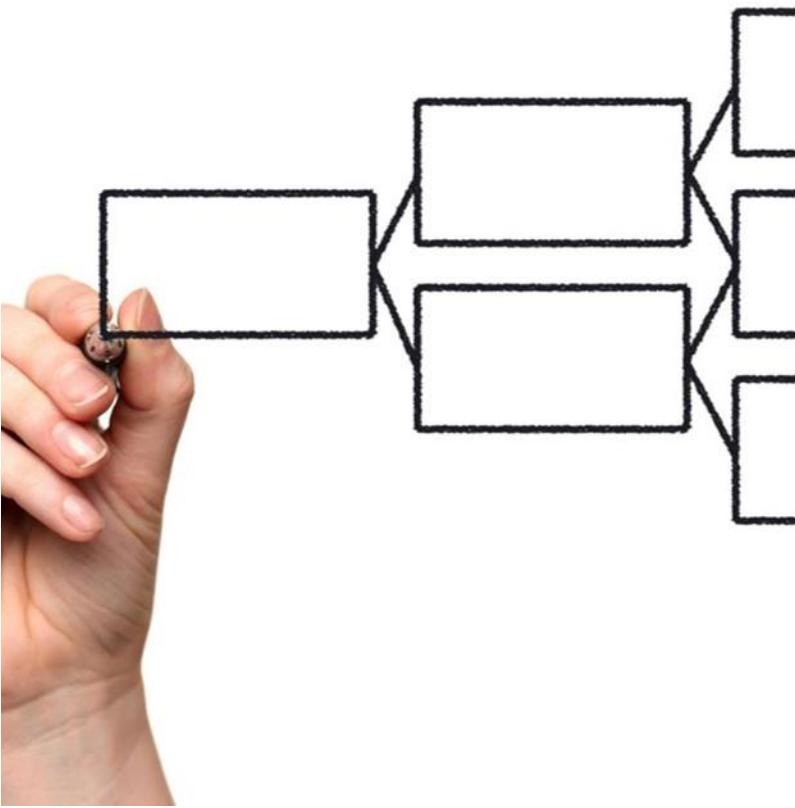
Government is implementing a national Digital Transformation Roadmap focused on digital identity, interoperable data-exchange systems and modern digital payment platforms to streamline access to public services.

# MINIMUM *m*SCOA REQUIREMENTS

- The introduction of Municipal Finance Management Act (MFMA) in 2003 laid foundation for the Local Government financial management. This reform included the following Regulations that was issued in terms of the MFMA
- The *m*SCOA Regulations was regulated on 22 April 2014 by the Minister of Finance. All municipalities and their entities had to comply with the *m*SCOA Regulations by 01 July 2017, giving municipalities a 3-year preparation period.
- The objective of the *m*SCOA Regulations is to provide a **national standard** for the **uniform recording and classification** of municipal budget and financial information at a transaction level – *across all municipalities and financial systems*. It is a multi-segmental chart where Local Government information is classified according to project, fund, function, Item, costing and region dimensions to enhance “whole of government” reporting.
- Unlike the National and provinces Standard Chart of Accounts (**SCOA**), municipalities are on accrual-based accounting (vs modified cash) and must plan, budget, transact, report and generate the Annual Financial Statements (**AFS**) directly from the system. This will facilitate seamless alignment between policy formulation, planning, budgeting, implementation, reporting, monitoring (accountability cycle).
- The *m*SCOA Regulations are not limited to a standardised financial classification but incorporates:
  - ✓ Modernisation of Local Government business processes (regulation of minimum business processes and system specifications);
  - ✓ Application of basic processes and procedures for the daily operation of the municipality; and
  - ✓ Improvement of the municipal Information Communications and Technology (ICT) and control environment.
- Section 168 of the MFMA states that the Minister may, by notice in the Gazette, determine minimum business process system requirements for municipalities and municipal entities to enable implementation of regulations 4 and 5.
- NT is in the process of regulation the minimum business process and system requirements for *m*SCOA

# MINIMUM *m*SCOA REQUIREMENTS

## Uniform Processes and Standards



Minimum *m*SCOA requirements promote consistent processes, system configurations, and data standards across local government nationwide.

## Enhanced Data Integrity

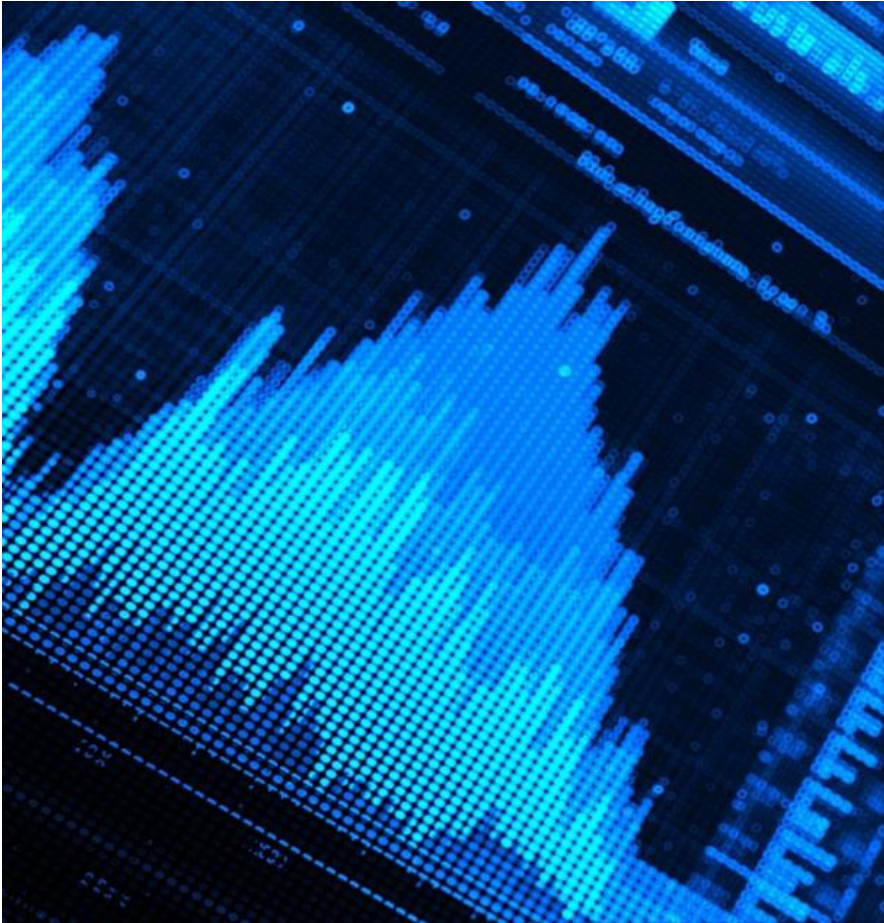
Minimum *m*SCOA requirements strengthen data integrity by reducing administrative burdens and increasing comparability of treasury information.

## Risk Reduction and Service Improvement

Minimum *m*SCOA requirements reduce audit risks and improve service delivery through better aligned treasury systems and reliable information flows.

# TECHNOLOGY & RISK MANAGEMENT

# TECHNOLOGY AS AN ENABLER



## **Automation and Integration**

Automation and integrated platforms streamline data governance, reducing manual errors and improving validation accuracy.

## **MFMA Compliance Support**

Technology enhances MFMA compliance by providing timely and credible information through dashboards and digital tools.

## **Real-time Monitoring and Analytics**

Real-time monitoring and predictive analytics enabled by technology support proactive decision-making and ethical system use.

# RISK MANAGEMENT IN DATA GOVERNANCE

## Data Governance Risks

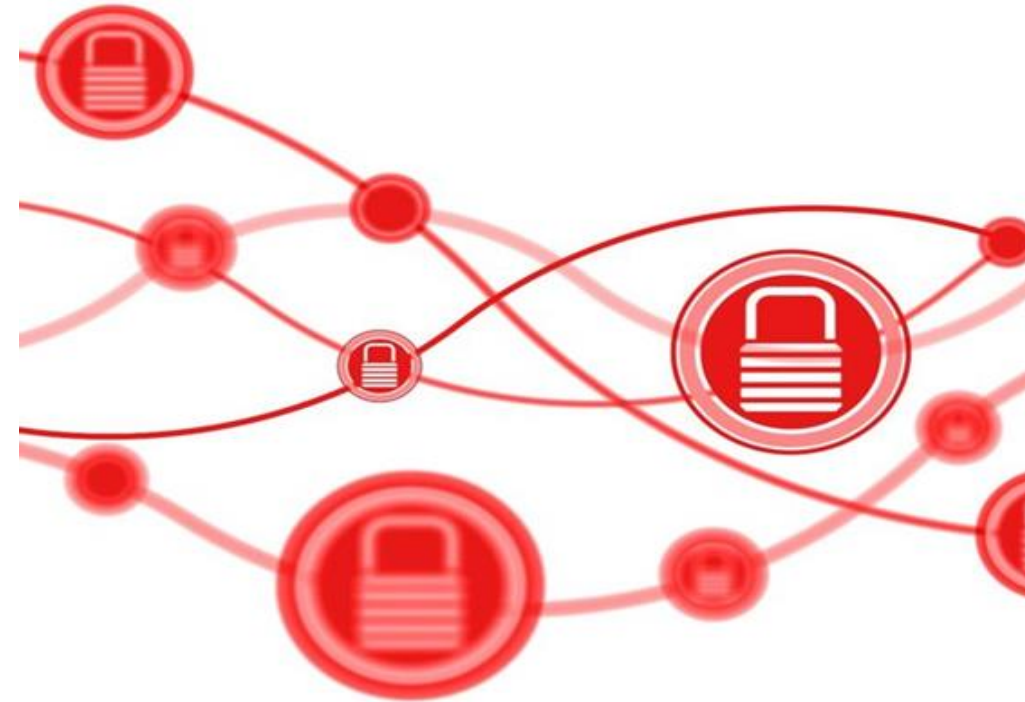
Risks include data manipulation, inaccuracies, cybersecurity threats, and insufficient oversight in data governance.

## Risk Management Strategies

Maintain risk registers, perform regular data integrity checks, and enhance cybersecurity protocols effectively.

## Proactive Monitoring Benefits

Proactive monitoring promotes compliance and supports clean audit results through timely issue detection.



# **CAPACITY & DECISION-MAKING**

# INSTITUTIONAL CAPACITY BUILDING

## Understanding PFMA and MFMA

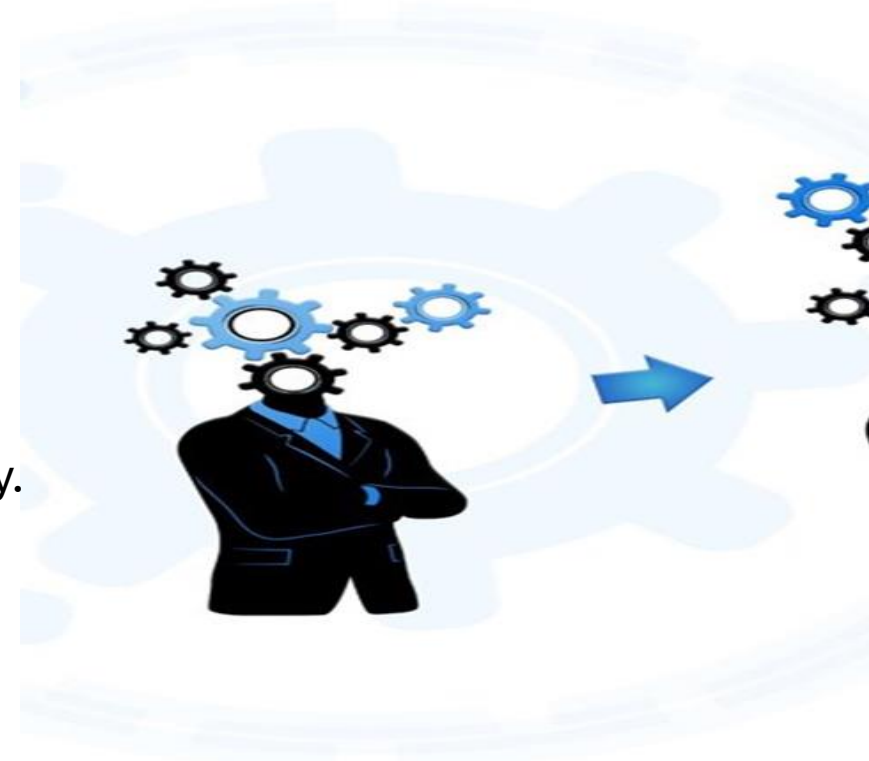
Staff need training to fully understand PFMA and MFMA requirements for effective financial management compliance.

## Applying Data Governance Protocols

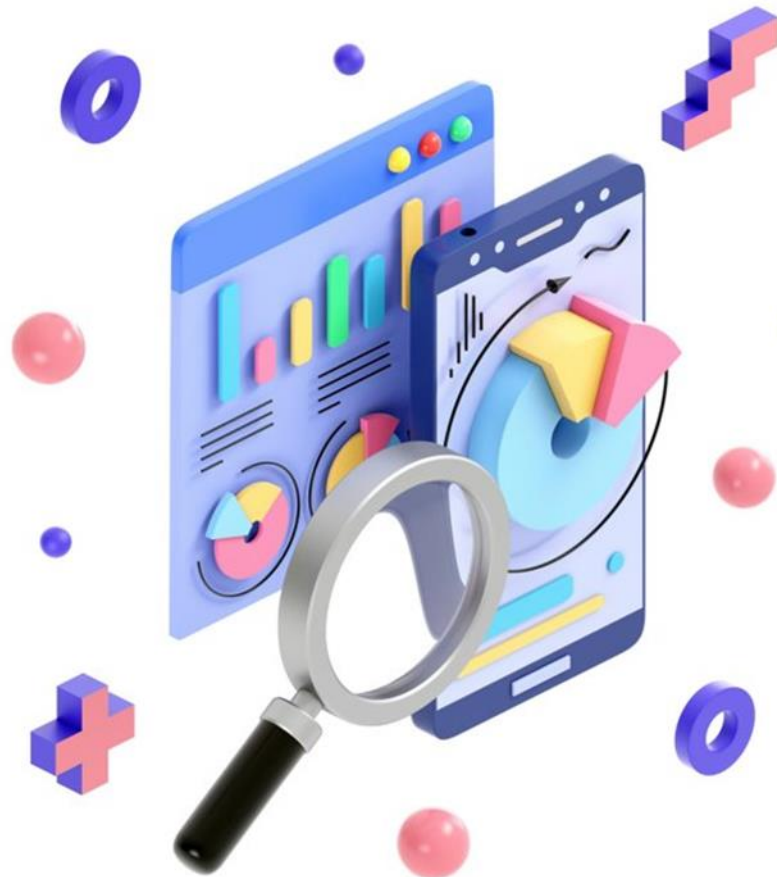
Capacity building strengthens staff skills to apply data governance protocols ensuring data security and accuracy.

## Enhancing Digital and Analytical Skills

Improving data literacy and analytics skills enables institutions to meet constitutional financial reporting obligations.



# EVIDENCE-BASED DECISION-MAKING



## Importance of High-Quality Data

Accurate and reliable data is essential for forecasting and improving service delivery planning effectively.

## Principles of Evidence-Based Decisions

Decisions based on timely and reliable data support efficient resource allocation and enhance service outcomes.

## Building Public Trust

Transparent use of data in decision-making strengthens public trust and accountability.

# ADVANCING SOCIAL PROGRESS

Sound Public Finance Management and Data Governance exist to advance social progress. When data is ethical and reliable:

- Budgets flow to the right places
- Programmes are designed based on community needs
- Service delivery failures are identified early
- Officials can be held accountable
- Leaders can demonstrate tangible improvements in people's lives

Good data → Good decisions → Good governance → Good society



# THANK YOU

For additional information on municipal matters, visit the MFMA Webpage at <http://mfma.gov.za> or



[https://lg.treasury.gov.za/ibi\\_apps/welcome](https://lg.treasury.gov.za/ibi_apps/welcome)



<https://municipalmoney.gov.za>

For additional information on national and provincial budgets, visit: <https://vulekamali.gov.za>



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