



FINANCIAL
AND FISCAL
COMMISSION

For an Equitable Sharing
of National Revenue

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ANNUAL REPORT

2020/21



Annual Report 2020/21

For an Equitable Sharing of National Revenue

Financial and Fiscal Commission

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Table of Contents

ACRONYMS	iv
Chairperson's foreword	1
Chief Executive Officer's overview	2
Statement of responsibility and confirmation of accuracy of the annual report	3

PART A: GENERAL INFORMATION

1. Constitutional and legislative mandate	5
2. Vision and mission	5
2.1 Vision	5
2.2 Mission	5
3. Values	6
4. Outcomes, output indicators, targets and actual achievements	6
5. Composition and organisational structure	6
5.1 Commission	6
5.2 Secretariat	7

PART B: PERFORMANCE INFORMATION

1. Commission submission for the 2021/22 Division of Revenue Act (DoRA)	9
2. Statement of responsibility for performance information for the year ended 31 March 2021	10
3. Performance against predetermined objectives	11

PART C: CORPORATE GOVERNANCE

1. Introduction	15
2. Commission	15
3. Commission meetings and attendance	19
4. Committees	20
4.1 Audit and risk committee	20
4.2 Research working group	20
5. Compliance with legislation	21
6. Risk management	21
7. Fraud and corruption prevention	21
8. Health, safety and environmental issues	21
9. Health programme	21
10. Internal controls	22
10.1 Research programme	22
10.2 Finance	22
10.3 Corporate services	22
11. Secretariat meetings	22
11.1 Executive management team (EMT)	22
12. Sustainability	22

PART D: HUMAN RESOURCES MANAGEMENT

1. Introduction	25
1.1 Workforce	25
1.2 Employment and vacancies by salary band	26
2. Personnel expenditure	26
2.1 Personnel costs by salary band	26
3. Employment changes	26
3.1 Appointment and termination	26
3.2 Employment and vacancies by programme	27
3.3 Senior Management Service (SMS) posts	27
3.4 Reasons for staff terminations	28
4. Total number of employees per occupational level as of 31 March 2021	29
4.1 Headcount	29

5. Training and development philosophy	29
6. Performance rewards	30
6.1 Performance reward by salary band	30
7. Leave utilisation	30
7.1 Annual and sick leave	30
7.2 Disability leave (temporary and permanent)	30
7.3 Leave pay-out	30
8. Labour relations trends	31
8.1 Grievances lodged	31
8.2 Dismissal	31
9. Injury on duty	31

PART E: FINANCIAL INFORMATION

1. Statement of responsibility and approval of the annual financial statements for the year ended 31 March 2021	33
2. Report of the audit and risk committee for the year ended 31 March 2021	34
1 Legislative requirements	34
2 Audit and risk committee members and attendance	34
3 Audit and risk committee's responsibilities	34
4 Effectiveness of internal control	35
5 Quality of monthly and quarterly reports submitted in terms of the PFMA	35
6 Internal audit function	35
7 Risk management function	36
8 Evaluation of the finance function	36
9 Performance management	36
10 Evaluation of the annual financial statements	37
11 External auditor's report	37
3. Statement of responsibility of the Accounting Officer for the financial statements for the year ended 31 March 2021	38
4. Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa	39
4.1 Review of activities	39

5. Analysis of financial statements	39
5.1 Revenue	39
5.2 Expenses	39
5.3 Assets	40
5.4 Liabilities	40
5.5 Disclosures	41
6. Major event expenditure	42
7. Constraints	42
8. Corporate governance arrangements	42
8.1 Internal audit function	42
8.2 Audit and risk committee	42
8.3 Risk management	42
9. New activities	43
10. Asset management	43
11. Performance information	43
12. Standing Committee on Public Accounts (SCOPA)	43
13. Surplus and reserves	43
14. Budget	44
15. Executive authority	44
16. Approval	44

Report of the Auditor-General to Parliament on the Financial and Fiscal Commission **45**

Statement of Financial Position as at 31 March 2021 **51**

Statement of Financial Performance **52**

Statement in Changes in Net Assets **53**

Cash Flow Statement **54**

Statement of Comparison of Budget and Actual Amounts **55**

Accounting Policies **56**

Notes to the Annual Financial Statement **67**

APPENDIX 1 **83**

APPENDIX 2 **84**

APPENDIX 3 **92**

For an Equitable Sharing of National Revenue



Acronyms

ACRONYM	DEFINITION
APP	Annual Performance Plan
BCP	Business Continuity Plan
CEO	Chief Executive Officer
CRO	Chief Risk Officer
DoRA	Division of Revenue Act
DoRB	Division of Revenue Bill
EMT	Executive Management Team
ENE	Estimates of National Expenditure
ERM	Enterprise Risk Management
FFC	Financial and Fiscal Commission (also referred to as the Commission)
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IAF	Internal Audit Function
IESBA	International Ethics Standards Board for Accountants
IGFR	Intergovernmental Fiscal Relations
ISA	International Standards on Auditing
MEC	Member of the Executive Council
MTBPS	Medium Term Budget Policy Statement
NCOP	National Council of Provinces
NDP	National Development Plan
PFMA	Public Finance Management Act
SALGA	South African Local Government Association

Chairperson's foreword



MR MICHAEL SACHS
Acting Chairperson/
Deputy Chairperson

It is a great privilege to submit the Financial and Fiscal Commission's annual report covering the 2020/21 financial year. The annual report is presented in terms of section 220 of the Constitution of the Republic of South Africa, 1996 (Constitution), Sections 40 and 65 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and Section 26 of the Financial and Fiscal Commission Act, 1997 (Act No 99 of 1997) (as amended).

During the period under review the Commission continued to execute its constitutional mandate to provide recommendations and advise on financial and fiscal matters to the three spheres of government. Like all South Africans, the Commission faced a difficult environment this year. I am extremely grateful to the Commissioners and Secretariat who were able to achieve many of the Commission's strategic objectives despite these conditions.

The legislatively required submissions on the Medium-Term Budget Policy Statement, Division of Revenue Bill, Fiscal Frameworks and Revenue Proposals and Appropriations Bill were met according to the legislative prescripts. The submission for the 2022/23 Division of Revenue as tabled in Parliament in terms of Section 214(1) of the Constitution, Section 9 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), and Section 4(4c) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) (as amended) will be considered according to the parliamentary, provincial and local governmental processes.

The theme for the submission for the 2021/22 Division of Revenue is "*The effects of Covid-19 and the changing architecture of subnational government financing in South Africa*".

The pandemic is still spreading across the length and breadth of our country and has posed many challenges, including the ability of our macro-fiscal system to meet these challenges. It has intensified

previously existing inequalities and condemned many people to unemployment, hunger and poverty.

Informed by its research, the Commission tabled a set of recommendations during the year that, if adopted, could contribute to turning around the economy in pursuit of a sustainable recovery process that leaves no one behind. This was followed by the release of the technical report and policy brief series that informed the recommendations contained in the submission and constituted a substantial component of the stakeholder engagement process.

Over and above the prescribed deliverables, the Commission also made numerous rapid responses and submissions in response to requests from its stakeholders in the legislature, the executive, organised local government and other organs of state.

The strategic plan and annual performance plan were tabled timeously in compliance with the provisions of Treasury Regulations for departments, trading entities, constitutional institutions and public entities in terms of the PFMA. These plans are invaluable in ensuring that the Commission and Secretariat have a clear understanding and direction on the way forward. The Commission will continue to ensure compliance and maintenance of a sound and high standard regarding all its activities.

I am indeed thankful to the Commissioners and Secretariat for ensuring that the Commission has fulfilled its constitutional mandate for 2020/21.

A handwritten signature in black ink, appearing to read "Michael Sachs".

Mr Michael Sachs
Acting Chairperson/Deputy Chairperson
Date: 31 July 2021

Chief Executive Officer's overview



DR KAY BROWN
Chief Executive Officer

On behalf of the Secretariat, it is a pleasure to present the Financial and Fiscal Commission's achievements over the period under review in the Commission's 2020/21 annual report. The personnel of the Commission have withstood the trying times caused by the Covid-19 pandemic and delivered on the constitutional mandate of providing independent and impartial advice to national, provincial and local government on financial and fiscal matters.

The Commission has responded to the turnaround challenge of the institution by increasing its research capacity and is uncovering internal control weaknesses and working hard at bringing the institution in line with compliance regulations set out by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and other legal prescripts. Worthy of note over the year is the increase of financial resources dedicated towards the research programme, together with the placement of a permanent Head of Research Programme.

The Commission has re-introduced an internship programme and by the end of the year had recruited more than ten interns, practically doubling the research programme staff complement. The annual submission for the Division of Revenue 2021/22 was presented successfully to Parliament (to both the Standing Committee on Appropriations and the Select Committee on Appropriations), provincial legislatures and the South African Local Government Association (SALGA). This submission, at short notice, was able to respond to the new global reality and was relevant in the context of a Covid-19 pandemic environment.

During 2020/21, the Human Resources (HR) unit delivered on an organisational-wide change process which included the review of the institution's

organisational structure and the suite of HR policies to meet the needs of the Commission. The Commission is undergoing much change – this atop organisational adaptation to the Covid-19 workplace reality. Top priorities of the newly appointed permanent Head of Corporate Services division are to ensure a fully capacitated organisation and employee capability enhancing organisational plans. Similarly, the Finance division is committed to supporting the Commission in its research work.

Financial performance is critical to Commission operations and a reinvigorated focus on ensuring a robust internal control environment is a key factor in the turnaround strategy. The Commission approved a new risk management policy which is fundamentally to improve the way that the Commission is dealing with risk management and serves as a primary means to provide quality assurance at the strategic and operational levels. In addition, the internal environment is strengthened by the appointment of a permanent Chief Financial Officer, who is undertaking all efforts to correct previous weaknesses in the Commission's internal control environment. The road ahead is full of promise.

In honour of our late Chairperson, Professor Daniel Plaatjies, we will continue to "Shake the Tree" so that it may use its resources well and produce the best fruits.

A handwritten signature in black ink, appearing to read 'Dr Kay Brown'.

Dr Kay Brown
Chief Executive Officer
Date: 31 July 2021

Statement of responsibility and confirmation of accuracy of the annual report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General. The annual report is complete, accurate and free from any omissions. The annual report has been prepared in accordance with the annual report guidelines issued by the National Treasury.

The annual financial statements included in this annual report were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The Commissioners are responsible for the fiduciary governance of the Commission.

The CEO as the Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The annual report fairly reflects the operations, the performance information, the human resources information and financial affairs of the Financial and Fiscal Commission for the financial year ended 31 March 2021.



Dr Kay Brown
Chief Executive Officer
Date: 31 July 2021



PART A

General Information

Part A: General information

1. Constitutional and legislative mandate

The Commission derives its mandate from Section 220 of the Constitution of the Republic of South Africa, 1996 (the Constitution) (as amended). The Commission is an independent and impartial advisory institution, whose advice government must seek on the division of revenue among the three spheres of government and in the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans. Sections 214(2), 221, 222, 228(2)(b), 229(5), 230(2) and 230A(2) of the Constitution set out details in respect of the Commission's functions.

Its mandate is further enabled through the Financial and Fiscal Commission Act, 1997 (Act No. 99 of 1997) (as amended), Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), Money Bills Amendment Procedure and Related Matters Amendment Act, 2009 (Act No. 9 of 2009) (as amended), Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (as amended), Provincial Tax Regulation Process Act, 2001 (Act No. 53 of 2001), Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005) and the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007).

2. Vision and mission

2.1 Vision

To provide influential advice for an equitable, efficient and sustainable intergovernmental fiscal relations (IGFR) system.

2.2 Mission

To provide proactive, expert and independent advice on promoting a sustainable and equitable IGFR system, through evidence-based policy analysis to ensure the realisation of our constitutional values.



3. Values

To enable the Commission to deliver on its mandate, it subscribes to the following values:

	Professionalism which implies fairness and equal treatment, the free sharing of information, striving for quality, and time management.		Respect for each other as colleagues and for the diversity of the workforce.		Teamwork which encourages cross-functional integration, voluntary mentorship and coaching, taking responsibility, and flexibility.
	Empowerment in employing policies to increase rather than stifle delegation, the tolerance of different views and ideas, and making resources available when required.		Trust which requires openness and transparency, humility, integrity, and honesty in all undertakings.		Innovation which allows intellectual space, provides systems to support innovation, and tolerates mistakes as opportunities for learning.

4. Outcomes, output indicators, targets and actual achievements

The Commission has formulated the following impact statement:

Decision-making in government financial and fiscal systems is strengthened to improve service delivery and reduce poverty and inequality.

The following outcomes have been formulated for the Commission:

- Strengthening the effectiveness of the internal capacity available to the Commission.
- Strengthen co-operative governance through harmonising the fiscal system.

The detailed performance information provided below indicates the Commission's achievements over the reporting period in relation to its medium-term outputs.

5. Composition and organisational structure

5.1 Commission

The Commission comprises nine persons appointed by the President of the Republic of South Africa:

- Chairperson and Deputy Chairperson
- Three persons appointed after consultation with the Premiers, from a list compiled in accordance with a process prescribed by the Financial and Fiscal Commission Act
- Two persons appointed after consultation with organised local government, from a list compiled in accordance with a process prescribed by the Financial and Fiscal Commission Act, and the Organised Local Government Act, 1997 (Act No. 52 of 1997), and
- Two other persons.

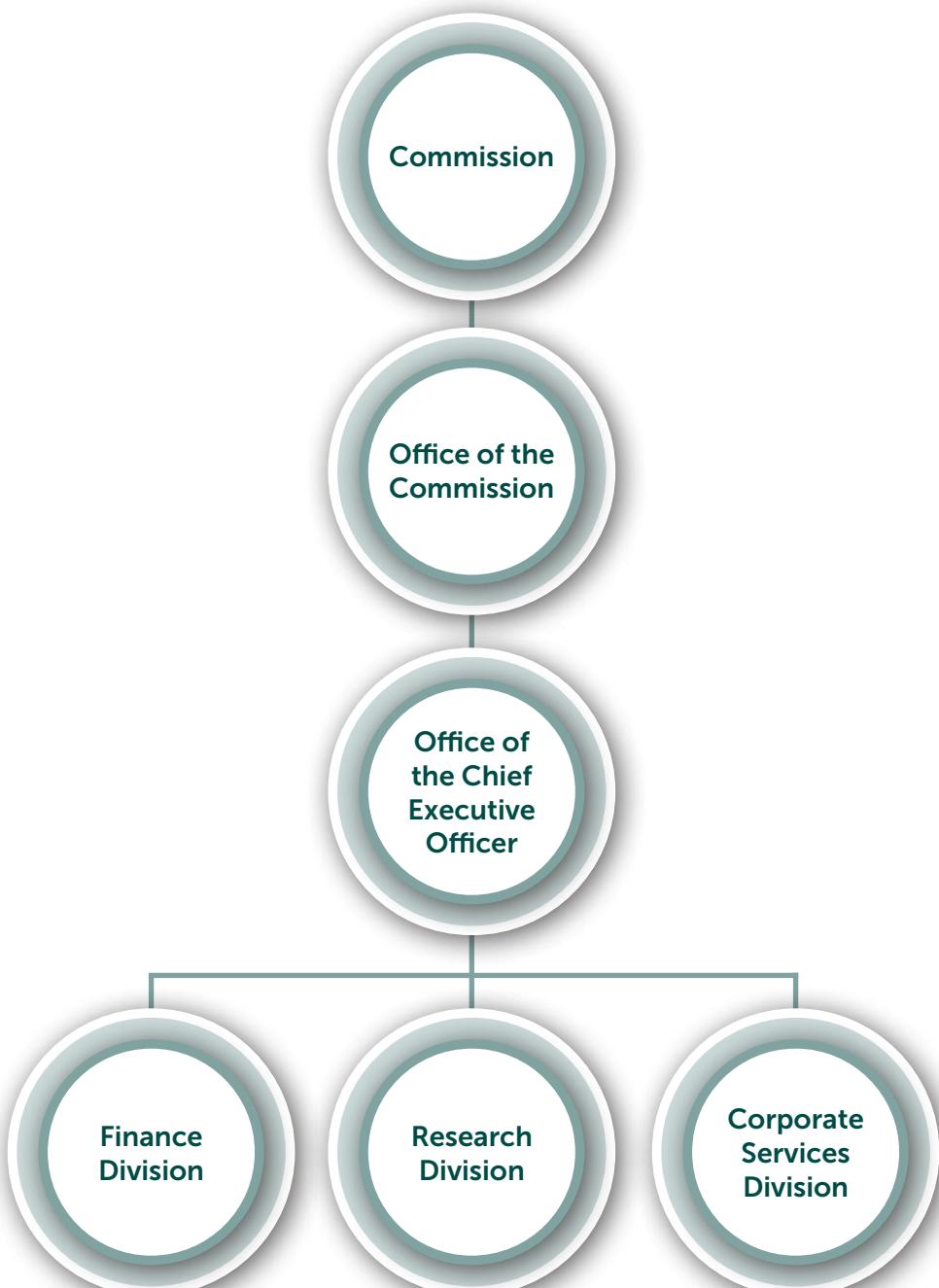
It is apposite to note here that the Commission sadly lost its Chairperson, Prof Daniel Plaatjies, in October 2020.

The Chairperson's appointment is full-time, whereas the other Commissioners, including the Deputy Chairperson, are appointed on a part-time basis. Commissioners are appointed in terms of Section 221 of the Constitution and Section 5 of the Financial and Fiscal Commission Act. Commissioners must have appropriate experience and are appointed for a term not exceeding five years, which is renewable for a further term.

The President, by notice in a Government Gazette, after taking into consideration the recommendations of the Independent Commission for the Remuneration of Public Office Bearers and the National Assembly, proclaims the remuneration, allowances and other benefits of Commissioners.

5.2 Secretariat

The Executive Management Team (EMT) is chaired by the Chief Executive Officer, who is also the Accounting Officer and Commission Secretary. The EMT is committed to transparency, accountability, efficiency and effectiveness, and the practical application of these principles to enable delivery against the Commission's constitutional mandate. The Commission Secretariat comprises the Office of the Chief Executive Officer and three divisions: Finance, Corporate Services and Research.



PART B

Performance Information

Part B: Performance information

1. Commission submission for the 2021/22 Division of Revenue Act (DoRA)

The Commission's annual submission to Parliament is made in terms of Section 214(1) of the Constitution, 1996, Section 9 of the Intergovernmental Fiscal Relations Act, and Section 4(4c) of the Money Bills Amendment Procedure and Related Matters Act. Every year the Commission makes recommendations to Parliament to guide the division of revenue among the three levels of government in the development of South Africa's budget. The Commission's annual submission for the Division of Revenue 2021/22 was tabled in Parliament on 24 July 2020¹ with the title "*The effects of Covid-19 and the changing architecture of subnational government financing in South Africa*".

In this submission, the Commission introduces the conversation about the implications of Covid-19 for public finances. The theme reflects the need for South Africa's growing social and economic service delivery obligations to be sustainably financed within the context of deteriorating socio- and macroeconomic conditions and, in particular, a weakened fiscal position. This submission thus begins a dialogue about what is required to propel South Africa on to a more sustainable economic and social development trajectory.

Four focus areas underpinned the submission:

- The first focus area concentrates on economic and social development in the context of Covid-19. In assessing this the Commission took a three-pronged approach. First, an analysis of the socio-economic context of Covid-19 is provided. Second, the fiscal implications of Covid-19 are unpacked as a basis for discussing the reprioritisation of the Budget. Third, the Commission suggests a potential catalyst for growth and development: namely agriculture. One of the key recommendations from this analysis is the need for a clear and coherent macroeconomic framework to guide South Africa forward.
- Covid-19 had a devastating impact on South Africa's already precarious economy and the pandemic has served to highlight the stark inequalities in our society. For example, during the first quarter of 2020, before the effect of the Covid-19 pandemic was felt, 38 000 jobs were lost, and 306 000 new entrants to the job market were unable to find jobs, resulting in total unemployment increasing by 344 000. For the Commission, the roots of South Africa's high levels of joblessness and inequality lie in the economic system inherited from the apartheid era and the continued over-dependence on traditional commodity-based industries. It is the position of the Commission that South Africa's response to the Covid-19 pandemic requires a strengthening of continuity, consistency and credibility of the nation's economic and fiscal stance. The Commission recommends the adoption of a localised product value chain approach to transform the domestic economy and particularly to stimulate inclusive growth.
- Second, the submission focused on the health care system. The Covid-19 pandemic placed South Africa's health care system under immense pressure and exposed its disparities. In analysing this sector, the Commission highlights the benefits of using a demand-based approach to pricing and costing health care services. The Commission finds that this approach can be used as a basis for deciding the extent of coverage and benefits of more effective and efficient health care packages. The Commission believes that this is the type of intervention that could be implemented to reap efficiency benefits, more so given current fiscal constraints.

¹ The tabling on a date after 31 May is due to an extension granted by the Minister of Finance, in recognition of the extra time required to ensure that the submission responded to key issues arising during 2020, specifically the Covid-19 pandemic and the effect of this and the subsequent lockdown on economic growth and service delivery.

- Third, the submission focused on the quality and inclusiveness of social services, specifically services delivered to children, the most vulnerable group in society. Despite progressive education and social development policies, transformation on the ground has been slow, with large numbers of mainly poor and vulnerable children still unable to access quality early childhood and inclusive education services – particularly learners with special educational needs. While the Covid-19 pandemic may have amplified the hardships faced by the poor and vulnerable, these challenges are longstanding and inequitable. The Commission's analysis unpacks the challenges characterising the early childhood development (ECD) and inclusive education sectors and suggests ways in which they may be alleviated.
- Finally, the extent to which government is able to respond to these economic crises and social vulnerabilities depends in part on the institutional arrangements for the delivery of social services. Following this, the submission reviewed the intergovernmental fiscal relations (IGFR) system through the prism of social services, looking at the structural, functional, and operational facilitators and impediments to financing and delivering social services. Some of these challenges stem from the legislation underpinning IGFR relations, while some reflect coordination failures, and others are related more broadly to funding and poor performance.

In shaping the contents of this submission, the Commission drew on the knowledge and insights of various government departments and sector practitioners. The Commission also received valuable information and support from these various stakeholders.

Dissemination proceeded well, albeit on a virtual platform in line with the strategic outcomes and thrust of the submission. The annual submission was presented to Parliament (to both the standing committee on appropriations and the select committee on appropriations), eight provincial legislatures (one declined as they had attended the submission to the Select Committee on Appropriations), and the South African Local Government Association (SALGA). Government responded to the Commission's recommendations on the Division of Revenue in the February 2021 Budget.

2. Statement of responsibility for performance information for the year ended 31 March 2021

The Chief Executive Officer is responsible for the preparation of the Commission's performance information and for judgements made on this information. This involves establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

The Auditor-General performs the necessary audit procedures on the performance information to provide assurance on audit conclusions. The audit conclusion on the performance against predetermined objectives is included in the report to management. In my opinion, and as corroborated by the Auditor-General, the performance information fairly reflects the operations of the Commission for the financial year ended 31 March 2021.



Dr Kay Brown
Chief Executive Officer
Date: 31 July 2021

3. Performance against predetermined objectives

Key performance measure/indicator	2020/21 annual target	2020/21 annual actual achieved	Variance/explanation
Outcome 1: Strategic leadership and effective use of internal capacity and resources			
Output: A full complement of capable staff, managed to fulfil the Commission mandate			
Number of staff attending professional development	10	29	All staff attended Supply Chain Management Bid training during the fourth quarter
Output: Compliance with key legislative requirements			
Number of compliance reports	4	4	
Output: Corporate Services that support Commission staff in executing on the commission mandate			
Percentage unplanned downtime for ICT systems	2%	0%	0% downtime was achieved due to infrastructure and network improvement.
Percentage of procurement processes completed successfully on first round of market requests	75%	78%	Procurement was successful on the first round due to refined specifications and more suppliers sourced.
Outcome 2.1: Relevant research and recommendations support government financial and fiscal decision-makers and empower citizens			
Output: Annual submission, policy briefs, technical briefs and research reports on financial and fiscal matters			
Submission for Division of Revenue and Recommendation by end of May	1	1	
Submission on Medium Term Budget Policy Statement	1	1	
Submission on Division of Revenue Bill	1	1	
Submission on Appropriation Bill	1	1	
Number of Policy Briefs published	4	8	More research briefs produced than previously planned.
Number of Technical Reports published	1	1	
Number of Research Reports	1	1	

Key performance measure/indicator	2020/21 annual target	2020/21 annual actual achieved	Variance/explanation
Output: Stakeholder involvement in framing and responding to the FFC's research agenda			
The number of Parliamentary Committees, stakeholder meetings and forums attended in response to a request with presentations and/or contributions by the FFC	8	46	<p>Stakeholder invitations were more than envisaged due to the following unforeseeable factors:</p> <ol style="list-style-type: none"> 1) Once-off series of Women's Charter Review Sessions - requested by the National Council of Provinces (NCOP) to engage provinces and municipalities on gender-responsive budgeting. 2) Owing to Covid-19, a request to address Parliament on what it should be considering and assessing when the National Treasury does respond. 3) Owing to Covid-19, two separate adjustment budgets in one fiscal year; namely the 2020 Supplementary Budget ahead of the annual Adjustments Budget.

The Commission reviewed many policies, plans, guidelines, rules and manuals in 2020/21 to strengthen its control environment in order to improve its compliance to legislation and reporting against legislation and accounting standards. With these reviews and approvals at the end of the financial year, as well as capacitating the organisation with senior managers on a permanent basis, the Commission is now in a position to ensure sustained improvement in its controls and limit the number of repeat findings in its annual audit from the Auditor-General going forward.

Engagements and closer working relationships (without compromising independence) with the assurance providers have enabled the Commission to gain greater insight into the control deficiencies and formulate plans to address their root causes and thereby ensure that repeat findings can be addressed and eliminated. The Commission is confident that it will achieve its outcomes over the five-year strategic planning horizon.

The financial year 2020/21 has been a tumultuous year due to the uncertainties caused by the Covid-19 pandemic, arising in sporadic waves. The delay in filling the position of Chairperson of the Commission also added to institutional uncertainty. As a result, the Commission had to refocus and re-strategise its approach to strengthening co-operative governance through informing and harmonising the intergovernmental fiscal relations system. In the coming year, research seminars, meetings, engagements and forums will be conducted in a safe environment to ensure maximum attendance of the target audience and stakeholders. The Commission has therefore moved most of its research publications online, accessible in digital format for ease of access by the public. The Commission will continue to monitor the proportion of recommendations on the annual Budget responded to by government, as well as the number of downloads from its website and provide a review of the extent of its outreach at the end of the five-year planning period.

In the ICT domain, significant progress has been made in implementing the ICT strategy, starting with the appointment of a new ICT service provider, the rolling out of a modern ICT platform, and the establishment of an ICT steering committee. Regarding human resources capacity in the Secretariat, as at 31 August 2021, there are five vacancies, of which four in the research programme are in the interview stage.



A collage of four photographs showing people working at desks in an office setting. The images include a person with curly hair looking down at a laptop, a person in a blue shirt writing in a notebook, a woman smiling while holding a smartphone, and a person's hands writing in a spiral notebook next to a laptop keyboard.

PART C

Corporate Governance

Part C: Corporate governance

1. Introduction

The Commission is guided in the performance of its governance functions by the Constitution, the Financial and Fiscal Commission Act, and other applicable prescripts. As a constitutional institution, the Commission is responsible to ensure that the democratic values and principles enshrined in the Constitution, including a high standard of professional ethics, are promoted, and attained.

The Commission is responsible for determining and overseeing its strategic direction and operational policies and the effective implementation of its functions. The Commission leads the organisation in an ethical and effective manner by ensuring the implementation of good corporate governance through its various governance structures, strategies, processes, procedures and various prescripts such as delegations of authority, charters, codes of conduct and policies.

The Commission and its committees will continue to consider and give attention to governance practices and processes to ensure that its operations are conducted ethically and within prudent risk parameters.

The disclosures made in the compliance reports are an important instrument to monitor, evaluate and make an informed assessment of the Commission's overall governance performance. The Commission has ensured that it operates within the framework of governance practices, which is strengthened by the Commission having its own administration support, regular meetings; oversight over the appointment of fit and proper persons to serve as an independent chairperson and independent members of the audit and risk committee to ensure continued organisational stability.

2. Commission



2.1 Mr Michael Sachs (Acting Chairperson/Deputy Chairperson) (26 May 2020 – 25 May 2025)

Mr Sachs is an Adjunct Professor at the Southern Centre for Inequality Studies at the University of the Witwatersrand (Wits), where he leads the centre's research projects on public economics and fiscal policy. He teaches public economics and policy analysis at the Wits Schools of Economics and Finance and the Wits School of Governance.

Prior to joining Wits he worked for over 25 years in public policy and political strategy in South Africa. He is a former head of the Budget Office of the National Treasury. Prior to this Mr Sachs worked for more than a decade at the headquarters of the African National Congress, where he co-ordinated economic policy development and led the party's research agenda. His research interests include public economics, macro and international economics and social policy.



2.2 Prof Lourens Jacobus Erasmus (1 April 2019 – 31 March 2024)

Prof Erasmus is a Professor in Financial Governance at the University of South Africa (UNISA) where he is primarily involved with research and research supervision. He is a rated researcher by the National Research Foundation and has to date published 37 articles in accredited national and international academic journals and for conference proceedings, focusing on public sector financial governance and internal auditing. Prof Erasmus was also involved in producing four industry reports - three for the National Treasury and one for the Institute of Internal Auditors. A research book, focusing on an adapted teaching approach for inclusive accountancy diploma programmes, of which he was the co-project leader, was published in 2019.

Prof Erasmus is the Editor-in-Chief of the Department of Higher Education and Training (DHET) accredited academic journal, the *Southern African Journal of Accountability and Auditing Research*. He is also an Associate Editor of the *South African Journal of Accounting Research*, a DHET accredited journal listed on the Scopus index and rated by the Australian Business Deans' Council. He is the chairperson of the Education Committee of the Southern African Institute of Government Auditors. He is the chairperson of the UNISA College of Accounting Science's Research Ethics Review Committee and leads the Research on Audit Committees South Africa project. He also leads the project on Continuous Auditing for Public Sector Internal Auditing, in collaboration with the Bakircay University and Public Internal Auditors Association from Turkey. Prof Erasmus is a general member of the Chartered Institute of Government Finance, Audit and Risk Officers.



2.3 Prof Trevor Fowler (1 April 2019 – 31 March 2024)

Prof Fowler is a Visiting Adjunct Professor and Director of Executive Education at the University of Witwatersrand's (Wits) School of Governance. He is a graduate Civil Engineer of the University of Manitoba in Canada. He has 44 years of experience in civil engineering research, design, construction, project management, political and administrative leadership/management/ negotiations, governance, community/national/international stakeholder management, water supply planning and development.

Prof Fowler was the City Manager/Chief Executive Officer of the City of Johannesburg until December 2016. Previously, he was an Executive Director of Murray and Roberts and Head of SADC Construction Cluster responsible for subsidiary companies in South Africa, Botswana and Zimbabwe, the Chief Operations Officer and Accounting Officer/Deputy Head of the SA Presidency under Presidents Mbeki, Motlanthe and Zuma, advisor to Premier Mbhazima Shilowa, the MEC of Development Planning and Local Government, and Leader of the House, Speaker of the Gauteng Legislature, Head of the Transition Management Team and advisor to the first Minister of Water Affairs and Forestry, Honourable Kader Asmal. Prior to the democratic government in 1994, Prof Fowler was research officer/lecturer at Wits Faculty of Engineering, a member of the National Local Government Negotiating Forum, negotiated transitional arrangements for the Convention for a Democratic South Africa (CODESA) and member of the Technical Committee of CODESA to Demarcate the Provincial Boundaries.

Prof Fowler also worked as a civil engineer for 19 years in several countries, including Botswana as Senior Engineer, Principal Engineer for the Ministry of Local Government and Housing, United States of America as a civil engineering Consultant and computer systems manager with one of the few Black owned civil engineering companies, Benito Sinclair and Associates in Los Angeles, as well as for the Manitoba Department of Mineral Resources in Winnipeg, Canada.



2.4 Ms Nthabeleng Khawe (1 April 2019 – 31 March 2024)

Ms Khawe is an accountant with Certified Internal Auditor and Chartered Tax Advisor qualifications and has recently completed her Masters in Business Administration at the University of Free State. She is a seasoned professional with a track record of auditing and evaluating highly computerised and manual business environments.

Her industry experience includes working in the Financial Sector, Services Sector, Manufacturing Sector, Construction Sector, Engineering sector, Government Institutions and Parastatals. Her areas of expertise include IT post implementation reviews, application control reviews, operational audits, compliance audits, finance audits, value for money audits, audit turnaround, AFS compilations, Risk Management, Governance, and special investigations. She has experience at junior level, middle and executive management levels in a career spanning over 16 years with appropriate qualifications in both Auditing and Accounting. She has served on various boards and chaired many Audit Committees. Her recent business expansion is into short-term insurance.



2.5 Mr Sikhumbuzo Eric Kholwane (26 May 2020 – 25 May 2025)

Mr Kholwane has an LLB degree from the University of South Africa, and an MA ICT Policy and Regulation from the University of the Witwatersrand. He also has the following educational qualifications: Nursing diploma from the Mpumalanga Nursing College, advanced diploma in Human Resources; and advanced diploma in economic policy from the University of Western Cape, Advance Diploma on Research and Policy from Rhodes University, Industrial Policy and Research for leaders from the University of Johannesburg's School of Leadership, and is currently studying for a post-graduate honours in economics for public policy and African studies.



2.6 Prof Aubrey Mokadi (1 April 2018 – 31 March 2023)

Prof Mokadi studied at various institutions of higher learning: Fort Hare University, University of the Witwatersrand, University of South Africa, Stanford University (United States of America), and Oxford University (United Kingdom). He has lectured in the English departments of various universities and published widely in several accredited journals, nationally and internationally, in various fields and topics including English literature, governance, and leadership. Prof Mokadi is a recipient of national and international awards of academic excellence. He is the author of several books endorsed through forewords by eminent South Africans including, among others, Archbishop Emeritus Desmond Tutu, Nobel Peace Laureate; the late Nadine Gordimer, Nobel Laureate for Literature; and the late Professor Es'kia Mphahlele, renowned author, academic, scholar and social critic.

Prof Mokadi is a former chairperson of Vaal Triangle Technikon, first black Rector and Vice Chancellor of Vaal University of Technology, former director of Dorbyl Steel and Engineering (Pty) Ltd, former director of ABSA Bank (Ltd), first black manager of ISCOR (now Arcelor Mittal), former chair of the Committee of

Technikon Principals, former joint chair of South African Universities Vice Chancellors Association, founder member of Higher Education South Africa, currently known as Universities of South Africa, former executive committee member of SERTEC (Certification and Quality Assurance Statutory Body of Universities of Technology), former trustee of National Tertiary Retirement Fund and the recipient of several awards of merit and leadership.

Prof Mokadi is a former president of Vaal Civic Association, (now the South African National Civic Organisation), chair and trustee of Vaal Career College, Chair of Vaal Broad Forum (comprising all community and political structures), chair of Vaal Education and Training Forum and recipient of various community recognition awards. Prof Mokadi is a former Special Advisor to the Premier of the Free State Government. While in the Free State Government and as part of the Advisory Services to the Premier, he was subsequently asked to establish the Free State Digital Skills Academy and Incubation Hub in order to support the President's 4th industrial revolution initiative. He is currently director of the South Africa Institute of Leadership, a skills-based company offering SAQA accredited qualifications and leadership programmes. He is also director of Jubilee Management Services, chairperson of Leadership Enterprise Development Organisation, a community based non-profit organisation. Prof Mokadi is currently a member of the board of directors of the OR Tambo School of Leadership, an ANC National Executive Council initiative to train and develop all its members from MPs to MPLs, local government councillors, and general membership on critical aspects of leadership and cadreship in the organisation.



2.7 Mr Mandla Nkomfe (1 April 2018 – 31 March 2023)

Mr Nkomfe is currently working as special advisor to the Minister of Public Enterprises. He has acted in this capacity since 2014, firstly in the Department of Finance, the Department of Co-operative Governance and Traditional Affairs and lately Public Enterprises. Mr Nkomfe has a Bachelor of Arts degree, Postgraduate Diploma in Public and Development and Master of Management in Public and Development, all obtained from the University of Witwatersrand. He also has a diploma in International and Central Banking from the University of South Africa. He was a Member of the Executive Council for Economic Affairs and Finance in 2008 and MEC for Finance up to 2014. Mr Nkomfe is a member of the board of trustees of the Ahmed Kathrada Foundation, and a member of the board of trustees of the Johannesburg Philharmonic Orchestra.



2.8 Ms Elizabeth Cornelia Rockman (26 May 2020 – 25 May 2025)

Ms Rockman obtained her BA Educationis (Languages) and Hons BA Languages (English) from the University of the Free State. She is also a Certified Fraud Examiner and a member of the Association of Certified Fraud Examiners (ACFE – International and South African Chapters). She was a Member of the Executive Council for Finance in the Free State from 2013 to 2019. Prior to that she served as the Director General of the Free State Province (2011 - 2013), the Head: Monitoring and Evaluation (FS Premier's Office, 2009 – 2011) and the Secretary to the Free State Legislature (1994 to 2009). She served as the regional election administrator of the ANC Southern Free State region and participated in a training programme focusing on parliamentary management and administration facilitated by the ANC in Zimbabwe, Canada, and South Africa in preparation for the 1994 general elections. Ms Rockman is the Chairperson of The Elf Foundation, a non-profit organisation focusing on socio-economic interventions and poverty relief programmes in poor and disadvantaged communities in the Free State Province.

3. Commission meetings and attendance

Commissioner meetings are the highest decision-making structure of the Commission. The meetings are chaired by the Chairperson, and are held at least four times annually in terms of the enabling legislation.

The table below indicates the frequency of Commission meetings and attendance during 2020/21.

Name of member	Position	Commission meeting attendance and dates																
		03/04/2020	08/04/2020	29/04/2020	31/05/2020	02/07/2020	22/07/2020	28/07/2020	11/08/2020	28/09/2020	05/10/2020	26/10/2020	29/10/2020	02/12/2020	26/01/2021	28/01/2021	23/03/2021	26/03/2021
Prof Daniel Plaatjies	Chairperson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓							
Mr Michael Sachs	Deputy Chairperson					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof Lourens Erasmus	Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof Trevor Fowler	Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Nthabeleng Khawe	Commissioner	A	A	A	A	A	✓	A	A	A	A	A	A	A	A	✓	A	✓
Mr Eric Kholwane	Commissioner					✓	✓	✓	✓	A	A	A	A	A	A	A	A	A
Prof Aubrey Mokadi	Commissioner	✓	A	✓	A	✓	✓	✓	A	A	✓	✓	✓	✓	✓	✓	✓	✓
Mr Mandla Nkomfe	Commissioner	A	✓	✓	✓	✓	A	A	A	A	✓	✓	✓	✓	✓	✓	✓	✓
Ms Elzabe Rockman	Commissioner					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Key: ✓ = Attended; A = Apology; Special Commission meetings are indicated in bold

4. Committees

The Commission may appoint one or more committees to assist in the performance of any of its functions or the exercise of any of its powers. The establishment of committees strengthens the overall governance of the Commission. The Audit and Risk committee is a mandatory committee that is established in terms of the PFMA. The Commission has further established a Research Working Group to ensure effective attainment of its outcomes. Each committee has its own terms of reference that is regularly reviewed.

4.1 Audit and risk committee

The audit and risk committee is independent in accordance with the PFMA and the legislative prescripts. The Chairperson is an independent member appointed by the CEO as the Accounting Officer, as mandated by the Treasury Regulations. All members comply with statutory required competencies and have no conflicts of interest. The Commission, with the assistance of the audit and risk committee, needs to ensure that an effective, efficient and transparent system of internal control is implemented and maintained so that the Commission can meet its strategic outcomes and outputs. The audit and risk committee primarily assists the Commission in overseeing the quality and integrity of the financial statements, its public disclosures, the scope and effectiveness of the external audit function, and the effectiveness of the Commission's internal controls and internal audit function. The audit and risk committee operates under an approved charter.

The CEO, executive management, Auditor-General and internal auditors attend, thus ensuring that such meetings are as effective and transparent as possible. The assertions and assurance provided by internal and external audit are relied on to determine the effectiveness of the internal control systems.

4.2 Research working group

The research working group assists the Commission to oversee its research programme. Meetings are held four times a year, or more frequently if needed. Activities involve monitoring research plans, outputs and external expertise utilised in undertaking or reviewing research proposals, and ultimately providing strategic direction and guidance during the research process. Equally critical is the role in managing the policy impact of the Commission's recommendations.

The table below indicates the composition of the research working group, frequency of meetings and attendance during 2020/21.

Name of member	Position	Research working group meeting attendance and dates			
		14/09/2020	07/10/2020	09/12/2020	03/03/2021
Prof Daniel Plaatjies	Chairperson of the Commission	✓	✓		
Mr Michael Sachs	Deputy Chairperson	✓	✓	✓	✓
Prof Lourens Erasmus	Commissioner	✓	A	✓	✓
Prof Trevor Fowler	Commissioner	✓	✓	✓	✓
Ms Nthabeleng Khawe	Commissioner	A	A	A	A
Mr Eric Kholwane	Commissioner	✓	A	A	A
Prof Aubrey Mokadi	Commissioner	A	A	A	✓
Mr Mandla Nkomfe	Commissioner	✓	✓	✓	✓
Ms Elsabe Rockman	Commissioner	✓	✓	✓	✓

Key: ✓ = Attended; A = Apology

5. Compliance with legislation

As the Executive Authority, the Chairperson is responsible for overall strategic and governance oversight. As the Accounting Officer, the CEO has the ultimate responsibility to monitor and ensure institutional and financial compliance. The function of ensuring regulatory compliance within the operational divisions is the responsibility of the executive managers.

6. Risk management

Risk management forms an integral part of the Commission's plan to deliver effectively and efficiently on its mandate. The Commission identifies and manages strategic risks associated with the outcomes in its strategic plan, as well as operational risks in line with its mandate. The Commission maintains a risk register, which is reviewed to ensure that risk is managed and to identify new and emerging risks. Risk reports are tabled at meetings of the audit and risk committee. The risk register is also used by the internal auditors to plan their risk-based audits. The audit and risk committee monitors the implementation of risk management in a systematic and regular manner. Risk management underpins the Commission's strategic and operational management and is integrated into its activities at all levels, from planning, execution and oversight to control.

The Commission follows a structured approach to identifying, evaluating and managing opportunities, threats and uncertainty that may affect the achievement of its outcomes. During the financial year under review, the Commission adopted and approved the new risk management policy framework, which aims to institutionalise risk management activities and ensure that all members of the Commission (staff and Commissioners alike) implement risk management practices in their areas of operations.

This will see the Commission developing divisional risk registers, which will become the basis of monitoring and evaluating risk management practice at the lowest level of the Commission.

7. Fraud and corruption prevention

All staff members have a duty to report knowledge or suspicion of fraud and corruption. The implementation and monitoring are done through the monthly management and executive committee meetings and in the quarterly Commission committee meetings. The Commission has intensified the focus on fraud awareness and prevention, including reviewing and strengthening internal controls, as a result of the forensic investigation underway. The Commission has also approved its whistle blower policy.

8. Health, safety and environmental issues

The Commission cares for its employees and their work environment and seeks to ensure, as far as is reasonably possible, the health and safety of all employees in the workplace and of all other persons conducting business on its premises. The Commission is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993). No material health, safety or environmental issues were raised during the year.

9. Health programme

The human resources support includes providing staff with Covid-19 and HIV/Aids awareness, and other health promotion programmes. Such support also includes the implementation of an employee assistance programme to address broader issues related to employee health and wellness matters.

10. Internal controls

The CEO is responsible for the formation and development of an efficient administration, including the organisation, control, management and discipline of staff. The CEO is responsible for implementing the decisions of the Commission. Besides the office of the CEO, the Secretariat has three divisions:

10.1 Research programme

The research programme translates and implements the Commission's strategic direction for research, ensuring that key recommendations and messages are consistent, and maintain and build the reputation of the Commission. To this end, quality research is a critical core business enabler of evidence-based recommendations. Excellence in research is unlikely to have impact, unless policy analysis is packaged in a way that is understood by stakeholders and adds value to their processes. Accordingly, effective dissemination of research insights and recommendations, and effective stakeholder management, is key to the programme's work. This includes follow up on recommendation implementation and innovations in how the Commission engages.

10.2 Finance

The responsibility of the finance function is to support and assist the Commissioners and the CEO as the Accounting Officer in the effective, efficient and transparent financial management of the resources of the Commission, including sound budgeting and budgetary control practices, ongoing implementation of internal controls, and timely production of financial reports.

Supply chain management falls under the responsibility of the finance function. The internal controls have been reviewed and will be monitored on a continuous basis to ensure that they are efficient, effective and adequate.

10.3 Corporate services

Corporate services translates and implements the strategic direction of the Commission for human resource management, ICT and facilities management. The human resource focus is to provide support to Commission employees as the Commission's primary asset. In the ICT arena, the focus is on the establishment of coordinated, coherent, high quality, innovative and cost-effective systems and processes that meet the needs of the Commission. The facilities management unit supports a secure and conducive working environment.

11. Secretariat meetings

11.1 Executive management team (EMT)

The EMT is chaired by the CEO and comprises the Chief Financial Officer, Head of Research, Head of Corporate Services and the Legal Analyst: Institutional Compliance. The EMT assists in fulfilling the Commission's legal and strategic obligations and provides guidance and recommendations on operations, personnel, the budget, technology and governance. In pursuit of its mandate, the EMT meets at least monthly.

The EMT is committed to the principles of transparency, accountability, efficiency and effectiveness and the daily practical application of these principles.

12. Sustainability

The funds of the Commission consist almost entirely of money appropriated by Parliament for the purposes of the Commission. It is also comprised of interest earned on positive bank account balances.

PART D

Human Resources Management

Part D: Human resources management

1. Introduction

The aim of the Commission's human resources (HR) management is to provide service excellence to core and support functions. Organisational success depends on the high level of skills and professionalism of the Commission's employees. It is for this purpose that the HR function strives to continuously improve its processes and procedures to ensure effective employee support in achieving the Commission's strategic outcomes.

During 2020/21, the HR unit undertook an organisational-wide change process which included the review of the organisational structure and HR policies necessary to meet the needs of the Commission. The top priorities of the HR unit remain ensuring a fully capacitated organisation and employee capability enhancing organisational plans.

The Commission's performance management processes, geared towards an upfront articulation of clear deliverables, supporting an ethos of fairness as well as specific, measurable, attainable, relevant and time-bound (SMART) principles, has borne results in achieving the strategic outputs in the drive towards a high performance culture.

Organisational development processes to define the most appropriate Commission culture, linked to the new suite of HR policies that were being finalised as an enabler to drive organisation wide change, were anticipated and implementation commenced, albeit within the then existing policy framework applicable. The purpose of the organisational-wide intervention is to ensure the integration of current Commission organisational values into systems and processes, in a way that steers the evolution of the Commission to realise a world class financial and fiscal research institution.

The HR management priorities also include compliance with legislative prescripts, and the Commission is committed to the aspirations of fair, equitable, non-racial and non-sexist employment practices, including the implementation of affirmative action measures.

Action plans were put in place to ensure that the processes to mitigate risks identified in human resources management are undertaken. While improvement in the controls, systems and processes implementation are evidenced in compliance with human resources policies, more strategic and operational interventions are still required in the quest to institutionalise world class practices in the Commission.

1.1 Workforce

This table indicates the workforce profile in terms of the total number of people currently on the staff, inclusive of fixed-term contract employees which include interns. The Chairperson is not part of the staff establishment, being the Head of the Commission, that is the Head of the Governance structure. The vacant positions against the total approved staff establishment are also shown as of 31 March 2021. Plans are in progress to fill these vacancies, and currently most of the vacant positions indicated have been filled.

1.2 Employment and vacancies by salary band

Salary band	Number of employees 31 March 2020	Number of employees 31 March 2021	Vacant positions 31 March 2021
Salary levels 1–2	1	1	0
Salary levels 3–5	2	2	0
Salary levels 6–8	3	5	7
Salary levels 9–12	11	13	2
Salary level 13	5	4	3
Salary levels 14–15 (executive management)	6	5	0
Total	28	30	12

2. Personnel expenditure

The personnel expenditure table provides an overview of the Commission's personnel cost composition by salary level for the year ending 31 March 2021.

2.1 Personnel costs by salary band

Salary levels	Personnel expenditure (R)	% of total personnel cost	Average personnel cost per employee (R)
Salary levels 1–2	158 144.00	1	158 144.00
Salary levels 3–5	933 605.00	4	466 803.00
Salary levels 6–8	1 674 782.52	7	334 956.50
Salary levels 9–12	10 366 802.52	41	797 446.34
Salary level 13	4 874 220.00	19	1 218 555.00
Salary levels 14–15 (executive management)	7 033 335.00	28	1 406 667.00

3. Employment changes

3.1 Appointment and terminations

Seven appointments were made during the financial year under review. Two staff members were employed permanently and five on fixed-term contracts. Five employees left the Commission through termination of contract for various reasons.

Salary levels	Appointments	Terminations	Number of employees 31 March 2021
Salary levels 1–2	0	0	1
Salary levels 3–5	0	0	2
Salary levels 6–8	4	1	5
Salary levels 9–12	1	0	13
Salary level 13	0	0	4
Salary levels 14–15 (executive management)	2	4	5
Total	7	5	30

A further breakdown is provided in section 3.2. and 3.3

3.2 Employment and vacancies by programme

The following table indicates the employment and vacancy trends by programme as at 31 March 2021.

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (%)	Number of employees additional to the approved establishment
Research	23	13	43.48	0
Administration	19	17	10.53	0
Total	42	30	28.57	0

3.3 Senior Management Service (SMS) posts*

The following table shows the filling of posts defined as SMS in the public service as at 31 March 2021.

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	Percentage of SMS posts filled (%)	Total number of SMS posts vacant	Percentage of SMS posts vacant (%)
Salary level 15	1	1	100	0	0
Salary level 14	4	4	100	0	0
Salary level 13	7	4	57.14	3	42.85
Total	12	9	75	3	25

The following table shows the SMS post information as at 30 September 2020.

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	Percentage of SMS posts filled (%)	Total number of SMS posts vacant	Percentage of SMS posts vacant (%)
Salary level 15	1	1	100	0	0
Salary level 14	4	3	75	1	25
Salary level 13	7	5	71.42	2	28.57
Total	12	9	75	3	25

* The Commission voluntarily aligns itself to the principle of SMS as defined in the Public Service Act, 1994 (Act No. 47 of 1994).

The following table shows the advertising and filling of SMS posts for the period 1 April 2020 to 31 March 2021.

SMS level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary level 14	1	1	0
Salary level 13	3	-	-
Total	4	1	0

The following table shows the reasons for not having complied with the filling of funded vacant SMS posts which were advertised within six months after becoming vacant for the period 1 April 2020 to 31 March 2021.

Reasons for vacancies advertised but not filled within six months
The organisational structure was changed in response to Budget cuts and so a new structure was put in place on 26 January 2021. The Commission therefore had three positions still vacant at the end of the year, which had been vacant for just over two months.

Reasons for vacancies not filled within twelve months
Not applicable.

Disciplinary steps taken for vacancies advertised but not filled within six/ twelve months
Not applicable.

3.4 Reasons for staff terminations

In terms of the staff categories, the Commission reports five terminations. During 2020/21, there were three voluntary resignations, one fixed-term contract expired and one mutual termination.

Termination type	Number
Resignation	3
Retirement	0
Contract expiry	1
Dismissal	0
Mutual termination	1
Total	5

4. Total number of employees per occupational level as of 31 March 2021

4.1 Headcount

The table below shows the Commission's headcount classification per occupational level as of 31 March 2021. The headcount includes twenty-four employees appointed permanently and six on fixed-term contracts. Analysis shows that in terms of gender, females account for 60 per cent and males for 40 per cent of the Commission's headcount. The distribution of race: African 70 per cent, Coloured 16.7 per cent, Indian 6.7 per cent and White 6.7 per cent.

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Executive management	3	0	0	0	0	0	1	1	5
Senior management SMS)	3	0	0	0	0	1	0	0	4
Professionally qualified and experienced specialists and mid-management	3	1	0	0	3	0	0	1	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	0	0	0	5	3	1	0	10
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	11	1	0	0	10	4	2	2	30
Persons who have declared disabilities	0	0	0	0	0	0	0	0	0

5. Training and development philosophy

The Commission is committed to developing a workforce that can realise its current and future vision. It will achieve this by providing employees at all organisational levels with appropriate learning and development opportunities. All new employees, both permanent and fixed-term contract employees, receive orientation within their first months of employment regarding the Commission's philosophy, organisational values, and mandate.

A blended approach to learning and development is adopted, which recognises both formal and on-the-job training. The table below indicates training interventions provided by service providers that were attended during 2020/21.

Salary levels	Number of employees	Number of employees trained	Number of training interventions attended	Total training cost/ payment (R)	Average training payment per employee (R)
Salary levels 1–2	1	1	1	5 160.00	5 160.00
Salary levels 3–5	2	2	3	21 375.00	10 687.50
Salary levels 6–8	5	4	4	13 750.00	3 437.50
Salary levels 9–12	13	10	14	73 831.20	7 383.12
Salary level 13	4	4	5	17 602.50	4 400.63
Salary level 14-15 (executive management)	5	4	6	40 002.50	10 000.63
Total	30	25	33	171 721.20	6 868.84

6. Performance rewards

The table below illustrates the breakdown of the performance reward distribution for non-management services, management services and executive management respectively. The total cost of the performance reward to all employees for the financial year ended 31 March 2020 was R534 000.00, which was paid in 2020/21.

6.1 Performance reward by salary band

Salary levels	Number of employees	Number of bonus-qualifying employees	% of total in group	Total bonus cost/payment (R)	Average bonus payment per employee (R)
Salary levels 1–2	1	1	100	4 067.83	4 067.83
Salary levels 3–5	2	2	100	23 981.80	11 990.90
Salary levels 6–8	5	2	40	28 966.89	14 483.45
Salary levels 9–12	13	10	76.92	228 245.87	22 824.59
Salary level 13	4	5*	100	153 362.58	30 672.52
Salary level 14–15 (executive management)	5	2	40	95 375.03	47 687.52
Total	30	22	73.33	534 000.00	24 272.73

* An employee previously on salary level 13 was appointed on salary level 14 in the 2020/2021 financial year.

7. Leave utilisation

7.1 Annual and sick leave

The leave utilisation table below shows the annual leave and sick leave trends in the Commission.

Salary levels	Total on staff establishment	Total days annual leave taken	Average annual leave days per employee	Total days sick leave taken	Average annual sick leave days per employee
Salary levels 1–2	1	23	23	0	0
Salary levels 3–5	2	32	16	0	0
Salary levels 6–8	5	58.5	11.7	10	2
Salary levels 9–12	13	201	15.5	7	0.54
Salary level 13	4	54	13.5	12	3
Salary levels 14–15 (executive management)	5	58.5	11.7	9	1.8
Total	30	427	14.2	38	1.27

7.2 Disability leave (temporary and permanent)

Employee wellness information is always shared with employees, and such information helps them to adopt and maintain healthy behaviours and lifestyles. Healthy behaviours lead to lower health risks, and lower health risks lead to less chronic disease. The Commission recorded no temporary disability leave during 2020/21.

7.3 Leave pay-out

The Commission recorded leave pay-out to four employees whose employment contracts with the organisation ended as per the table below. An additional leave payout was recorded in favour of the former Chairperson.

Leave pay-out on termination of service	Total amount (R)	Number of employees	Average payment per employee (R)
Total	459 107.54	5*	91 821.50

* The Chairperson is not deemed as a staff member or employee, but the provision in respect of the late Chairperson was included in the leave pay-out amount.

8. Labour relations trends

8.1 Grievances lodged

No formal grievance was lodged during 2020/21.

8.2 Dismissal

No employee left the Commission as a result of dismissal during 2020/21.

9. Injury on duty

During 2020/21, no injury on duty cases were reported. This is due to preventative precautionary measures consistently taken by the Commission to create a safe and conducive working environment, and to be in compliance with the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) and Regulations.

PART E

Financial Information



Part E: Financial information

1. Statement of responsibility and approval of the annual financial statements for the year ended 31 March 2021

The Accounting Officer is responsible for the preparation of financial statements that fairly present the financial position, performance and cash flows for the financial period under review and for the related information contained in the annual report. For the Accounting Officer to discharge these responsibilities in terms of PFMA and other applicable legislation, the Commission established a system of internal controls.

The Commission maintained adequate accounting records and an effective system of internal controls and risk management and complied in all material respects with applicable laws and regulations, except as reported by the Auditor-General. While operating risk cannot be fully eliminated, the Commission endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Monitoring of these controls includes regular review of the Commission's operations by the Accounting Officer and independent oversight by the audit and risk committee.

The Commission prepared the annual financial statements presented on pages 51 to 82 using Standards of Generally Recognised Accounting Practice (GRAP). Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been used consistently.

The external auditors are responsible for reporting on whether the financial statements are fairly presented. Their report is presented on page 45 to 49.

The Commission is financially dependent on a transfer payment from the nationally appropriated funds. On the basis that the transfer payment has been listed in the Estimates of National Expenditure, the Commission believes that it will continue to be a going concern in the year ahead. For this reason, the Commission prepared the annual financial statements on a going concern basis.

As the Accounting Officer, I have approved the annual financial statements for the year ended 31 March 2021 which were signed.



Dr Kay Brown
Chief Executive Officer
Date: 31 July 2021

2. Report of the audit and risk committee for the year ended 31 March 2021

1. Legislative requirements

The audit committee and risk committee present herewith its report for the financial year ended 31 March 2021, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999) (PFMA) read with Treasury Regulation 3.1.13.

2. Audit and risk committee members and attendance

- 2.1 The audit and risk committee has been established in accordance with section 38(1) (a) (ii) and 77 of the PFMA. The audit committee charter requires that the audit committee comprises a minimum of three and a maximum of six members.
- 2.2 The audit and risk committee comprised five members, including the chairperson, Mr Thulani Duncan Ntuli. In terms of section 77(b) of the PFMA, the audit and risk committee must meet at least twice a year; however, the committee charter instructs that the committee should hold four meetings per year. During the financial year ended 31 March 2021, the audit and risk committee met on eight occasions. The table below shows the attendance at these meetings:

Name of member	Position	07/05/2020	20/05/2020	22/07/2020	22/09/2020	23/10/2020	21/01/2021	09/02/2021	17/02/2021
Mr Duncan Ntuli	Chairperson of the Committee Independent	✓	✓	✓	✓	✓	✓	✓	✓
Ms Karen Muthen	Independent Member	✓	✓	✓	✓	✓	✓	✓	A
Ms Mandisa Ramuedzisi	Independent Member	✓	✓	✓	A	A	✓	✓	✓
Mr Mandla Nkomfe	Commissioner, Member	✓	✓	A					
Ms Nthabeleng Khawe	Commissioner, Member	A	A	✓					

Key: ✓ = Attended; A = Apology; Shaded = No longer members

- 2.3 The members of the audit and risk committee held meetings with the CEO, senior management of the institution, internal audit function and the external auditors, collectively and individually, on matters related to governance, internal control and risk in the institution, throughout the reporting period. The committee chairperson also attended the Commission meetings to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the institution.

3. Audit and risk committee's responsibility

- 3.1 The audit and risk committee has complied with its responsibilities arising from section 38(1)(a)(ii) of the PFMA read with treasury regulation 3.1.10, and reports that it operated in terms of the audit and risk committee charter read in conjunction with the internal audit charter.

4. Effectiveness of internal control

- 4.1 The audit and risk committee acknowledges management's efforts to strengthen internal controls in the institution. There is a need for increased technical support, monitoring and evaluation by management to unlock the full potential of these efforts. The audit and risk committee is concerned that in certain instances the matters reported by the external auditors and the internal audit function in prior years have not been fully and satisfactorily addressed.
- 4.2 Management has provided assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the audit and risk committee will monitor these going forward. Vacancies undermine the effective functioning of the system of internal control and it is imperative that management reviews its recruitment procedures and processes to ensure that vacancies are filled expeditiously with properly qualified, skilled and experienced personnel.

The Commission has not adopted aggressive anti-corruption measures to curb the possible risk of fraud and corruption. The audit committee is not completely satisfied with the prevention of fraud and these concerns have been raised with management. The audit and risk committee has requested that a detailed fraud prevention plan and progress reports on the action plans for addressing the fraud risks be tabled at each quarterly meeting of the audit and risk committee.

- 4.3 Due to the strategic importance of, and investment in, the modernisation of information and communication technology (ICT) in the institution, the audit and risk committee has monitored the risk register and progress reports on the respective action plans during the year under review. The audit and risk committee remains concerned that not all ICT risks are being addressed or mitigated and recommended that management should develop a separate ICT risk register.

5. Quality of monthly and quarterly reports submitted in terms of the PFMA

- 5.1 The audit and risk committee is satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. The audit and risk committee has engaged with management to remedy shortcomings, especially relating to reports on performance against predetermined objectives.
- 5.2 The audit and risk committee has recommended that the institution prepare interim financial statements that comply with the financial reporting framework contained in the GRAP, which could assist in performing reconciliations timeously as well as in eliminating year-end adjustments.
- 5.3 The audit and risk committee has reviewed and commented on the institution's annual financial statements and report on performance information and their timely submission to the external auditors by 31 May 2021. The audit and risk committee has reviewed the reports issued to National Treasury.

6. Internal audit function

- 6.1 The CEO, as the Accounting Officer, is obliged in terms of the PFMA to ensure that the institution has a system of internal audit under the control and direction of the audit committee. The institution outsourced the internal audit function and HTB Consulting was appointed to provide the internal audit function for the Commission.

- 6.2 The audit and risk committee is satisfied that the internal audit function properly discharged its functions and responsibilities during the year under review. The capacity of the internal audit function has been enhanced through the redesign of the internal audit process, employment of additional personnel and investment in an intensive training programme.
- 6.3 The committee is satisfied that the internal audit function operated effectively during the financial year and that it addressed the risks pertinent to the institution. The audit and risk committee is satisfied that the internal audit function maintained an effective internal quality assurance and programme that covered all aspects of the internal audit activity during the financial year.

7. Risk management function

- 7.1 The audit and risk committee is responsible for the oversight of the risk management function. The Commission's management prepared quarterly risk reports, which were submitted to the Committee for review and monitoring.
- 7.2 The committee reviewed the risk register and the reports from management and is generally satisfied with the maturity of the risk management process.

8. Evaluation of the finance function

- 8.1 The Commission appointed an Acting Chief Financial Officer on 29 April 2020 whose contract ended in February 2021. A permanent Chief Financial Officer was only appointed on 25 January 2021. As a result, the finance function could not perform at its optimal capacity, although there was a three-week period of handover to ensure continuity of leadership.
- 8.2 Prior to the appointment of the permanent Chief Financial Officer, the finance function was under strain to deliver quality information on a timely basis. On the whole, the audit and risk committee is not satisfied with the Commission's finance function performance during the year under review.

9. Performance management

- 9.1 Part of the responsibilities of the audit and risk committee includes the review of performance management. The audit committee has performed the following functions in evaluating the performance of the Commission:
 - Reviewed and commented on compliance with statutory requirements and performance management best practices and standards.
 - Reviewed and commented on the alignment of the annual performance plan, budget, strategic plan. Performance agreements, however, were not reviewed.
 - Reviewed and commented on the relevance of indicators to ensure that they are measurable and relate to services performed by the institution.
 - Reviewed reported noncompliance with legislation
 - Reviewed of compliance with in-year reporting requirements
 - Reviewed the quarterly performance reports submitted by the internal audit function
 - Reviewed and commented on the Commission's performance management system, and made recommendations for its improvement.

- 9.2 The audit committee is satisfied that the performance report has been prepared in terms of the PFMA, the Treasury Regulations and any other related regulatory requirements for reporting performance.

10. Evaluation of the annual financial statements

- 10.1 The audit and risk committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with Accounting Standards and legal requirements.
- Significant adjustments and/or unadjusted differences resulting from the audit.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations.
- Asset valuations and revaluations.
- Calculation and levels of general and specific provisions.
- Write-offs and reserve transfers.
- The basis for the going concern assumption, including any financial sustainability risks and issues.

Except for the matters identified by the Auditor-General in the audit report, the audit and risk committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the PFMA.

11. External auditor's report

- 11.1 The audit and risk committee concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors.
- 11.2 The audit and risk committee confirms that it has been actively involved throughout the audit process and has been thoroughly apprised of the issues giving rise to the audit opinion. The audit and risk committee concurs with the findings on the reported performance information and compliance with legislation. The external audit function, performed by the Office of the Auditor-General, is independent of the Commission.
- 11.3 The audit and risk committee has met with the external auditors to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team.

On behalf of the audit and risk committee:



Thulani Duncan Ntuli
Chairperson, Audit and Risk Committee
31 July 2021

3. Statement of responsibility of the Accounting Officer for the financial statements for the year ended 31 March 2021

The annual financial statements have been prepared in accordance with the Standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that she is ultimately responsible for the system of internal financial control established by the Commission and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Commission sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Commission and all employees are required to maintain the highest ethical standards in ensuring that the institution's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Commission is on identifying, assessing, managing and monitoring all known forms of risk across the institution. While operating risk cannot be fully eliminated, the Commission endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Moving into 2021/22, the internal control environment and attendant management of risk will be further enhanced by strengthening each of the divisions and more extensive monitoring of compliance at the executive level.

The Accounting Officer is of the opinion, based on the information and explanations given by management in respect of 2020/21, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatements or deficit.

The Accounting Officer has reviewed the Commission's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, is satisfied that the Commission has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the Commission is a going concern and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the Commission.

The Commissioners are accountable for the fiduciary governance and management of the Commission. The Chief Executive Officer as the Accounting Officer of the Commission is responsible for its financial affairs.

The annual financial statements set out on pages 51 to 82, which have been prepared on the going concern basis, were approved and signed by the Accounting Officer.



Dr Kay Brown
Chief Executive Officer
Date: 31 July 2021

4. Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

4.1 Review of activities

Effective and sound human resources and financial management are the backbone of any institution and the Commission is no exception. As part of putting reforms in place in the Commission, the Secretariat undertook a review of HR, supply chain management and other policies. New plans, guidelines, rules and manuals were also developed. The ICT environment has been invigorated with significant expenditure in 2020/21 to improve efficiency and effectiveness in line with the adopted ICT strategy.

This was done with a view of improving stability, good corporate governance and sound financial management that have been areas within which there have been key weaknesses in the Commission in recent years. This has been enabled by the development of a new organisational structure that was approved, to support operational functionality in the institution in line with the amendments in 2015 to the Financial and Fiscal Commission Act, and strengthening the compliance ethos, including conducting internal audits throughout the Commission. This also addressed disaster recovery and business continuity particularly within the Covid-19 pandemic context.

The recruitment of permanent members of the executive management team has brought stability, professionalism and experience, as well as new ideas for an innovative and pragmatic model, strongly centred on its research enterprise review, for providing the Commission's services. This has set the Commission on a positive trajectory for its future governance systems and operations. The Commission continues to prioritise attracting expert public policy researchers with specialist knowledge of the fiscal system and data research techniques.

5. Analysis of financial statements

5.1 Revenue

The Commission received its funding from non-exchange and exchange transactions.

5.1.1 Revenue received from exchange transactions

The Commission received interest of R523 555 (2020: R940 893) on its positive bank balance.

5.1.2 Revenue received from non-exchange transactions

The total appropriation from the National Treasury for the Commission for the year ending 31 March 2021 was R63 821 000 (2020: R54 319 000) representing a 17.5 per cent increase. The funding from the national fiscus was exclusively used for the operations of the Commission.

The approved appropriation budget was decreased mid-year by R2.5 million due to budget cuts implemented by the National Treasury which affected the employee cost budget allocation for the Commission.

5.2 Expenses

Operating expenditure increased significantly from R49 655 676 (restated) to R66 583 350, representing an increase of 34.1 per cent from the previous year. The main fluctuation in operating expenditure were derived from the following:

- The recognition of an expense related to the surrender of surplus amounting to R16 283 431 (2020: R1 461 717) as directed by the National Treasury instruction note 12 of 2020/21. The Commission is

directed to surrender any surplus which it is not intending to request to retain, to fund commitments or other expenditure.

- Impairment of assets due to non-delivery of the expected end-product resulting in the declaration of fruitless and wasteful expenditure of R1 891 750. Other impairment amounts relate to obsolete assets which have been identified for disposal by the Commission, totalling R227 388.
- Employee costs increased from R30 211 194 to R31 176 294. The cost of remuneration remained relatively stagnant due to the cost-of-living adjustment not being implemented in the current financial year, in alignment with the Department of Public Service and Administration guidelines for public sector employers. A significant driver for the increased cost of employment related to the appointment of a permanent Chief Financial Officer and Head of Research during the financial year.
- Professional services costs have decreased during the year by 12.5 per cent, from R5 364 998 to R4 694 140. Included in this are legal fees which decreased in the current year due to finalisation of disciplinary cases within the Commission R395 284 (2019: R1 124 505). The Commission spent R3 753 092 on ICT Support during the year in a bid to strengthen the processes and procedures and ICT services provision of the Commission; and to prepare for and allow the Commission to operate in the Covid-19 affected work environment. Commission research costs increased by 29.9 per cent from R1 153 524 to R1 498 503, due to an increase in the scope of work performed by the research division.
- Other operating expenditure decreased by 2.1 per cent from R12 263 755 to R12 008 241. General savings were achieved in Travelling costs that went down by 90 per cent (2021: R283 458; 2020: R3 031 867). This was due to the impact of Covid-19 on the Commission, which changed the manner in which the Commission is carrying out its stakeholder engagement activities.

5.3 Assets

A number of procurement activities were undertaken by the Commission during the financial year in order to prepare itself for the new world of work. Computer equipment of R 1 394 204 and furniture and fittings of R111 111 were purchased during the year. Additions to intangible assets of R1 085 763 were also acquired during the year under review. The assets were part of a focused ICT strategy to improve the efficiency of the processes of the Commission and to replace the obsolete assets as part of the asset replacement plan.

Impaired assets were also identified during the asset verification process, and these have been impaired in line with GRAP. An intangible asset has also been impaired as the Capital Work in Progress capitalised, after the verification of the asset by internal audit, is not equal to the amount paid. The Commission has prudently impaired the value in use of the asset to zero, pending its final decision on the process to be used.

Current assets have increased to R23.6 million from R17.2 million. The increase was due to the surplus cash reserves of R22 million. A portion of the cash reserves will be surrendered to the National Revenue Fund as these relate to budgeted expenditure which is no longer required. Included in the receivables from exchange transactions are prepayments in respect of operating expenses of R1 301 852.

5.4 Liabilities

Liabilities include provisions for leave pay of R1 705 487 (2020: R999 069). No performance bonus provision has been raised in the current year as the Commission has aligned itself with DPSA guidelines in this regard (2020: R488 766). Payables from exchange transactions include suppliers outstanding at year end.

This has decreased significantly in the current year to R1 435 719 (2020: R9 226 470) due to settlement with the Department of Public Works of rental expenditure related to prior years, which had been carried as a liability in the financial records of the Commission.

Operating lease liability has increased in the current year due to the straight-lining of the operating leases. The current portion of the operating leases has been disclosed as per GRAP and the operating lease liability increased from R214 675 to R336 177.

5.5 Disclosures

5.5.1 Commitments

Commitments disclosed in the financial statements relate to committed and contracted capital expenditure which has been approved by the CEO of the Commission. The commitments for the year under review are predominantly driven by operational contracts which were not completed at year end. These commitments are expected to be realised within the first quarter of 2021/22.

Operating lease commitments have been disclosed in accordance with GRAP requirements for straight-lining of lease commitments. These relate to leased office accommodation for the Commission. The Commission is currently assessing its office space needs and is planning to secure fit-for-purpose office accommodation.

5.5.2 Related party disclosures

Related parties of the Commission are all involved in arm's length transactions governed by legislative or contractual commitments entered into in compliance with relevant regulations.

The declaration by the President of the Republic of South Africa of a differentiated remuneration model for Commissioners was received on 24 December 2020. The declaration was retrospective effect from 1 April 2019. The Commission has calculated the impact of the proclamation, which does not, however, have prior year impact as the Commission had remunerated Commissioners as per the prevailing proclamation at the time.

No services in kind were received or provided to other organs of state.

5.5.3 Changes in accounting estimates

The useful life of the motor vehicle was estimated in 2015 to be ten years. In the current period, management has revised this estimate to 15 years. The effect of this revision has increased the depreciation charges for the current and future periods by R15 175.

There is no impact on the cash flow statement.

5.5.4 Irregular and fruitless and wasteful expenditure

The Commission has identified a significant amount of irregular and fruitless and wasteful expenditure during the current year. This relates to the current and prior years due to internal control deficiencies and a weakened control environment as a result of instability in the management of the Commission. These non-compliances identified are disclosed in notes 28 and 29 and the details are provided as an annexure to the financial statements.

6. Major event expenditure

The Commission did not incur any expenditure in respect of any major event during the period under review that was not related to its mandate.

7. Constraints

In a knowledge intensive domain, the Commission remains critically aware of the importance of its staff. The Commission will prioritise its research programme to strengthen its ability to generate influential policy advice, based on credible research, and to increase its empirical data capacity. Suitable research expertise is difficult to secure, however. The specialist technical skills required mean there is not a large pool from which to recruit talent. The attraction of talent and the management and retention of competent staff remains a key imperative.

8. Corporate governance arrangements

8.1 Internal audit function

The internal audit function (IAF) of the Commission was outsourced in 2020/21 to HTB Consulting. The IAF is an integral part of the Commission's system of governance.

The IAF provides objective and independent assurance to management and the audit and risk committee on the adequacy and effectiveness of internal controls, risk management and governance processes within the Commission. In pursuing this activity, the IAF is guided by its own terms of reference and the internal audit charter, which was approved by the audit and risk committee.

The internal auditors have full access and a direct reporting line to the audit and risk committee and report at each committee meeting on control weaknesses and other internal audit activities.

Through comprehensive engagement with internal stakeholders, the IAF formulated a three-year rolling plan, incorporating one that addresses the matters raised in the Auditor-General's management report. The plan was approved by the audit and risk committee. The annual plan, forming part of the internal audit plan, was executed during the year under review. All reviews were completed.

8.2 Audit and risk committee

The audit and risk committee continues to operate within its terms of reference, which are reviewed and approved annually. The audit and risk committee met four times during the year. In these meetings, the CEO and executive management are represented.

The auditors of the Auditor-General of South Africa are always invited to attend, thus ensuring that such meetings are as effective as possible.

8.3 Risk management

Because of its size, the Commission does not have a separate enterprise risk management (ERM) unit. The discharge of this responsibility devolves to all members of executive management and is coordinated by the Chief Financial Officer. The Commission approved a new risk management policy for 2021/22 which is to fundamentally improve the way the Commission deals with risk management.

Management has reviewed the Commission's risk management strategy, which informed the continuous integration of risk management into the daily activities of the Commission.

Management has created awareness and instituted risk management processes and procedures in alignment with the public sector risk management framework in the form of an independent risk review process. The Commission updated its risk profile, which is monitored on an ongoing basis by internal governance structures, including the Executive Management Team and the audit and risk committee.

While it was developing its risk profile, the Commission paid special attention to identifying and assessing strategic risks.

9. New activities

Except for requests received from stakeholders in terms of Section 3 of the Financial and Fiscal Commission Act, 1997, there were no other new activities during the course of the reporting period.

10. Asset management

In terms of Section 38(1)(b) of the PFMA, the CEO as the Accounting Officer of the Commission is responsible for the effective, efficient, economical and transparent use of its resources.

In addition to the normal daily administration and management of the Commission's asset register, appropriate activities were undertaken to improve on the overall asset management environment of the Commission. The Commission ensured that its assets are properly tagged, verified and accounted for. Any lost or redundant assets were identified and removed from the asset register. An asset verification process was also conducted in order to ensure that Commission assets are accounted for and accurately reported in the annual financial statements.

11. Performance information

Divisional heads report to the CEO on a regular basis on the progress made regarding functional delivery and measurable outputs, as contained in the Commission's strategic plan.

12. Standing Committee on Public Accounts (SCOPA)

There were no SCOPA resolutions in 2020/21 relating to the Commission.

13. Surplus and reserves

The Commission received approval at the beginning of the year to use its accumulated surplus towards operations. The impact of the Covid-19 pandemic has altered the manner in which the Commission has expended its budget, resulting in savings and deferral of expenditures on its budget items. The Commission has assessed its budget requirement and will request to retain only part of the surplus related to contracted commitments in the upcoming year.

The Commission will remit R17 745 148 to the fiscus in surpluses for 2019/20 and 2020/21. This is in line with the National Treasury's instruction note and the related correspondence with the National Treasury regarding the retention of surplus.

14. Budget

The Commission's budget was submitted to the National Treasury in terms of the PFMA. There was no surplus/deficit in the budget.

15. Executive Authority

The Executive Authority of the Commission is the Chairperson of the Commission in terms of the Treasury Regulations to the PFMA.

Name	Position	Period served during the 2020/21 financial year
Prof D Plaatjies	Chairperson	April 2020 – 10 October 2020
Mr M Sachs	Acting Chairperson	11 October 2020 – 31 March 2021

16. Approval

The annual financial statements set out on pages 51 to 82 have been approved by me as the Accounting Officer.



Dr Kay Brown
Chief Executive Officer
Date: 31 July 2021

Report of the Auditor-General to Parliament on the Financial and Fiscal Commission

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Financial and Fiscal Commission (Commission) set out on pages 51 to 82, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Financial and Fiscal Commission as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the Commission in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

6. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Accounting Officer is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the Commission's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme in the Commission's annual performance report for the year ended 31 March 2021:

Programme	Pages in annual performance report
Outcome 2.1: relevant research and recommendations support government financial and fiscal decision-makers and empower citizens	pages 11 to 12

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Outcome 2.1: relevant research and recommendations support government financial and fiscal decision-makers and empower citizens

Other matters

15. I draw attention to the matters below:

Achievement of planned targets

16. Refer to the annual performance report on pages 11 to 12 for information on the achievement of planned targets for the year and management explanations provided for the over achievement of targets.

Adjustment of material misstatements

17. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of Outcome 2.1: relevant research and recommendations support government financial and fiscal decision-makers and empower citizens. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the Commission's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

19. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements, performance report and annual report

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of disclosure notes identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

Procurement and contract management

21. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements, as the Commission did not have contracts in place with service providers.

22. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation (TR) 16A8.4 and paragraph 4.1.2 of Practice Note 7 of 2009/2010.

23. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by TR 16A9.1(d).

24. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with TR 16A8.3.

25. The preference point system was not applied in some of the procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA) and TR 16A6.3(b).
26. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation 2017.
27. Some of the contracts were extended or modified without the approval of a properly delegated official, as required by section 44 of the PFMA and TR 8.2.1 and 8.2.2.

Expenditure management

28. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by TR 8.2.3.
29. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R10 759 748 as disclosed in note 29 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.
30. Effective steps were not taken to prevent fruitless and wasteful expenditure, amounting to R406 694 as disclosed in note 28 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.
31. The resources of the commission were not utilised economically, as required by section 38(1)(b) and 45(b) of the PFMA

Consequence management

32. Inadequate disciplinary steps were taken against the officials who had incurred or permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA.

Other information

33. The Commission's Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report which includes the Chairperson of the Commission's report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
36. I have nothing to report in this regard.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in my opinion and the findings on compliance with legislation included in this report.
38. There were inadequate day-to-day, weekly and monthly controls to ensure that transactions were accurately processed, reconciled and reviewed timeously. This led to the financial statements submitted for auditing containing errors, omissions and misstatements, which were subsequently corrected by management. There was inadequate oversight to ensure that the commission adhered to relevant legislation, as transgressions were identified relating to the PFMA and Treasury Regulations (TR).
39. There was non-compliance related to supply chain management (SCM) where the management did not implement controls to prevent non-compliance with SCM transcripts and TR, as not all sufficient, appropriate audit evidence could be obtained to substantiate that all contracts and quotations were awarded in accordance with the legislative requirements. Some of the quotations were accepted from prospective suppliers who did not submit SCM bidding document 4 (SBD4) declaration and tax compliance certificates. There was also non-compliance with PPPFA and some of the contracts were extended or modified without the approval of a properly delegated official. We further identified non-compliance relating to expenditure management where the Commission was unable to pay suppliers or service providers within 30 days, unable to prevent irregular, as well as fruitless and wasteful expenditure. Additionally, resources of the Commission were not utilised economically. There was inadequate consequence management for employees who permitted the irregular expenditure.
40. Management was not effective in developing and monitoring the implementation of action plans it had put in place to address internal control deficiencies. Management was also not effective in the implementation of effective human resource management to ensure that adequate and sufficiently skilled resources were in place and that their performance was monitored. The significant deficiencies in internal control relating to non-compliance led to a stagnation in the overall audit outcome of the commission.

Other reports

41. I draw attention to the following engagement that could have an impact on the matters reported in the commission's financial statements, reported performance information, compliance with applicable legislation and other related matters. My opinion is not modified in respect of this engagement.

Forensic investigation

42. An independent consultant was investigating an allegation of the possible misappropriation of the Commission's assets at the request of the commission. These proceedings were in progress at the date of this auditor's report and the report from the investigator is anticipated to be received by the commission in August 2021.

Auditor General

Pretoria
31 July 2021



Auditing to build public confidence

Annexure – Auditor-General’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the Commission’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the commission to cease continuing as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the Accounting Officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current assets			
Receivables from exchange transactions	3	1 353 825	340 320
Cash and cash equivalents	4	22 272 319	16 859 327
		<u>23 626 144</u>	<u>17 199 647</u>
Non-current assets			
Property, plant and equipment	5	2 125 749	1 099 257
Intangible assets	6	1 078 852	1 936 304
Deposits	7	280 654	280 654
		<u>3 485 255</u>	<u>3 316 215</u>
Total assets		<u>27 111 399</u>	<u>20 515 862</u>
Liabilities			
Current liabilities			
Operating lease liability	8	141 633	–
Payables from exchange transactions	9	1 435 719	9 226 470
Provisions	10	19 450 635	2 949 552
		<u>21 027 987</u>	<u>12 176 022</u>
Non-current liabilities			
Operating lease liability	8	194 544	214 675
Total liabilities		<u>21 222 531</u>	<u>12 390 697</u>
Total net assets		<u>5 888 870</u>	<u>8 125 166</u>
Accumulated surplus		5 888 870	8 125 166
Total net assets and liabilities		<u>27 111 399</u>	<u>20 515 862</u>

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Interest received		523 555	940 893
Other income		2 500	–
Total revenue from exchange transactions		526 055	940 893
Revenue from non-exchange transactions			
Transfer revenue			
Government grants		63 821 000	54 319 000
Total revenue	11	64 347 055	55 259 893
Expenditure			
Employee related costs	12	(31 176 294)	(30 211 194)
Depreciation and amortisation	13	(252 424)	(145 539)
Impairments	14	(2 119 088)	–
Professional services	15	(4 694 140)	(5 364 998)
Surrender of surplus	10	(16 283 431)	(1 461 717)
Loss on disposal of assets		(49 732)	(208 473)
Operating expenses	16	(12 008 241)	(12 263 755)
Total expenditure		(66 583 350)	(49 655 676)
(Deficit) surplus for the year		(2 236 295)	5 604 217

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 1 April 2019	9 912 473	9 912 473
Changes in net assets		
Surplus surrendered	(7 391 524)	(7 391 524)
Surplus for the year	5 604 217	5 604 217
Total changes	(1 787 307)	(1 787 307)
Restated* balance at 1 April 2020	8 125 165	8 125 165
Changes in net assets		
Deficit for the year	(2 236 295)	(2 236 295)
Total changes	(2 236 295)	(2 236 295)
Balance at 31 March 2021	5 888 870	5 888 870

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Grants		63 821 000	54 319 000
Interest income		523 555	940 893
Other income		2 500	–
		64 347 055	55 259 893
Payments			
Employee costs		(30 958 643)	(30 211 193)
Suppliers		(25 384 342)	(10 244 422)
Surplus surrendered		–	(7 391 525)
		(56 342 985)	(47 847 140)
Net cash flows from operating activities	17	8 004 070	7 412 753
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1 505 315)	(48 089)
Proceeds from sale of property, plant and equipment	5	–	123 575
Purchase of other intangible assets	6	(1 085 763)	(833 750)
		(2 591 078)	(758 264)
Net increase/(decrease) in cash and cash equivalents		5 412 992	6 654 489
Cash and cash equivalents at the beginning of the year		16 859 327	10 204 838
Cash and cash equivalents at the end of the year	4	22 272 319	16 859 327

Statement of Comparison of Budget and Actual Amounts

Budget on cash basis

Figures in Rand	Approved budget	Actual amounts on accrual basis	Adjustment of actual amounts from accrual to cash basis	Actual amounts on cash basis	Difference between final budget and adjusted actual amounts	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received	138 669	523 555	–	523 555	(384 886)	1
Other income	–	2 500	–	2 500	(2 500)	1
Total revenue from exchange transactions	138 669	526 055	–	526 055	(387 386)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants (adjusted ENE)	63 821 000	63 821 000	–	63 821 000	–	
Total revenue	63 959 669	64 347 055	–	64 347 055	(387 386)	
Expenditure						
Employee costs (adjusted ENE)	(31 964 388)	(31 176 294)	623 048	(30 553 246)	(1 411 142)	2
Depreciation and amortisation	–	(252 424)	252 424	–	–	
Impairment loss/reversal of impairments	–	(2 119 088)	2 119 088	–	–	
Professional services	(10 140 017)	(4 694 140)	484 990	(4 209 150)	(5 930 867)	3
Surrender of surplus	–	(16 283 431)	16 283 431	–	–	
Operating expenditure	(19 480 704)	(12 008 241)	697 199	(11 311 042)	(8 169 662)	4
Loss on disposal of assets	–	(49 732)	49 732	–	–	
Total expenditure	(61 585 109)	(66 583 350)	20 509 912	(46 073 438)	(15 511 671)	
Operating surplus	2 374 560	(2 236 295)	(20 509 912)	18 273 617	(15 899 057)	
Fixed assets	(2 374 560)	(2 591 080)	–	(2 591 080)	216 519	5
–	–	–	–	–	–	
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement						
–	(4 827 374)	(20 509 912)	15 682 538	(15 682 538)		

Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below. These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Commission.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Commission will continue to operate as a going concern for at least the next 12 months.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Commission; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Accounting Policies

The useful lives of items of property, plant and equipment have been assessed in current and prior periods as follows:

Item	Average useful life
Furniture and fixtures/office equipment	Straight-line 25 years
Motor vehicles	Straight-line 15 years
Computer equipment	Straight-line 10 years
Leasehold improvements	Straight-line Amortised over the period of the lease

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Commission. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Commission assesses at each reporting date whether there is any indication that its expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Commission revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are de-recognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Commission; and
- the cost or fair value of the asset can be measured reliably.

The Commission assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Accounting Policies

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	10 years

Intangible assets are de-recognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is de-recognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one institution and a financial liability or a residual interest of another institution.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Accounting Policies

A financial asset is:

- cash;
- a residual interest of another institution; or
- a contractual right to:
 - receive cash or another financial asset from another institution; or
 - exchange financial assets or financial liabilities with another institution under conditions that are potentially favourable to the institution.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another institution; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the institution.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an institution in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Recognition

The Commission recognises a financial asset or a financial liability in its statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

Measurement

The Commission measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Trade and other receivables

Receivables from exchange transactions are categorised as loans and receivables and consist of prepaid expenses and rental deposits. These are initially measured at fair value, and subsequently measured at amortised costing being the initially recognised amount, plus any interest accrued, less any repayments, less any impairments.

Trade and other payables

Trade and other payables are subsequently measured at amortised cost. The Commission's trade and other payables relate to amounts owed to suppliers.

Accounting Policies

1.6 Tax

Income tax

No provision for taxation has been made as the Commission is exempt from income tax in terms of the Section 10 of the Income Tax Act, 1962 (Act No. 58 of 1962).

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Impairment

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Identification

When the carrying amount of an asset exceeds its recoverable service amount, it is impaired.

At each reporting date, the Commission assesses whether there is any indication that a non-cash generating asset may be impaired. If any such indication exists, the Commission estimates the recoverable service amount of the asset.

Accounting Policies

Recognition and measurement

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash generating asset is treated as a revaluation decrease. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the non-cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Employee benefits

Employee benefits are all forms of consideration given by the Commission in exchange for service rendered by employees. The Commission operates a defined contribution plan, the assets of which are generally held in separate trustee administered funds. This plan is funded by payments from employees and the Commission.

The cost of short-term employee benefits, which are those payable within 12 months after the service is rendered, such as annual leave, sick leave and bonuses, are recognised in the period in which the service is rendered and are not discounted.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Termination benefits are employee benefits payable as a result of either:

- the Commission's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.
- as a consequence of a mutual separation agreement between the employer and employee; or as a determination of the court

1.10 Provisions

Provisions are recognised when:

- the Commission has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when it is certain that reimbursement will be received if the institution settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Accounting Policies

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditure for which the provision was originally recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.11 Commitments

Items are classified as commitments when the Commission has committed itself to future transactions that will normally result in the outflow of cash.

The Commission has included disclosures in respect of unrecognised contractual commitments.

1.12 Revenue recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Commission receives assets or services, or has liabilities extinguished, and gives approximately equal value (primarily in the form of goods, services or use of assets) directly to the other party in exchange.

Non-exchange transactions are those transactions where an institution either receives value from another institution without directly giving approximately equal value in exchange, or gives value to another institution without directly receiving approximately equal value in exchange.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Commission, and these benefits can be measured reliably. Revenue comprises of government grants, other income, gains on disposals and interest received.

Government grants are the Commission's main source of revenue and are treated with reference to the guidance provided by GRAP 23: Revenue from Non-exchange Transactions. The Commission has developed an appropriate accounting policy for this basis, namely that revenue from non-exchange sources is only recognised to the extent that a corresponding asset satisfies the recognition criteria, but limited to the amount of any outstanding obligation in the form of conditions attached to the grant.

Rendering of services

Other income is recognised in the reporting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Other Income is recognised in the reporting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Accounting Policies

The gain arising from the derecognition of an item of plant and equipment is included in revenue when the item is de-recognised. The gain arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Interest is recognised on a time proportion basis, taking into account the principal outstanding or invested and the effective rate over the period to maturity when it is determined that such income will accrue to the Commission.

Interest, royalties and dividends

Revenue arising from the use by others of an institution's assets that yield interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the institution; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an institution, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the institution can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an institution either receives value from another institution without directly giving approximately equal value in exchange, or gives value to another institution without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.14 Comparative figures

Where necessary, comparative figures have been restated or reclassified to achieve fair presentation and to conform to changes in presentation that arise due to changes in accounting policies, errors, reporting standards and legislation.

Accounting Policies

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Practice Note No. 2 of 2019/2020 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If a liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, and be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Accounting Policies

1.17 Budget information

The Commission is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the institution shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The annual financial statements and the budget are not on the same basis of accounting. A reconciliation between the statement of financial performance and the budget have therefore been included in the annual financial statements. Refer to note 24.

1.18 Related parties

A related party is a person or an institution with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an institution that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the institution, including those charged with the governance of the institution in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the institution. The Commission is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Commission to have adopted if dealing with that individual institution or person in the same circumstances and terms and conditions that are within the normal operating parameters established by that reporting institution's legal mandate.

Where the Commission is exempt from the disclosures in accordance with the above, the Commission discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of its financial statements to understand the effect of related party transactions on its annual financial statements.

1.19 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Accounting Policies

The Commission will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Commission will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.20 Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statement. Estimates are based on current conditions and on other assumptions that are believed to be reasonable under the circumstances. Significant items subject to judgement and such estimates include estimated useful lives and the recoverability of the carrying value of assets.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The Commission has not applied the standards and interpretations that have been published for the accounting periods beginning on or after 1 April 2020 or later periods.

2.2 Standards and interpretations issued, but not yet effective

The institution has not applied the following standards and interpretations, which have been published and are mandatory for the institution's accounting periods beginning on or after 1 April 2021 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	1 April 2021	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	1 April 2021	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	1 April 2021	Unlikely there will be a material impact
• GRAP 20: Related Parties	1 April 2021	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	1 April 2021	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	1 April 2021	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

3. Receivables from exchange transactions

Other receivables	51 973	–
Prepayments	1 301 852	340 320
	1 353 825	340 320

Prepayments relate to expenses such as subscriptions (software licences, publications, newspaper, and membership fees) which have been paid by the Commission annually in advance, the benefits of which will be enjoyed within a period of 12 months from reporting date.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 6 months past due are not considered to be impaired. At 31 March 2021, R51 973 (2020: –) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	50 973	–
6 months past due	1 000	–

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 054	6 445
Bank balances	22 269 265	16 852 882
	22 272 319	16 859 327

Notes to the Annual Financial Statements

5. Property, plant and equipment

Figures in Rand

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	109 598	(101 296)	8 302	109 598	(97 976)	11 622
Motor vehicles	236 829	(224 689)	12 140	236 829	(221 654)	15 175
Office equipment	1 658 814	(1 443 258)	215 556	1 569 141	(1 372 811)	196 330
IT equipment	2 920 770	(1 069 825)	1 850 945	1 566 257	(728 933)	837 324
Artwork	38 806	–	38 806	38 806	–	38 806
Total	4 964 817	(2 839 068)	2 125 749	3 520 631	(2 421 374)	1 099 257

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposals	Movement of assets between classifications	Depreciation	Impairment loss	Total
Leasehold property	11 622	–	–	–	(3 320)	–	8 302
Motor vehicles	15 175	–	–	–	(3 035)	–	12 140
Office equipment	196 330	111 111	–	(19 731)	(14 434)	(57 720)	215 556
IT equipment	837 324	1 394 204	(49 732)	18 936	(180 168)	(169 619)	1 850 945
Artwork	38 806	–	–	–	–	–	38 806
	1 099 257	1 505 315	(49 732)	(795)	(200 957)	(227 339)	2 125 749

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	23 836	–	–	(12 214)	11 622
Motor vehicles	16 015	–	–	(840)	15 175
Office equipment	356 822	–	(148 730)	(11 762)	196 330
IT equipment	1 085 613	48 089	(183 318)	(113 060)	837 324
Artwork	38 806	–	–	–	38 806
	1 521 092	48 089	(332 048)	(137 876)	1 099 257

Notes to the Annual Financial Statements

Four assets were recognised into furniture and fittings in the previous reporting period. On assessment, the asset was reclassified as IT equipment. The change in classification is not considered material and the correction does thus not require adjusting the prior period. The useful life of motor vehicles was assessed in the current year and changed to 15 years without residual value. The impact of the change is that depreciation for the current year has increased from R841 to R3 035

6. Intangible assets

Figures in Rand

	2021		2020			
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost		
Computer software	3 108 564	(2 029 712)	1 078 852	2 089 815	(153 511)	1 936 304

Reconciliation of intangible assets – 2021

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	1 936 304	1 085 763	(51 465)	(1 891 750)	1 078 852

Reconciliation of intangible assets – 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1 110 218	833 750	(7 664)	1 936 304

7. Deposits

Figures in Rand

The rental deposit of R280 654 (2020: R280 654) relates to the security deposits paid for the Cape Town office lease.

Figures in Rand

	2021	2020
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8. Operating lease accrual on straight line method

Non-current portion of operating lease liability	(194 544)	(214 675)
Current portion of operating lease liability	(141 633)	–
	(336 177)	(214 675)

Notes to the Annual Financial Statements

Figures in Rand

2021**2020****9. Payables from exchange transactions**

Trade payables	783 119	765 117
Accrued expense	652 600	8 461 353
	1 435 719	9 226 470

10. Provisions

Figures in Rand

Reconciliation of provisions – 2021

	Opening balance	Additions	Utilised during the year	Total
Surrender of surplus	1 461 717	16 283 431	–	17 745 148
Performance bonus	488 766	45 234	(534 000)	–
Leave benefits	999 069	2 393 448	(1 687 030)	1 705 487
	2 949 552	18 722 113	(2 221 030)	19 450 635

Reconciliation of provisions 2020 restated

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Surrender of surplus	–	1 461 717	–	–	1 461 717
Performance bonus	553 362	528 792	(528 792)	(64 596)	488 766
Leave benefits	1 147 879	818 827	(818 827)	(148 810)	999 069
	1 701 241	2 809 336	(1 347 619)	(213 406)	2 949 552

Figures in Rand

2021**2020**

Surrender of surplus provision	16 283 431	1 461 717
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Calculation of surplus provision

Cash and cash equivalents at the end of the year	22 272 319	16 859 327
Add: Receivables	1 353 825	340 320
Less: Current liabilities	(3 282 839)	(10 688 110)
Less: Contingent liabilities	(4 059 874)	(5 049 820)
Surplus provision	16 283 431	1 461 717

Notes to the Annual Financial Statements

Performance bonus provision has not been recognised in the current financial year as per management consideration related to the fiscus. In terms of the PFMA constitutional institutions should request approval to retain accumulated surplus and unused surplus should be deposited back to the Revenue Fund. The Commission has a present obligation to return current year surplus of R16 283 431 and prior year surplus of R1 461 717.

The provisions have been restated as per prior period error disclosed in Note 27.

Figures in Rand

2021

2020

11. Revenue

Interest received	523 555	940 893
Other income	2 500	–
Government grants	63 821 000	54 319 000
	64 347 055	55 259 893

The amount included in revenue arising from exchanges of goods or services are as follows:

Interest received	523 555	940 893
Other income	2 500	–
	526 055	940 893

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Government grants and subsidies	63 821 000	54 319 000
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12. Employee related costs

Basic salary	26 509 734	27 401 972
Performance bonus	45 234	464 196
UIF	51 447	51 440
Leave pay provision charge	1 165 526	626 149
Termination benefits	1 115 814	–
Other personnel costs	2 288 539	1 667 437
	31 176 294	30 211 194

Other personnel costs include recruitment costs, temporary employee costs and other costs associated with employment.

Notes to the Annual Financial Statements

Figures in Rand

2021**2020****13. Depreciation and amortisation**

Property, plant and equipment	200 957	137 876
Intangible assets	51 467	7 663
	252 424	145 539

14. Impairment of assets**Impairments**

Property, plant and equipment

Impaired assets relate to obsolete redundant or broken assets which were identified during the asset verification process. Management will proceed with the disposal of the assets in the following reporting period.

227 338

–

Intangible assets

An intangible asset has been impaired where fruitless and wasteful expenditure was identified in the procurement of the asset.

1 891 750

–

2 119 088

–

15. Professional services

Legal fees	395 284	1 124 505
External audit fees	1 398 752	1 386 189
Financial consulting	180 234	943 581
Internal audit fees	800 925	493 066
Commissioned research	1 498 503	1 153 524
Human resource consulting	132 067	264 133
Risk management	288 375	–
	4 694 140	5 364 998

16. Operating expenses

IT support	3 753 092	488 022
Commission and committee costs	1 068 760	910 264
Workshops and meetings	43 885	71 658
Internet connection	466 825	467 429
Printing and stationery	274 909	934 626
Software expenses	377 738	301 854
Telephone and fax	599 052	539 779
Travel local	283 458	3 031 867
Other expenditure	2 162 327	2 239 845
Office rent	2 978 195	3 278 411
	12 008 241	12 263 755

Notes to the Annual Financial Statements

Other expenditure relates to subscription costs, utilities, insurance, minor assets, bank charges and other day to day operation expenditure incurred in the operations of the Commission.

Figures in Rand

2021

2020

17. Cash generated from operations

(Deficit) surplus	(2 236 295)	5 604 217
Adjustments for:		
Depreciation and amortisation	252 424	145 539
Loss on sale of assets	49 732	208 473
Impairment deficit	2 119 088	–
Movements in operating lease assets	121 502	145 257
Movements in provisions	217 651	(213 406)
Other noncash items	793	–
Changes in working capital:		
Receivables from exchange transactions	(1 013 505)	(97 069)
Accumulated surplus surrendered	–	(7 391 525)
Payables from exchange transactions	(7 790 751)	7 549 550
Surrender of surplus provision	16 283 431	1 461 717
	8 004 070	7 412 753

18. Commitments

Authorised capital expenditure

Already contracted for

• Property, plant and equipment	–	672 510
• Intangible assets	633 350	633 350
	633 350	1 305 860

Total capital commitments

Already contracted for	633 350	1 305 860
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Authorised operational expenditure

Already contracted for

• Professional services	2 072 699	–
• IT Support	4 672 952	–
	6 745 651	–

Total operational commitments

Already contracted	6 745 651	–
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Notes to the Annual Financial Statements

Figures in Rand

2021**2020****Total commitments**

Authorised capital expenditure	633 350	1 305 860
Authorised operational expenditure	6 745 651	-
	7 379 001	1 305 860

This committed expenditure relates to purchase agreements entered into by the Commission and will be financed by retained surpluses and existing cash resources

Operating leases as lessee (expense)**Minimum lease payments due**

• within one year	971 773	899 778
• in second to fifth year inclusive	1 594 455	2 566 194
	2 566 228	3 465 972

The lease was negotiated for five years and has an eight per cent escalation clause. No contingent rent is payable. The above operating lease payments represent rentals payable by the Commission for its Cape Town office premises.

Minimum lease payments due

• within one year	2 150 443	2 028 720
• in second to fifth year inclusive	180 053	2 330 496
	2 330 496	4 359 216

The lease was negotiated for three years and has an six per cent escalation clause. No contingent rent is payable.

The above operating lease payments represent rentals payable by the Commission for its Midrand office premises.

19. Related parties

Controlling institution

The National Treasury

Government departments

Department of Justice

Government departments

Department of Public Works and Infrastructure

All national departments of government and national state-controlled entities are regarded as related parties in accordance with GRAP 20. The Commission is a constitutional institution reporting to Parliament. Grants are received via the National Treasury's budget vote. During the current year, the Commission entered into transactions with related parties on the same terms as those generally available in the sector.

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
Department of Justice (legal fees paid)	267 028	1 136 528
Department of Public Works (rental paid)	2 122 108	8 230 634
The National Treasury (government grants)	63 821 000	54 319 000

Commissioners and key management remuneration

Commissioners

2021

Related party balances

	2021 Receivables	2021 Payables
Mr M Sachs	–	82 913
Prof A Mokadi	–	1 977
Prof L Erasmus	–	28 127
Prof T Fowler	32 963	–
Ms N Khawe	18 010	–
Mr S Kholwane	–	30 166
Ms E Rockman	–	78 505
	50 973	221 688

	Fees for services	Salary	Leave pay	Total
Prof D Plaatjies	–	1 015 643	298 958	1 314 601
Mr M Sachs	244 971	–	–	244 971
Prof A Mokadi	73 561	–	–	73 561
Prof L Erasmus	200 203	–	–	200 203
Prof T Fowler	102 931	–	–	102 931
Mr S Kholwane	84 354	–	–	84 354
Ms E Rockman	325 372	–	–	325 372
	1 031 392	1 015 643	298 958	2 345 993

2020

	Fees for services	Salary	Total
Name			
Prof D Plaatjies	–	1 969 542	1 969 542
Mr S Lubisi	140 515	–	140 515
Prof G Mayende	30 971	–	30 971
Ms N Khawe	74 992	–	74 992
Prof T Fowler	119 918	–	119 918
Prof A Mokadi	39 422	–	39 422
Prof L Erasmus	153 109	–	153 109
	558 927	1 969 542	2 528 469

Notes to the Annual Financial Statements

Figures in Rand

A presidential declaration proclaiming a differentiated remuneration model for Commissioners was received on 24 December 2020. The declaration had a retrospective effect from 1 April 2019. The Commission has therefore calculated the impact of the proclamation and is disclosed in the balances above. The proclamation does not have prior year impact as the Commission had remunerated Commissioners as per the prevailing proclamation at the time.

Executive management

2021

Name	Salary	Bonuses	Leave pay	Termination benefits	Total
Dr K Brown, Chief Executive Officer	1 714 074	52 908	–	–	1 766 982
Ms N Mothibeli, Acting Chief Financial Officer (Term ended April 2020)	159 185	–	14 426	–	173 611
Mr P Makaneta, Acting Chief Financial Officer (Term ended January 2021)	1 011 075	–	50 463	–	1 061 538
Mr K Mviko, Chief Financial Officer (appointed January 2021)	262 362	–	–	–	262 362
Mr M. Vokwana, Chief Financial Officer*	–	–	–	389 778	389 778
Mr S Ralekwa, Legal Analyst	1 156 127	35 160	–	–	1 191 287
Mr J Kruger, Head: Research (Term ended May 2020)**	242 012	–	72 601	726 036	1 040 649
Mr C Tseng, Head: Research (appointed December 2020)	466 678	–	–	–	466 678
Mr M Mavhungu, Acting Head: Corporate Services	1 289 495	–	–	–	1 289 495
	6 301 008	88 068	137 490	1 115 814	7 642 380

* Termination benefit paid to CFO as a directive from CCMA after the conclusion of the disciplinary process.

** Termination benefit paid to Head: Research as a mutual separation agreement concluded by the Commission and the employee.

Notes to the Annual Financial Statements

Figures in Rand

2020

	Salary	Bonuses	Leave Pay	Total
Name				
Dr K Brown, Chief Executive Officer	1 718 493	46 853	–	1 765 346
Mr V Mbethe, Executive Special projects (term ended July 2019)	514 391	13 864	108 260	636 515
Mr G Pettlele, Acting Head: Corporate Services	1 303 837	34 200	73 266	1 411 303
Mr M Vokwana, Chief Financial Officer (term ended November 2019)	971 647	–	496 939	1 468 586
Ms N Mothibeli, Acting Chief Financial Officer (appointed November 2019)	624 675	–	–	624 675
Ms W de Jager, Acting Chief Financial Officer (term ended October 2019)	679 490	–	–	679 490
Mr J Kruger, Acting Head: Research (appointed December 2019)	484 619	–	–	484 619
Mr S Ralekwa, Legal Analyst	1 154 446	–	–	1 154 446
	7 451 598	94 917	678 465	8 224 980

20. Change in estimate

Property, plant and equipment

The useful life of the motor vehicle was estimated in 2015 to be ten years. In the current period management have revised their estimate to 15 years. The review also includes the reduction of the residual value and thus the depreciation increases. The effect of this revision has increased the depreciation charges for the current and future periods by R15 175.

There is no impact on the cash flow statement.

21. Risk management

Financial risk management

The Commission's activities expose it to a variety of financial risks, including market, credit and liquidity risk.

Liquidity risk

The Commission's risk to liquidity risk is a result of the funds available to cover future commitments. Considering its current funding structures and availability of resources, the Commission regards this as a low risk.

Financial liabilities which potentially subject the Commission to concentrations of liquidity risk are trade and other payables. The Commission's liquidity risk is a short fall in funds available to meet its payables. The payables are all due within the short term. The Commission's manages its liquidity risk by holding sufficient cash in the bank account.

Notes to the Annual Financial Statements

Figures in Rand

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 435 719	–	–	–
At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	9 226 470	–	–	–

Credit risk

Financial assets which potentially subject the Commission to concentrations of credit risk are principally receivables. Loans and receivables are of a sundry nature and the credit risk is therefore limited. The credit risk is managed through periodic reviews of the level of bad debts. Accordingly, the Commission has no significant concentration of credit risk.

Figures in Rand

2021

2020

Financial instrument

Trade and other receivables

1 353 825

340 320

Market risk

Interest rate risk

The Commission's cash and cash equivalents placed with financial institutions and are therefore exposed to interest rate fluctuations and such changes in market interest rates that affect the fair value of cash. The interest rate risk embodies not only the potential for loss but also the potential for gain and is managed through the cash management policy. The Commission's cash and cash equivalents are placed with Nedbank Limited and carried in the functional currency of the Commission (South African Rand). As at reporting date, Nedbank Limited's rating by Fitch Rating Agency is AA+.

22. Going concern

We draw attention to the fact that on 31 March 2021, the Commission had an accumulated surplus of R5 888 870 and that the Commission's total assets exceed its liabilities by R5 888 870.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Commission to continue as a going concern largely depends on continued government support through an annual appropriation through the National Treasury. The Commission will make a submission to request approval from the National Treasury to retain part of its accumulated surplus.

Notes to the Annual Financial Statements

23. Subsequent events

Management has assessed the impact of the Covid-19 global pandemic on the Commission's current operations to be low since no direct impact that will drastically affect the institution is anticipated. The Commission is funded through the budget vote by the National Treasury and no risk has been posed to its allocation for 2021/22. Management will continuously assess the risk caused by the pandemic and make necessary adjustments where required to ensure the impact remains low.

24. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus with the surplus in the statement of financial performance:

Figures in Rand	2021	2020
Net (deficit) surplus per the statement of financial performance	(2 236 295)	5 604 217
Adjusted for:		
Actual amounts not on cash basis	2 068 440	1 648 880
Increase in sundry income	(387 386)	(833 893)
Under expenditure in employee costs	(1 411 142)	(6 603 039)
Under expenditure in professional services	(5 930 867)	(1 261 380)
Under/over expenditure in building costs	–	(880 948)
Under expenditure in operating expenditure	(8 169 662)	503 945
Under/over expenditure on fixed assets	(216 519)	(1 719 514)
Increase in rental allocation	–	2 080 015
Surrender of surplus	16 283 431	1 461 717
Net surplus per approved budget	<hr/> –	<hr/> –

25. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that the reasons for any deviations are reported to the next meeting of the audit and risk committee and are included in a note to the annual financial statements.

During the financial year under review, deviations from the provisions of paragraph 12(1)(d)(i) in the procurement of goods and services as per the included annexure occurred. The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Notes to the Annual Financial Statements

Figures in Rand

2021

Type of deviation

Contract extension (Within AO delegation)	38 530
Emergency	670 000
Other deviation (approved by the National Treasury)	1 373 883
Sole supplier	943 320
Single source	129 880
	3 155 613

26. Budget differences

Material differences between budget and actual amounts

Differences between budget and actual amounts basis of preparation and presentation

1. Variance in revenue is due to interest received on favourable bank balances during the year	387 386
2. Underspending in employee costs is due to unpaid cost of living increases and several positions in the current year.	1 411 142
3. Underspending in professional fees occurred due to underspending in legal costs.	5 930 867
4. Operating costs underspending is due to unused refurbishment budget and savings in communication and travel costs	8 169 662
5. Overspending in fixed assets is due to purchase of research software not originally budgeted for	216 519

Differences between budget and actual amounts basis of preparation and presentation

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget.

Changes from the approved budget to the final budget

The changes between the approved and final budget are due to a mandatory budget reduction during the Estimates of National Expenditure process. The Commission's approved 2020/21 allocation was reduced by R2 537 000.

27. Prior period errors

A provision was not recognised in the prior year in relation to the unspent government grant which should have been returned to the Revenue Fund. A liability has been retrospectively recognised in this regard. Refer to note 10 for further details on the restated surrender of surplus provision.

Travel expenses that were incurred in the prior year were incorrectly recognised in the current year.

Notes to the Annual Financial Statements

A dispute relating to prior year printing expense invoices from a supplier were resolved in the current year.

The correction of the error results in adjustments as follows:

Figures in Rand

	2021	2020
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Statement of financial position

Current liabilities	–	(1 487 912)
Opening accumulated surplus or deficit	26 195	–

Statement of financial performance

Surrender of surplus	–	1 461 717
Travel expenses	(18 310)	18 310
Printing expense	(7 885)	7 885

28. Fruitless and wasteful expenditure

Opening balance

Add: Expenditure identified current	406 694	75 574
Add: Expenditure identified prior period	2 504 801	–
Less: Amounts recovered current	(2 457)	–
Condoned	–	(75 574)
Closing balance	2 909 038	–

The fruitless and wasteful expenditure identified above relates to various non-compliance to the PFMA and the Treasury Regulations. Please refer to Appendix 1 for a detailed disclosure as per the National Treasury Practice Note No. 2 of 2019/20.

Expenditure identified in the current year include those listed below:

Rental of unused annex of the Cape Town office	404 237	613 051
Data Warehouse value created less than amounts paid	–	1 891 750
Interest on overdue invoices	2 457	–
Travel arrangements not fulfilled	–	75 574
406 694	2 580 375	–

29. Irregular expenditure

Opening balance as previously reported	685 583	3 079 839
Opening balance as restated	685 583	3 079 839

Add: Irregular expenditure – current	10 759 748	46 761
Add: Irregular expenditure – prior period	2 018 220	–
Less: Amounts condoned	(710 223)	(2 441 017)
Closing balance	12 753 328	685 583

Notes to the Annual Financial Statements

Incidents/cases identified in the current year include those listed below:

Figures in Rand	2021	2020
Competitive bidding not invited	1 323 584	–
Highest preference points not chosen	6 082 769	–
Declaration of interest not submitted	2 503 395	–
Tax clearances not obtained	815 274	–
Non-compliance with applicable legislation	901 290	–
Extension of contract on irregular expenditure	1 127 016	–
Commission remuneration not in accordance with proclamation	24 640	46 761
	12 777 968	46 761

The irregular expenditure identified above relates to various instances of noncompliance with the PFMA and Treasury Regulations. Management is in the process of instituting investigations into these instances of non-compliance. Please refer to Appendix 1 for a detailed disclosure as per National Treasury Practice Note No. 2 of 2019/20.

30. Contingencies

The Commission recognises a contingent liability of R4 059 874 (2020: R5 049 820) as per Instruction Note 12 of 2020/21 issued by the National Treasury on 22 September 2020. The contingent liability is related to the request for the retention of surplus to be submitted to the National Treasury between 1 August 2021 and 30 September 2021.

The contingent liability is disclosed due to the uncertainty in the approval of the request for surplus by the National Treasury.

APPENDIX 1:

This appendix is to be read together with Note 28 of the annual financial statements and is in line with Treasury Instruction Note No. 3 of 2019/20 on the Framework for Fruitless and Wasteful Expenditure.

Date reported to the AO	Description of the transaction/ incident	Amount	Fruitless and wasteful expenditure referred for determination and investigation	Disciplinary process referred to HR?	Recovery process initiated	Criminal charges referred to SAPS	Fruitless and wasteful expenditure to be recovered	Comments
Sep-20	Interest on late payment of invoices	1 394.00	Yes	N/A	Yes	N/A	Yes	Fruitless and wasteful expenditure recovered from employee who has since resigned.
Oct-20	Interest on late payment of invoices	1 063.29	Yes	N/A	Yes	N/A	Yes	Fruitless and wasteful expenditure recovered from employee who has since resigned.
Feb-21	Work done not equal to value of payments	1 891 750.00	Yes	N/A	N/A	N/A	N/A	Matter is still under investigation by the commission. Declaration of possible fruitless and wasteful expenditure done and acknowledged by the National Treasury.
May-21	Leased office space not used	1 017 288.24	No	N/A	N/A	N/A	N/A	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate

APPENDIX 2:

This appendix is to be read together with Note 29 of the annual financial statements and is in line with Treasury Instruction No. 2 of 2019/20 on the Framework for Irregular Expenditure.

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
Apr-21	Extension of contract on irregular contract. Within AO delegation (15% of contract value)	53 087.74	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Extension of contract on irregular contract. Extension of contract of more than 15% without Treasury approval	172 551.75	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	The contract expansion not approved through delegated authority (contract expansion greater than 15% therefore requiring Treasury Approval).	153 347.67	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	The first extension of contract in 2015 makes the contract irregular due to variation over 15%	190 640.45	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Extension of contract on irregular contract. Extension of contract of more than 15% without Treasury approval	125 000.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
Apr-21	Extension of contract on irregular contract. Extension of contract of more than 15% without Treasury approval.	28 980.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Extension of contract on irregular contract. Extension of contract of more than 15% without Treasury approval.	57 500.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No competitive bidding, sole supplier justification not valid.	14 500.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No competitive bidding, sole supplier justification not valid.	5 850.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No competitive bidding, sole supplier justification not valid.	15 924.70	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No competitive bidding, sole supplier justification not valid.	7 705.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
Apr-21	No competitive bidding, sole supplier justification not valid.	9 746.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No competitive bidding, sole supplier justification not valid.	5 160.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
May-21	Competitive bidding not followed.	457 386.08	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No competitive bidding, sole supplier justification not valid.	7 923.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No proof of competitive bidding.	44 166.33	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jan-21	No existing contract. Historical contracts through debit order payment.	277 604.87	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
May-21	No proof of competitive bidding being undertaken.	15 930.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
May-21	No proof of competitive bidding being undertaken.	220 275.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
May-21	No proof of competitive bidding being undertaken.	37 050.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Sole supplier subscription renewed without proper procedure.	75 872.40	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No declaration of interest (SBD 4) by the supplier before awarding.	75 054.75	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	No declaration of interest (SBD 4) by the supplier before awarding.	460 000.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
Mar-21	Non-compliance with the Treasury Regulations in the constitution of the Bid Committees.	-	Non-Compliance	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
May-21	Reference made to outdated legislation in substantiating the procurement deviation. Emergency procurement should have been clearly stated due to urgency and requirements of the business on reputational risk and the procurement should have been approved as such.	129 880.47	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Oct-21	Remuneration not in compliance with proclamation (2020/21).	24 639.70	Irregular	Not applicable	Not applicable	Not applicable	Condoned by the National Treasury
Apr-21	RFQ specification changed during bidding process. No evidence of submitted procurement information for all bidders including compliance documents.	343 700.50	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
May-21	SBD 4 forms and all other SBD documents not signed on bid document. Service provider non-compliant.	1 891 750.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
Apr-21	Supplier with highest preference points not chosen	386 883.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
May-21	Supplier with highest preference points not chosen	4 626 885.06	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Supplier with highest preference points not chosen.	410 342.62	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Supplier with highest preference points not selected. Objective criteria and manner of award not stated clearly upfront on bid document.	223 847.50	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Supplier with highest preference points not selected. Objective criteria and manner of award not stated upfront on bid document.	230 000.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Apr-21	Supplier with lowest price not chosen. No evidence of application of PPPFA for procurement.	58 765.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
Apr-21	Service provider was non-compliant on tax at the time of award.	114 774.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jan-21	Tax status not confirmed at time of award.	350 000.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jan-21	Tax status not confirmed at time of award.	320 000.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	Supplier with highest preference points not selected. Objective criteria and manner of award not stated clearly upfront on bid document.	146 045.40	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	No declaration of interest (SBD 4) by the supplier before awarding.	76 590.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	No declaration of interest (SBD 4) by the supplier before awarding.	-	Non-Compliance	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

Date reported to AO	Description	Amount	Does the transaction constitute non-compliance or irregular expenditure?	Investigations conducted?	Disciplinary process referred to HR?	Recovery/criminal charges referred to SAPS?	Condonation/removal referred to CEO?
Jul-21	No declaration of interest (SBD 4) by the supplier before awarding.	-	Non-Compliance	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	Extension of contract on irregular contract. Extension of contract of more than 15% without Treasury approval.	79 968.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	Extension of contract on irregular contract. Extension of contract of more than 15% without Treasury approval.	241 300.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	SCM procurement procedures not followed.	130 440.86	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	Tax status not confirmed at time of award.	30 500.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable
Jul-21	Submitted quote for awarded bidder not in line with preference points calculation.	450 400.00	Irregular	Not started by 31 March 2021; in the process of procurement of independent consultant to investigate.	Process not yet started as at 31 March 2021.	Not yet applicable	Not yet applicable

APPENDIX 3:

2020/21 publications and their dissemination

Written submissions to Parliament

South Africa. 2020. *Submission for the Division of Revenue, 2021/22*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Submission on the 2020 Appropriation Bill*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Submission on the 2020 Medium Term Budget Policy Statement*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Submission on the 2020 Division of Revenue Bill*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Submission on the 2020 division of revenue and appropriation proposals*. Midrand: Financial and Fiscal Commission.

South Africa. 26 May 2020. *Briefing to the Standing Committee on Appropriations on the financial and fiscal impact of Covid-19*. Midrand: Financial and Fiscal Commission.

South Africa. 9 July 2020. *Briefing to the Standing and Select Committees on Appropriations on the Division of Revenue Amendment Bill and Adjustments Appropriation Bill – 9 July 2020*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Submission on the Women's Charter Review*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. Technical Report: *Submission for the Division of Revenue, 2021/22*. Midrand: Financial and Fiscal Commission.

Working papers, policy briefs published

Eight policy briefs published:

South Africa. 2020. *Covid-19 and the fiscal framework*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Health care financing reform and NHI implementation in South Africa*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Improving service delivery through the intergovernmental system*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Incorporating learners with special educational needs into the education system*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Pricing and costing health care in South Africa: A primer* Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Reducing barriers to inclusive early learning education*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Strengthening interventions in family and community welfare services*. Midrand: Financial and Fiscal Commission.

South Africa. 2020. *Towards a growth and reconstruction plan for South Africa*. Midrand: Financial and Fiscal Commission.

