



SDP POLICY PAPER · MUNICIPAL FINANCIAL INTEGRITY

Cape Town Zero-Cash Government

A closed-loop framework for municipal financial integrity, and a
bottom-up pathway to national reform

Prepared for the Service Delivery Party's Western Cape policy portfolio

Imtiaz “Taz” Cassim

September 2026



Contents

A closed-loop framework connecting Cape Town's existing financial systems into one traceable chain, from budget allocation to final payment, with a sequenced, legally grounded and equity-aware path to implementation.

Portfolio Alignment

Preface: A Closed Loop, Not a New Bureaucracy

Part One: The Foundation Already Exists	01–02
--	-------

Part Two: Phase One: Cashless Without Exclusion	03–04
--	-------

Part Three: Phases Two and Three: Connecting and Closing the Loop	05–06
--	-------

Part Four: Phase Four: Controls Before Payment	07–08
---	-------

Part Five: Phase Five: Price Intelligence Calibrated for Fairness	09–10
--	-------

Part Six: Phase Six: Anomaly Detection, Sequenced by Legal Certainty	11–12
---	-------

Part Seven: Phase Seven: Procurement Transparency and the Contract Register	13– 14
--	-----------

Part Eight: Phase Eight: mSCOA and National Treasury as Partner	15–16
--	-------

Part Nine: Phase Nine: Consequence Management as Digitised Legal Obligation	17– 18
--	-----------

Part Ten: Phase Ten: Segregation of Duties, the System's Immune System	19–20
---	-------

Conclusion: From Cape Town to South Africa	21–22
---	-------

FRONT MATTER

Portfolio Alignment

This paper sits primarily within Digital Access, AI and Municipal Records, and draws directly on the following portfolios. These associations are suggested rather than final, and are offered for comment before the paper is finalised.

Portfolio	Owner	Connection to this paper
Digital Access, AI and Municipal Records	Marlon Phillips	Lead portfolio. The digital identity, integration and transparency-register architecture described in Parts One, Three and Seven is the core subject matter of this portfolio.
Contracts and Municipal Governance	Morne Basson	Direct overlap with Phases Four, Six, Seven, Nine and Ten: payment controls, anomaly detection, the contract register, consequence management and segregation of duties.
Municipal Finance	Abubakar Abdullatief	Direct overlap with Phases One, Three and Eight: cashless collections, the budget-to-payment chain and the City's mSCOA and rates and billing environment.
Local Economic Development	Anda Grobbelaar	Direct overlap with Phase Five and Part Seven: ensuring price benchmarking and supplier-network checks do not disadvantage SMMEs and emerging suppliers.
Electricity and Energy Justice	Imtiaz (Taz) Cassim	Author's portfolio. Draws on the ring-fenced, co-signatory budget-control mechanism already proposed in the Four-Level Energy Plan as a working precedent for Phase Ten.

PREFACE

A Closed Loop, Not a New Bureaucracy

Cape Town already runs a cashless pilot at Table Bay Mall, Durbanville, and, since September 2026, at Strand, Brackenfell and Kraaifontein. Read narrowly, that pilot is a customer-service upgrade. Read as the first move in a longer sequence, it is the opening of a much larger reform: a financial system in which every rand the City spends is digitally traceable from budget allocation through procurement, delivery, invoice and payment to accounting and audit.

This paper sets out that sequence, phase by phase, and then stress-tests each phase against the constraints that actually govern a South African metro: the Municipal Finance Management Act, its Supply Chain Management Regulations, the Preferential Procurement Policy Framework Act, and the practical limits of what one metro can build without national cooperation. The approach follows a simple operating discipline: measure what is broken, remove the real constraint, and prove the result before scaling it. Every phase below is written to that standard.

*Don't discover the missing money three years later.
Make the system ask where it went before it leaves.*

PART ONE

The Foundation Already Exists

01 An Integration Project, Not Another Mega-System

Cape Town does not need to invent a new financial system. The Expenditure Department already processes creditor payments electronically. The Accounts Payable Unit already processes purchase-order invoices. The City already runs a supplier registration system linked to National Treasury's Central Supplier Database. It already operates an online tender portal, and SAP already sits at the centre of its enterprise environment, integrated with the Development Application Management System, the property repository, GIS and the electronic

records environment. The Supply Chain Management Directorate is already pursuing digitisation of tendering, demand planning and bid-committee processes for exactly the reasons this paper argues for: efficiency and audit trail.

The task, therefore, is integration rather than invention: connecting systems that already exist so that a budget line, a purchase order, an invoice and a payment become one traceable record instead of six separate ones.

02 The Right Scale of Comparison

It is tempting to reach for national-government exemplars such as India's PFMS, Brazil's SIAFI and South Korea's dBrain. Each demonstrates that a component of this architecture works. None of them was built by a single metro. Each was built by a sovereign government with the constitutional power to compel banks, ministries and provinces to integrate on its terms, a power Cape Town does not have over National Treasury, the banking sector or other spheres of government.

Singapore is the more honest comparator, because Singapore is a city-state: a single metropolitan administration, not a federal treasury coordinating provinces. Its GeBIZ procurement platform and its explicit segregation of procurement duties are transferable in a way the others are not. This paper therefore treats Singapore's architecture as the primary model, and cites India, Brazil and Korea only for specific components, such as unique transaction identifiers or anomaly-flagging logic, rather than as evidence that their national architecture can simply be copied down to metro scale.

PART TWO

Phase One: Cashless Without Exclusion

03 What the Pilot Should Measure

The immediate objective is straightforward: no physical cash changing hands at City facilities. Residents should be able to pay by card, EFT or QR code, though the pilot should be judged on more than whether people can pay electronically. It should track transaction volumes,

transaction costs, failed-payment rates, fraud incidents, reconciliation times, staff time saved, cash-handling costs and customer satisfaction, and the City should publish the results as each site comes online.

04 Digital by Default, Not Digital by Exclusion

The obvious risk is that residents without bank cards or accounts are pushed toward a new physical chokepoint: an "assisted digital payment point" staffed by an official, which simply relocates the queue and the discretion that cash handling was meant to remove. The City does not need to build one. Emalahleni municipality has already shown a workable route: residents pay municipal accounts by WhatsApp, and SASSA cardholders without full banking facilities can use those cards to pay accounts and buy prepaid electricity from a phone, with cash-in and cash-out handled through the retail and spaza networks people already use for airtime and prepaid electricity.

Cape Town should adopt the same logic: accept SASSA-card rails, and route cash-in and cash-out through existing retail and spaza infrastructure rather than municipal counters. Cash still exists at the till. It never again passes through an official's hands.

The goal of Phase One is not to remove cash from residents' lives. It is to remove cash from officials' hands.

PART THREE

Phases Two and Three: Connecting What Exists, Closing the Loop

05 The Integration, Not Invention

Phase Two connects the systems described in Part One so they speak to one another. Phase Three closes the loop that results: budget allocation, requisition, procurement, supplier verification, purchase order, delivery, invoice, payment, accounting and audit, joined by a single unique digital identifier per transaction rather than six independent paper trails that an auditor must reconcile after the fact.

06 One Transaction, Not Six Records

A Khayelitsha water-infrastructure project, for example, would carry one identifier from its budget line through its requisition, its contract, its verified supplier record, its purchase order, its delivery certificate and its payment, with a single status: completed, or exception. This is the same lesson Brazil's SIAFI teaches at national scale: budgetary, financial and accounting information stop being separate administrative records and become one transaction. Cape Town's version of that lesson does not require Brazil's scale of investment. It requires only that the systems named in Part One be made to write to a shared identifier.

None of this integration is safe to build, however, without the separation of duties described fully in Part Ten. No single official or system administrator should be able to alter more than one stage of this chain, and that principle should be treated as a precondition for Phase Three rather than an afterthought bolted on once the chain exists.

PART FOUR

Phase Four: Controls Before Payment

07 The Corporate Expense-Report Analogy, Applied

Before any payment is released, the system should confirm budget authority, procurement authorisation, supplier verification, invoice-to-purchase-order matching and delivery confirmation, and should independently verify any change to a supplier's banking details. This is what a competent corporate financial-control system already attempts. The objective is not to make corruption impossible. It is to make an unexplained transaction difficult to execute without leaving a visible gap in the chain.

08 Controls Must Read the Law, Not Override It

A control that flags a transaction purely because its price is high, or because a supplier's ownership record looks unusual, will collide with South Africa's own procurement law before it catches a single genuine irregularity. The price and network controls in Phase Five, and the anomaly patterns in Phase Six, are written with this constraint built in from the start rather than corrected afterwards.

PART FIVE**Phase Five: Price Intelligence Calibrated for Fairness**

09 Dynamic Ranges, Not a Government Price

The City should maintain benchmark ranges, not fixed prices, for commonly purchased goods: road materials, pipes, pumps, electrical equipment, uniforms, protective equipment, vehicles and professional services. A transaction priced well outside the range should not be declared fraudulent. It should generate a flag for human review. A fixed government price would simply become the new market price; a range preserves competition while still catching genuine outliers.

10 Correcting for What the Law Already Requires

The Preferential Procurement Policy Framework Act deliberately weights supplier scoring toward price and BBBEE status together, commonly in an 80/20 or 90/10 split, so that a compliant small or emerging supplier can legitimately win at a higher raw price than a larger competitor. A benchmarking tool that compares raw price alone will systematically flag exactly the suppliers the law is designed to favour. Every price flag in this system should therefore compare a supplier's PPPFA-adjusted score against the benchmark range, not its raw price value.

The same correction applies to supplier-network checks. South Africa's beneficial-ownership data is patchy, and small or exempted micro-enterprise suppliers frequently share a registered address with a low-cost accounting service or a township business incubator out of necessity, not concealment. The City should maintain a registry of known, legitimate shared-service providers, so that an address match against one of them lowers a flag's confidence rather than raising it.

PART SIX**Phase Six: Anomaly Detection, Sequenced by Legal Certainty**

11 Start With the Patterns the Law Already Defines

Two of the classic anomaly patterns are not judgement calls in South African municipal law. They are precise, gazetted thresholds. Municipalities are limited to non-tendered procurement below a transaction value that National Treasury has proposed raising to R750,000 for metros such as Cape Town, and National Treasury Circular 63 authorises accounting officers to vary an existing contract only up to 20 percent of its original price before a new tender is required. A system that flags procurement clustering just under the metro non-tender threshold, or contract variations approaching the 20 percent ceiling, is not making a statistical judgement. It is applying the regulation.

Phase Six should launch with the two flags a reviewer can point to in a regulation, not the five that require a judgement call.

12 Widening the Net Without Widening the Harm

Once the threshold and variation flags are running, and the price and network corrections from Part Five are in place, the remaining patterns can follow: unusual concentration of contracts with one supplier, sudden surges in emergency procurement, and repeated approval of the same supplier by the same official. Each of these needs a peer-normalised baseline rather than a raw count, since a raw number without a denominator, such as "emergency procurement rose 300 percent", is meaningless without knowing the base it rose from, and a genuine disaster response should never be indistinguishable from a manufactured pattern.

A flag against a named official, rather than a supplier, should route through the Labour Relations Act disciplinary framework via Human Resources, not through the supplier-facing exception queue, and should first control for whether the repetition simply reflects that official's ordinary portfolio.

Finally, the exact numeric thresholds used by this system should never themselves be published. This paper can describe the categories of risk publicly. The specific parameters belong in an internal, periodically adjusted configuration, exactly as a bank keeps its fraud rules confidential, so that publishing this policy does not double as publishing an evasion manual.

None of this should launch faster than the City can resource its review. A flag that sits unreviewed for months defeats the purpose as thoroughly as no flag at all, and a reviewer under volume pressure will rubber-stamp clearances. Roll out flag by flag, matched to review capacity, starting with the two in section 11.

PART SEVEN

Phase Seven: Procurement Transparency and the Contract Register

13 The Register the Public Can Read

Singapore's GeBIZ platform publishes procurement requirements, procedures and evaluation criteria so suppliers can compete transparently, with responsibilities separated at each stage. Cape Town already publishes tenders through its own portal. The next step is a City Contract Register showing, subject to legitimate confidentiality, the tender, the bidders, the winning supplier, the contract value, variations, expenditure to date, delivery milestones and completion status, turning the public into a participant in oversight rather than a recipient of an annual audit finding.

14 Building the System Under Its Own Rules

Building this integration platform is itself a large information-technology tender, potentially one of the largest the City issues, which makes it the easiest target for a critic to point at first. The answer is structural. Break the build into small, capped-value, single-purpose contracts, one to connect SAP and the supplier database, one to connect the supplier database and the tender portal, one for the exception dashboard, rather than a single mega-tender, and publish each of those build contracts on

the Contract Register described above from the day the first one is awarded. The first contract issued under this programme should be the first one governed by it.

PART EIGHT

Phase Eight: mSCOA and National Treasury as Partner

15 A Floor, Not a Flagship

The Municipal Standard Chart of Accounts has been compulsory for all 257 South African municipalities since 1 July 2017, so it should not be presented as a distinguishing Cape Town advantage. It is baseline legal compliance every municipality is already required to have, with implementation quality that still varies considerably between them, some still capturing transactions in spreadsheets before entering them into mSCOA after the fact. The honest framing is that mSCOA gives Cape Town a shared financial vocabulary to build on, not a head start over anyone else.

16 An Oversight Channel That Already Exists

What is genuinely useful is that mSCOA already gives National Treasury direct extraction access into municipal financial data for monitoring and oversight purposes. That is a ready-made channel for routing Phase Six's exception flags to a national oversight body, rather than a system Cape Town would otherwise have to build from nothing. Treasury should be approached as a partner for this specific purpose early in the programme, not after the exception dashboard is already built.

PART NINE

Phase Nine: Consequence Management as Digitised Legal Obligation

17 Naming Exceptions in the Law's Own Language

An exception queue that invents its own categories risks becoming a shadow process running alongside the one the law already requires, competing with the Auditor-General's own findings and the Municipal

Public Accounts Committee's own oversight rather than feeding them. The elegant fix is to require none of that invention. The MFMA already defines the categories that matter: irregular expenditure, unauthorised expenditure, fruitless and wasteful expenditure, and, separately, allegations of financial misconduct under Chapter 15. Every case this system opens should be classified in those terms from the outset.

Exception status	What it requires	Who closes it
Irregular expenditure	Explanation, independent review and either condonement or recovery	Council resolution, per the MFMA
Unauthorised expenditure	Confirmation against the approved budget, with reallocation or write-off	Council resolution, per the MFMA
Fruitless and wasteful expenditure	Recovery assessment and, where warranted, disciplinary referral	Accounting officer, reported to Council
Financial misconduct (Chapter 15)	Independent investigation and, where warranted, criminal referral	Independent case-review committee, reported to Council and AGSA

Framed this way, the case-management workflow is not a new bureaucracy layered onto the City. It is a real-time digital front end to an obligation the MFMA already imposes, which is also why an audit no longer needs to be the moment the City first discovers what went wrong. The audit becomes the independent check that the controls themselves worked.

18 Due Process Before Disclosure

An exception, whether against a supplier or an official, should stay internal and confidential until it is resolved. Publishing a flagged name before review concludes causes real reputational and, for a small supplier, real commercial harm, for something that may turn out to be entirely explicable. Case ownership should sit with an independent

committee segregated from the department under review, feeding into the existing Labour Relations Act disciplinary framework for officials and the existing criminal-referral pathway for suspected fraud, rather than a new parallel tribunal invented for this system.

PART TEN

Phase Ten: Segregation of Duties, the System's Immune System

19 No Single Hand on the Whole Chain

A closed, integrated payment system is also a bigger single target than the fragmented one it replaces. Procurement, approval, delivery certification, payment, system administration, auditing and investigation must therefore sit with different hands: the payment function cannot alter procurement records, the procurement official cannot change a supplier's banking details, the supplier cannot alter its own purchase order, and a system administrator cannot erase a transaction history. Every change should produce an immutable audit log. This is precisely the segregation Singapore's GeBIZ model builds in at every stage.

20 Why This Belongs Last and First

These principles genuinely underpin every phase from Part Three onward, and in that sense belong first. They are set out fully here, at the end, because their necessity only becomes fully visible once the whole transaction chain described in the preceding parts is in view: it is only once budget, procurement, delivery and payment are joined into one record that the risk of a single point of failure becomes obvious, and the case for separating those hands becomes self-evident rather than assumed.

Cape Town already has a working precedent for this kind of ring-fenced, co-signatory control: the Energy Transition Coordination Unit proposed in the Four-Level Energy Plan for Cape Town holds co-signatory authority over energy-transition capital budgets specifically so that no single office controls both approval and release of those funds. The same design should extend across the full expenditure chain described in this paper.

CONCLUSION

From Cape Town to South Africa

21 A Warning Already Written

Before this paper argues for national extrapolation, it owes the reader an honest account of what a national attempt at exactly this kind of system has already cost South Africa. National Treasury's own Integrated Financial Management System has been in progress since 2005, has consumed billions of rand, and the Auditor-General classified its spending as fruitless and wasteful for five consecutive years from 2017/18. A 2018 forensic investigation followed allegations that more than R400 million was fraudulently incurred through the project, and as recently as 2025 the project remained tied up in litigation, with the Finance Minister confirming it "did not get off the ground". Treasury has since pivoted to a lighter, more incremental platform, Digital Government South Africa, that "progressively introduces integrated financial management capability" rather than attempting one monolithic system in a single procurement.

That history is the clearest possible confirmation of the argument this paper has made throughout: a single, centrally procured, monolithic system, bought from one vendor in one large licence purchase, is precisely the failure mode to avoid. It failed nationally for the same structural reasons this paper flagged for Cape Town's own build in Part Seven: one giant contract, one point of failure, and years of dependency on a single supplier before anything usable exists.

22 The Bottom-Up Pathway

The national lesson is therefore not "wait for Pretoria to solve this first." It is closer to the opposite. A single metro, with one administration rather than three overlapping ones, is a genuinely tractable place to prove modular, closed-loop components at a scale Treasury's own national programme has repeatedly failed to reach in twenty years. Cape Town should build the Phase One through Ten sequence described in this paper as a working reference implementation, in small capped-value contracts, and feed the proven components upward into National Treasury's own Digital Government South Africa initiative as it matures, rather than waiting for a national system to be finished before a single metro starts.



That is the real proposition behind Cape Town Zero-Cash Government. Not simply removing banknotes from municipal counters, and not simply another metro following a template built for a nation-state. A closed financial loop, built in pieces small enough to succeed, in which public money cannot move from authorisation to payment without leaving a trail that asks, automatically, where it went.

Every rand in. Every rand out. Digitally traceable.