



26 February 2026

Enhancing PFMA implementation through Ethical Leadership and Institutional Capacity



www.cigfaro.co.za

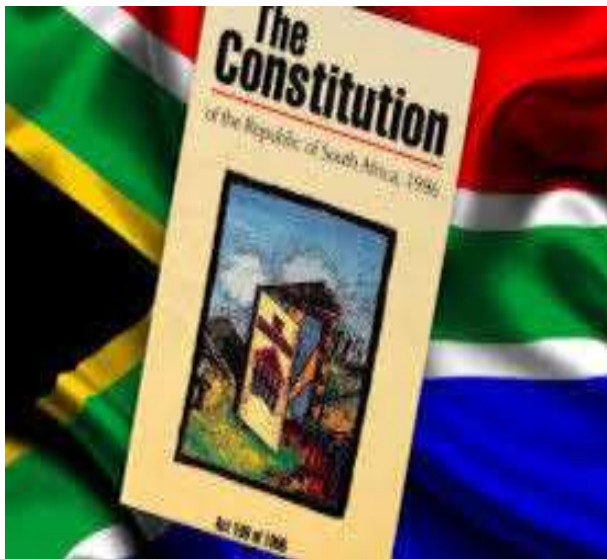
Mr. Manenzhe Manenzhe FCCA
National Heritage Council
ACCA Global Council Member

SAQA Recognised Professional Body

Why we are here? Or Exist?

Section 217 of the Constitution of the Republic of South Africa mandates that all state organs (national, provincial, local, or public entities) must procure goods and services through a system that is **fair, equitable, transparent, competitive, and cost-effective**. It enables preferential procurement to advance persons disadvantaged by unfair discrimination

As of 2026, South Africa celebrates 30 years since the adoption and signing of its Constitution in 1996, which established a democratic state based on human dignity, equality, and freedom.



Core Principles (Section 217(1)): Public procurement must adhere to fairness, equity, transparency, competitiveness, and cost-effectiveness.

Preferential Procurement (Section 217(2)): Organs of state are permitted to implement policies that provide for categories of preference in contract allocation and the protection or advancement of historically **disadvantaged persons**.

Legislative Framework (Section 217(3)): National legislation must be enacted to prescribe a specific framework for implementing these preferential procurement policies, such as the Preferential Procurement Policy Framework Act (PPPFA).

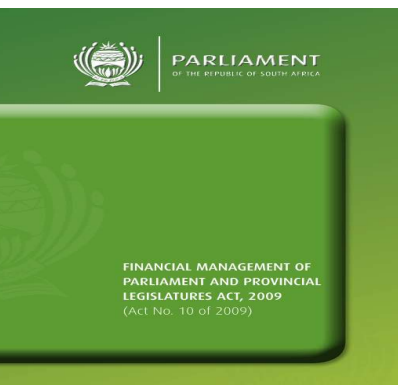
Why we are here? Or Exist?



The Public Finance Management Act (PFMA) No. 1 of 1999 is the primary legislation governing financial management in South Africa's national and provincial government. It was enacted to modernize the system of financial management and ensure that all revenue, expenditure, assets, and liabilities are managed efficiently and effectively.



The MFMA aims to **modernise budget, accounting and financial management practices** by placing local government finances on a sustainable footing in order to maximise the capacity of municipalities to deliver services to communities. It also aims to put in place a sound financial governance framework by clarifying and separating the roles and responsibilities of the council, mayor and officials



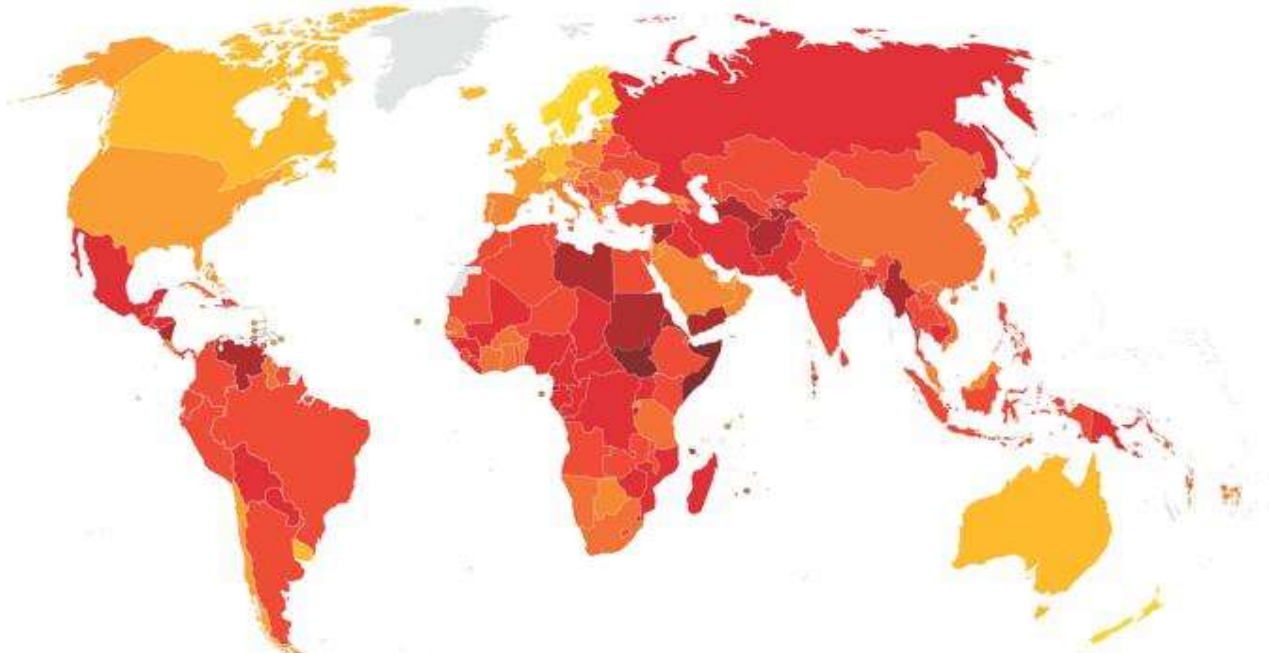
To regulate **the financial management of Parliament and provincial legislatures** in a manner consistent with its status in terms of the Constitution; to ensure that all revenue, expenditure, assets and liabilities of Parliament and provincial legislatures are managed efficiently, effectively and transparently; to provide for the responsibilities of persons entrusted with financial management in Parliament and provincial legislatures; and to provide for matters connected therewith



Transparency & Accountability: To secure sound management of public funds by establishing clear lines of accountability for government officials.
Efficiency: To ensure that public resources are used effectively to maximize service delivery.
Uniformity: To introduce uniform treasury norms and standards across the national and provincial spheres of government.

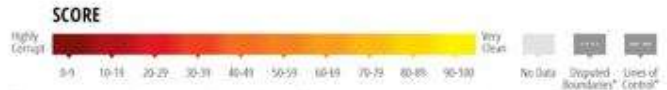
CORRUPTION PERCEPTIONS INDEX 2025

The perceived levels of public sector corruption in 182 countries/territories around the world.



SCORE COUNTRY/TERRITORY

89	Denmark	56	France	33	Poland	42	Moldova	35	Brazil	30	Peru	21	Guinea Bissau
88	Finland	65	Lithuania	52	Malaysia	41	South Africa	35	Sri Lanka	29	Gabon	21	Mozambique
84	Singapore	64	Bahamas	52	Oman	41	Trinidad and Tobago	34	Algeria	28	Bolivia	20	Cambodia
81	New Zealand	64	United States of America	50	Bahrain	41	Vietnam	34	Bosnia and Herzegovina	28	Iraq	20	Comoros
81	Norway	63	Brunei Darussalam	50	Georgia	40	Bulgaria	34	Indonesia	28	Liberia	20	Democratic Republic of the Congo
80	Sweden	63	Chile	50	Greece	40	Burkina Faso	34	Laos	28	Mali	19	Tajikistan
80	Switzerland	63	Korea, South	50	Jordan	40	Cuba	34	Malawi	28	Pakistan	17	Burundi
78	Luxembourg	63	Saint Vincent and the Grenadines	49	Malta	40	Guyana	34	Nepal	27	Mexico	17	Turkmenistan
77	Netherlands	63	Cabo Verde	48	Mauritius	40	Hungary	34	Sierra Leone	26	Cameroon	17	Afghanistan
77	Germany	62	Israel	48	Slovakia	40	North Macedonia	33	Ecuador	26	Guatemala	16	Haiti
77	Iceland	62	Dominica	47	Croatia	40	Tanzania	33	Panama	26	Guinea	16	Myanmar
76	Australia	60	Latvia	47	Vanuatu	39	Albania	33	Serbia	26	Kyrgyzstan	16	Equatorial Guinea
76	Estonia	60	Czechia	46	Armenia	39	India	33	Thailand	26	Nigeria	15	Korea, North
76	Hong Kong	59	Saint Lucia	46	Kuwait	39	Maldives	33	Angola	26	Papua New Guinea	15	Syria
76	Ireland	59	Qatar	46	Montenegro	39	Morocco	32	El Salvador	25	Madagascar	15	Nicaragua
75	Canada	58	Botswana	46	Namibia	39	Tunisia	32	Philippines	25	Uganda	14	Sudan
73	Uruguay	58	Rwanda	45	Senegal	38	Ethiopia	32	Togo	24	Bangladesh	14	Eritrea
71	Bhutan	58	Slovenia	45	Benin	38	Kazakhstan	31	Belarus	24	Central African Republic	13	Libya
71	Japan	57	Saudi Arabia	45	Romania	38	Suriname	31	Djibouti	24	Paraguay	13	Yemen
70	United Kingdom	57	Costa Rica	45	Sao Tome and Principe	37	Colombia	31	Mongolia	24	Republic of Congo	10	Venezuela
69	Austria	56	Grenada	44	Jamaica	37	Dominican Republic	31	Niger	23	Eswatini	9	Somalia
69	Belgium	56	Portugal	44	Solomon Islands	37	Gambia	31	Turkey	23	Iran	9	South Sudan
69	United Arab Emirates	55	Cyprus	44	Timor-Leste	37	Lesotho	31	Uzbekistan	23	Lebanon		
68	Barbados	55	Fiji	43	China	37	Zambia	30	Azerbaijan	23	Chad		
68	Seychelles	55	Spain	43	Cote d'Ivoire	37	Argentina	30	Egypt	22	Honduras		
68	Taiwan	53	Italy	43	Ghana	36	Argentina	30	Kenya	22	Russia		
				43	Kosovo	36	Ukraine	30	Mauritania	22	Zimbabwe		



#CPI2025

www.transparency.org/cpi

*The designations employed and the presentation of material on this map follow the UN practice to the best of our knowledge as of January 2025. They do not imply the expression of any opinion on the part of Transparency International concerning the legal status of any territory, territory, city or area or of its authorities or concerning the delimitation of its frontiers or boundaries.

Where are we?

COMMISSIONS OF INQUIRY IN SOUTH AFRICA

1. Mokgoro Commission November 2018
2. PIC Commission October 2018
3. Nugent Commission May 2018
4. Zondo Commission Jan 2016
5. Fees Commission Jan 2015
6. Cassim Inquiry February 2015
7. Marikana Commission Aug 2012
8. Khayelitsha Commission Aug 2012
9. Seriti Commission Oct 2011
10. Ginwala Enquiry Oct 2007
11. Khampepe Commission Apr 2005
12. Heler Commission Sept 2003
13. Doreen Commission Feb 2002
14. Myburgh Commission Jan 2002
15. Ngobeni Commission Dec 2001
16. Jali Commission Dec 2001
17. Inquiry into Human Rights in Farming Communities Jun 2001
18. Ngepepe Commission Apr 2001
19. Truth and Reconciliation Commission December 1995



Where are we?

The Costs of Commissions of Inquiry

**ACTION
TAKEN**



The price of each commission:



State Capture Commission (Zondo Commission) – 2018-2022
Examined allegations that politically connected networks, most notably the Gupta family, influenced cabinet appointments and procurement across state-owned companies.

Cost:
Nearly
R1 billion



SAPS Criminology Commission (Madianga Commission) – 2025/2026
Probing organised crime and political interference inside the police.

Initial budget:
R147.8 million
for six months



Public Investment Corporation (Mpati Commission) – 2018
Probed governance failures at the state pension fund manager responsible for public servants' retirement savings.

Cost:
About
R54.5 million



TRC Case Investigation Commission (Khampepe Commission) – 2025/2026
Investigating why apartheid-era crimes recommended for prosecution were never pursued.

Cost:
About R45 million
over six months



SARS Nugent Commission – 2018
Investigated the collapse of the South African Revenue Service under former commissioner Tom Moyane.

Cost:
About
R3.8 million

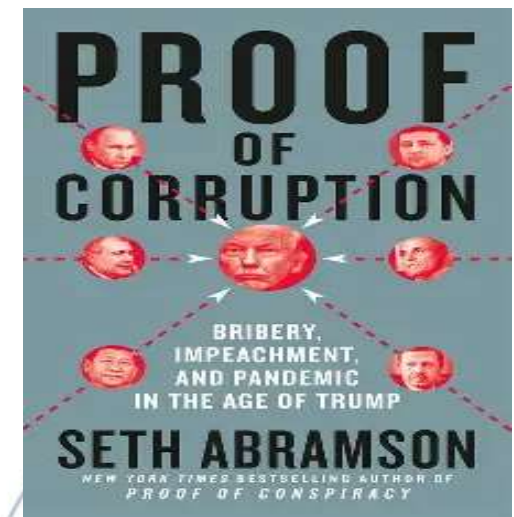
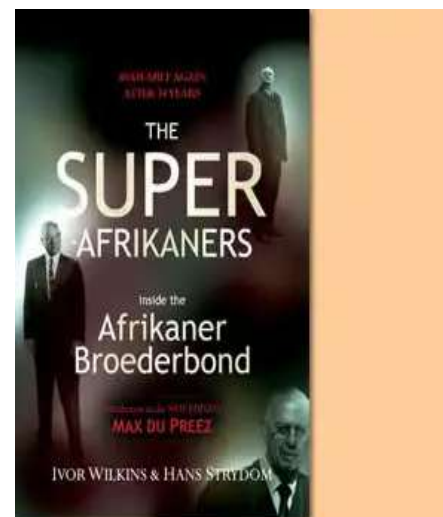
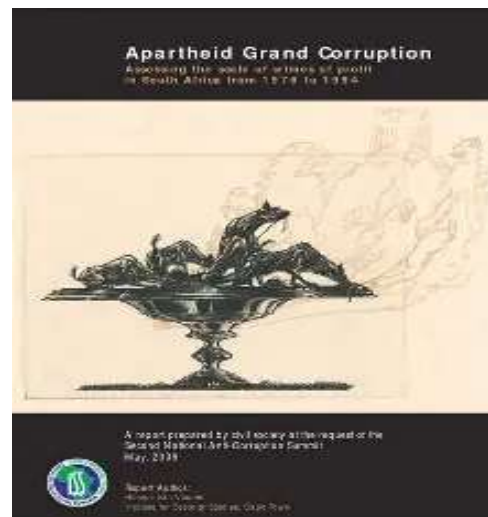
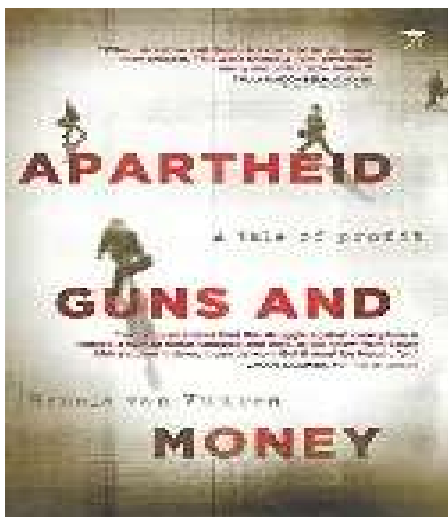


Mokgoro Inquiry – 2018
Examined whether senior National Prosecuting Authority officials were fit to hold office.

Cost:
Roughly
R3.6 million

Ethical behavior is doing the right thing
when no one else is watching- even
when doing the wrong thing is legal.

Alison Lamont



Ethics in a glance



ACCA

Ethics is a cornerstone of ACCA, the accountancy profession and business in general. It is at the core of everything that an accountant does, irrespective of where in the world or in which type of organization we work.



In order to ensure that it remains relevant and reflects the changing dynamics and pressures of the profession, the Code of Ethics was reviewed and updated for 2020.



IFAC, mandates five fundamental principles: integrity, objectivity, professional competence/due care, confidentiality, and professional behavior.



The CIPS Code of Conduct mandates that procurement professionals act with integrity, fairness, and accountability to prevent unethical practices in supply chains. Key principles include upholding professional standing, ensuring compliance with laws, preventing bribery and corruption, and managing environmental/human rights risks.



The Chartered Accountancy profession in South Africa is currently faced with criticism following the alleged misdemeanors of Chartered Accountants [CAs(SA)] **in unethical business activity**. SAICA is implementing on an ongoing basis a comprehensive and integrated reputation management and communication plan to address the negative perceptions of the profession resulting from ongoing negative publicity in the media.

Why then are we not doing what is right

The risk of Short-termism

Based on available analysis, the short (5-year) political term is generally considered a contributing factor to instability and short-term thinking rather than the root cause of corruption in South Africa.

Key Factors Contributing to Corruption:

Political Instability and Turnover: The 5-year contract system for local government politicians and senior managers creates instability, as frequent changes in leadership disrupt long-term planning and foster a "get rich quick" mentality.

Systemic and Deeply Rooted: Corruption is a legacy issue, starting with colonial dispossession and expanding under apartheid, with modern "state capture" and "tenderpreneurship" creating new forms of theft.

Weak Accountability and Consequence Management: A major factor is the lack of consequences for poor performance or financial misconduct, which allows corruption to become repetitive.

Cadre Deployment and Patronage: The practice of appointing party loyalists to key positions (cadre deployment) rather than skilled professionals has been a significant driver, undermining state institutions.

Normalization of Corruption: The governance environment has gradually normalized corruption, shifting from high-profile scandals to being embedded in daily service delivery, particularly at the local government level.

Systemic and Institutional Causes

Weak governance structures and ineffective institutions create fertile ground for corruption.

Economic and Social Factors

High levels of economic inequality and poverty can drive corruption.

Gini Coefficient of 0.63 – 0.65

Cultural and Ethical Influences

Cultural norms and societal attitudes can normalize corrupt behavior.

Individual and Organizational Factors

Personal greed,



It should never
take just laws or
Policies for ethics
to be upheld.



Empty words on a wall - Verbs

1. Leadership Must "Walk the Talk"

Model Behaviors: Leaders and executives must act as the primary examples of the company's values. If a value is "integrity," leadership must display it in all decisions, even under pressure.

Visible Commitment: Leaders should frequently reference company values in town halls, meetings, and internal communications.

Accountability: If leadership does not align with the stated values, the efforts will fail. Ensure that senior management is held to the same, if not higher, standards.
Harvard Business School

3. Integrate into the Talent Lifecycle

Hiring for Cultural Fit: Update job descriptions to include company values and use behavioral-style interview questions to assess if candidates align with those values.


Onboarding: Introduce company values on day one. Provide new hires with concrete examples of how to embody these values in their specific roles.

Performance Reviews: Dedicate part of performance evaluations to "how" work gets done (alignment with values) rather than just "what" gets done (results).

2. Define Values as Concrete Behaviors

Convert Concepts to Actions: Translate abstract values (e.g., "Respect") into specific, observable behaviors (e.g., "We listen to different perspectives before making a decision").

Create a Shared Definition: Involve employees in workshops to define what these values mean to them and how they look in daily practice

- 
- 1.Integrity:
 - 2.Accountability:
 - 3.Respect:
 - 4.Service:
 - 5.Non-Partisanship

1. Consultation	Citizens should be consulted about the level and quality of the Public Services they receive and, wherever possible, should be given a choice about the services that are offered.
2. Service Standards	Citizens should be told what level and quality of Public Services they would receive so that they are aware of what to expect.
3. Access	All citizens should have equal access to the services to which they are entitled.
4. Courtesy	Citizens should be treated with courtesy and consideration.
5. Information	Citizens should be given full, accurate information about the Public Services they are entitled to receive.
6. Openness and Transparency	Citizens should be told how national and provincial departments are run, how much they cost, and who is in charge.
7. Redress	If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation, and a speedy and effective remedy and when complaints are made, citizens should receive a sympathetic, positive response.
8. Value for Money	Public services should be provided economically and efficiently in order to give citizens the best possible Value for Money.

The right organisational Culture

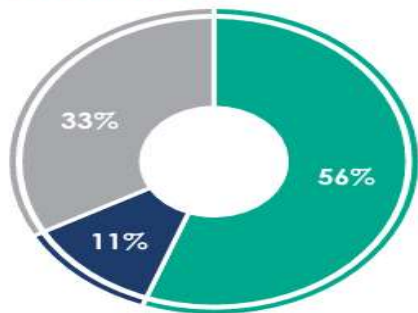
Characteristics of an effective public sector culture



We cant clean the house while hiding the dirt behind the door

Investigations into fraud or improper conduct of supply chain management processes we reported at 106 auditees in 2022-23

Overall status



◆ **59**
Auditees investigated all of the findings reported

◆ **12**
Auditees investigated some of the findings reported

◆ **35**
Auditees investigated none of the findings reported

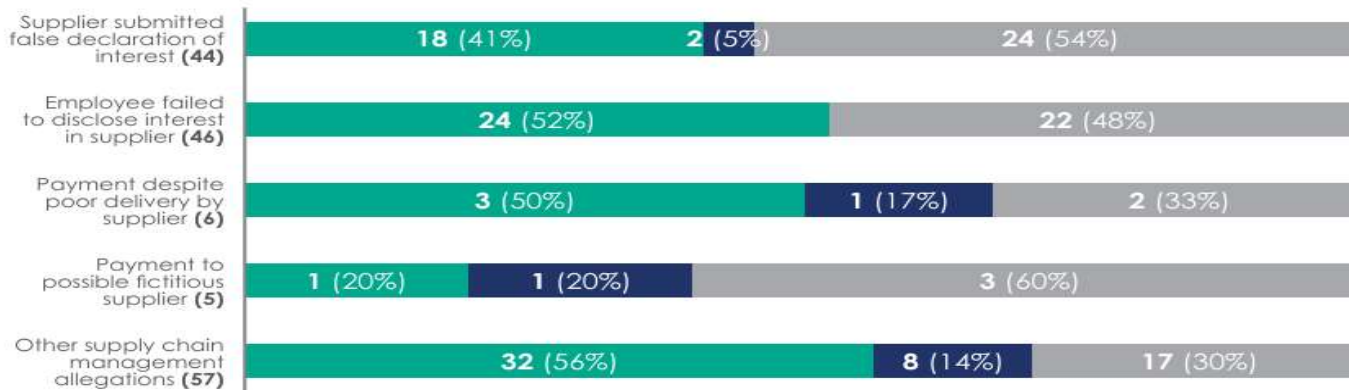
71

43 (61%)
resolved all findings

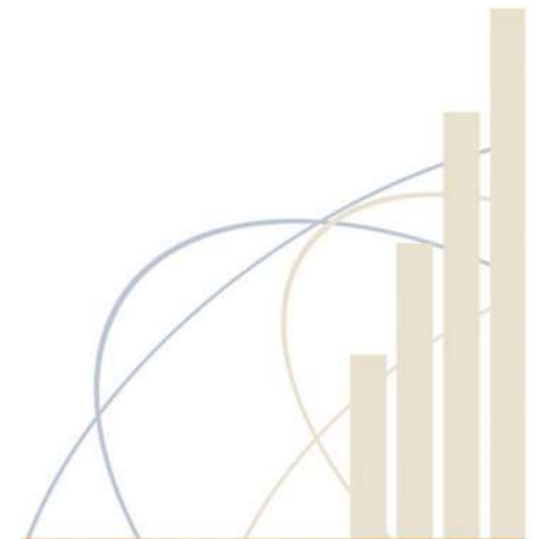
21 (29%)
resolved some findings

7 (10%)
did not resolve findings (e.g. did not implement investigation's recommendation to cancel contracts in which employees failed to declare their interest)

Status per type of finding

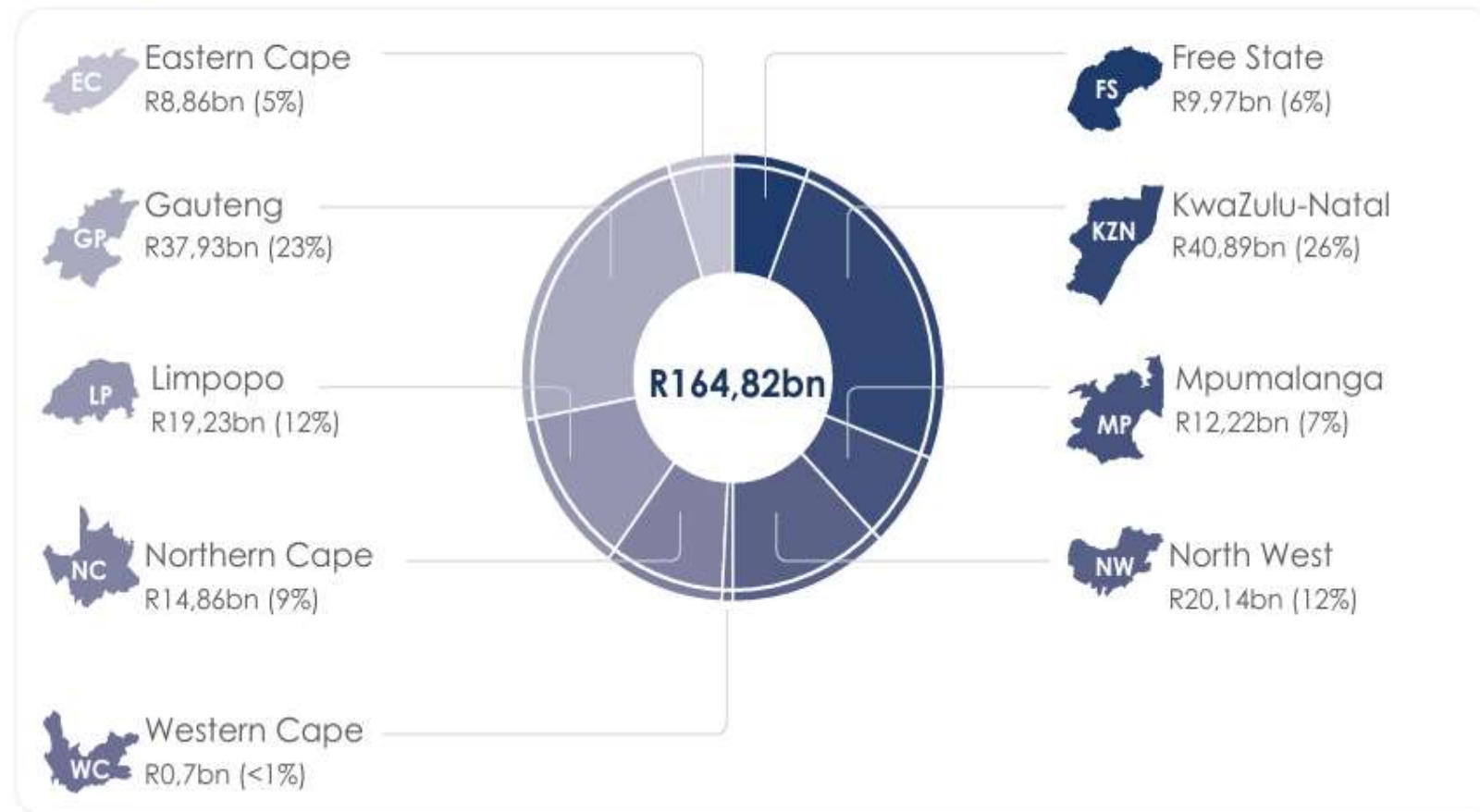


◆ All investigated ◆ Some investigated ◆ None investigated

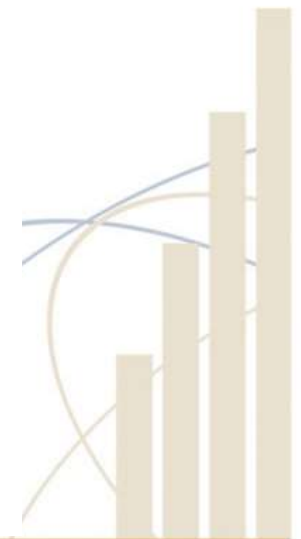


Are we overregulated or we developed a thick skin?

Total irregular expenditure over five years per province



Note: In terms of National Treasury Instruction Note 4 of 2022-23, auditees do not have to include irregular expenditure incurred in prior years or the closing balance of irregular expenditure in their financial statements. Therefore, the actual amounts may differ where these amounts were not disclosed in the annual report or where we did not receive the annual report before completing the audit.



Key Aspects of a Consequence Management Framework:

Steps in a Typical CMF Process:

Detection and Reporting: Identifying incidents, such as potential fraud or non-compliance.

Investigation: Examining allegations in a fair and transparent manner.

Corrective Action: Implementing appropriate consequences, which may range from counselling to disciplinary action or dismissal.

Review and Improvement: Monitoring the effectiveness of the actions and updating the framework.

Consequences management is more than just Punitive



1

Perform preliminary investigation to determine facts and collect information on what caused transgression, who is responsible and whether financial loss was (or will be) suffered

If applicable

(An auditee's policies and procedures typically describe how and when these steps should be taken)



2

Prevent any losses or future losses

3

Institute a formal investigation if there are **indications of fraud, corruption or other criminal conduct**; if confirmed, take further action (e.g. report matter to the police)

4

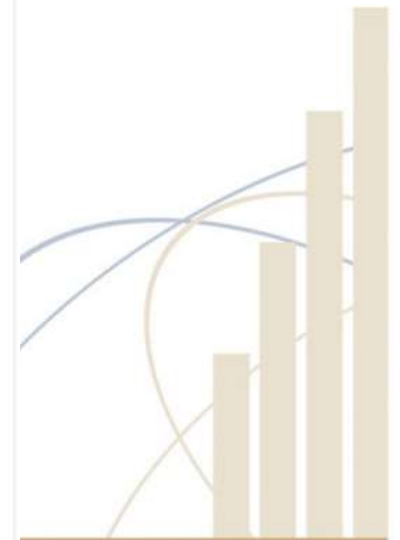
Recover any financial losses from an **external party**

5

Take steps against the responsible officials (which can include a financial misconduct investigation)

6

Recover any financial losses from **responsible officials**



Core Components of COSO for Managing Consequences

The **COSO frameworks** are designed to help organizations move from a reactive to a proactive stance in managing risk consequences (e.g., financial loss, operational disruption, or reputational damage).

Governance and Culture (ERM): Establishes the oversight operating structures, and ethical values necessary to drive risk aware behavior across the organization.

Risk Assessment (Internal Control/ERM): Identifies and analyze risks, explicitly including fraud risks, to evaluate their potential impact on objectives.

Performance (ERM): Prioritizes risks based on their severity relative to the risk appetite, allowing management to select appropriate responses (e.g., accept, avoid, reduce, share).

Control Activities (Internal Control): Involves policies and procedures (e.g., approvals, reconciliations, segregation of duties) designed to mitigate risks and manage the consequences of potential failures.

Monitoring Activities (Internal Control/ERM): Evaluates whether the risk management components are functioning effectively, ensuring the organization can adapt to changing circumstances.



COSO - The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a joint private-sector initiative dedicated to improving organizational performance and governance by developing frameworks for internal control, enterprise risk management (ERM), and fraud deterrence.

Let us hire the right people

A Top Secret security clearance in South Africa is the highest level of vetting, required for personnel accessing information that, if disclosed, could severely damage national security. The process is conducted by the **State Security Agency (SSA)** and includes, but is not limited to, criminal/financial checks, polygraphs, and interviews with references.

Key Components of Top Secret Clearance

Vetting Process: Involves full record checks (criminal, financial, personal), subject interviews, reference interviews, work enquiries, and mandatory polygraph examinations.

Target Scope: Evaluates integrity, loyalty to the state, and susceptibility to extortion or bribery.

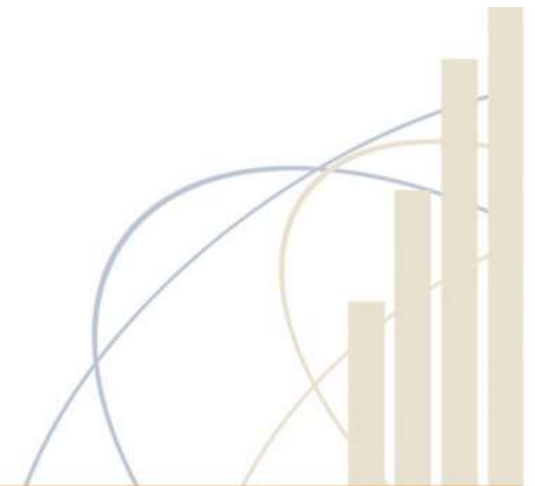
Validity & Renewal: Clearances must be renewed, usually every five years, though vetting backlogs can cause delays in the process.

Personnel Requirements: Mandatory for senior managers, key decision-makers, and roles involving high-level state intelligence.



state security

State Security Agency
REPUBLIC OF SOUTH AFRICA



Parly Case study

Parliament receives a clean audit from Auditor General

31 Jul 2015

Parliament has this year received a clean audit from the Auditor General. This comes after receiving unqualified audits since the 2006/2007 financial year

The clean audit means Parliament's 2014/2015 financial statements are free from material misstatements and there are no material findings on reporting on performance objectives or non-compliance with legislation.

This achievement was recognised with a certificate and a trophy at an award ceremony at the offices of the Auditor General yesterday. The clean audit outcome is the reflection of the leadership provided from the Presiding Officers and other governance structures, the dedication of senior management and staff.

Over the years Parliament ensured adequate implementation of the Financial Management of Parliament and Provincial Legislatures Act of 2009 and continuous improvement of internal and financial control. There have been consistent improvements on Parliament's audit outcomes over the years.



What did Parliament do

Parliament of RSA

Speaker



National Assembly

- Set the **tone** from the top.
- **Instil the ethical culture** into the organisational culture.
- **Be none partisan** and serve the people.
- Invest in the entire control environment
- Ensure **capacitation** of the internal audit function.
- Effective and skilled audit committee function.
- Ensure an integrated management environment.
- Effective performance management system.
- Invest in the internal control environment (training, systems and skills)
- Legislative sector forums with the ASB.
- Ensure performance is incentivised and rewarded.
- Consequences management is more than punitive.
- Effective and efficient oversight.

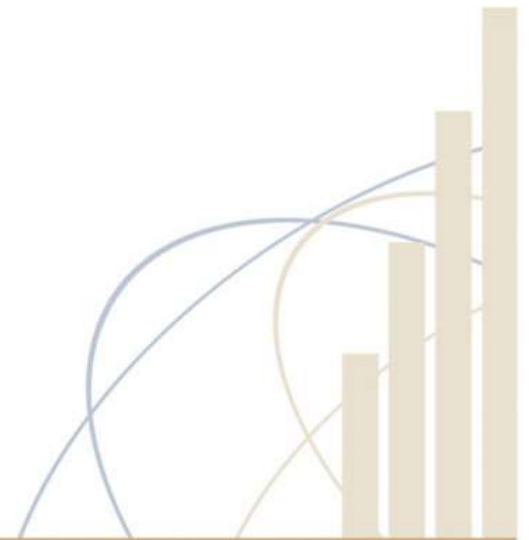
Chairperson



National Council of Provinces

The right people are those who possess the right **qualities** over and above the right **qualifications**.

And most definitely **Loyalty** is not a qualification.





Ethics must be reintroduced to public service to restore people's faith in government. Without such faith, democracy cannot flourish. Your ambitious agenda is filling a desperate need.

— *Walter Cronkite* —

AZ QUOTES



Thank You!



CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

www.cigfaro.co.za

SAQA Recognised Professional Body