

# Leveraging Technology to Strengthen Financial Controls



26 February 2026

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## Legislative and Regulatory Instruments

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Public Financial  
Management Act  
(PFMA)

Municipal  
Financial  
Management Act  
(MFMA)

Public Audit  
Amendment Act  
(PAAA)

Public  
Procurement Act  
(PPA)



Treasury  
Regulations

Municipal  
Standard Chart of  
Accounts (mSCOA)

Division of  
Revenue Act  
(DoRA)

Preferential  
Procurement  
Policy Framework  
Act (PPPFA)

## The Auditor General SA (AGSA) Perspective

## Overview

- **The Problem:** Persistent non-compliance with the PFMA/MFMA.
- **The Cause:** A breakdown in "basic accounting hygiene" and **weak internal financial controls**.
- **The Goal:** Establish "Internal Financial Integrity AND Financial Prudence."
- **Key Stat:** **62%** of financial statements submitted to the AGSA contained material errors that had to be corrected.



## Analysis of Irregular, Fruitless, and Wasteful Expenditure (2023–2025 Audit Cycles)

Irregular Expenditure  
(Cumulative)

**Exceeds R400 billion**

Largely driven by non-compliance with Supply Chain Management (SCM) regulation

Fruitless and Wasteful Expenditure

**R10.34 billion**

Money spent "in vain" that could have been avoided with better **CONTROLS**.

Material Irregularities (MI)

**R14.34 billion**

Estimated financial losses currently being tracked through the AGSA's expanded mandate



## Root Causes – Why Controls are Failing

- ❖ **Procurement Manipulation:** SCM processes are often bypassed or "designed" for specific bidders.
- ❖ **Inadequate Record-Keeping:** Missing invoices and lack of reconciliations prevent clear auditing.
- ❖ **The 30-Day Failure:** Inability to pay suppliers on time led to **R2.78 Billion** in avoidable penalties and interest.
- ❖ **Skill Gaps:** **R1.6 Billion** spent on consultants.

## Technology as an Enabler

# Digitally Strengthening Financial Controls

Leveraging technology is no longer an "option" for modern governance; it is a necessity to shift from **reactive interventions** to **proactive prevention**.

To address the R170+ billion in irregular expenditure often caused by SCM manipulation

- Automated Procurement & e-Tender Portals
- Digitalised Procurement
- CSD Integration
- Conflict of Interest Flags
- Audit Trails

To address "missing documentation" and poor record-keeping

- Blockchain for "Irrevocable" Record Keeping
- Immutable Ledgers
- Smart Contracts
- Digital Vaulting
- Digital Audit Trails

To address the R14.34 billion in Material Irregularities

- AI-Driven Fraud Detection
- Anomaly Detection
- Predictive Analytics

- Real-Time "Clean Audit" Dashboards
- Continuous Monitoring
- Early Warning Systems
- Self-diagnosis and self-healing

To address 62% of financial statements containing material errors

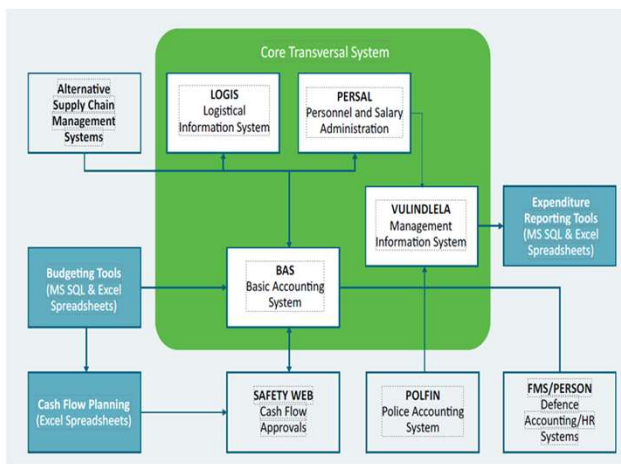
- Automated 30-Day Payment Workflows
- Robotic Process Automation (RPA)
- Escalation Engines

To eliminate the R2.78 billion lost to interest and penalties:



# Current Landscape

...transversal systems



...National Treasury



# SITA Automated Procurement

...went live in September 2025



# SITA Digital Marketplace

...Release 1 going live Q4 FY2025/26 (by 31 March 2026)



- Open and Competitive
- **Price and Quality** self-regulatory
- Frictionless
- **Fully auditable**
- **Smart, Intelligent, and Data-driven Ecosystem**
- Promote collaboration, mass, and innovation
- **Start-up and SMME friendly** (inclusive)
- **Local content**
- Faster delivery
- Keep up with latest tech, AI, ML
- **Secure and Trusted**

## Digital and Financial Sovereignty

- **Digital Sovereignty** - The state's ability to control its **data, software, infrastructure, operations, and legal jurisdiction**, insulating itself from **volatile and unpredictable geopolitics**.
- **The Problem:** When we don't have supreme control and supreme authority over our data and systems, we give away the **country's sovereignty**, inherently compromising the **country's financial sovereignty**.

# Enforcing the state's supreme control

The most fundamental intervention is ensuring that a country's financial data is not just "digital," but "local."

Avoid "Vendor Lock-in," by using systems interfacing through open standards for interoperability

The state must have supreme control over laws governing its cyberspace..

## Sovereign Data Infrastructure (Data Localization)

- National Cloud Strategy (GPCE)
- Data Residency Laws

## Open Source and "Open Standards"

- Open-Source Adoption
- Interoperability Mandates
- Escrow Capabilities

## Legal and Regulatory "Hardening"

- Sovereign Procurement Laws
- Auditability Mandates

## Digital Public Infrastructure (DPI)

- Common Payment Rails
- Standardized Digital ID Systems
- Investing in Digital Public Goods

State controlled shared "digital rails"

## Technical and Algorithmic Sovereignty

- Algorithmic Transparency
- Control over Encryption Keys
- Local Tech Talent Pipeline

The state must understand the "brain" behind the software.



Thank You  
Questions

