



Ethics, Governance and Anti-Corruption Measures: *We Don't Need More Rules*

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Ethics, procurement and the execution gap in public financial management



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Outcomes

1. **Articulate the link between ethics and public financial management** — framing public funds as a fiduciary trust, distinguishing ethics from compliance, and explaining why the true cost of ethics failure is lost citizen value and broken service delivery, not the audit finding.
2. **Identify where procurement integrity is won or lost** — by applying the front-end/back-end framework to their own institutions, locating accountability for granular specification with the business owner, and recognising the two sets of value (strategy and SLA) that must be defined before award.
3. **Assess where technology can — and cannot — strengthen integrity** — understanding how standardisation enables automation and anomaly detection, while recognising that technology is an enabler of governance, not a substitute for ethical culture and leadership.

Strategic Context



Ethics is financial management

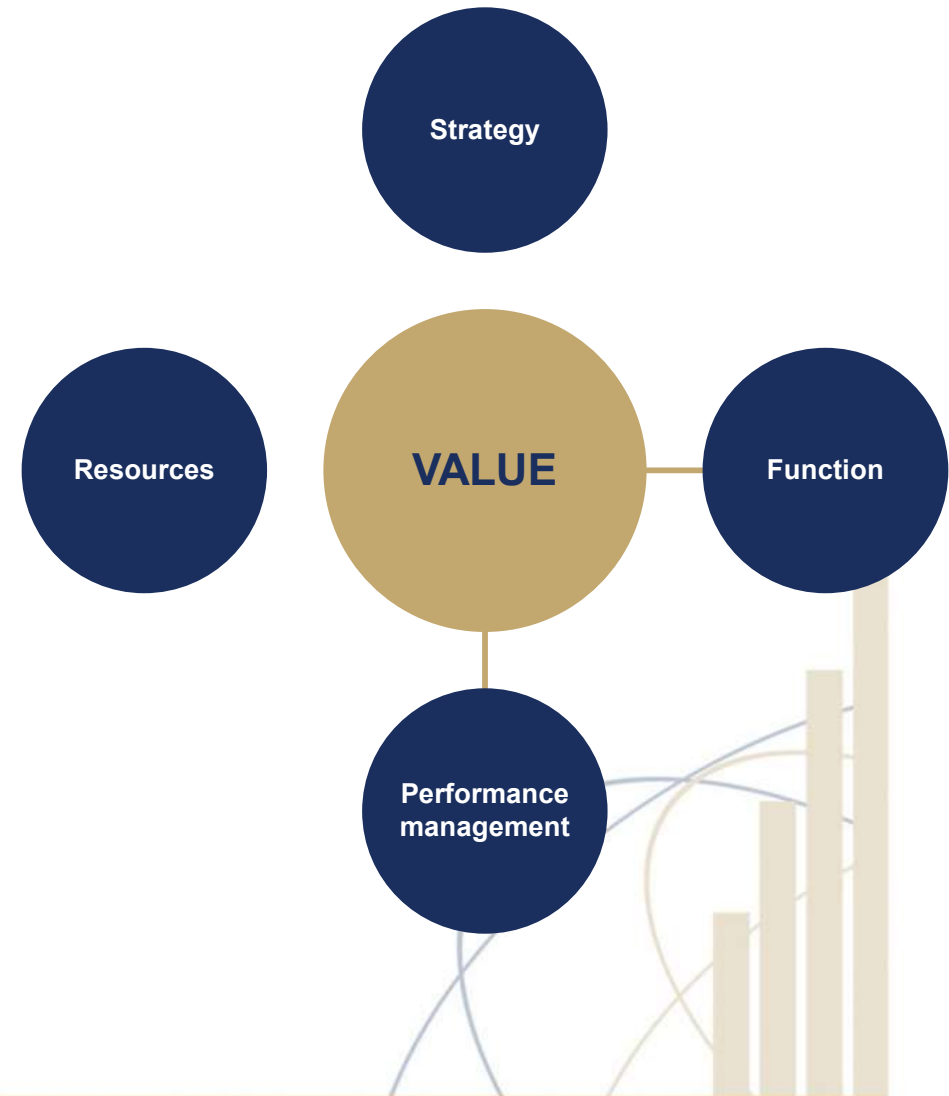
Public funds are held in trust.

The accounting officer or authority is a steward, not an owner — under both the PFMA and the MFMA.

Every financial act is an ethical act:

Was value created? Was the money used as intended? Was the public interest served?

The real cost of failure is not the audit finding — that is only the compliance symptom. The damage is to value: **lost trust, broken service delivery, eroded legitimacy.**



What is ethics?

Ethics is the application of values — how and why we act where the rules are silent.

ETHICS

- Application of values
- How and why you act
- Judgement guided by values
- Operates in the grey areas
- Promotes ethical conduct

COMPLIANCE

- Respect for the law
- What you must do
- A rule for each situation
- Black and white
- Punishes misconduct

The link: compliance tells a steward what they must do; ethics governs how and why they use public money — especially where the rules don't reach.

Managing ethics: the elements



Proactive

Build culture · prevent

Code of ethics & conduct · ethics risk assessment · training · ethics officers & committees · conflict-of-interest & disclosures · gifts · lifestyle audits



Reactive

Detect · resolve

Whistle-blowing channels · investigation · consequence management

Two kinds of control: hard controls (rules) + soft controls (culture) — you need both.

The machinery already exists. The gap is not missing structures — it is culture and execution.

The architecture already exists



Line of sight — strategy to citizen



Strategy

NDP 2030; MTDP 2024–2029 — names an ethical, capable state as a priority, and misaligned budgets and corruption as the problem to fix



Statute

PFMA and MFMA — the fiduciary duty and procurement regulation, across all three spheres



Governance code

King V (2025) — ethical and effective leadership; governance must result in value creation



Ethics machinery

Ethics codes, the national anti-corruption framework, and established integrity structures

Nothing is missing except execution. And execution lives in procurement.

Application / Implementation



Governance cannot regulate behaviour

Governance sets the hard controls (rules). It cannot mandate the soft controls — culture and intention. *Expecting governance alone to “solve” corruption is a pipe dream.*

Education

Home → school → tertiary. Shapes capability, not intention — the educated thief is the better thief.

Institutional development

Ethics training and communication. Real, but it has a ceiling.

Procurement

Where intention meets opportunity and money changes hands — the strongest lever.

Necessary but not sufficient — each lever narrows toward the point where the duty is finally tested.



Governance must result in value creation

VALUE

the goal

THE GAP

where corruption lives

COMPLIANCE

the floor

The standard:

governance must result in value creation — not merely compliance.

We too often communicate governance as compliance: sign the form, declare the interest, tick the box.

Compliance is the floor. Value is the goal.

The gap between them is where corruption lives.



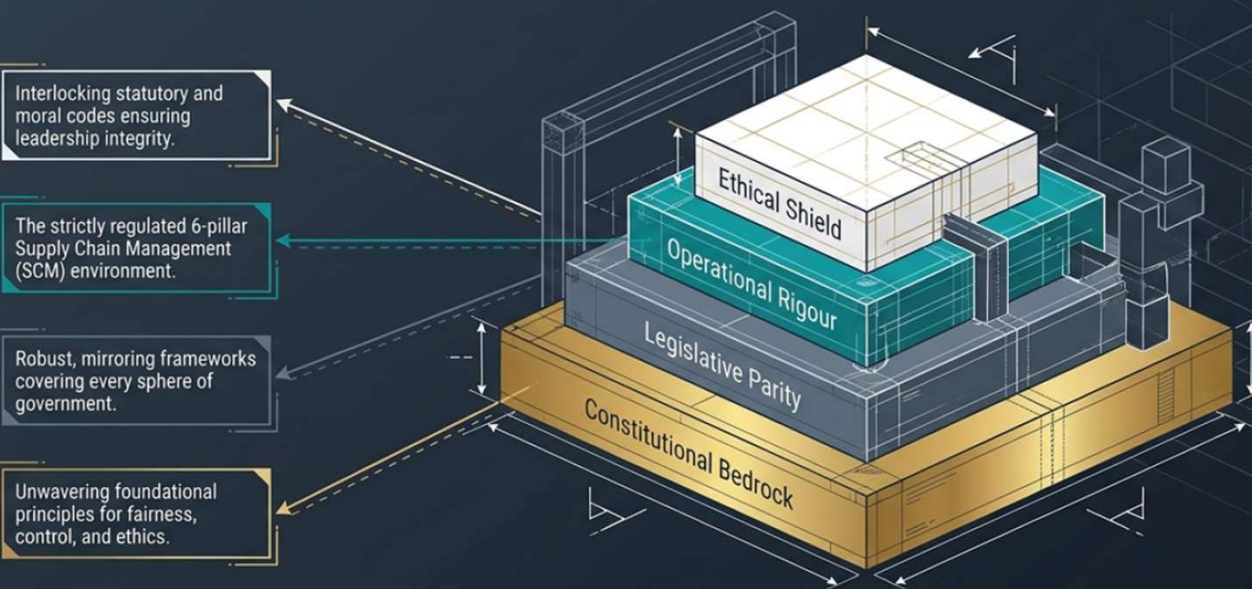
Strong-Arm Procurement



SCM System ... 1

A Complete and Sufficient Governance Ecosystem

The Premise: South African public procurement does not operate in a regulatory void.
A comprehensive, load-bearing prescriptive architecture already exists.



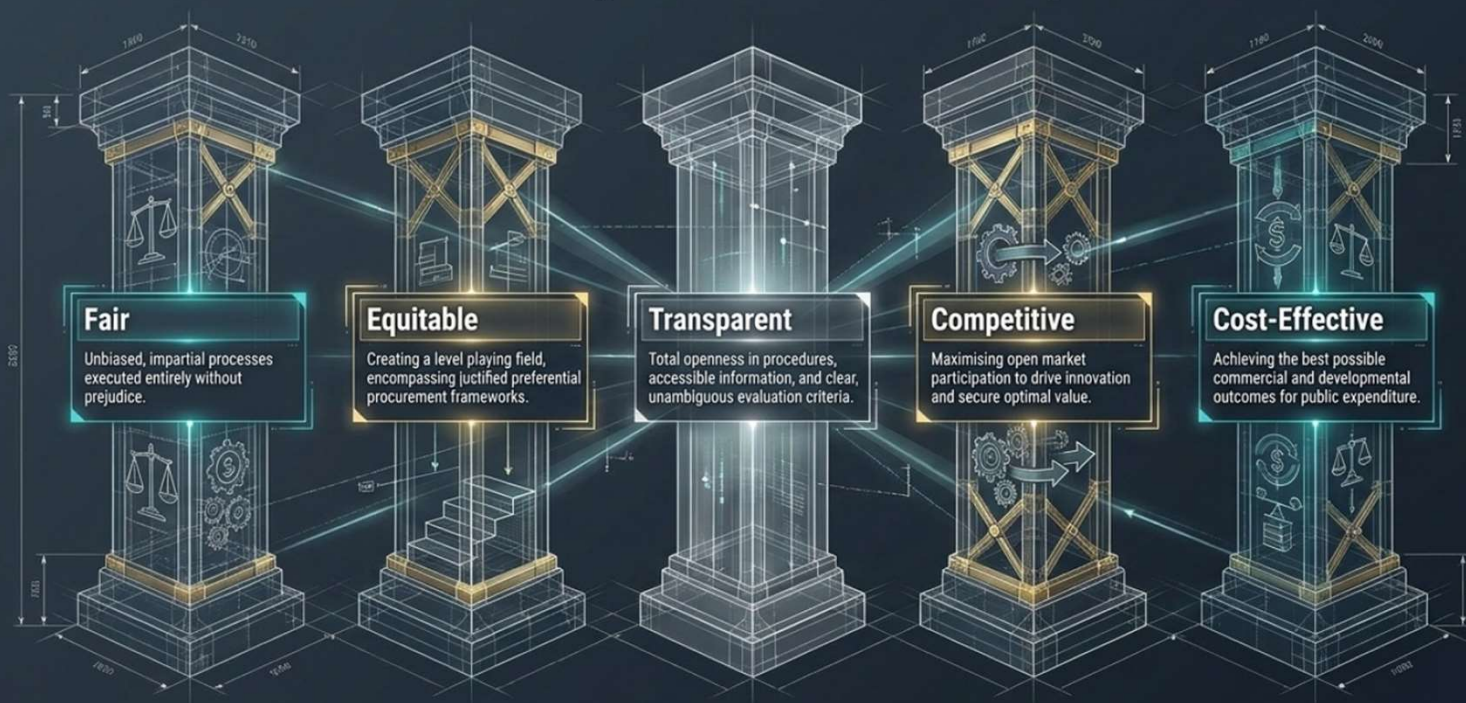
Key Takeaway: The existing framework is wholly sufficient to ensure fair, equitable, transparent, competitive, and cost-effective procurement.

NotebookLM

SCM System ... 2

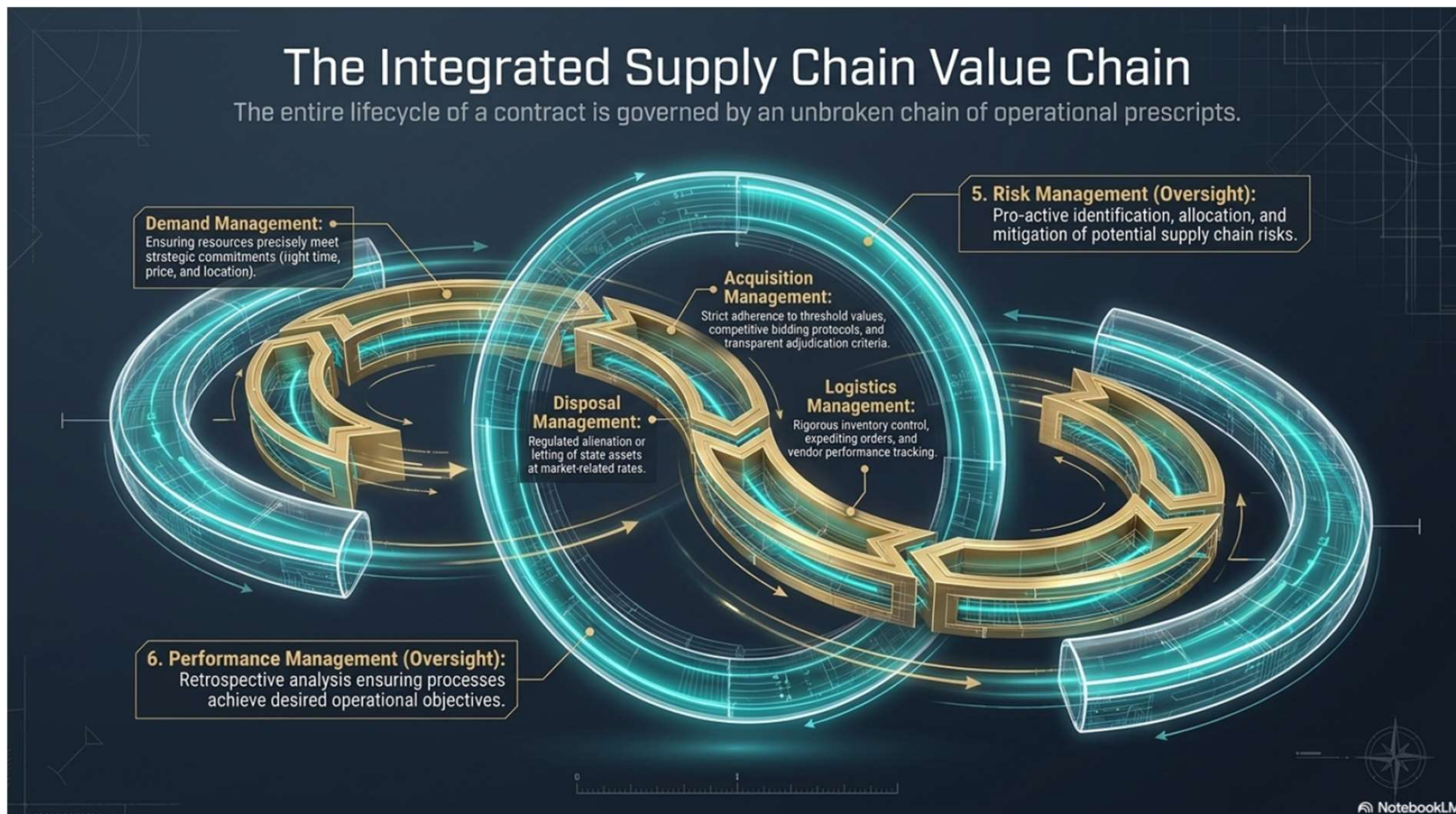
The Five Pillars of State Contracting

The absolute standard against which all state contracting is measured.



NotebookLM

SCM System ... 3



Procurement: front end vs back end

Chaos is the open door: when the rules shift — accepted today, rejected next month — discretion gets abused.

FRONT END

The right provider, on the right terms

- Define the value
- Tight specification
- Disciplined evaluation

BACK END

Value actually delivered

most failure

- Performance management
- Contract management

Most governance attention sits on the front end. Most failure happens on the back end.

Before the bid: define the value

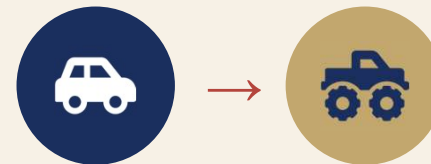
Accountability: specifying to a granular level is the business owner's job — not SCM's. SCM runs the process; only the business owner can define the value.

The biggest gap is upstream of procurement itself: the value the purchase must create is never defined.

Garbage in, garbage out.

And garbage in is a business-owner failure — not a procurement failure.

EXAMPLE



A sedan bought for terrain that needs a 4×4. The vehicle simply can't do the job — because fitness for purpose was never owned as a requirement.

The specification: no open-ended scope

Leave nothing open-ended. A spec that omits the supporting arrangements buys a façade.

Tight specs require — that support value

- ✓ Architecture & process design
- ✓ The information / process owner
- ✓ Maintenance & update arrangements
- ✓ Clear deliverables — that support value

EXAMPLE

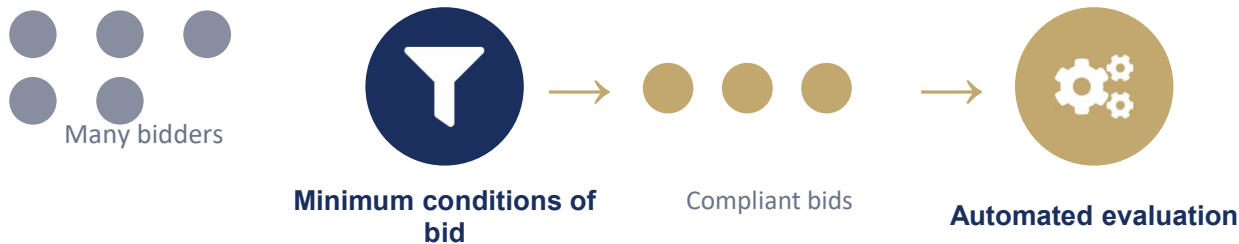
~R75m

a year, for three years

For a website shell that couldn't be updated — no architecture, no owner, no maintenance. The spec never nailed the supporting arrangements.

Standard items: set a maximum price (pool via RFI, average, cap). Don't pay R100 for a R10 pen.

Disciplined evaluation: machine-checkable criteria



- Strengthen the minimum conditions of bid (documents + references) a bidder must meet before evaluation — exclude non-compliant bidders before they enter.
- Express requirements as compliance criteria the system can evaluate automatically — objective, granular, pass / fail.
- **The more granular the requirement, the more it can be automated. Tight conditions of bid are the precondition for automation.**
- Granularity originates with the business owner — SCM cannot manufacture it. Hard, but achievable.

Performance & contract management

Most failure happens after the award, in badly managed provider relationships. Define value up front as two distinct sets:

Value linked to strategy

The business / citizen outcome the contract exists to deliver.

the WHY

Value linked to SLA criteria

The deliverables and standards the provider is measured against.

the WHAT — and how well

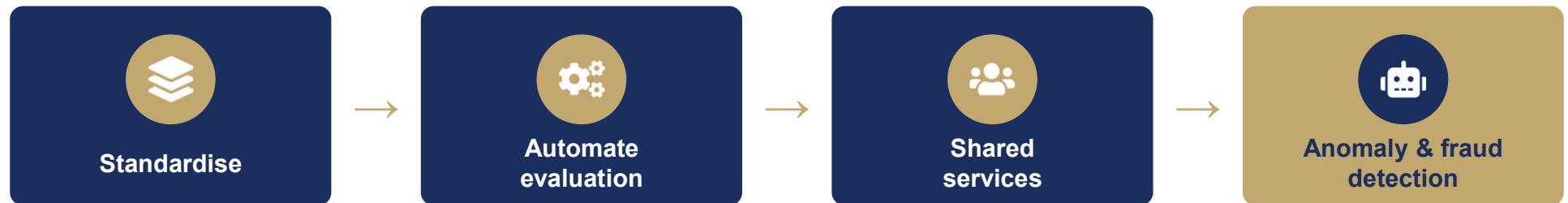
Both set before award: strategy value gives purpose; SLA value gives teeth. Miss either, and the back end has nothing to hold the provider to.

Familiarity is a risk. Long relationships drift into unmanaged comfort. **Example:** *reporting complexity turning consultants into a permanent crutch.*

Where to Now



From standardisation to automation



AI requires data. If it isn't collected, it can't be measured. Standardisation is what produces the structured data that makes anomalies detectable.

The payoff: the system surfaces what humans miss — odd bid patterns, payment anomalies, contracts gone quiet — with less effort.

King V (2025) backs it: a duty to govern AI use — human oversight, transparency. Detection is a governance duty, not a gadget.

Already working: Brazil's "Alice" screens every tender against dozens of risk categories — see the case studies.

The litmus test

Standardise and automate, and discretion shrinks while transparency grows. Honest operators have no reason to resist.

Transparency · no resistance
the process runs clean



Persistent resistance
a flag — investigate here

The litmus test: strong, persistent resistance to standardisation and automation points to where discretion was being exploited.

The guardrail — a flag, not a verdict. Some resistance is legitimate: rigidity, lost professional judgement, poor system design, change fatigue. The test tells you where to look; it does not convict.

We don't need more rules.

The vision, plan, statutes, code and ethics machinery already exist.

We need innovation in execution:

standardised, machine-checkable procurement; AI-driven anomaly & fraud detection; shared platforms.

Technology is the enabler — it tightens the battle lines and makes integrity the easier path. Best effort, not a cure.

AI IN ACTION — LEGITIMACY CHECK



Supplier banking details change



AI flags the anomaly



Legitimacy check before payment

The return: value for the citizen — services delivered, trust and legitimacy restored.

Where can technology help?

● Strong tech lever

● Tech assists — leadership drives

● People / culture — tech can't fix

Gap	Tech?	How technology helps (or why it can't)
Fraud	●	AI pattern recognition on bids, payments and supplier data; automated anomaly alerts
Political interference	●	Transparency platforms and open data reduce opportunity; governance must enforce boundaries
No consequences / culture of impunity	●	Automated tracking of findings and resolution timelines surfaces inaction; consequence decisions remain with leadership
Institutional capability collapse	●	Automation reduces reliance on scarce skills; shared services pool capacity across institutions
Weak internal controls (procurement & contract management)	●	System-enforced rules, machine-checkable bid criteria, automated compliance gates
Absence of ethical culture (compliance without value)	●	Technology cannot create culture — this is a leadership and values challenge
Poor project management / planning upstream	●	Project tools improve visibility; but the business owner must still define the value
Governance and oversight failure	●	Real-time dashboards and exception reporting improve visibility; oversight must still be exercised
Fiscal fragility driving corner-cutting	●	Early-warning financial models and cash-flow monitoring flag distress; fiscal discipline is a management decision
Normalisation of non-compliance	●	Technology can surface and quantify the impact; changing attitudes requires leadership, not systems
Poor records / transparency	●	Digital records, immutable audit trails, open data portals — the strongest pure-tech win
Fragmented intergovernmental support	●	Shared platforms and integrated reporting connect spheres; coordination requires institutional will

Source: AGSA General Reports 2024–25 (PFMA & MFMA) · technology assessment: presenter

Case studies & AI use cases

The detail behind every claim — scan, read, and engage afterwards.

BRAZIL

“Alice” — CGU

AI screens bids, contracts and notices against dozens of risk categories and alerts auditors — cutting audit time dramatically for preventive action.

oecd-opsi.org/innovations/robot-alice-bid-contract-and-notice-analyser

UKRAINE

ProZorro + DOZORRO

~**US\$6bn** saved since 2017. Open e-procurement plus a machine-learning watchdog that flags high-risk tenders.

hks.harvard.edu · open-contracting.org/impact-stories/impact-ukraine · ti-ukraine.org

GOVERNANCE & STRATEGY SOURCES

King V (2025) — IoDSA: iodsa.co.za/page/king-v

MTDP 2024–2029 — DPME: dpme.gov.za

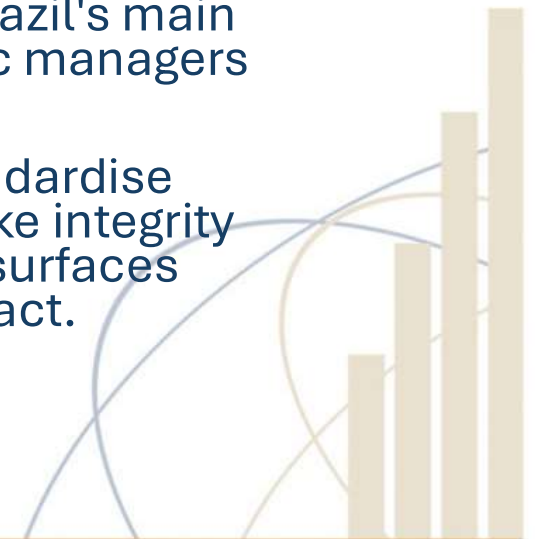
PFMA (Act 1 of 1999) & MFMA (Act 56 of 2003) — National Treasury: treasury.gov.za · NDP 2030 — gov.za

Case Study Overviews



Alice

- Alice is an automated system built by Brazil's Office of the Comptroller General (CGU) to screen public procurement at scale. It collects data daily from over 500 tenders published nationally, runs automated risk analyses, and sends personalised alerts to more than 500 auditors. The most critical alerts trigger formal audit work.
- The key numbers: Alice reduced preventive audit time from over **400 days to 8 calendar days**, enabling intervention while the tender is still open — before the money is spent, not after. Procurement accounts for roughly 10% of Brazil's GDP, so the stakes are substantial.
- Alice operates across four stages — data collection, automated analysis, alert generation, and audit action — and is being expanded to state and municipal governments and integrated into Brazil's main federal procurement portal (Compras.gov.br) to give public managers direct access to alerts.
- The design philosophy mirrors your argument exactly: standardise the data, automate the detection, intervene early, and make integrity the easier path. It doesn't replace human judgement — it surfaces what humans would miss at scale and gives them time to act.



ProZorro - DOZORRO



After the 2014 Maidan revolution, a coalition of civil society, business and government reformers built ProZorro — an open-source e-procurement platform that made every public contract in Ukraine visible online to anyone. The guiding principle: *"everyone sees everything."*

The approach was deliberately sequenced: pilot first, prove the concept, then legislate. Open contracting and the Open Contracting Data Standard were subsequently enshrined in law. ProZorro replaced a system that was bureaucratic, closed to most suppliers, and heavily exploited by oligarchs using government contracts for personal enrichment.

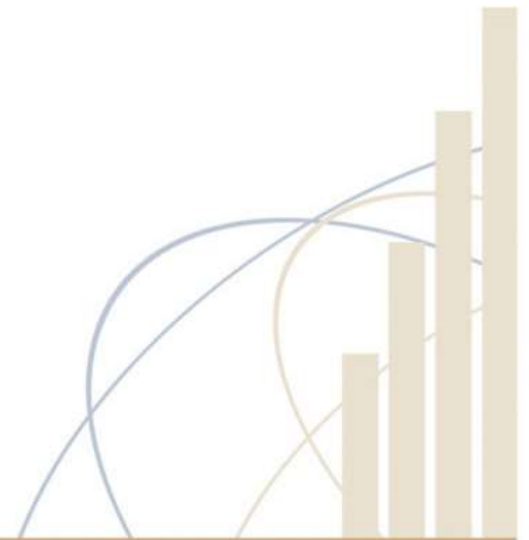
On top of ProZorro sits **DOZORRO** — a civic monitoring platform. By December 2020, DOZORRO monitors had uncovered violations in over 33,000 tenders worth an estimated US\$4.5 billion, and helped fix violations in nearly 8,650 tenders worth US\$934 million.

The headline numbers: savings of over US\$6 billion, thousands of new businesses competing for contracts, real-time government insights across millions of tenders and contracts, and more than 100,000 citizen monitors ensuring projects are delivered. In health procurement specifically, Ukraine's medical procurement agency used the data to reduce medicine prices by up to 40%.

ProZorro is your standardisation-to-automation chain in action at country scale. **Standardised data → open transparency → automated monitoring (DOZORRO's AI flags high-risk tenders) → citizen oversight.** It won the 2016 World Procurement Award, and Ukraine is now extending the model into wartime reconstruction through its DREAM platform. The system didn't eliminate corruption — but it made it visible, detectable, and far harder to sustain.

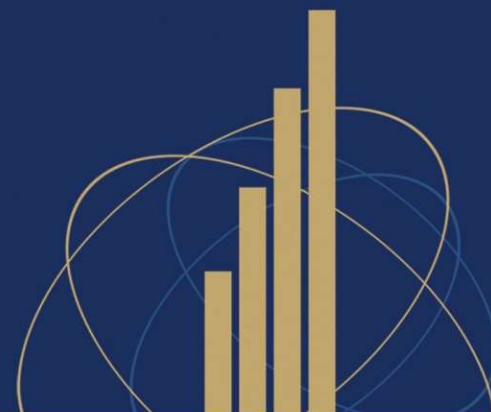
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Thank You!



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